

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT (this “Memorandum”), made as of this 5th day of January, 2018 (the “Effective Date”), by and between BAYSWATER EXPLORATION & PRODUCTION, LLC, a Colorado limited liability company (“Bayswater”), and PDC ENERGY, INC., a Delaware corporation (“PDC”). Bayswater and PDC are each referred to herein as a “Party” and collectively as the “Parties.”

Notice is hereby given that the Parties have entered into that certain Joint Use Agreement of even date herewith (the “JUA”), pursuant to which the Parties have created a cooperative framework for their independent exploration, production and development of hydrocarbons on the lease set forth on *Exhibit A* hereto (the “Lease”) and the lands pooled therewith (together with the Leases, the “Contract Area”).

The JUA establishes the respective rights and obligations of the Parties with respect to operations performed by each Party in the Contract Area, including the establishment of (a) certain operational standards, qualifications and requirements with respect to each Party’s performance of operations in the Contract Area, and (b) certain rights and obligations with respect to surface use in the Contract Area.

The JUA shall remain in full force and effect for the later of (a) December 31, 2019 or (b) the date upon which Bayswater has plugged, abandoned and reclaimed all of the Bayswater Retained Wells.

This Memorandum is not a complete summary of the JUA. The provisions of this Memorandum are subject in all respects to the provisions of the JUA. Reference must be made to the JUA in connection with any matters affecting this Memorandum, the JUA or any part of the Contract Area. If there is any conflict between the provisions of this Memorandum and the provisions of the JUA, the provisions of the JUA shall control, it being the intent of the Parties that this Memorandum shall not alter or vary the terms of the agreement between the Parties as set out in the JUA.

Any Transfer of an interest in the Lease or the Retained Wellbore Properties by any Party must also include a Transfer of the corresponding rights and obligations in the JUA, and any Transfer of an interest in the JUA by any Party must include a Transfer of the corresponding rights and obligations in the Leases and the Retained Wellbore Properties. Following either such event, the Transferor shall provide (a) a copy of the JUA to the Transferee, and (b) as soon as reasonably practicable thereafter, written notice to the non-transferring Party identifying the Transferee (including the Transferee’s notice address for purposes of the JUA) and the Lease or the Retained Wellbore Properties included in such Transfer. Without limiting the foregoing, (i) the JUA shall extend to, inure to the benefit of, and be binding upon the Parties and each of their successors and assigns, and (ii) any Transfer of an interest in the JUA shall not relieve the Transferor from any obligations, duties, or liabilities (regardless of the date of accrual) under the JUA; *provided, however*, the Transferor may request for the non-transferring Party to consent to the release of Transferor from the obligations, duties and liabilities arising after the date of Transfer, which consent shall not be unreasonably withheld.

As used herein, the following terms shall have the meanings set forth below:

“**PSA**” shall mean that certain Purchase and Sale Agreement dated September 25, 2017, by and among Bayswater, as sellers, and PDC, as purchasers.

“**Bayswater Retained Wells**” shall mean the wellbores of the Foss 10-2-21, Foss 10-23, Foss 10-24, Foss 10-25, Dyer 2-21, Dyer 2-24, and Dyer 2-25 wells located on the Foss and Dyer Leases.

“**Retained Wellbore Properties**” shall mean:

(i) all interests in the Foss Leases, Dyer Lease, fee mineral interests, royalty interests, overriding royalty or non-participating royalty interests, operating rights or other rights or agreements, mineral servitudes, licenses, concessions or other rights covering oil, gas, and related hydrocarbons only insofar as the interests described in this subparagraph (a) cover the wellbores of the Bayswater Retained Wells and only to the extent reasonably necessary to continue operations in connection with, and obtain production from, the Bayswater Retained Wells in the currently producing zones, or conduct operations for plugging and abandonment and reclamation for the wells and related facilities;

(ii) all gathering lines, tank batteries, equipment, machinery, fixtures, and other tangible personal property and improvements that are used or held for use solely in connection with the operation of the Bayswater Retained Wells; and

(iii) all rights-of-way, easements, surface use agreements, and other surface rights, only insofar and such rights are used or held primarily for use in connection with the operation of the Bayswater Retained Wells.

“**Transfer**” means any sale, conveyance, transfer, assignment, lease, sublease, mortgage, encumbrance or other disposition of interest, whether voluntarily or by operation of law. The terms “Transferor” and “Transferee” shall be construed accordingly.

