

Monday, October 2, 2017

Matt Lepore

Director, Colorado Oil and Gas Conservation Commission

1120 Lincoln St, Rm 801

Denver, CO 80203

RE: COGCC FIELD INSPECTION REPORT [Doc#682402759, Loc Id: 322206 Name: COGGINS-66S64W 10SWSE] POSTED NOTICE

Director Lepore:

Lillis Energy received an Administrative Order By Consent (**AOC 1V-632**) for the **Coggins 10-34 (API No. 05-039-06608)**. Lillis Energy completed the reclamation, site stabilization, decompaction, and reseeding requirements set forth in Rule 1004.a at the **Coggins 10-34** before June 15, 2017 as stipulated in the AOC. Chris Binschus performed a follow up inspection at the **Coggins 10-34** on **September 7th, 2017** which was submitted on **September 13th, 2017 (Doc# 682402759)** which detailed corrective actions for submitting a Final Reclamation plan for reseeding to accomplish a vegetative cover of four perennial seedlings per square foot and weed control by **September 15th, 2017**. Chris Binschus forwarded an electronic copy of the report to Seth Blackwell, Executive Vice President of Lillis Energy on **September 20th 2017**. I received the copy of the inspection the same day.

I spoke with Chris Binschus on the morning of **September 21st, 2017** regarding his inspection on **September 7th, 2017** and it was determined to speak with the landowner, John Graves, before formulating a Final Reclamation plan. I spoke with Mr. Graves on the afternoon of **September 21st, 2017** and noted the following preferences:

1. Avoid spraying for weeds as it often inhibits successful seed germination
2. Mow and bag immediately prior (one to two days) to drill seeding
3. Drill seeding should be done in mid to late October

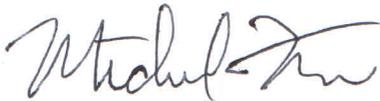
AOC 1V-632 stipulated that if successful vegetative cover was not achieved by **September 1st, 2017**, then Lillis Energy would have until **November 1st, 2017** to reseed the location after a Final Reclamation plan was submitted before **September 15th, 2015** and approved by the COGCC. I was informed by Chris Binschus that the Final Reclamation plan needed to be submitted into the eForm system via a Field Inspection Report Resolution (**FIRR**). I was granted access to the eForm system under the Lillis Energy operator number (**10495**) on **September 28th, 2017**. This letter will be attached to the **FIRR** and the Final Reclamation plan proposed is as follows:

FINAL RECLAMATION PLAN

- I. Mow and bag the Coggins 10-34 location on October 16th or 17th
- II. Drill seed the Coggins 10-34 location on October 18th, 19th, or 20th or immediately after mowing has been completed
- III. Weed control would begin in April 2018 and consist of mowing and bagging the location on a bi-weekly basis until successful vegetative cover of four seedlings per square foot is achieved

Please review the Final Reclamation plan above and make any modifications that the COGCC feels is necessary to achieve proper vegetative cover. It is the responsibility of Lilis Energy to ensure that proper vegetative cover is achieved at the site of the former **Coggins 10-34** location. While the deadline for submitting the Final reclamation plan was missed, it is still possible to achieve reseeding at the **Coggins 10-34** location via drill seeding before **November 1st, 2017**. Please consider the continued suspension of the \$24,986 remaining fine for Lilis Energy concerning the **Coggins 10-34** reclamation.

Sincerest Regards,

A handwritten signature in black ink, appearing to read "Michael Frow". The signature is fluid and cursive, with a large initial "M" and a stylized "F".

Michael Frow

Consulting Engineer for Lilis Energy

Email: Michael@argentumenergy.com

Mobile: (210) 201-4047