

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is effective as of the last signature appearing below (“Effective Date”) and is by and between Mustang Resources LLC and HDT Inc. (collectively referred to as “Mustang” or “Plaintiffs”) and Brian L. Sperry, Nancy L. Sperry, and the Sperry Family Trust Dated August 9, 2019 (collectively referred to as “Sperry” or “Defendants”) (individually, a “Party,” and collectively, “the Parties”).

RECITALS

A. Plaintiffs hold oil and gas leases covering certain lands described as SW¼ NW¼, Section 26, and SE¼ NE¼ Section 27, Township 6 South, Range 94 West of the 6th PM, Garfield County, Colorado containing approximately 80 acres (“Leases”). Defendants own approximately nine (9) acres of land located on the SE¼ NE¼ Section 27, Township 6S, Range 94W, which lands are subject to the Leases (“Sperry Family Trust Parcel”).

B. On August 19, 2022, Plaintiffs filed a lawsuit in the District Court, Garfield County, Colorado, styled *Mustang Resources LLC and HDT Inc. v. Brian Sperry, Nancy L. Sperry, and The Sperry Family Trust dated August 9, 2019*, Case No. 2022CV30123 (hereinafter “Lawsuit”), wherein Plaintiffs asserted claims that Defendants unlawfully installed a natural gas tap into oil and gas equipment owned and operated by Mustang on the Leases. Plaintiff brought two claims: (1) declaratory judgment and (2) an injunction against Defendants to prohibit the Defendants’ gas tap, all as set forth more fully in the Lawsuit.

C. Defendants denied the Plaintiffs’ claims and asserted counter claims for cost recovery, propane replacement, access restrictions, and other expenses as set forth more fully in the Lawsuit.

D. In October and November 2022, Plaintiffs and Defendants participated in settlement discussions and reached an agreement settling the Lawsuit and all matters relating to the Lawsuit.

COVENANTS

In consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to be legally bound by the following terms and conditions, which constitute full settlement of the Lawsuit and related claims and issues between them:

1. Settlement Amount / Consideration.

a. Plaintiffs agree to pay the gross amount of Five Thousand Dollars (\$5,000.00) jointly to all three defendants, Brian L. Sperry, Nancy L Sperry, and The Sperry Family Trust Dated August 9, 2019, within two weeks after Plaintiffs' receipt of a fully executed copy of this Agreement executed by Defendants. The payment will be mailed to 2877 Loma Place, Boulder, Colorado 80301.

b. Defendants hereby waive any entitlement to receive any additional amounts now or in the future related to the Lawsuit or for any damages, interest, fees, costs or penalties.

c. Defendants acknowledge and agree that a) the Sperry Family Trust Parcel is subject to the Leases which Leases are attached to Plaintiffs' Complaint in the Lawsuit (and recorded in the Garfield County real property records at Book 283, Page 302 and Book 283, Page 300), and b) said Leases are valid, binding Leases in good standing, and remain in full force and effect.

d. Defendants understand and agree they may receive a Form 1099 from Plaintiff regarding the above-referenced settlement payment and agree to execute and return this form.

e. Defendants agree they are not entitled to take, and shall not take, natural gas from the Leases and shall not install or maintain a gas tap into Plaintiffs' oil and gas wells or equipment on the Leases or any production from or associated in any way with the Leases.

Defendants further agree they shall have no present or future right to make contact with or interfere in any way with Plaintiffs' leasehold operations or equipment.

2. Taxes. Plaintiffs make no representations regarding the tax consequences or liability arising from the settlement payment. Defendants understand and agree that any and all tax liability related to the settlement payment is Defendants' sole responsibility.

3. Release by Defendants. For and in consideration of the payment and covenants set forth above, the sufficiency of which is hereby acknowledged, Defendants and their respective representatives, trustees, executors, heirs, successors and assigns, hereby fully, forever, irrevocably, and unconditionally release and discharge Plaintiffs, its employees, officers, directors, shareholders, agents, attorneys, affiliates, subsidiaries, parent companies, and their respective administrators, representatives, successors, heirs, assigns, and all persons acting by, through, under, or in concert with them from any and all claims or counterclaims which Defendants have or may have against Plaintiffs, or any of them, which were asserted in the Lawsuit.

