

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the "Agreement") is made and entered into this 10 day of November, 2021, by and between the BOARD OF COUNTY COMMISSIONERS OF LA PLATA COUNTY, COLORADO, 1060 E. 2nd Avenue, Durango, Colorado 81301 and NUEVIDA RESOURCES, LLC, a Delaware limited liability company, 5950 Cedar Springs Rd., Suite 100, Dallas, TX 75235.

DEFINITIONS

Words not specifically defined in this Agreement shall have the meaning set forth in Chapter 62 of the County's land use code.

Abandonment or abandoned means the permanent abandonment of a well based on the operator's filing with the COGCC.

Application for Permit to Drill (APD) means the administrative process required for approval of the Form 2 (Permit to Drill) by the COGCC for the drilling of any oil and/or gas well.

Best Management Practices means schedules of activities, prohibitions of practices, maintenance procedures, and other management and operational practices intended to prevent or reduce the pollution to air, water, soil, or biological resources, and to minimize adverse impacts to public health, safety and welfare, including the environment and wildlife resources.

BLM means the Bureau of Land Management.

NueVida means NueVida Resources, LLC.

COGCC means the Colorado Oil and Gas Conservation Commission.

CPW means the Division of Parks and Wildlife of the State of Colorado.

Conventional gas well means a well commonly drilled with a vertical wellbore into a conventional formation, such as sandstone or siltstone. Such formations include the Mesaverde and Dakota.

Horizontal well means a well which is drilled in such a way that the wellbore deviates laterally to an approximate horizontal orientation within the target formation with the length of the horizontal component of the wellbore extending at least one hundred feet (100') in the target formation, measured from the initial point of penetration into the target formation through the terminus of the horizontal component of the wellbore in the same common source of hydrocarbon supply.

County means the Board of County Commissioners of La Plata County.

Easement means express or implied authorization by a property owner for the use of a designated portion of his property by another, for a specified purpose.

Spacing Application means the application filed by NueVida with the COGCC on or about January 5, 2021 requesting the establishment of an exploratory drilling and spacing unit (approximately 1279.52 acres in size) in southern La Plata County, Colorado and the approval of up to eight (8) horizontal wells on a single location within the spacing unit for the production of oil, gas and associated hydrocarbons from the Mancos Shale Formation.

Spacing Application Area means the area within La Plata County described in the Spacing Application.

County Permit means any permit the County issues pursuant to LPLUC for oil and gas facilities or development related to the Spacing Application, specifically including any future Mancos Shale Wells proposed by NueVida within the Spacing Application Area. The process to secure issuance of the County Permit runs concurrently with the APD and OGDG processes required by the COGCC and CPW.

Exploratory Wells means those wells contemplated to be drilled by virtue of the Spacing Application. In this case, all Exploratory Wells proposed by NueVida are also Mancos Shale Wells.

Mancos Shale Well means a horizontal well drilled and completed for the purpose of producing oil, gas and/or associated hydrocarbons from the Mancos Shale Formation.

Heavy equipment means individual truck/trailer combination vehicles with a gross vehicle weight exceeding 5 tons.

LPLUC means the La Plata County Land Use Code as amended from time to time.

Low bleed means pneumatic controllers (operated using natural gas) installed on field equipment to replace high bleed devices that vent small amounts of methane continuously.

OGDP means the Oil and Gas Development Plan to develop oil or gas resources at one or more oil and gas locations subject to approval from the County, CPW, and the COGCC.

Permanent operations mean operations for an Exploratory Well after initial drilling, completion and interim reclamation and before abandonment.

Reasonable efforts mean diligent and good faith efforts to accomplish a given objective.

Road Maintenance and Improvement Fees means the County road maintenance and improvement fees described in Article III below.

Water quality testing wells means domestic water wells within the vicinity of oil and/or gas wells tested for water quality pursuant to COGCC Rules 405.t and 615.

RECITALS

A. La Plata County is a political subdivision of the State of Colorado authorized to act through its Board of Commissioners.

