

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made and entered into this 8<sup>th</sup> day of September, 2015, by and between Adams County, a Colorado County ("County") with an address of 4430 S. Adams County Parkway, Brighton, Colorado 80601 and PetroShare Corp, whose legal address is 7200 So. Alton Way, Suite B220, Centennial, CO 80112, its successors and assigns (hereinafter the "Operator"). The Operator and the County may be referred to individually as a "Party" or collectively as the "Parties." Both Parties elect to sign and execute provisions of said MOU in lieu of a Special Use Permit review process as outlined in Section 2-02-11 Special Use Permit of the Adams County Development Standards and Regulations.

### BACKGROUND

**A.** Operator is the owner or lessee of oil and gas leasehold and/or mineral interests within unincorporated parts of the County, and, as of the time of the execution of this MOU, has the right and intent to further develop its oil and gas leasehold and/or mineral interests within said portion of the County.

**B.** The intent of this MOU is to provide the conditions under which Operator will develop and operate oil and gas facilities installed or newly expanded in the unincorporated portions of the County from the execution date of this MOU, in order to foster the efficient and economic production of oil and gas resources, to protect human health, safety and welfare and to protect the environment and wildlife resources, while at the same time providing for a predictable and expeditious administrative process for obtaining County land use approvals and permits for oil and gas facilities. The terms "facility" or "facilities" are defined herein as including oil and gas wellsites, tank batteries, compressor stations, pits/ponds, below-grade tanks, dehydration units, vapor recovery units (VRUs), associated roads, and typical equipment as regulated by the Colorado Oil and Gas Conservation Commission (COGCC). Locations with more than one of the above mentioned types of equipment will also be considered to be one facility. This MOU will also include well connects. Well connects are defined as a pipeline, 10" or less inside diameter and 2 miles or less in length, laid running from the custody transfer point or production facility for a new well(s) to an existing gathering line connection point. With respect to well connects, Operator will provide the County with the following: a copy of the agreement(s) for which the line is laid (e.g. ROW, Lease, Easement etc.); information regarding operating pressure and pipeline construction materials and methods; and Operator will obtain any other required permits (e.g. Access, ROW crossing). Unless indicated otherwise, the definitions of terms used in the MOU shall be the same as in the COGCC Rules. In cases where pipelines are involved, a conditional use permit may be required, and this MOU shall in no way suggest or provide for approval of a conditional use permit in which a pipeline is proposed to be constructed. This MOU does not waive any of the County's Local Government Designee's roles and/or responsibilities as governed by the COGCC.

NOW, THEREFORE, the Parties agree as follows:

**1. Intent to Supplement COGCC Rules and Regulations.** The Parties recognize that pursuant to the Colorado Oil and Gas Conservation Act, C.R.S. §§ 34-60-101, et

seq. ("Act"), the COGCC regulates the development and production of oil and gas resources in Colorado, and the Act authorizes the COGCC to adopt statewide rules and regulations. The provisions of this MOU are intended to supplement and add to the COGCC's rules and regulations and not to replace such rules and regulations. To the extent that any of the provisions of this MOU are in conflict with the Act or COGCC rules and regulations, the stricter standards shall govern, or if neither is stricter, the COGCC rule or regulation shall apply.

**2. Operator's Pit Practices within the County.** The Operator will comply, at a minimum, with the following pit practices, after the date of this MOU:

**a. No Open Pits / Preferred Option:** It is the intent of the County that operators utilize closed-loop or modified closed-loop systems for drilling and completion operations in order to minimize or eliminate the need for earthen pits; however, notwithstanding the foregoing, where appropriate, and subject to prior County approval, the County generally supports: 1) the use of unlined drilling pits when bentonite or a similar clay additive is used during the drilling process, 2) the use of lined single- or multi-well water storage pits in order to minimize the transport of water and promote recycling, subject to the requirements set forth in this subsection, and 3) where open pits are utilized, they shall, at a minimum, be covered with a solid or screened mesh material. Permitted modified closed-loop systems include oil and gas wells where air or fresh water is used to drill through the surface casing interval, defined as fifty (50) feet below the depth of the deepest aquifer, and a closed loop system is used for the remainder of the drilling and/or completion or recompletion procedures. Multi-well pits are defined as lined, engineered pits, constructed over an engineered base, with construction or liner specifications meeting or exceeding COGCC pit lining rules, that will serve the functions of drilling, completion, and/or flowback pits for more than one well.

