

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement (the “Agreement”), dated as of September 26, 2019, is between Ephphatha, LLC (“Applicant”) and Routt County, Colorado (“County”), acting by and through its Board of County Commissioners (the “Board”).

Recitals:

- A. Applicant has applied to the County for a special use permit allowing oil and gas exploration and production on property accessed from CR 59 (Dry Creek Well #31-1A, PL19-129).
- B. Pursuant to County policy and practice for agency referrals, the Routt County Planning Department requested comment from the Routt County Road and Bridge Department on the Applicant’s application. In response, the Road and Bridge Department requested that the Applicant provide additional information for analysis by the County’s consulting engineer.
- C. County has retained SGM, Inc. (the “County Consulting Engineer”) to provide engineering and related services to evaluate the impact to County roads of certain development and to determine the appropriate mitigation required for such development.
- D. County has requested the County Consulting Engineer to provide a scope of work and estimate of cost for review of the impacts to County roads that will be used by Applicant if the special use permit is issued and to determine what, if any, improvements to those roads will be required to mitigate the impacts to those roads. That scope of work and cost estimate are attached hereto as Exhibit A.
- E. The Board has further directed County Planning staff to obtain the written commitment of Applicant to reimburse the County for the cost of the County Consulting Engineer’s work and to obtain a deposit from Applicant for the estimated cost of that work.
- F. Subject to the execution of this Agreement by Applicant and the receipt of the deposit required herein, County intends to issue a work order (the “Work Order”) to the County Consulting Engineer, in the form attached hereto as Exhibit B.
- G. County and Applicant intend by this Agreement to set forth the terms and conditions for the payment or reimbursement by Applicant of County’s expenses incurred in connection with the County Consulting Engineer’s work pursuant to the Work Order.

Terms and Conditions:

- 1. Upon receipt of an executed original of this Agreement and the deposit required by this Agreement from Applicant, County shall issue the Work Order. County shall not amend or change any of the provisions of the Work Order so as to increase the amount payable under that Work Order without the written consent of Applicant which shall not be withheld unreasonably.

In the event that a change in the Work Order will result in additional cost, County will not issue the change order until Applicant has deposited the additional funds in the Reimbursement Deposit (as defined below) necessary to cover such increased cost.

2. Applicant shall reimburse County for all costs and expenses incurred by County pursuant to the Work Order when County is billed by the County Consulting Engineer.

3. Upon receiving any billing from the County Consulting Engineer for costs and expenses payable pursuant to the Work Order, County shall forward a copy of the billing to Applicant's Representative (as identified hereinafter) for review and comment. Unless Applicant's Representative has delivered a written objection to the billing to the County's Representative (as identified hereinafter) within ten calendar days after the billing is sent to Applicant's Representative, County may pay the billing and it shall thereafter be conclusively presumed that the billing was valid and properly payable. Applicant shall be responsible for any late charges, interest or other expense incurred by County that becomes due and payable as a result of any delay due to Applicant's objection to a billing. County shall assist Applicant in obtaining any backup information for a billing reasonably requested by Applicant.

4. Contemporaneously with the execution of this Agreement by County and Applicant, Applicant shall deliver to County \$11,000, to be held by County as security for Applicant's obligation to reimburse County as set forth in this Agreement. This Reimbursement Deposit may be held as part of the County's general funds but shall be segregated for accounting purposes and shall earn interest at the rate that County's general funds earn interest. Applicant hereby grants to County a security interest in the Reimbursement Deposit for the purpose of securing Applicant's obligations under this Agreement. County shall use funds in the Reimbursement Deposit only to pay or reimburse itself for payment of the costs incurred by County in connection with the Work Order. Upon completion of the County Consulting Engineer's work pursuant to the Work Order, County shall provide Applicant's Representative with an accounting for the Reimbursement Deposit and County shall refund to Applicant any remaining funds in the Reimbursement Deposit account.

5. Applicant designates Cory Sullins to serve as Applicant's Representative for the purposes of this Agreement. Applicant shall have the right to replace the individual initially designated as Applicant's Representative by a written notice delivered to County at least five business days before the effective date of the new designation. County shall have the right to deal solely with Applicant's Representative with respect to the matters set forth above as to which Applicant's Representative is identified as having authority herein and, as to those matters, it shall be conclusively presumed that Applicant's Representative is fully authorized to act on behalf of Applicant.

