



**KELLER LAW, LLC**  
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*Law offices in Craig, Sterling & Steamboat Springs*

March 11, 2016

Mustang Resources  
Attn: Chuck Dobie  
1660 Lincoln Street, Suite 1450  
Denver, CO 80264  
[cdobie@mustangresourcesllc.com](mailto:cdobie@mustangresourcesllc.com)

RE: Visintainer Sheep Company / Mustang Resources, LLC

Dear Mr. Dobie:

Along with this letter, we are submitting a copy of the Amendment, Extension and Ratification to Surface Use Agreement (the "Agreement") by and between Visintainer Sheep Company and Mustang Resources, LLC which is executed by Visintainer Sheep Company. We will hold the original Agreement signed by Visintainer Sheep Company pending receipt of signatures by your company to the same and payable to Visintainer Sheep Company as consideration for entering into the Agreement up to April 1, 2016. If less than the entire is received or if signatures are not received on or before April 1, 2016, then no agreement will be entered into and we will return the same to our client.

Upon receipt of the payable to Visintainer Sheep Company, we will forward the original Agreement executed by Visintainer Sheep Company to:

Mustang Resources  
Attn: Chuck Dobie  
1660 Lincoln Street, Suite 1450  
Denver, CO 80264

If you have any questions please do not hesitate to contact our office.

Sincerely,  
**Keller Law, LLC**

Jenna H. Keller

AMENDMENT, EXTENSION, AND RATIFICATION TO SURFACE USE  
AGREEMENT

THIS AMENDMENT, EXTENSION, AND RATIFICATION TO SURFACE USE AGREEMENT (the "Amendment") is made and entered into on this 9<sup>th</sup> day of March, 2016, by and between Visintainer Sheep Company ("Grantor") and, Mustang Resources, LLC. ("Grantee"), collectively ("the Parties").

RECITALS:

WHEREAS, Grantor entered into a certain Surface Use Agreement with Jack J. Grynberg, dated May 15, 1992, ("Original Agreement"), pertaining to lands owned by Grantor containing private roads, said lands described as Lots 14, 15 and 17 (the N/2SW/4 and SE/4SW/4) in Section 30 and Lots 13, 14, 15, 18, 19 and 20 (the SE/4 and E/2SW/4) in Section 31, Township 9 North, Range 90 West, of the 6<sup>th</sup> P.M., Moffat County, Colorado (the "Property").

WHEREAS, Grantee is the successor in interest under certain oil and gas leases covering portions of the following lands: Sections 14, 21, 22, 23, 24, 25, 26, 28, 35 and 36, Township 9 North, Range 91 West, of the 6<sup>th</sup> P.M., Moffat County, Colorado, which leases are further described in the Original Agreement (the "Leased Premises").

WHEREAS, Grantor is the owner of the NWSE of Section 35, Township 9 North Range 91 West of the 6<sup>th</sup> P.M., Moffat County, Colorado (the "Section 35 Property").

WHEREAS, Grantee is a successor in interest to Jack J. Grynberg and the current operator of 22 wells as further described on the attached Exhibit A (the "Wells").

WHEREAS, the Parties desire to modify the Original Agreement to specifically include the Section 35 Property to the extent not already covered by the Original Agreement.

WHEREAS, the Parties desire to allow the express right to inject and dispose of water in connection with the Federal 1-35 #06744 Well and the Federal #5-35 Well (the "Water Injection Wells"), located on the Section 35 Property of the Grantor;

WHEREAS, the Parties desire to modify, ratify and extend the terms of the Original Agreement as they apply to existing and future well pads and similar.

NOW THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee agree to amend, modify, ratify, adopt and confirm the provisions of the Original Agreement, as modified by the terms and conditions set forth herein, including that Grantor grants unto Grantee the express right to inject and dispose of water in the Water Injection Wells:

1. WATER INJECTION WELL. Grantor grants, ratifies, and confirms to Grantee the use of Grantor's Section 35 Property for the currently permitted water injection well Federal 1-35 #06744 (API 05-081-06744), and to convert the existing Federal #5-35 wellbore (API 05-081-06818) to a water injection well, specifically and including only the right to inject, by gravity or pressure, salt water deriving from oil and gas operations from the Wells (excepting water from drilling or reworking operations), into any and all strata and formations thereunder, excepting only fresh water-bearing formations along with the existing underground pipeline into Federal 1-35 #06744 and the right to lay underground pipelines between the Water Injection Wells to support operations related to the conversion of Federal #5-35 to an injection well. Any underground pipeline that is laid for this purpose shall be done so at a minimum of three (3) feet below grade. Any ground disturbance due to the pipeline will be reseeded with a grass seed mix recommended by the Natural Resources Conservation Service ("NRCS") office located in Moffat County, CO or the Colorado State University Cooperative Extension ("CSU") office located in Moffat County, CO. Reseeding shall continue until Grantee has established vegetation density on the previously disturbed area to a level equivalent to at least eighty-five percent (85%) of vegetation density on Grantor's adjacent lands at a time period at least three (3) years after initial reseeded by Grantee.

## 2. CONSIDERATION.

- a) As consideration for the rights granted herein, Grantee shall pay Grantor the sum of for entering into this Amendment. Then, each year on or before the anniversary date hereof of this Amendment, an annual payment in the amount of
- b) per barrel for each barrel of metered water disposed of into the Water Injection Wells; provided, however, that the per barrel fee shall be waived for the initial 500 barrels in any given calendar year. Any payments per barrel under the foregoing shall be made within 45 days following the month the water was injected into the Water Injection Well. Grantee agrees to install and maintain a functioning meter for purposes of determining the payment amount owed per barrel and provide Grantor with a copy of those metered results and well logs from each well from which disposals were made in the preceding month along with the monthly payment.