**b. Water Storage Pits to Contain Fresh Water or Brine Water:** Water stored in pits approved by the County and allowed under COGCC Rules, must meet the definition of fresh water or brine water. Fresh water is defined as containing total dissolved solids (TDS) less than or equal to 5,000 milligrams/liter (mg/l). Brine water is defined as water produced from an oil and/or gas well with TDS of greater than 5,000 mg/l. The Operator is required to remove all free and visible oil, other than *de minimis* or trace amounts, within 24 hours of discovery. Upon closure of the pit, the Operator will ensure the protection of the public health and environment by following all COGCC pit closure rules, including collecting analytical data to ensure compliance with state standards. As long as the pit is open and containing fluid, a representative water sample shall be taken and tested every six (6) months from the surface of the pit fluids, the first sample to be taken within six (6) months of the pit becoming operational. The County will review water quality data provided by the Operator every six (6) months.

**c. Pit Setbacks:** All pit construction within  $\frac{1}{4}$  mile of a water well is generally discouraged by the County; such pits must be constructed, maintained, repaired and/or removed in accordance with applicable state law and COGCC rules and regulations.

**d. Multi-Well Pits:** In addition to any requirements stated above, multi-well pits will be lined per the COGCC's lining standards. If a multi-well pit is planned for use over a 2-year or greater period, the pit will be double-lined with leak detection. Fluids stored in multi-well pits will be circulated through a four-phase separator or an API-approved settling tank

or similar equipment prior to such fluids entering the pit, specifically designed to remove solids and reduce hydrocarbon content and emissions. Retention time in a settling tank and the volume of the tank must be sufficient to separate out any floating, dissolved, or emulsified hydrocarbon phases. Lined multi-well pits may be inspected and/or reviewed on an as-needed basis, over the life of the pit, to determine if the water to be stored in the pit or already stored in the pit meets the definition of fresh water. Upon closure of the pit, the Operator will ensure the protection of the public health and environment by following all COGCC pit closure rules, including collecting analytical data to ensure compliance with state standards. As long as the pit is open and containing fluid, a representative water sample shall be taken and tested from the surface of the pit every six (6) months. Additional requirements, such as fencing, may be required by the County, pre- or post-construction, if such a pit is determined by the County to be adversely impacting residences, public safety, water wells, or wildlife habitats and migrations.

**e. Technological Advances:** The County may require additional measures, or approve alternative methods, if new technological methods for pit construction or maintenance are developed pre- or post-construction and such methods are technologically sound, economically practical, and reasonably available to the Operator. Such additional measures will be included in an Exhibit to the MOU.

**3. Berms.** Berms shall be inspected by Operator on a weekly basis for evidence of discharge. Berms shall be inspected within 48 hours of a precipitation event of 1.0" or more, and Operator shall make necessary repairs as soon as possible, but not more than seventy-two (72) hours after the event.

**4. Regular Meetings to Monitor and Discuss MOU Issues.** The County and Operator agree to meet quarterly, or as necessary, to monitor and discuss any pertinent issues associated with oil and gas facilities within the County as determined by the County.

**5. Water Supply and Quality.** In an effort to reduce truck traffic, where feasible, the Operator will identify a water source lawfully available for industrial use, including oil and gas development, close to the facility location, to be utilized by Operator and its suppliers. Operator will comply with the Colorado Department of Public Health and Environment requirements and the Tri-County Health Department (TCHD) regulations concerning water quality. With respect to wastewater treatment, Operator agrees to comply with TCHD's Regulation No. O-14, On-Site Wastewater Treatment Systems, as adopted or modified. The Operator agrees to contact TCHD in a timely manner to arrange for the processing of appropriate application materials and required inspections. Where feasible, temporary surface water lines are encouraged and will be utilized. Operator may be permitted to utilize County Road Right-of-Way, and County drainage culverts, where practical, for the laying and operation of temporary water lines on the surface and in accordance with Adams County Standards and Regulations. If necessary, Operator will bury temporary water lines at existing driveway and gravel road crossings, or utilize existing culverts, if available, with County approval.