County designates Michael T. Mordi to serve as County's Representative for the purposes of this Agreement. County shall have the right to replace the individual initially designated as County's Representative by a written notice delivered to Applicant's Representative at least five business days before the effective date of the new designation. Applicant and Applicant's Representative shall have the right to deal solely with the County's Representative with respect to the matters set forth above as to which County's Representative is

identified as having authority and, as to those matters, it shall be conclusively presumed that County's Representative is fully authorized to act on behalf of County.

6. Any notice required or permitted hereunder shall be personally delivered or mailed in the United States mails, first-class postage prepaid, to the party to be served at the following addresses:

To Applicant
and initial
Applicant's
Representative:

Ephpatha, LLC
Attn: Cory Sullins
1314 – B Center Dr. #449
Medford, OR 97501

To the County:

Board of County Commissioners
P.O. Box 773598
522 Lincoln Avenue, Commissioners' Office [No U.S.
Mail Service to this address]
Steamboat Springs, Colorado 80477

To the initial County's
Representative:

Michael T. Mordi
P.O. Box 773598
136 6th Street [No U.S. Mail Service to this address]
Steamboat Springs, Colorado 80477

Notice personally served shall be deemed served on the date of delivery. Notice mailed shall be deemed served the next business day following the date of mailing if mailed in Steamboat Springs, Colorado.

7. In the event either party to this Agreement brings suit to enforce or interpret any portion of this Agreement, the party substantially prevailing in such action shall be entitled to recover all costs incurred in such action, including without limitation reasonable attorney's fees.

8. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Colorado without reference to choice of laws rules. The parties agree that venue in any action to enforce or interpret this Agreement shall be in the District Court in the Fourteenth Judicial District for the State of Colorado.

9. This Agreement constitutes the entire agreement between the parties concerning the reimbursement to County of the expenses to be incurred by County in connection with the reimbursement for the work performed under the Work Order and the Reimbursement Deposit and may not be amended except by a written document executed by both parties hereto.

Ephphatha, LLC

By:



ROUTT COUNTY, COLORADO

By:

M. Elizabeth Melton, Chair
Board of County Commissioners

ATTEST:

Kim Bonner
Routt County Clerk

June 4, 2019

Mike Mordi P.E, Assistant Director
Routt County Road and Bridge Department
PO Box 773598
Steamboat Springs, CO 80487

**Subject: Professional Services for Traffic Analysis for Special Use Permit
Ephphatha, Dry Creek 31-1A**

Dear Mike:

SGM has prepared the following scope of services to analyze the road impacts due to the above referenced well in Routt County. Ephphatha has applied for this drilling permit to be accessed from US 40, south via CR 27 (~0.8 mi), west via CR 51B (~0.1 mi), west via Coal Haul Road (~4.3 mi), north on CR 53 (~0.5 mi) and west on CR 59 (~3.6 mi). The Coal Haul Road is not a County Road and will not be studied as part of this analysis. CR 27 and CR 51B have been previously studied by SGM in the 2012 Dawson Creek report, as well as by CDC in 2014.

Full investigation and study have included the CR 53 and CR 59 corridors from a January 2016 study for the same well pad. SGM will review the prior report, obtain traffic information as requested by the County and re-analyze the proposed traffic loadings. We will not plan on updating the previous geotechnical investigation for these segments.

Traffic impacts to County roads and intersections resulting from the pre-production, perforation, and fracing phases will be analyzed based upon information provided by the Applicant. Flowback and production phases are not included in the proposed traffic.

SCOPE OF SERVICES (Modified based upon previous work)

Task 1—Kickoff Meeting and Site Visit – \$2000

~~SGM will meet with the County Planner, representative of the Road & Bridge Department, and a representative of the Applicant to agree on the limits of the study area, study methodology, and assumptions that will be used in the traffic analysis. SGM will obtain the most recent traffic count information, pavement and roadway structure information, maintenance plan, and any relevant pavement information from previous reports and CTL Thompson's county-wide testing effort from Routt County.~~

~~SGM will conduct a site visit to the proposed drilling site to assess existing access route conditions, safety and drainage issues. During the site visit, Routt County will assist in determining where the test holes should be located. Sight distance at all county road intersections along the route will be evaluated to determine if adequate sight lines exist for large vehicles turning to and from the roadways.~~

Task 2 – Data Collection – \$2500

If no current traffic data is available on the well pad routes within the last two years, SGM will collect a 24-hour, 7-day traffic volume on the primary access route to the well pad. This application will require counts on CR 53 and CR 59. *Turning movement counts may be needed*

at US 40 if deemed necessary by CDOT or if a highway permit is required. This is not included in the current scope.

