

May 17, 2017

To: Cory Hunsader, KB Home Colorado, Inc.
From: Jack Denman, ERO Resources Corporation
Re: Lauridson-Lee-Wolfgang #1 Well Location

This memorandum provides additional information regarding the location of the abandoned Lauridson-Lee-Wolfgang #1 oil and gas well with respect to the Homestead Hills property in Thornton, Colorado.

Background. According to the Colorado Oil and Gas Commission (COGCC) on-line files and mapping application, the Lauridson-Lee-Wolfgang #1 oil and gas well (API # 05-001-06678) appears to be located within the Homestead Hills property, generally west of Bellaire Street at East 137th Place in Thornton, Colorado. According to records, the well was completed on July 15, 1973, started production on November 10, 1973 and was plugged and abandoned on February 12, 1987.

COGCC records indicate the well location as 1,310 feet from the westerly section line and 996 feet from the southerly section line.

A second well, the Lauridson-SAC #4 well (API # 05-001-06929) is located about 650 feet to the south-southeast of the Lauridson-Lee-Wolfgang #1 well, and was completed February 13, 1975 and ultimately plugged and abandoned December 4, 1987.

A third well, the Lauridson-SAC #3 well (API # 05-001-06877) was located about 1,050 feet to the southwest of the Lauridson-Lee-Wolfgang #1 well, and was completed January 29, 1975 and ultimately plugged and abandoned November 19, 1987. This well was subsequently re-abandoned January 17, 2003 as part of surface development activities.

No other current or abandoned oil or gas wells are registered with the COGCC within the south half of Section 19, Township 1 South, Range 67 West of the 6th Principal Meridian, within which the Homestead Hills property is located.

Historical Aerial Photographic Record. To establish the likely location of the abandoned wells located on or adjacent to the Homestead Hills property, ERO reviewed historical aerial photographs obtained from various sources for years prior to well completions, during the period in which the wells were reportedly active, and after the reported abandonment. The primary piece of data that was obtained from these photographs is the location of the Lauridson-Lee-Wolfgang #1 well appears to be mis-mapped within COGCC records and,

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instead of being historically located at the location currently shown on COGCC mapping application and records, the well appears to have been drilled at a location about 300 feet east of the originally surveyed location with no indication of a well feature located at the approximate location noted in COGCC records. A summary of the review is provided below with the corresponding photographs attached:

March 30, 1971. No wells are shown within the southern half of the section with all lands used for cultivated agriculture (not included in the attached).

April 27, 1974. The newly-installed Lauridson-Lee-Wolfgang #1 well and access road are visible in the NW¼ of the SE ¼ of Section 19, with the access road leading from the well west to the approximate quarter-quarter section boundary, south between fields, and accessing the future East 136th Avenue. No other wells are visible.

May 20, 1980. All three wells noted above are visible adjacent to the Homestead Hills property. The access roads are oriented north-south along the quarter-quarter section line, accessed from East 136th Avenue to the south. Tank batteries likely associated with the wells are also visible along East 136th Avenue, at the southern end of the access road for the wells.

October 1, 1987. The access road for the Lauridson-Lee-Wolfgang #1 wellhead area is visible through the crop rows, however the wellhead area appears to be vegetated, consistent with the date of abandonment in February 1987. The Lauridson-SAC #3 wellhead area and access road remain visible, but no indication of wellhead equipment is visible. This well was reportedly abandoned about six weeks after this aerial photograph. The Lauridson-SAC #4 well and access road remains visible as this well was not reported to be abandoned until about two months after the photograph was taken.