**6. Baseline and Subsequent Water Quality Testing.** Operator agrees to comply with the COGCC's Statewide Groundwater Baseline Sampling and Monitoring Rule 609 or 318 A., as applicable, under COGCC regulations, as adopted or modified, and also agrees to share results with TCHD in addition to the requirements provided herein. To the extent the

requirements of Rule 609 or 318 A., as applicable, and the requirements provided herein are in conflict, Operator will comply with the stricter standard. Such records shall be maintained by Operator for the lifetime of the well site and shall be made available to the County per Records section of the MOU.

**a. Criteria and Protocol:** Using the COGCC's criteria and protocol for sample analyses, types, orientation, and number, as required under COGCC Rule 609, or COGCC 318A as applicable, Operator will test up to four available water sources within a one half (½) mile radius of a new oil and gas well, multi-well site, or dedicated injection well as required under COGCC Rule 609, or as appropriate under COGCC 318 A., if applicable.

**b. No available water sources within one half mile:** If there are no available water sources located within a ½ mile radius of a new oil and gas facility, the Operator, prior to construction, will test the nearest downgradient available water source that is within a one-mile radius of the oil and gas facility.

**c. Private Water Well Owner Request:** Operator agrees to conduct a baseline test of any water well requested by the owner, on a one-time basis, if such well is within a ½ mile radius of a new oil and gas well or facility, or if such well is determined to be the closest downgradient well that is within a one-mile radius of the oil and gas facility. The requirement to test a well upon request does not apply if the water well has already been tested by any Operator. County may, at its sole discretion, require an Operator to provide reports and results of any identified oil and gas related investigation or remediation at Operator's expense.

**7. Spill and Release Management.** For all spills and releases reportable to COGCC, operators shall also notify the County verbally or in writing the County's LGD, Local Emergency Planning Committee (LEPC), Office of Emergency Management (OEM), the Planning and Development Department, Sheriff's Office, and the local fire district immediately, but no more than 24 hours after discovery of the spill or release by an operator. This includes spills/release: 1) of any size that impacts or threatens to impact any waters of the state, a residence or occupied structure, livestock, or public byway; 2) in which one (1) or more barrel or more of Exploration and Production Waste or produced fluids is spilled or released outside of berms or other secondary confinement; and 3) of five (5) barrels or more regardless of whether the spill/release is completely contained within berms or other secondary confinement. In addition, the operator shall notify the surface owner or the surface owner's tenant of spills and releases in conformance with COGCC rules.

**8. Weed Control and Management.** Operator will be responsible for ongoing weed control at oil and gas facilities, and along access roads during construction and operation, until abandonment and final reclamation is completed per County or other applicable agency regulations.

**9. Noise.** Operator shall abide by COGCC noise standards for all activities and provide and post 24-hour, 7 days per week contact information to deal with all noise complaints arising from Operator's oil and gas facility. Noise mitigation measures shall be constructed along any edge of any oil and gas operation site if such edge is adjacent to existing residential development or land which is zoned for future residential development. During construction, the noise mitigation measures shall, to the maximum extent feasible, decrease noise from the oil and

gas operations to comply with the sound limitation regulations set forth in COGCC rules. The County may request a noise mitigation study to demonstrate that noise levels are in compliance with COGCC rules.

**10. Landscaping.** All landscaping shall be in compliance with the County requirements and in compliance with the safety requirements of the Operator. Existing vegetation shall be minimally impacted. Motorized equipment shall be restricted to the well sites and access roads to the well sites. A visual mitigation plan, subject to the County approval, on a site specific basis shall include the type and location of all fencing and landscaping. Operator is responsible for obtaining consent by surface owner allowing landscaping as well as automatic irrigation for landscaping in urban mitigation areas and/or parks/recreation areas. All plant materials shall be kept in a healthy growing condition at all times.

**11. Emergency Response Plan.** Prior to any operations, Operator will provide the County's LGD, OEM, LEPC, Sheriff's Office, Planning and Development Department, and Transportation Department with an Emergency Response Plan (ERP) to address all potential emergencies that may be associated with an oil and gas facility. Operator shall also provide a copy of such plan to all emergency service providers, including, but not limited to, the fire district that would respond to such emergencies. A "will-serve" letter must be obtained from the appropriate emergency provider(s).