B. NueVida is an oil and gas producing operator which has filed the Spacing Application with the COGCC requesting the establishment of a drilling and spacing unit (approximately 1279.52 acres in size) in southern La Plata County, Colorado and the approval of up to eight (8) horizontal wells within the spacing unit for the production of oil, gas and associated hydrocarbons from the Mancos Shale Formation. Approval of the Spacing Application will be followed by the filing of Application(s) for Permit to Drill with the COGCC and the County for one or more Exploratory Well(s).

C. The provisions of Chapter 90 of LPLUC require NueVida to obtain a county permit for the development of oil and gas facilities, including without limitation all related construction, installation, improvement and operation of oil and gas facilities within the unincorporated areas of the county except with respect to those lands where the County's jurisdiction is preempted by federal or state law, or by Southern Ute Indian Tribal jurisdiction.

D. The County seeks to facilitate the development of oil and gas resources within the above-described areas of the county while mitigating potential impacts from such development.

E. The County has determined that potential impacts attendant to future oil and gas development would be best mitigated for the County as a whole if future Mancos Shale Wells are drilled as horizontal wells from a single pad (utilizing existing well pads where practical as prescribed in LPLUC) in the approved spacing unit despite the fact that, in some instances, the use of existing well pads may further affect certain property owners and neighboring properties. The use of a single pad is designed to minimize the operational footprint of resource development and reduce the aggregate amount of land within the County disturbed by the drilling of the Mancos Shale Wells.

F. C.R.S. § 43-2-147 provides authority to the County to regulate vehicular access to and from any public highway under its jurisdiction and from or to property adjoining a public highway in order to protect the public health, safety and welfare; maintain smooth traffic flow; maintain highway right-of-way drainage; and protect the functional level of public highways.

G. The County, as a matter of right, may intervene in the adjudicatory proceedings before the COGCC related to the Spacing Application to raise environmental

or public health, safety and welfare concerns. In exchange for the agreements contained herein, the County will not protest NueVida's Spacing Application, nor, if it intervenes in the adjudicatory proceedings related to the Spacing Application, will it advocate any position inconsistent with any term contained in this Agreement.

H. NueVida and the County wish to have certain issues amicably resolved prior to the COGCC's adjudicatory proceedings on the Spacing Application and they agree that certain provisions of this Agreement should be included (subject to COGCC approval) in the requested Spacing order.

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AGREEMENT

In consideration of the mutual obligations and benefits set forth in this Agreement and for other good and valuable consideration, the receipt of which is acknowledged, NueVida and the County agree as follows:

ARTICLE I APPLICATION

This Agreement shall apply to lands presently within the unincorporated portions of the Spacing Application Area within the County with the exception of those lands where the County's jurisdiction is preempted by federal or state law, or by Southern Ute Indian tribal jurisdiction. As of the date of this Agreement, the County and NueVida agree that all lands within the Spacing Application Area are within the County's jurisdiction.

ARTICLE II DENSITY AND USE OF EXISTING WELL PADS AND FACILITIES

2.1 *Density.* NueVida agrees that, except as provided in Section 2.2 herein, the density of new Mancos Shale Well Pads, including any Exploratory Well within the Spacing Application Area, shall not exceed one (1) within any single drilling and spacing unit approved by the COGCC. Notwithstanding the foregoing, nothing contained in this Article II shall be construed so as to require the closure or abandonment of any existing oil and/or gas well within the Spacing Application Area.

2.2 *Well Location; Exceptions.* The County believes that the potential impacts attendant to future oil, gas, and associated hydrocarbon development would be best mitigated for the County as a whole if future Mancos Shale Wells, including the Exploratory Wells, are drilled from a single well pad for each approved drilling and spacing unit ("Pad Drilling"). Where practicable, existing well pads shall be utilized for Pad Drilling as prescribed by the LPLUC. In support of this policy, in situations where reasonable efforts fail to produce a Surface Use Agreement concerning Pad Drilling between NueVida and the Surface Owner, the County, in its discretion, may approve the County Permit for Pad Drilling based on the alternative location analysis required by the COGCC and the County. Special exceptions to Section 2.1 may be requested by NueVida in its applications for County Permits. The County may grant special exceptions when the County finds that one or more of the following factors apply in a manner such that, after completion of the alternative location analysis, use of an existing well pad is rendered impractical:

- a. Topographic characteristics of the site;
- b. Natural resource constraints (*e.g.*, wetlands);
- c. Location of utilities or similar services;
- d. Other site conditions beyond the control of NueVida;

- e. Demonstrated insurmountable technical issues related to the development or management of the mineral resource;
- f. Safety concerns.

