

## SITE RELEASE

THIS SITE RELEASE ("Agreement") is entered into by and between Leo R Kunau and Shirley Kunau ("Owner") whose address is 39801 County Road 31, Ault, CO , 80610, the owner of the surface estate in NE/4 of Section 16, Township 7 North, Range 66 West of 6<sup>th</sup> P.M , (the "Property"), and PDC Energy, Inc. ("Applicant"), whose address is 1775 Sherman Street, Suite 3000, Denver, CO 80203 (individually, a "party;" together, "the parties").

WHEREAS, the Colorado Oil and Gas Conservation Commission ("COGCC") adopted the DJ Basin Horizontal Offset Policy dated June 20, 2013 ("Policy"); and

WHEREAS, the records of the COGCC indicate that the Mobly State 41-16("Offset Well") is located on the Property and was abandoned on or about November, 1971; and

WHEREAS, under the Policy, the COGCC has determined that the Offset Well was inadequately plugged by [operator] and that this inadequacy must be mitigated before any new wells within 1500 feet of the Offset Well may be hydraulically fractured. The COGCC has identified several alternative methods of mitigation for this purpose, including re-entering and re-plugging the Offset Well. Because Applicant desires to hydraulically fracture new wells within 1500 feet of the Offset Well it seeks to re-enter and re-plug the Offset Well, and it has requested the Owner's consent and permission to enter the Property for this purpose.

NOW THEREFORE, Owner and Applicant agree as follows:

Owner hereby consents and grants permission to Applicant, its contractors, vendors, employees, affiliates and agents to enter the Property with equipment and personnel necessary to re-enter the Offset Well and permanently plug and abandon such well under the Policy. Owner also waives any requirements to comply with the COGCC Rule 305.d and waives the twenty (20) day wait period in relation to the filing of the COGCC Form 2 for the Offset Well. Applicant shall remain liable for any damages to the Property directly arising from and solely caused by Applicant's work on the Offset Well, including but not limited to, damages to growing crops, livestock, fences, roads and other improvements, and Applicant shall, upon completion of such work, restore the site to its original condition (prior to such work) or as close as reasonably practical. Applicant shall also defend, indemnify, and hold Owner harmless against all claims, judgments, penalties, and costs (including attorneys' fees) directly arising from and solely caused by Applicant's work on the Offset Well, Finally, it is mutually understood and agreed by the parties that:

- Applicant's only responsibility for the Offset Well will be to re-enter and re-plug the Well consistent with its application to the COGCC and with the COGCC Rules;
- Applicant is not the owner of the Offset Well and Applicant will not be considered the owner of the Offset Well because Applicant re-enters and re-plugs it;

- Applicant will be considered the operator of the Offset Well for the sole purpose of re-entering and re-plugging the Offset Well consistent with its application to the COGCC and with the COGCC's Rules. Applicant will not be considered the operator of the Well for any other purpose;
- Applicant is not responsible for the current condition of the Offset Well and Applicant will not be responsible for the future condition of the Offset Well except for the work that Applicant undertakes when it re-enters and re-plugs the Offset Well and any condition directly arising from Applicant's work on the Offset Well; and
- Applicant is not responsible for any existing environmental contamination or condition associated with the Offset Well or related to the prior construction, operation, production, maintenance, or abandonment of the Offset Well and Applicant will not become responsible for any such environmental contamination or condition because Applicant re-enters and re-plugs the Well.

IN WITNESS WHEREOF, this instrument has been executed this \_\_\_\_ day of \_\_\_\_\_, 2014.

**OWNER:**

Shirley J. Kunau  
 Name:  
 Title

10-1-2014  
 Date

**APPLICANT:**  
**PDC ENERGY, INC.**

Mark Alessi  
 Name: Mark Alessi  
 Title: Surface Landman, PDC Energy, Inc

10-1-2014  
 Date