**11. Private Roads.** The Operator agrees to construct (unless already constructed) and maintain an access road designed to meet County and fire district standards and support an imposed load of 75,000 pounds that will accommodate emergency response vehicles such as, but not limited to, law enforcement, emergency command vehicles (cars/SUVs), ambulances, hazardous materials response vehicles, water tenders, and fire apparatus during construction and operation of new tank batteries (post MOU), new drilling activity and reworks or recompletions of existing wells, unless a local fire department or fire district agrees to a different or lesser standard or waived by the County. With respect to new roads to new tank batteries, the Operator agrees to construct access roads at least twenty (20') feet wide (unless waived by the local fire district and County Transportation Department) with a Class 6 road base, or as approved by the local fire district, at least nine inches (9") thick. Best efforts will be made to improve inadequate access to existing tank battery sites identified by the fire district or County, based on service calls and demonstrated problems of accessing the site. Operator and County agree that spot inspections of access roads may be done by the County and/or appropriate emergency response agency, at such County or agency's sole risk and expense, to ensure that emergency access in accordance with this section is maintained. Operator is required to maintain and repair any damaged roads within ten (10) days of County notice.

#### **12. Public Roads.**

a. Operator agrees to utilize existing roads and access points where practical and apply for and obtain access permits for its oil and gas facilities from the Transportation Department. Requirements for the access permit may include the following: a) access location providing for a safe entrance/exit and utilization of main roadways to minimize impact /conflict with residents on local roadways; b) haul route and traffic data; c) pre/post inspection of roadways used by the Operator; d) collateral or bond to insure that road damage caused by the Operator is repaired; e) dust control (material used for dust control must be pre-approved by the

County); f) road maintenance agreement during drilling phase; and g) payment of all applicable fees. Operator also agrees to exercise reasonable efforts to minimize heavy truck traffic on local roads within residential neighborhoods between the hours of 9 p.m. and 6 a.m., and further agrees to work with and show written evidence that the applicable school district(s) has been consulted to minimize traffic conflicts with school buses when schools are in session.

b. Operator agrees to obtain any legally valid and applicable oversize and/or over weight moving permit from the Transportation Department for all vehicles that exceed legal vehicle dimensions or weights as specified by the Colorado Department of Transportation and the County's Development Standards and Regulations.

**13. Dust Mitigation.** Fresh water, as referenced in the COGCC's Rules and Regulations, or another source as approved by the County on a case by case basis, may be applied to roads and land surfaces for purpose of dust mitigation. Absolutely no other liquid or substance generated by the production of the Operator's facility, including, but not limited to, Exploration and Production Waste (as defined by the COGCC) or any other application of liquids that would have a negative impact to natural resources, shall be permitted to be applied to roads and land surfaces.

**14. Fencing.** Fencing shall be required around all well site equipment, including, but not limited to, storage tanks, well heads, meters, that is visible from a subdivision west of Imboden Road. Such fencing shall screen equipment, provide safety precautions, and be compatible with surrounding environment. Should fencing apply to a well site(s), the design and construction of such fencing shall be approved by the Planning and Development Department prior to the construction of any site. If a chain link fence is required to achieve safety requirements set by the COGCC, then landscaping and other screening mechanisms shall be required that comply with the County's Development Standards and Regulations and the Operator's safety requirements. Operator shall be responsible for obtaining consent by surface owner allowing any required fencing.

**15. Floodplain.** Any disturbance within a 100-year floodplain will be allowed if the Operator has obtained a Floodplain Development Permit from the County and has complied with all of the County's legally adopted floodplain and engineering regulations. Pits will not be allowed in 100-year floodplain. A "100-year floodplain" shall be, for purposes of this Section, a "Special Flood Hazard Area" as identified and mapped by the Federal Emergency Management Agency's National Flood Insurance Program and adopted by the County.

**16. Painting of Oil and Gas Facilities.** Except for such facilities that must be painted a certain color for safety reasons, Operator agrees to paint all new (post-MOU) production facilities with uniform, non-contrasting, non-reflective, color tones and with colors matched to, but slightly darker than, surrounding landscapes, or such other colors and tones as are requested by the surface owner and are in accordance with applicable COGCC Rules, permits and/or orders.

**17. Lighting.** All permanent lighting of oil and gas well sites shall be directed downward and internally. Temporary lighting shall conform to the COGCC's Rules and Regulations and shall not adversely affect residential adjacent properties.