The County may also, in its discretion, grant a special exception to Section 2.1 at the request of the Surface Owner and NueVida based upon other impacts that may arise from Pad Drilling.

2.3 Use of Existing Infrastructure. NueVida agrees, except as provided in Section 2.2, to use its reasonable efforts to utilize existing infrastructure, including but not limited to the use of existing roads, pipeline routes and well pads within the Spacing Application Area to the extent it is technologically feasible. Nothing contained in this Section 2.3 shall preclude NueVida from installing additional or substitute facilities within the existing roads, pipeline routes and well pads if reasonably required to produce and operate the Exploratory Wells. The County recognizes that some minor reconfiguration of portions of the existing infrastructure or additional easements may be necessary due to the placement of multiple wells on new or existing well pads. At the request of the County, NueVida shall furnish information supporting NueVida's requested need for new facilities (roads, pipeline easements, well pads, *etc.*) and new facilities may, at the discretion of the County, be approved due to:

- a. The lack of existing infrastructure in a COGCC permitted spacing unit that is capable of handling the quantity and quality of production from each Mancos Shale Well.
- b. Engineering, geologic, safety, surface feature, and/or without limitation any other constraints that make use of existing infrastructure reasonably impractical.
- c. Facility ownership constraints that make the sharing or use of existing facilities infeasible.
- d. Protection of the rights of surface, mineral, royalty and lease owners.

NueVida shall use reasonable efforts to minimize the aggregate amount of new surface utilized for operations anticipated and conducted under the OGDPA approved by the COGCC and the County Permit.

2.4 Nonconforming Uses and Setbacks. Section 90-122.II. of LPLUC establishes certain minimum setback requirements. In some instances, existing minor oil and gas facilities which initially met such requirements might not meet the requirements if a current application were filed due to (i) the encroachment of other development into the setback area, (ii) because the regulation was not in effect when the original installation occurred or (iii) because a waiver previously was obtained. Because the County believes that the policy of utilizing Pad Drilling is critical to the mitigation of the overall impact of the Mancos Shale Wells on the county as a whole, the County agrees that in those instances where the setback requirements of Sections 90-122.II cannot be met currently, the County may, in its discretion, consider the use of the existing well pad

site within the Spacing Application Area a nonconforming use not subject to the requirements of Sections 90-122.II, provided that the degree of the nonconformity is not in any way increased by the placement of the Exploratory Well on the existing well pad site.

2.5 *Single Pad Site for Mancos Wells.* NueVida does not currently operate any existing well(s) within the Spacing Application Area nor own any right to use or expand existing well pads within the Spacing Application Area. After consultation with the Surface Owner and the Operator(s) of the existing wells located within the Spacing Application Area, and subject to Section 2.3 above, NueVida may submit its application for a County Permit authorizing the construction of a new single pad site within the Spacing Application Area in lieu of the expansion of an existing well pad. The application for the County Permit shall include an alternative location analysis prepared after an on-site meeting and discussion with the designated representatives of the La Plata County Planning Department, the CPW and the COGCC. NueVida shall use reasonable efforts to minimize surface disturbance and the footprint for permanent operations at any new single pad site approved by the County.

2.6 *Expansion of Existing Well Pads.* In those instances where an existing well pad is used for an Exploratory Well, NueVida agrees to use reasonable efforts to minimize the expansion of the surface disturbance and footprint of the existing well pad for permanent operations. The reasonableness of the expansion under the circumstances shall be demonstrated by NueVida to the County with its County Permit application. NueVida agrees to exercise reasonable efforts to expand existing well pads away from nearby existing impacted residential structures as well as existing wellbores.