4. Surface Use On The Sperry Family Trust Parcel. The Parties further agree as follows:

a. Subject to compliance with COGCC regulations, Plaintiffs shall use best efforts to start using only selective herbicide (designed to manage and destroy noxious weeds but not broad leaf grasses including brome, orchard, timothy, fescue, tall wheat grass, intermediate wheat grass, western wheat grass and alfalfa, to the extent such a product is available for purchase and feasible for such use) within the area surrounding the Moore 27-42 well including the area surrounding the operations shed and other leasehold equipment which area is located on the Sperry Family Parcel and is depicted on Exhibit A (the "Operating Area"), attached hereto.

b. Plaintiffs shall limit routine vehicular use of the Operating Area to the gravel pad area depicted on Exhibit A, with the exception of non-routine work that may be required

under the Leases, in which case Plaintiffs may use as much of the Leases as reasonably necessary to perform such work.

c. Defendants shall have no present or future right to any natural gas tap from any well or equipment located within the Operating Area or from anywhere else on the Leases or from related production.

d. If Defendants conduct any flood irrigation or sprinkler irrigation to the Operating Area, Defendants agree such irrigation must be conducted from outside the Operating Area.

5. Accord and Satisfaction and Waiver of Claims. Defendants agree the payment made pursuant to this Agreement and the other covenants set forth herein are made in full and complete settlement and in full accord and satisfaction of all counter claims Defendants have against Plaintiffs. Defendants waive all claims, counterclaims, and issues they asserted in the Lawsuit.

6. Interpretation of This Agreement. The Parties agree this Agreement is intended to be interpreted in the broadest possible manner in favor of a complete resolution of the Lawsuit. The terms of this Agreement shall modify and amend the terms of any existing (recorded or unrecorded) surface use agreement(s) governing the Sperry Family Trust Parcel, but only to the extent necessary to make the same conform to the terms of this Agreement.

7. Confidentiality; Recording. The Parties recognize and agree that the terms and conditions of this Agreement shall remain confidential and shall not be recorded in county records. Notwithstanding the foregoing, a memorandum of this Agreement may be recorded in county records to provide notice of the terms outlined in Article 4 herein above.

8. Non-Admission. Execution of this Agreement and compliance with its terms shall not be considered or deemed an admission by either of the Parties of any liability whatsoever. The Parties specifically disclaim any and all such liability.

9. Risk of Mistake. The Parties understand and agree to undertake and assume the risk that the settlement underlying the execution of this Agreement was made on the basis of mistake or mistakes, mutual or unilateral.

10. Dismissal of Lawsuit. Defendants agree to execute a Stipulation of Dismissal with Prejudice of the Lawsuit, and will take all steps necessary to obtain dismissal of the Lawsuit with prejudice. Plaintiffs authorize and direct their attorneys to execute and file all documents and make all representations necessary to obtain dismissal of the Lawsuit with prejudice.

11. Attorneys' Fees. Each Party will bear its own costs and attorneys' fees incurred in connection with the Lawsuit and this Agreement.

12. General Provisions.

a. Amendment. This Agreement shall be binding upon the Parties and may not be amended, supplemented, changed, or modified in any manner, orally or otherwise, except by an instrument in writing signed by the Parties.

b. Entire Agreement. This Agreement contains and constitutes the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof.

c. Construction. The Parties hereto acknowledge and agree that each party has participated in the drafting of this Agreement and has had the opportunity to have this document reviewed by the respective legal counsel for the Parties. Defendants further acknowledge and agree that although they are not represented by legal counsel in the Lawsuit, they were not coerced into signing this Agreement and fully understand and agree to the terms outlined herein. No

inference in favor of, or against, any party shall be drawn from the fact that one party has drafted any portion hereof.

d. Execution in Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original, and all of which shall together constitute one and the same instrument.

e. Choice of Law and Venue. This Agreement shall be governed by the laws of the State of Colorado. With respect to any litigation based on, arising out of, or in connection with this Agreement, the Parties expressly submit to the personal jurisdiction of and the exclusive venue in the courts of the State of Colorado.

f. Severability. Should any provision in this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected, and the illegal or invalid part, term, or provision shall be deemed not to be a part of this Agreement.

g. Cooperation Clause. The Parties agree to cooperate fully and to take all additional reasonable actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement, including but not limited to, the execution of any further documents.

h. Authority to Execute. Each individual executing this Agreement on behalf of a party hereto represents and warrants that all actions necessary to authorize its execution on behalf of that party have been duly performed; that such individual has authority to execute this Agreement on behalf of such party; and that such party shall be legally bound hereby.