**18. Air Emissions.** Air contaminant emission sources shall comply with the permit and control provisions of the state air quality control program (C.R.S. tit.25, art. 7 (C.R.S. § 25-7-101 et seq.)) and the rules and regulations promulgated by the State Air Quality Control COGCC. The Operator shall employ such control measures and operating procedures as are necessary to minimize fugitive particulate emissions into the atmosphere.

**19. Wildlife and Wildlife Habitat:** Oil and gas operations shall, to the extent possible, not cause significant degradation of wildlife or sensitive wildlife habitat and shall use best management practices to protect such resources and be in compliance with COGCC requirements as it pertains to wildlife and its habitats.

**20. Cultural and Historical Resources:** The oil and gas operation shall not, to the extent possible, cause significant degradation of cultural, historic or archaeological sites eligible for County landmarking, or the National Historic Register and shall use best management practices to protect such resources.

**21. County Inspections.** Operator agrees to allow County access to all oil and gas facilities for inspection, provided County personnel are equipped with all appropriate personal protection equipment (PPE), the personnel comply with the Operator's other and customary safety rules, and, except to the extent allowed by law, the County is responsible for all costs and expenses of such inspections. The County shall use its best efforts to provide advance notice to the Operator prior to an inspection; however, the County reserves the right in its discretion to make spot inspections or to inspect without notice in the event of an issue potentially involving an immediate risk to public safety, health or welfare or damage to the property of another. The County reserves the right to inspect pit locations prior to construction, during construction, and after construction, the County also reserves the right to contact the appropriate COGCC area inspector if non-compliance issues are suspected or identified as a result of construction plan reviews, reclamation plan review, field inspections, or if non-compliance issues are not resolved as soon as possible.

**22. Notification to Land Owners/Municipalities.** Prior to commencement of any new drilling or completion operations, the Operator, utilizing the County Assessor's Office information for both property owners and property mailing addresses, shall provide notification to landowners and municipalities within one-half (1/2) mile of the proposed well site(s).

**23. Records.** Operator shall maintain all records of information agreed to in MOU, and agrees to share information with County within forty-eight (48) hours upon written request. Records shall be maintained in an organized fashion for each well site.

**24. Mapping Information.** Operator shall agree to provide coordinates and/or exact location of well sites to the County's GIS Department within forty-eight (48) hours of final completion of a well site in a format acceptable to the County. Any subsequent changes to a well site location shall also be provided to the County within forty-eight (48) hours of such changes.

**25. County Land Use Approvals.** The Operator understands and agrees that prior to the development or operation of any oil and gas facility in unincorporated portions of the County, that Operator must first obtain approval from the County pursuant to any validly adopted provisions in the Adams County Development Standards and Regulations. The Operator

agrees and consents that the provisions of this MOU are to be included among any conditions for the issuance of any land use approval or permit issued by the County under its Development Standards and Regulations unless, and to the extent waived or modified in writing by the County Manager or his or her designee, or waived or modified on the record at a public hearing before the Adams County Board of County Commissioners; further, the Operator understands and agrees that the provisions of this MOU shall remain conditions of such land use approval or permit regardless of the subsequent sale or other transfer of any oil and gas facilities, or interest therein, by the Operator.

a. **Concurrent Referral and Review.** County staff may refer the complete application for a fourteen (14) working day review by the various County Departments and the County Attorney's Office, as deemed appropriate. An application may require review by outside agencies such as the U.S. Army Corps of Engineers, if the project impacts a floodplain, and may also be referred to any life-safety providers, adjacent jurisdictions, local public health department, and others as may be deemed appropriate.

b. **Address Deficiencies.** The applicant will be notified of any outstanding issues in connection with application materials upon completion of this review and will be required to address any issues or deficiencies in connection with the application materials. If necessary, a meeting will be held to discuss any issues that need to be resolved. If necessary, the applicant will then submit an amended application, plan or other submittals, as appropriate, to the County for verification that deficiencies have been addressed by the applicant. If the above described outstanding issues cannot be resolved, the County may refer the case to the Board of Adjustment for its consideration.

26. **Amendments.** Due to the nature of oil and gas operations, the County has adopted regulations in order to protect the health, safety and welfare of County inhabitants and their environs. As such, where there are any amendments to this MOU, the Operator shall be in compliance with Chapter 2 of the Adams County Development Standards and Regulations.