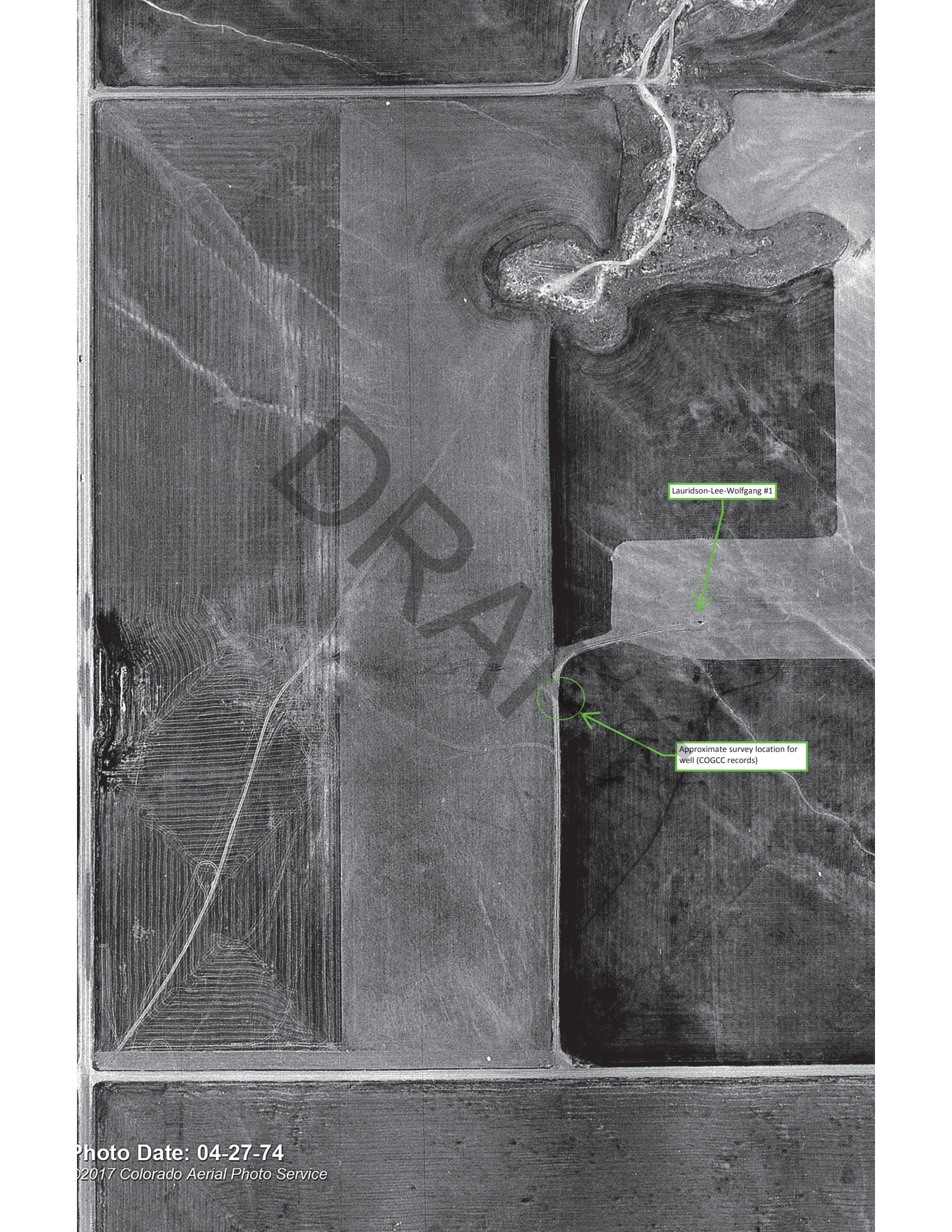
Conclusions. Barring any site-specific information from intrusive or physical investigations, the historical aerial photograph review appears to indicate that the COGCC-mapped location of the Lauridson-Lee-Wolfgang #1 well, which corresponds to a survey document submitted in 1973, is erroneous and was, in fact, located about 300 feet east of the reported survey.

Sources:

Colorado Aerial Photo Service. Photograph dates noted above.