ARTICLE III PRIVATE ROADS AND ROAD MAINTENANCE AND IMPROVEMENT FEES

3.1 *Road Maintenance and Improvement Fees.* County and NueVida have determined that specific land use activities by NueVida within the Spacing Application Area may create impacts on County roads and, therefore, mitigation in the form of negotiated road maintenance and improvement fees is proper and necessary. The parties recognize that these fees are not always a reliable or sufficient source of funds and that the County's ability to actually perform such work may be limited or hampered by reasons beyond its control. However, the County agrees to exercise good faith in its efforts to carry out the intent of this Agreement and to perform such work to the extent that monies are available and appropriated. The County shall control the sequencing and timing of its work and NueVida hereby waives its rights, if any, to insist upon completion of the County's work or to dictate the manner, sequencing and timing of the same. The County recognizes and acknowledges that the monies collected hereunder must be collected and spent in a manner consistent with the accounting practices set forth in C.R.S. § 29-1-801 *et seq.* and that such monies may only be spent on facilities or maintenance that directly and reasonably related to the mitigation of impacts related to the activities described in the Spacing Application.

3.2. Road Maintenance and Improvement Fees Calculation and Payment.

Based upon certain agreed upon assumptions, NueVida and the County have agreed to estimate Road Maintenance and Improvement Fees for minor oil and gas facilities with respect to the Spacing Application. NueVida and County shall use reasonable efforts to negotiate a fair and reasonable road maintenance agreement. Any such agreement and any traffic study must be recommended by the La Plata County Public Works Director and approved by the County. All fees shall be based upon a traffic study associated with any County Permit for NueVida's development of the Spacing Application Area and such fee shall be based upon the methodologies used by the parties as set forth herein:

- a. Estimate average daily trips (ADT) and vehicle types associated with construction, drilling, completion, and post-completion activities.
- b. Equivalent single axle loading (ESAL) analysis to estimate impacts to associated roads based on ADTs.
- c. Estimate mitigation fees to offset increased road maintenance costs associated with project activities.
- d. Evaluate road capacity to insure that traffic movements are safe, and if necessary traffic control or offsite improvements may be required to insure safe travel from state highway to project site.
- e. La Plata County will provide NueVida with the most recent ADTs and average road maintenance costs for the impacted roads.

NueVida shall complete and submit the traffic analysis consistent with the requirements of the Director of Public Works and Chapter 74 of the LPLUC. The traffic analysis shall include a proposed Road Maintenance and Improvement Fee to the County Public Works Director for review and approval prior to applying for a County Permit. NueVida shall pay the County the Road Maintenance and Improvement Fee due and owing for the prescribed activity prior and as a condition to the County's final approval of the County Permit. If a County Permit is not issued for the proposed Exploratory Well(s) or if NueVida relinquishes in writing to the County its vested rights in an approved County Permit prior to expiration or other termination of the vested right pursuant to Section 66-13.III, then any unused portion of the fee (or portion not necessary to mitigate impacts already created by the actions of NueVida notwithstanding a subsequent relinquishment of the vested rights) attributable to such undeveloped well will be returned to NueVida within a reasonable time after written notice to the County of the same. In addition, for any oversized and/or overweight vehicles, NueVida will need to acquire appropriate permits from the County Public Works Department.

3.3 Submission of Information. The County seeks to efficiently and effectively schedule maintenance and improvement projects on its county roads. The use of such roads by heavy equipment related to construction or production activities in the Spacing Application Area could affect such projects. The County seeks and NueVida agrees to provide the County, on an annual basis (or more frequently if plans are materially altered or modified), a forecasted activity plan setting forth the expected location and duration of its oil and gas facilities operations within the county for the upcoming year as well as the county roads to be accessed and general proposed travel or

haul routes. Similarly, the County agrees to use reasonable efforts to provide a schedule of its anticipated projects on County roads that may affect NueVida's oil and gas facilities or those operations that are planned and disclosed to the County. The County shall provide such schedule on an annual basis (or more frequently if County plans are materially altered or modified). The disclosure of such plans and routes is for informational purposes only and shall not be construed as creating any obligation on the part of NueVida, including, without limitation, to conduct such operations, to limit the location and duration of such operations or to follow such routes. The first submission of such information shall occur within thirty (30) days after the COGCC order approving a permit to drill a well within the Spacing Application Area, but in no event less than thirty (30) days prior to the beginning of any site preparation or other construction work.