Task 3 – Geotechnical Investigation – CR 53 and CR 59 – \$5500

~~Soilogic will provide utility locates, drilling, and sampling for two test holes in County Road 53 and eight to ten test holes within County Road 59. Test hole depths will be a minimum of 4 feet in depth below present roadway grades and will be advanced to investigate existing pavement and/or gravel surfacing thicknesses, roadway subgrade materials and to obtain material samples for laboratory testing. Test hole drilling will be conducted using either a truck-mounted drill rig provided by a subcontractor to Soilogic. Laboratory testing will be conducted on selected samples and will include natural moisture content and density, Atterberg limits, gradation and R-values for each road.~~

Task 4 – Traffic Generation and Distribution – \$2500

Based on the proposed phasing of well pad development, trip generation estimates will be made using data provided by the Applicant. The traffic generated from each well pad site will be assigned to roads in the study area based on the traffic patterns observed during the data collection effort and the proposed routes designated by the Applicant. These estimates may be confirmed during field operations by observations and counts collected during specific phases of well pad development but are not included in this scope of work.

Task 5 – Traffic Impact Analysis – \$1000

SGM will analyze the net change in traffic as a result of well pad development and how it affects the routes proposed by the Applicant. The analysis will consist of both structural and operational impacts, as well as impacts to existing roadway geometry.

Task 6 – Traffic Mitigation Measures – \$2500

Based on the operational and structural condition of the access routes and the proposed operations of the intersections with the state highway and county roads, SGM will formulate a detailed list of potential mitigation measures that the Applicant will be responsible for prior to issuance of the permit. If this is exploratory, subsequent production phases may or may not occur or be included in the information provided by the Applicant. Additional mitigation measures may be developed subsequent to this effort and will be prioritized for the County Road and Bridge Department's future needs. A preliminary cost estimate will be prepared to identify construction and maintenance costs for the Applicant to complete mitigation.

Task 7 – Final Report Documentation – \$2500

A letter report will be prepared documenting the data collection, existing and proposed conditions, and mitigation measures deemed appropriate for each well special use permit. The report will include the cost estimates for mitigation measures and discuss the need for additional study if the traffic volumes or durations are revised due to a change in the well production.

Task 8 – Level 2 CDOT Traffic Impact Study – \$5000

~~As directed by the County, SGM would complete a Level 2 CDOT TIS to determine access impact to US 40 per CDOT requirements, includes completion of the report and coordination with CDOT on final report acceptance. This does not include the completion or submittal of CDOT Access Permit if required.~~

Task 9 – Planning Commission and BOCC Meeting – Not included in proposal

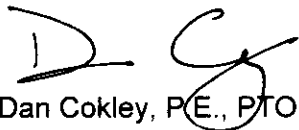
SGM will attend these meetings on an as-requested basis, as determined by the Director of the Road and Bridge Department.

Each of these tasks may or may not be necessary to provide the County adequate information to understand the impacts of the special use permit application. This is provided as an all-inclusive estimate of likely tasks based upon our previous experience with this type of permit application review. We will invoice the County on a T&M basis for services as needed or requested. We anticipate and have included at a total cost of \$11,000.

A draft analysis will be completed four weeks from the date of the County NTP with the Applicant; a final analysis will be completed two weeks later. The need for additional information (Traffic) will be confirmed at the time of the kickoff meeting.

We appreciate the opportunity to work for Routt County on this permit. If you have any questions, please feel free to contact me at (970) 379-3378. If you concur with the above scope of services, please sign the attached agreement and return a copy to us for our records.

Sincerely,

A handwritten signature in black ink, appearing to read 'D C', is written over the printed name of Dan Cokley.

Dan Cokley, P.E., PTOE
Principal