Google Earth. GoogleEarth.com

Colorado Oil and Gas Conservation Commission. <http://cogcc.state.co.us>



Lauridson-Lee-Wolfgang #1

Approximate survey location for
well (COGCC records)

Photo Date: 04-27-74

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Lauridson-Lee-Wolfgang #1

Approximate survey location for well (COGCC records)

Lauridson-SAC #3

Lauridson-SAC #4

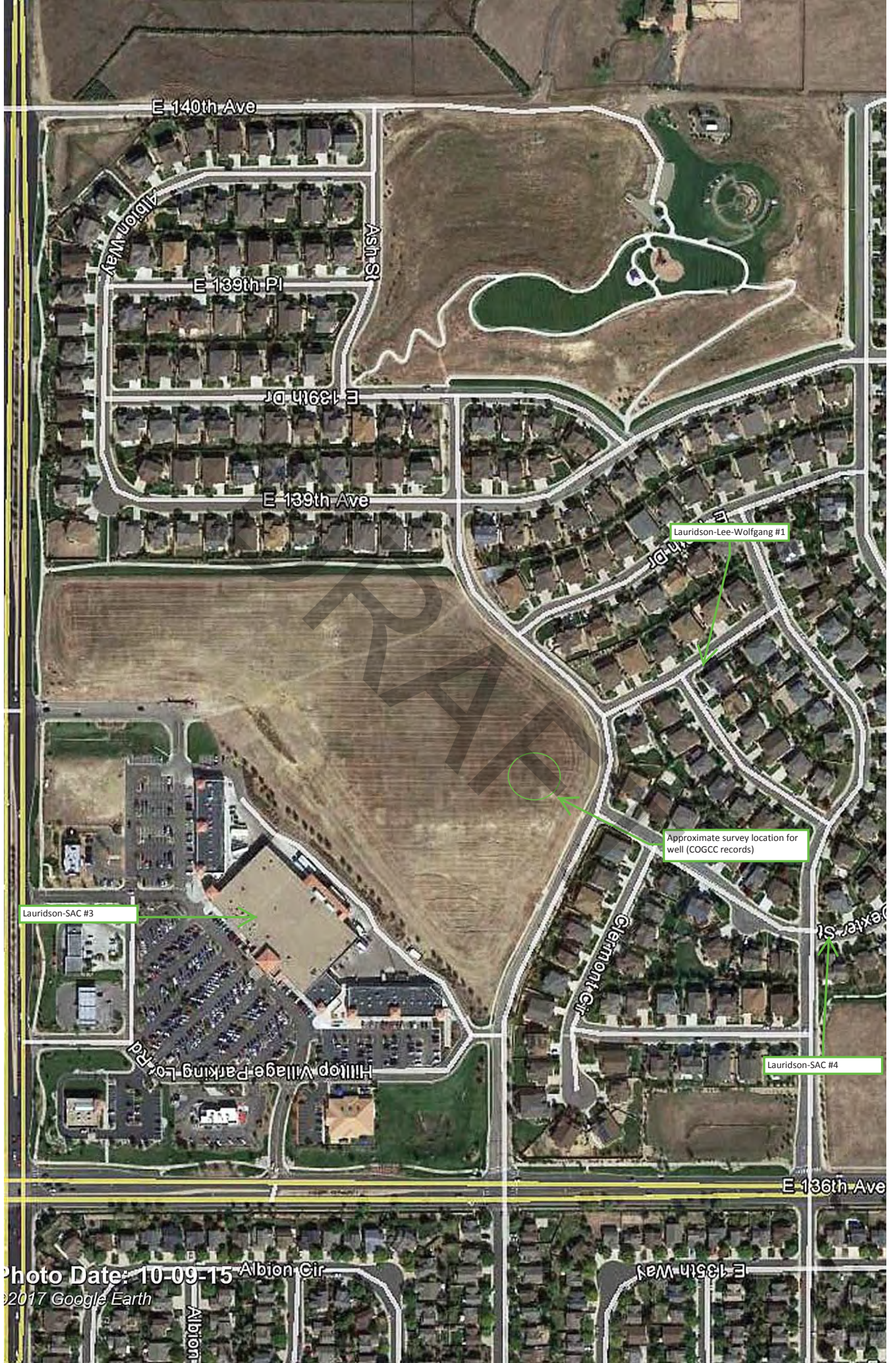


Photo Date: 10-09-15
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