3. TERMINATION. The privileges stated in this Amendment as to the Water Injection Wells terminate upon (a) Grantee abandoning or ceasing use of the Water Injection Wells which shall be considered abandoned upon a period of non-use of 365 consecutive days, or (b) Grantee provides sixty (60) days written notice of termination of this Amendment and a

release as to the same for the benefit of Grantor. Upon termination of this Amendment as to the Water Injection Wells, Grantee shall have a temporary easement to remove all fixtures and property from the site for the Water Injection Wells and restore and reclaim the location and all easement areas whereby normal and routine agricultural operations can resume. Grantee shall have ninety (90) days from the final plugging and abandonment of the Water Injection Wells to remove all of Grantee's property, machinery, equipment, improvements facilities and fixtures placed on the Section 35 Property. Grantee shall notify Grantor when all of Grantee's property has been removed. Should Grantee, it heirs successors and assigns, not remove their property from the abandoned site within the aforementioned ninety (90) days, Grantor shall have the right to seize the property, sell it and recover damages associated with Grantee's breach.

4. **WATER TESTING.** Before conducting any operations to convert the existing Federal #5-35, Grantee, at its sole cost and expense, will measure or cause to be measured the static water level and productive capacity and provide Grantor with a baseline water analysis of (a) Visintainer Res. 5A(85CW0025), and (b) domestic well under Colorado Division of Water Resources (CDWR) Permit No. 114181 following guidance set forth in Colorado Oil and Gas Conservation's Rule 609, subpart c.(2), or its successor provisions; provided that any successor provisions shall not act to lesser or lower the requirements as currently enacted. The owner(s) of defined water sources shall grant access and insure that the water sources are properly maintained, operational and do not have physical impediments to sampling that would not allow a representative sample to be safely collected or would require specialized sampling equipment (i.e. shut in well, confined space, no tap or pump, non-functioning well, or intermittent spring or surface runoff.) Grantor shall be notified prior to such testing and measuring and Grantor or its agents or representatives shall have the right to be present during such testing and measuring. The results of these tests and measurements will be provided to Grantor twenty days prior to any initial surface disturbance. Grantee shall establish a continuing water well sampling program to identify changes in the capacity of any water and in the content of the water, and Grantee shall immediately provide that sampling data to Grantor, which testing shall occur no less than annually. In the event that water sources identified above as (a) and (b) are adversely impacted as a result of actions by Grantee, Grantee shall be strictly liable for damages.

5. **CONSIDERATION.** Grantee shall pay the Grantor the sum of \_\_\_\_\_ per year, per well pad location, under the Leased Premises in the Original Agreement; provided, however, that the foregoing shall not apply as to the presently existing wells pads for the Wells. Said payment shall be payable on or before initial disturbance of the surface, and then thereafter, on the anniversary date of the initial disturbance to the surface unless and until final reclamation has been completed. Any new well pad locations or disturbances shall not exceed three (3) acres; provided, however, if Grantee disturbs or uses more than three (3) acres, then Grantee shall pay Grantor \_\_\_\_\_ per acre (rounded up to the full acre) for the additional amount of acreage disturbed, as damages, annually. Use of the well pad to service wells other than those for the Leased Premises shall be subject to separate agreement, negotiation, and compensation.

6. **DAMAGES.** The payments in this Amendment shall be full and final compensation for the rental and annual loss of the Property directly or indirectly related to Grantee's operations for that location, said losses being temporary in nature for the annual time period.
7. **INCREASE.** On the fifth anniversary of this Amendment and every five years thereafter, any payments to the Grantor shall automatically be increased by 10%.
8. **INSURANCE.** Grantee shall purchase and keep in force a policy or policies of commercial general liability insurance relating to Grantee's operations under this Amendment in an aggregate amount of at least Three Million Dollars (\$3,000,000.00) and name Grantor as an additional insured on the policy or policies. The Grantee agrees to furnish to Grantor a certificate or certificates naming Grantor as an additional insured and further providing that the insurer(s) shall give Grantor ten (10) days prior written notice of any termination, cancellation or material modification made to such insurance policy(ies).
9. **INCORPORATION.** To the extent this Amendment varies from or conflicts with the terms of the Original Agreement, the provisions of this Amendment shall control.

IN WITNESS WHEREOF, this instrument is executed and made effective the date first written hereinabove.

**GRANTOR: Visintainer Sheep Company**

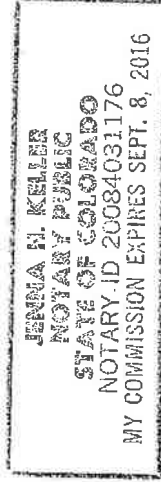
  
By: Gary Visintainer, General Partner

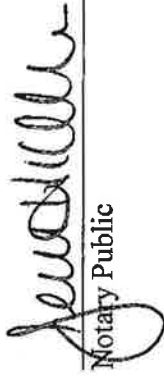
STATE OF COLORADO     )  
  ) ss.  
COUNTY OF Moffat     )

Subscribed and sworn to before me the 10<sup>th</sup> day of March, 2016, by Gary Visintainer, General Partner of Visintainer Sheep Company.

My commissions expires: 9/8/2016

Witness my hand and official seal.



  
Notary Public

GRANTEE: Mustang Resources, LLC

By: He

STATE OF Colorado )  
 ) ss.  
COUNTY OF Denver )

Subscribed and sworn to before me the 24 day of March, 2016, by  
Chuck Debie, as President of Mustang Resources, LLC, a  
Delaware limited liability company.

My commissions expires: 10-28-18

Witness my hand and official seal.

Dawn Zielbauer  
Notary Public