3.4 *Use of Subdivision Roads.* NueVida agrees that in those instances where it accesses Exploratory Wells in the Spacing Application Area through a road or roads (that are not county roads) that pass through a subdivision, NueVida will use reasonable efforts to negotiate a fair and reasonable road maintenance or road improvement agreement with the appropriate land owners or governing entity (e.g., homeowners' association) with legal authority to bind the entity and its members for the purpose of paying or making in-kind contributions for its pro rata share of the cost of maintaining or improving the affected road(s). Such agreements or a memorandum thereof shall be recorded with the Clerk and Recorder of La Plata County. The existence, or lack thereof, of such executed and recorded agreements shall be noted in the County Permit application.

3.5 *Use of Equipment.* NueVida agrees to all of the following: Road maintenance and improvement fees outlined in Section 3.2 are designed to recoup the incremental county cost associated with road deterioration and safety related to NueVida's use of the county roads as part of the development of the Spacing Application Area. Pursuant to CRS § 42-4-512, NueVida shall be liable for any damage to a county road caused by NueVida that is in excess of any incremental costs estimated by the traffic analysis and agreement set forth in Section 3.2.

3.6 *Produced Water Hauling.* Except in emergency situations of which the County shall be provided notice as soon as is practical (but in no event more than 12 hours after NueVida becomes aware of such emergency situation), and except during drilling, completion and well servicing operations, NueVida shall use reasonable efforts to transport produced water by pipe. In those instances where the utilization of a water hauling truck is required, NueVida agrees to strictly comply with the weight and other restrictions set forth in the county's code (including without limitation Chapters 42 and 74) or any applicable permit or agreement with the County (e.g., a road maintenance agreement).

ARTICLE IV AIR QUALITY

4.1 *Compliance with Air Quality Laws and Regulations.* NueVida will comply with existing federal and state laws and regulations applicable to its operations as well as any future laws and regulations validly adopted by an authority with appropriate jurisdiction, including regulations that have been and may be adopted by the Southern Ute Indian Tribe if such jurisdiction exists over the Spacing Application Area.

4.2 *Emission Control Equipment.* In accordance with applicable Air Quality laws and regulations, NueVida agrees to utilize control devices capable of achieving at least 95% control efficiency of volatile organic compounds (VOC) on all condensate, crude oil, and or produced water tanks, and 95% control efficiency of VOCs on all glycol dehydrators with a potential to emit of five (5) tons per year or greater.

4.3 *Flaring and Venting.* NueVida agrees to conduct flaring and venting practices in accordance with applicable COGCC Rules, including without limitation Rule 903. In addition, NueVida agrees to abide by any requirements or restrictions implemented by the County when issuing Stage I or Stage II fire restrictions and that are applicable to NueVida's operations.

4.4 *Dust Control.* NueVida agrees to suppress dust throughout construction, drilling, completion, and operational activities through Best Management Practices such as, but not limited to, speed restrictions, regular road maintenance, use of water or magnesium chloride for road spreading, and well equipment automation to reduce truck traffic. These practices shall be applied to well access roads and well locations.

4.5 *Odor Control.* NueVida agrees to operate facilities and equipment in such a manner to reduce odors to the maximum extent that is reasonably and technologically feasible through the use of Best Management Practices.

ARTICLE V WATER

5.1 *Storm Water Management and Spill Prevention Containment and Control.* Even if not required to do so by any applicable regulation or law, NueVida agrees to utilize Best Management Practices for all pad expansions and new pads and for road and pipeline development or improvements.

5.2 *Water Well Monitoring.* At a minimum, NueVida agrees to comply with and perform water well monitoring at water quality testing wells related to the Exploratory Wells and associated reporting in conformance with all applicable laws and regulations, including without limitation COGCC Rules 405.t and 615.

5.3 *Demonstration of Water Source.* Pursuant to 90-123.V, NueVida agrees to provide documentation to the County demonstrating a legally obtained source of fresh

water to be used for the Exploratory Wells. This documentation shall describe the water source(s) used for construction, drilling, completion, and/or post completion activities of the Exploratory Wells. For example, if water is obtained from a source within the State of Colorado, a decree from the appropriate Colorado water court or executed copies of the produced water recycling agreements approved by the COGCC would satisfy this requirement.