27. **State Oil and Gas Permit Approvals.** The Operator agrees to include the contents of Exhibit A of this MOU in all Forms 2 and 2A that it submits to the COGCC and consents to the inclusion of the contents of Exhibit A of this MOU as conditions of the issuance of any permit or other form of approval by the COGCC with regard to the location, development or operation of an oil and gas facility in unincorporated portions of the County, unless, and to the extent, waived or modified in writing by the County Manager or his or her designee, or waived or modified on the record at a public hearing before the Adams County Board of County Commissioners; further, Operator understands and agrees that the provisions of this MOU shall remain conditions of permit or other form of approval regardless of the subsequent sale or other transfer of any oil and gas facilities, or interest therein, by Operator. The County through the LGD process described in the COGCC's Rules may request that the COGCC impose site specific conditions as part of the state permit process that are in addition to the Operator's practices or procedures agreed upon herein and the Operator may respond to same as set forth in the COGCC's Rules. If the state permit has already been approved and the County and Operator are in agreement as to any subsequent, additional conditions to be placed on the state permit, and said agreement is in writing, the Operator agrees to apply to the COGCC to modify the state permit by allowing such subsequent, additional conditions to be placed on the state permit.



**28. Applicability.** This MOU shall only apply to Oil and Gas Facilities for which Operator has applied for permits as of the date of this MOU and to any facilities with respect to which Operator receives COGCC approval after the date of this MOU. This MOU shall not be construed to apply to Oil and Gas Facilities for which another operator applies for a permit even though the Operator may have an interest but is not the Operator, and does not apply to wells drilled by the Operator prior to the date of this MOU. Additional facilities may be exempted from some or all of the terms of this MOU, but only if approved in writing by the County Manager or his or her designee, and reviewed by the County Attorney's Office, or approved on the record at a public hearing before the Adams County Board of County Commissioners.

**29. Term.** This MOU is effective upon the execution by both Parties and shall remain in effect so long as Operator, its subsidiaries, successors or assigns, are engaged in the development or operation of oil and gas facilities within the unincorporated portions of the County; provided, however, this MOU may be terminated by either Party with thirty (30) days prior written notice to the other Party. If there is a new development in state law, rules or judicial decisions that substantially affect any provision of this MOU, the Parties agree to negotiate in an attempt to update this MOU in light of same by a written amendment executed by both Parties. In the event this MOU expires or is otherwise terminated, the substantive requirements stated in this MOU shall survive and remain enforceable against the owner or operator of any oil and gas facilities that were permitted or otherwise approved during the term of this MOU, except to the extent waived or modified pursuant to the provisions of this MOU. Additionally, in the event this MOU expires or is otherwise terminated, no re-permitting of the wells shall be required solely as a result of the termination of this MOU.

**30. Obligation of Funds.** Nothing in this MOU shall commit either Party to obligate or transfer any funds to the other.

**31. Force Majeure.** Neither Party will be liable for any delay or failure in performing under this MOU in the event and to the extent that the delay or failure arises out of causes beyond a Party's reasonable control, including, without limitation, war, civil commotion, act of God, strike or other stoppage (whether partial or total) of labor, or any law, decree, regulation or order of any government or governmental body (including any court or tribunal).

**32. Authority to Execute MOU.** Each Party represents that it has the full right and authority to enter into this MOU.

**33. Governing Law.** This MOU shall be governed and construed in accordance with the laws of the State of Colorado without reference to its conflict of law provisions.

**34. Entire Agreement.** Except as expressly set forth herein, this MOU embodies the complete agreement between the Parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements, or representations by or between the Parties, written or oral, which may have related to the subject matter hereof. No amendment to this MOU shall be effective unless in writing, signed by the Parties. In the event there is a minor amendment to the MOU, as determined by the County Manager or his or her designee, such amendments will be reviewed by the County Attorney's office and will need to be approved, with signature, by the County Manager or his or her designee. Any and all major amendments may either be directed to the Board of County Commissioners for decision or may

go through the Special Use Permit procedures, as determined by the County Manager or his or her designee.

**35. Third Party Beneficiaries.** Except as specifically stated herein, this MOU is not intended to, and does not, create any right, benefit, responsibility or obligation that may be enforced by any non-party. Further, in cases where pipelines are involved, a conditional use permit may be required, and this MOU shall in no way suggest or provide for approval of a conditional use permit in which a pipeline is proposed to be constructed.