HAVING ELECTED TO EXECUTE THIS AGREEMENT, TO FULFILL THE PROMISES AND TO RECEIVE THE SUMS AND BENEFITS IN THIS AGREEMENT, THE PARTIES FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTER INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE, AND RELEASE ALL CLAIMS, COUNTERCLAIMS AND ISSUES ASSERTED AGAINST EACH OTHER IN THE LAWSUIT.

By signing below, the Parties acknowledge that they have carefully read and fully understand all of the provisions of this Agreement and that they are voluntarily entering into this Agreement.

Plaintiffs

Mustang Resources, LLC

By: [Signature]
Its: MANAGER
Dated: 11-30-22

HDT, Inc.

By: [Signature]
Its: PRESIDENT
Dated: 11-30-22

Defendants

Brian L. Sperry

By: [Signature]
Dated: 11/22/22

Nancy L. Sperry

By: [Signature]
Dated: 11-22-2022

The Sperry Family Trust Dated
August 9, 2019

By: [Signature]
Its: TRUSTEE
Dated: 11/22/22

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

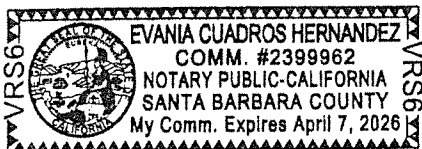
State of California

County of Santa Barbara }

On November 29, 2022 before me, Evania Cuadros Hernandez, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Kenneth H. Hunter
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

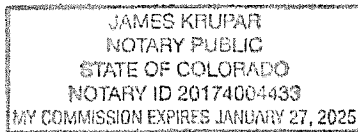
☐ Other: _____

Signer is Representing: _____

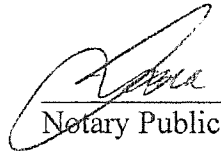
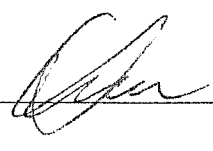
NOTARY ACKNOWLEDGEMENT FOR DEFENDANTS

STATE OF Colorado)
) ss.
COUNTY OF Boulder)

SUBSCRIBED AND SWORN to before me this 22nd day of November, 2022
by BRIAN L. SPERRY.

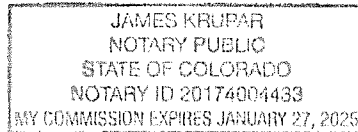


WITNESS my hand and official seal.

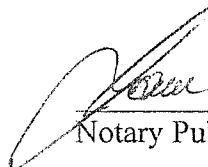
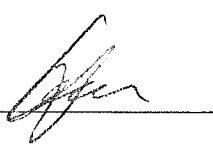
 
Notary Public

STATE OF Colorado)
) ss.
COUNTY OF Boulder)

SUBSCRIBED AND SWORN to before me this 22nd day of November, 2022
by NANCY L. SPERRY.

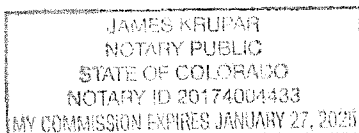


WITNESS my hand and official seal.

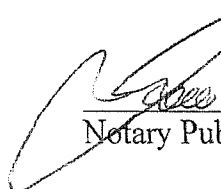

 
Notary Public

STATE OF Colorado)
) ss.
COUNTY OF Boulder)

SUBSCRIBED AND SWORN to before me this 22nd day of November, 2022
by Brian L Sperry for THE SPERRY FAMILY TRUST DATED AUGUST 9, 2019.



WITNESS my hand and official seal.