5.4 *Use of Produced Water.* If NueVida decides to use produced water for any construction, drilling, completion and/or post-completion activities at the Exploratory Wells, NueVida agrees to submit documentation to the County demonstrating that such produced water meets or exceeds all applicable laws and regulations regarding the use or disposal of produced water, including without limitation COGCC Rules 612, 805, and 905. Such submission shall be made at the same time as any submissions to the COGCC and confirmed annually pursuant to Article X below.

5.5 *Exploration and Production Waste.* NueVida agrees to dispose of all E&P waste in compliance with all applicable laws and regulations, including without limitation any applicable COGCC rules.

ARTICLE VI OFFSET WELL EVALUATION ASSESSMENT/SOIL GAS VAPOR SURVEY

An offset well evaluation assessment is designed to determine a possible lack of zonal isolation along wellbores of plugged and abandoned wells and conventional gas wells. NueVida will attempt to identify any plugged and abandoned and conventional gas wells drilled into or through the Mancos Shale Formation located within 1500 feet of the wellbore of any Exploratory Well and provide a map of the same to the County. NueVida shall comply with any COGCC policies, guidelines, conditions of approval, or rules regarding offset well evaluation assessment relating to new horizontal well development. NueVida shall submit to the County a copy of any materials submitted to the COGCC regarding all results of the offset well evaluation assessments in accordance with the COGCC horizontal offset policy. If the monitoring reveals a possible lack of zonal isolation, the County may then require any necessary remediation or other authorized activities as conditions of a County Permit approval in order to protect the public health, safety, and welfare within the county.

ARTICLE VII INCLUSION INTO COGCC ORDER

NueVida agrees to request and support the inclusion of the certain conditions, as set forth in attached Exhibit A, to be incorporated into the COGCC order approving the Spacing Application and any and all permits to drill Exploratory Wells within the Spacing Application Area.

ARTICLE VIII
SITE SPECIFIC DEVELOPMENT PLAN AND FUTURE REGULATIONS

8.1 This Agreement shall not grant or create any common law or statutory vested development rights or exempt NueVida from any applicable County development review regulations or processes. The County does not hereby waive any current requirements of the County's code and further reserves the right in the future to enact and apply prospectively oil and gas regulations that are general in nature and are applicable to all similarly situated oil and gas activities subject to land use regulation by the County, even though such regulations may be more or less stringent than the standards applicable to the Exploratory Wells by virtue of this Agreement.

8.2 NueVida's obligation to comply with this Agreement is in addition to its obligation to comply with any other applicable standards or requirements of the County's code, including without limitation its land use code and specific standards for oil and gas development.

8.3 Any application to the County for a County Permit or other County land use permit for oil and gas operations within the Spacing Application Area shall include as required submittal items copies of all related COGCC submittal items, including without limitation items such as the alternative location analysis, cumulative impacts analysis, emergency spill response program plan, noise mitigation plan, light mitigation plan, odor mitigation plan, dust mitigation plan, transportation plan, water plan, and all other submittals related to a complete application for the OGDG and related Forms 2A and 2B that are compliant with the COGCC Rules. The parties intend this requirement to facilitate the concurrent review of a County permit with the benefit of the same information and analysis that will be provided to the COGCC for its review of NueVida's operations.

8.4 NueVida agrees that any Gas Capture Plan submitted to the COGCC and the County under 903.e must also identify the closest gathering system (if the closest was not the one contracted with), explain the reasons for connecting to a gathering system that was not the closest (including explanation if the closest system was not capable of handling the quantity and quality of the gas produced), and identify and analyze any adverse impacts of not connecting to the closest gathering system. NueVida acknowledges that this is required due to the County's explicit preference for utilizing existing infrastructure, as is currently reflected in provisions such as LPLUC Sections 90-123.I.E and 90-123.III.A as well as Section 2.3 above in this Agreement, but is not intended to act as a restraint of trade.