**36. Notices.** All notices and other correspondence related to this MOU shall be in writing and shall be delivered by: (i) certified mail with return receipt, (ii) hand delivery with signature or delivery receipt provided by a third party courier service (such as FedEx, UPS, etc.), (iii) fax transmission if verification of receipt is obtained, or (iv) email with return receipt, to the designated representative of the Party as indicated below. A Party may change its designated representative for notice purposes at any time by written notice to the other Party. The initial representatives of the Parties are as follows:

County: Adams County Attorney  
4430 S. Adams County Parkway  
Brighton, Colorado 80601

Planning and Development Department  
4430 S. Adams County Parkway  
Brighton, Colorado 80601

Transportation Department  
4430 S. Adams County Parkway  
Brighton, Colorado 80601

Operator: PetroShare Corp  
7200 So. Alton Way, Suite B220  
Centennial, CO 80112  
fwitsell@petrosharecorp.com

**37. Subsidiaries/Successors.** The provisions of this MOU shall apply to all subsidiaries and successors-in-interest of the Operator with respect to any oil and gas facilities permitted or otherwise approved during the term of this MOU.

**38. Default.** If a Party defaults in the performance of an obligation under this MOU, the defaulting Party shall have ten (10) days to cure the default after receipt of written notice of such default from the non-defaulting Party, provided the defaulting Party shall be entitled to a longer cure period if the default cannot reasonably be cured within thirty (30) days and the defaulting Party commences the cure within such ten (10) day period and diligently pursues its completion; however, in the event that the default involves an issue that could have an immediate impact on public health, safety or welfare, or cause damage to property of another, the defaulting party shall immediately begin action to cure the default. Each alleged default shall be treated separately under this paragraph and notice of an alleged default shall not affect the processing of permit applications while the notice is being evaluated, contested or corrected. In

the event of a default, the Parties shall be entitled to seek specific performance as well as any other available remedies.

**39. Jurisdiction: Waiver of Rights.** The parties acknowledge, understand and agree that this agreement shall not be used as evidence that either party has waived any rights to assert its claims concerning the validity or extent of the County's land use jurisdiction. Nothing in this agreement shall be construed as an admission regarding the existence of proper jurisdictional authority or waiver by either party of any legal right or obligation, nor shall anything be construed as a bar to either party to seek any legal remedy available to it. The Operator agrees, however, that it will not exert jurisdictional or preemption arguments with respect to the specific performance obligations contained in this MOU.

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed by a duly authorized representative on the day and year indicated below.

Operator: **PETROSHARE CORP**

Company Name

By:

Signature

Date: September 3, 2015

County of Arapahoe )  
 ) ss.  
State of Colorado )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of September, 2015, by Frederick J. Witsell, as President of PetroShare Corp, a Colorado C Corporation.

My commission expires: 9-12-18

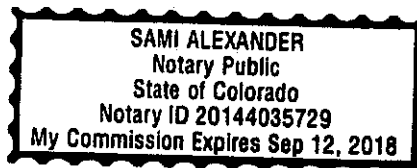
Witness my hand and official seal.

Sami Alexander  
Signature

Sami Alexander  
Name of Notary

7000 S. Alton Way Ste B22

Centennial, CO 80112  
Address of Notary



**Board of County Commissioners of  
Adams County**

By: Steven J. Dennis  
Signature

Date: 3/02, 2014

County of Adams )  
State of Colorado ) ss.

The foregoing instrument was acknowledged before me this 22nd day of March, 2014, by the Board of County Commissioners.

My commission expires: March 8, 2020

Witness my hand and seal.

Erica Hannah  
Signature

ERICA HANNAH  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID # 20164009409  
MY COMMISSION EXPIRES 03-08-2020

Erica Hannah  
Name of Notary

9531 Colombine Court Thornton, CO 80229  
Address of Notary

Approved as to form  
[Signature]  
County Attorney

**EXHIBIT A**

The following conditions will apply to all of Operator's newly permitted wells and facilities within unincorporated Adams County, as of the effective date of the fully executed MOU between Adams County and Operator. Site-specific conditions may be incorporated into the COGCC permit approval process through the LGD process as described in the Commission's Rules, or by Sundry notice (COGCC Form 4) if there is agreement between Operator and Adams County.

[List of additional requirements]