This Memorandum may be executed in separate counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement.

(signatures on following page)

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Memorandum as of date set forth above.

PDC:

PDC Energy, Inc.

By: *Barton R. Brookman Jr.*
Name: Barton R. Brookman, Jr.
Title: President and Chief Executive Officer

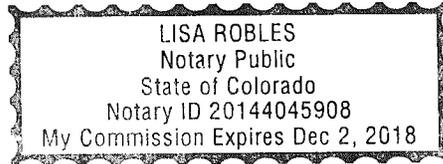
STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 4th day of January, 2018, by Barton R. Brookman, Jr., as President and Chief Executive Officer of PDC ENERGY, INC., a Delaware corporation.

Witness my hand and official seal.

My commission expires: December 2, 2018

Lisa Robles
Notary Public



BAYSWATER:

Bayswater Exploration & Production, LLC

By: 
 Name: Stephen M. Struna
 Title: President

STATE OF COLORADO)
) ss.
 CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 5 day of January, 2018, by Stephen M. Struna, as President of Bayswater Exploration & Production, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 8-20-21



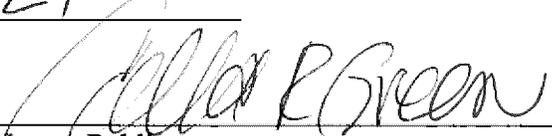

 Notary Public

EXHIBIT A TO THE MEMORANDUM OF AGREEMENT
ATTACHED TO AND MADE A PART OF THAT CERTAIN
MEMORANDUM OF AGREEMENT DATED AS OF JANUARY 5, 2018

LEASES

See attached.

EXHIBIT A
LEASES

To that Memorandum of Agreement dated January 5, 2018 between Bayswater Exploration & Production, LLC, Bayswater Blenheim Holdings LLC, and Bayswater Blenheim Holdings II, LLC and PDC Energy Inc.

Bayswater Bolo ID	Tract	Lessor	Lessee	Lease Date	TWN	RNG	SEC	Tract Legal Description	Reception Number	Expiration
62013	1	HEIDENREICH, OLIVER ET UX	JENEX PETROLEUM CORPORATION	6/16/1987	6N	64W	10	6th PM T6N R64W Sec 10: N2SW	2104972	12/16/87
62010.02	1	K&R LIVESTOCK COMMISSION CO	JENEX PETROLEUM CORPORATION	6/30/1987	6N	64W	10	6th PM T6N R64W Sec 10: N2NW	2107050	12/30/87
62010.03	1	GEBAUER, ALBERT W.	JENEX PETROLEUM CORPORATION	6/24/1987	6N	64W	10	6th PM T6N R64W Sec 10: N2NW	2110205	12/24/87
62010.01	1	INTRAWEST BANK OF GREELEY N.A. TRUSTEE FOR BELINDA SUE HIRD AND KENDRA LEE HIRD	JENEX PETROLEUM CORPORATION	6/24/1987	6N	64W	10	6th PM T6N R64W Sec 10: N2NW	2105373	12/24/87
60658	1	FOSS, EDWIN E & DELORES	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3187987	05/11/07
60657	1	FOSS, CURTIS & TAMMY	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3187989	05/11/07
60663	1	MEIREIS, ROBIN & BRUCE	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3187990	05/11/07
60656	1	FOSS, BRADLEY C	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3187991	05/11/07
60662	1	FOSS, ELMER G & LUELLE	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3187992	05/11/07
60659	1	KOURY, CHERYLANNE & PETE	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3187993	05/11/07

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Bayswater Bolo ID	Tract	Lessor	Lessee	Lease Date	TWN	RNG	SEC	Tract Legal Description	Reception Number	Expiration
60660	1	MEZZACAPPA, DOROTHY	PRIMA OIL & GAS COMPANY	5/11/2004	6N	64W	10	6th PM T6N R64W Sec 10: S/2NW/4	3196805	05/11/07
60661	1	DYER, ROBERT H & PHYLLIS	PETRO-CANADA RESOURCES (USA) INC.	2/12/2008	6N	64W	2	6th PM T6N R64W Sec 2: THAT PART OF THE E/2NW/4, ALSO KNOWN AS THE SE/4NW/4, AND THE E/2 OF LOT 2	3535124	02/12/11