

April 16, 2019

Mr. Robbins
Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Drilling Permits:

Township 7 South - Range 55 West
Section 15: All (Glyde #1-15; Glyde #2-15; Glyde #3-15; Glyde-
Nana Unit #1-15 wells)
(Lincoln County)

Mr. Robbins -

Grand Mesa Operating Company (GMOC) is contacting the Colorado Oil and Gas Conservation Commission (COGCC) concerning the approval of the drilling permits for the above listed oil and gas wells.

The permits for each of the oil and gas wells were applied for on December 17, 2018. At that time, GMOC applied for the permits with the use of bonding.

The minerals under the above described are owned by Andadarko Land Corp, which GMOC has earned/negotiated an oil and gas lease.

To date, the COGCC has denied the approval of the permits due to the lack of a Surface Use Agreement (SUA) between GMOC and the surface owners of the above described acreage.

GMOC has been in negotiations with the surface owners throughout the following timeline:

- On or about October 12, 2018 GMOC completed the Betty #1-15 well located on the above described acreage. This SUA for this well was covered by the attached SUA as Exhibit "A".
- In mid-October, 2018, GMOC began working with the surface owners to execute additional SUAs for the drilling of the above wells.

- In late October, 2018 GMOC was contacted by the surface owners' counsel.
- GMOC has been in continuous negotiations with surface owners' counsel since late October, 2018.
- GMOC has come to agreement with the surface owners to all operational and financial stipulations while negotiating a new SUA which will cover GMOC's drilling operations for the wells described herein.
- However, the surface owners' and their counsel have continued to push for drilling commitments on separate lands from the herein described to be included on the current SUA. The separate lands are lands in which the surface owners own the mineral estate.

The request for drilling commitments on lands outside the herein described are beyond the scope of the purpose of an SUA.

GMOC has followed all "good faith" measures, and has appropriately bonded the wells herein.

At this time GMOC is requesting the COGCC approve the drilling permits for the above listed oil and gas wells.

Sincerely,

GRAND MESA OPERATING COMPANY



Michael J. Reilly
President

Exhibit "A"

SURFACE USE AGREEMENT

THIS AGREEMENT is made and entered into this 2nd day of April, 2018, by and between Rohrbaugh Interests, LLLP, hereinafter called Grantor, and Grand Mesa Operating Company, hereinafter called Grantee. For and in consideration of the sum of _____ and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee agree to the following terms and conditions in connection with the drilling of the Betty #1-15 Well to be drilled on lands owned by Grantor situated in Lincoln County, Colorado, described as follows, to-wit:

Township 7 South, Range 55 West
Section 15: SW/4

For the consideration herein above paid, the Grantor does hereby agree to protect, indemnify and save Grantee, its employees, agents and contractors free and harmless from any and all claims, damages, demands and causes of action arising directly or indirectly in connection with the above-mentioned operations and to relieve Grantee, its employees, agents and contractors from any and all liability incurred directly or indirectly as a result of such operations.

The Grantor, does hereby further agree that the payment and acceptance of the consideration set forth above is in full and complete payment, settlement, compromise and satisfaction of any and all losses, liabilities, claims, damage, demands and causes of action accrued or accruing to the Grantor, their respective employees and/or tenants arising directly or indirectly in connection and contractors and that such payment is in no way an admission of liability by Grantee, its employees, agents and contractors.

The provisions of this Surface Use Agreement shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the Grantor named herein.

IN WITNESS WHEREOF, the undersigned Grantor has accepted all of the terms and provisions of the Surface Use Agreement as of the date shown above.

Rohrbaugh Interests, LLLP

x Rohrbaugh Interests, LLLP

Edward E. Rohrbaugh S.P.
Shirley A. Rohrbaugh S.P.

STATE OF Lincoln)
COUNTY OF Colorado) ss

Before me, the undersigned, a Notary Public, within and for said County and State on this 2nd day of April, 2018, personally appeared Edward E. Rohrbaugh & Shirley A. Rohrbaugh of Rohrbaugh Interests, LLLP, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that she executed the same as a free and voluntary act and deed for the uses and purposes therein set forth, and at the same time the affiant was by me duly sworn to the foregoing Surface Use Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

MY COMMISSION EXPIRES:

12/16/19

Lori Love
Notary Public