8.5 In order to facilitate better communication between NueVida and the County, and in addition to any requirements under COGCC Rules, if NueVida submits one or more of the following forms to the COGCC, NueVida shall also provide a completed copy of such forms directly to the County within the time frame specified below:

- a. Form 4 Sundry Notices under Rule 404, Form 9 – Intent under Rule 218.b, and Form 20 Permit to Conduct Seismic Operations under Rule 313, each of which shall be submitted to the County at least as early as the same day they are first submitted to COGCC;

b. Form 42 Field Operations Notices under Rule 405, each of which shall be submitted to the County at least five (5) business days prior to the activities proposed within the form.

ARTICLE IX RESERVATION OF RIGHTS

The parties acknowledge, understand and agree that this Agreement shall not operate as a bar, constitute a waiver of any rights of the parties, or in any respect affect the ability of any party to this Agreement to assert claims not specifically addressed in this Agreement. The parties further acknowledge, understand and agree that this Agreement is specific and limited to the Spacing Application and does not preclude or limit the County from seeking a different agreement with NueVida or any other operator regarding Mancos Shale Wells with different terms and conditions.

ARTICLE X SUMMARY INFORMATION

Once each calendar year, on or before January 15, NueVida will provide summary information to the County regarding the status of NueVida's activities within the Spacing Application Area during the immediately preceding year, with respect to:

Section 3.2 - Summary of any road impact fees paid or anticipated for payment pursuant to Section 3.2 or any additional agreement with the County regarding the same

Section 3.3 – forecasted activity plan and related information, including projected fees to be paid during such calendar year

Section 3.6 – report on water hauling activity during the immediately preceding calendar year and projection of anticipated water hauling activity during the upcoming calendar year

Section 5.4 – Report on use of produced water during the immediately preceding calendar year and a confirmation about any changes to the source or quality of produced water from the last report

This information will be presented in table format with the following fields:

- County permit number
- Well name
- Date well completed (projected Exploratory Well spud date(s))
- Road impact fee amount paid or projected to be paid
- Forecasted activity
- Water hauling activity
- Produced water information

In addition, each such submission of summary information shall include:

- Proof that the most recent year's property taxes have been paid (such as a certificate of taxes due)
- A current emergency preparedness plan and emergency response plan.

ARTICLE XI GENERAL PROVISIONS

The following general provisions shall govern the relationship between the parties with respect to Mancos Shale Wells, including any Exploratory Well, within the Spacing Application Area.

11.1 *Effective Date and Term.* This Agreement shall be effective upon entry of the COGCC's order approving the Spacing Application Area.

11.2 *Entire Agreement.* Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding 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 in any way.

11.3 *Successors and Assigns.* Except as otherwise provided herein, NueVida shall have the absolute right to transfer or sell any or part of its interest in the Exploratory Wells; provided, however, that NueVida provide at least 60 days prior written notice to the County of its intent to transfer so that the County and any such transferee can coordinate any necessary replacement bonds or other items and provided that NueVida's transferees, sublessees, successors and assigns shall be bound to comply with all terms hereof.

11.4 *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which when taken together shall constitute a single agreement.

11.5 *Amendment.* All covenants, representations and warranties herein and all other obligations, responsibilities and terms hereof shall continue to be fully binding and enforceable on the parties until expressly superseded by written agreement of the parties. No amendment to this Agreement shall be effective unless in writing, signed by all parties who are then subject to this Agreement.

11.6 *Waiver.* No failure on the part of any party hereto to exercise and no delay in exercising any right hereunder shall operate as a waiver of such right. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. No waiver of, or failure to exercise any right hereunder shall operate to prevent future enforcement of such right.

11.7. *Notices.* Notices hereunder may be given by certified mail, return receipt requested, or by facsimile or electronic mail transmission. Notices shall be effective on receipt, provided, however, that confirmation of receipt shall be required in all instances. Notice to the respective parties shall be given to:

To the County at:
Oil and Gas Planner
La Plata County Planning Department
211 Rock Point Dr.
Durango, CO 81301

With copies to:
County Attorney
La Plata County Attorney's Office
1060 E. Second Avenue, Suite 140
Durango, CO 81301

To NueVida at:
NueVida Resources, LLC
Attn: Harold Richard Pate
332 County Road 3100
Aztec, NM 87410

With copies to:
NueVida Resources, LLC
Attn: John T. Beecherl
5950 Cedar Springs Road, Suite 100
Dallas, Texas 75235

And

Dugan & Associates, PC
Attn: Thomas P. Dugan
858 Main Ave., Suite 205
Durango, Colorado 81301

or to any other addresses as any party hereto may, from time to time, designate in writing and deliver in a like manner.