 
Notary Public

Sperry Family Trust

APN: 217527100128

Legal Description:

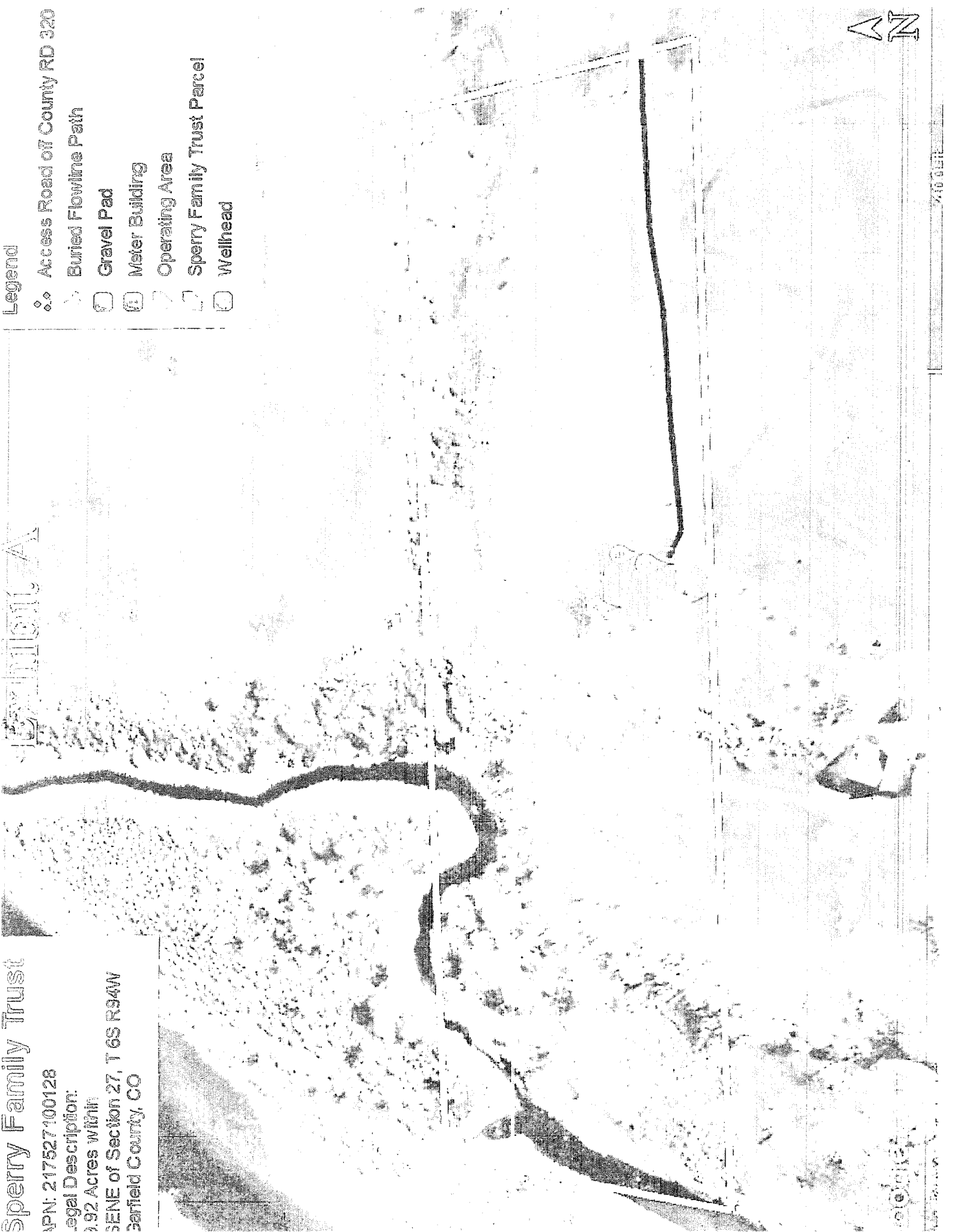
1.92 Acres within

SENE of Section 27, T 6S R 94W

Barfield County, CO

EXHIBIT A

- Legend
- ◉ Access Road of County RD 320
 - Buried Flowline Path
 - Gravel Pad
 - Meter Building
 - Operating Area
 - Sperry Family Trust Parcel
 - Wellhead



Barfield County, CO

2010 DEC