11.8 *Headings.* The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

11.9 *Further Acts.* Each of the parties shall promptly and expeditiously execute and deliver any and all documents and perform any and all acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

11.10 *No Partnership; Third Party Beneficiaries.* It is not intended by this Agreement to, and nothing contained in this agreement shall, create any partnership, joint venture or other arrangement between NueVida and the County. No term or provision of this Agreement is intended to or shall be for the benefit of any person, firm, organization or corporation not a party hereto and no other person, firm, organization or corporation shall have any right or cause of action hereunder.

11.11 *Severability.* The provisions of this Agreement are deemed material and nonseverable. If an action is brought that results in any provision of this Agreement being determined or declared by a Court to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, (a) such declaration

shall constitute a Notice to Correct Violation to NueVida pursuant to Section 80-5 of the LPLUC and (b) the parties shall negotiate in good faith for an equivalent or substitute provision or other appropriate adjustment to this Agreement. If the parties cannot reach agreement, or if so desired by the parties, then the issues in dispute shall be submitted to a mediator acceptable to both parties for nonbinding mediation. Unless otherwise agreed to by the parties, such mediation shall occur within sixty (60) days of a party's receipt of a notice to mediate from the other party. The failure to finalize a replacement agreement pursuant to this Section 11.11 within thirty (30) days after such a Court order triggering this Section 11.11 shall constitute prima facie evidence that this Agreement and the County Permit's condition of approval have been violated, and the County may thereafter proceed with its enforcement options pursuant to Chapter 80 of the LPLUC.

11.12 *Governmental Immunity.* Any and all claims related in anyway to this Agreement shall be subject to the limitations of the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 *et seq.*, and the Federal Tort Claims Act, 28 U.S.C. § 1346(b), 2671 *et seq.*, and it is understood that by entering into this Agreement, the County in no way waives its protections, immunities or any other provision of the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 *et seq.*

11.13 *Governing Law.* This Agreement is made and shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Colorado without regard to the conflict of laws principles. Venue for any action related to this Agreement shall be brought in La Plata County, CO.

11.14 *Dispute Resolution.* If any dispute arises between the parties regarding the terms and conditions of this Agreement, or if any complaint is received by the County regarding any noncompliance with the terms of this Agreement, the parties agree to attempt to resolve any such dispute or complaint pursuant to an informal dispute resolution process, following in general the process set forth in LPLUC Section 90-127, prior to taking any formal enforcement or legal action. This provision, however, does not act as a waiver of any parties' legal rights or their ability to initiate formal enforcement or legal action regarding the dispute or complaint.

NUEVIDA RESOURCES, LLC

By:  *933*

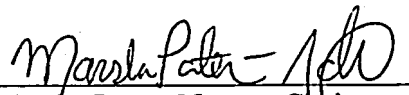
Harold Richard Pate, Chief Operating Officer

Date: Sept. 23, 2021

BOARD OF COUNTY COMMISSIONERS
LA PLATA COUNTY, COLORADO

(SEAL)
ATTEST:




Marsha Porter-Norton, Chair


Clerk to the Board

Date: 11-16-21

EXHIBIT A

PROPOSED CONDITIONS OF APPROVAL

Applicant NueVida Resources, LLC (“NueVida”) and Intervenor La Plata County, Colorado (“La Plata County”) respectfully request that an Order issued by the Commission in Docket No. 210100004 to approve a spacing unit or any well be made subject to and conditional upon the following:

1. Compliance with the terms and provisions of all of the Commission’s rules and regulations now or hereafter in effect.

2. Compliance with all applicable regulations of the BLM, BIA and the Southern Ute Indian Tribe when conducting operations on lands subject to such agency’s/government’s jurisdiction.

3. Compliance with the terms and provisions of the Memorandum of Understanding between NueVida and La Plata County dated NDV 16th 2021.