



TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Meeting Agenda

Town Council

Tuesday, June 16, 2026

6:30 PM

Council Chambers

Special Meeting

[Link to Watch or Comment Virtually: https://www.erieco.gov/CouncilMeeting](https://www.erieco.gov/CouncilMeeting)

I. Call Meeting to Order and Pledge of Allegiance

6:30 p.m.

II. Roll Call

III. Approval of the Agenda

6:30-6:35 p.m.

V. Public Comment

(This agenda item provides the public an opportunity to discuss Consent Agenda items, General Business items that are not Public Hearings or items not on the Agenda.)

6:35-6:45 p.m.

(This agenda item provides the public an opportunity to discuss items that are not on the agenda or consent agenda items only. The Town Council is not prepared to decide on matters brought up at this time, but if warranted, will place them on a future agenda.)

VI. General Business

[2026-394](#)

PUBLIC HEARING: An Ordinance of the Town Council of the Town of Erie Authorizing the Sale of Minerals to 7N, LLC, Accepting the Conveyance of Real Property from 7N, LLC, and Approving Agreements with 7N, LLC, SM Energy Company, and Extraction Oil and Gas, Inc. Regarding the Exchange of the Mineral Rights for the Real Property

Attachments:

[Ordinance 028-2026](#)

[Contract to Exchange Property and Mineral Rights](#)

[Agreement Regarding Draco Pad Version 2 with Amended Production Paymer](#)

[Agreement Regarding Draco Pad Version 2 with Amended Production Paymer](#)

[Council Member Hoback comments June 16](#)

[Mineral Sale Public Comments June 3 - 11](#)

6:45-9:15 p.m.

XII. Adjournment

9:15 p.m.

(The Town Council's Goal is that all meetings be adjourned by 10:30pm. An agenda check will be conducted at or about 10:00 p.m., and no later than at the end of the first item finished after 10:00 p.m. Items not completed prior to adjournment will generally be taken up at the next regular meeting.)

Translation Services

Persons planning to attend the meeting who need sign language interpretation, translation services, assisted listening systems, Braille, taped material, or other accommodation should email the Town Clerk's Office at TownClerk@ErieCO.gov or call 303-926-2710. Please submit requests at least 48 hours prior to the meeting.

Si requiere una copia en español de esta publicación o necesita un intérprete durante la reunión del Consejo, por favor llame a la Ciudad al TownClerk@ErieCO.gov o 303-926-2710. Por favor envíe sus solicitudes al menos 48 horas antes de la reunión.



TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Town Council

Board Meeting Date: 6/16/2026

File #: 2026-394, **Version:** 1

SUBJECT:

PUBLIC HEARING: An Ordinance of the Town Council of the Town of Erie Authorizing the Sale of Minerals to 7N, LLC, Accepting the Conveyance of Real Property from 7N, LLC, and Approving Agreements with 7N, LLC, SM Energy Company, and Extraction Oil and Gas, Inc. Regarding the Exchange of the Mineral Rights for the Real Property

DEPARTMENT: Town Attorney

PRESENTER(S): Breena Meng, Town Attorney

TIME ESTIMATE: 150 minutes

For time estimate: please put 0 for Consent items.

FISCAL SUMMARY:

Approval of the ordinance and agreement would approve for the Town:

- \$4.5M cash payment.
- Three properties on County Line Road appraised at ~\$13.575M.
- Production revenue increased from 2% to 3%, estimated as high as ~\$25.5M over the life of the Draco Well.

POLICY ISSUES:

Per the Town Charter, the purchase and sale of Town property, including mineral rights, must be approved by the Town Council by ordinance.

STAFF RECOMMENDATION:

Staff has no recommendation; this is a policy decision of the Council.

SUMMARY/KEY POINTS

The Draco Pad was approved, March 26, 2025, by the Colorado Energy and Carbon Management Commission (ECMC) despite Erie's objections and thorough testimony. The Civitas/SM Energy project involves 26 wells in a pad located in unincorporated Weld County with underground drilling extending west under the Town of Erie and Boulder County.

Civitas/SM Energy approached the Town in Spring 2025 regarding the possibility of acquiring the Town's mineral rights to access from the Draco pad.

The basic contract points are:

- Land to be received by the Town to include three parcels on County Line Road approximately 158 acres appraised at ~\$13.575M.
- The plugging of 17 existing wells in Erie.
- The ability of the Town to pursue its own on-site facility inspections at the Draco Pad.
- Percentage of the revenue from the wellhead to be paid to the Town increased from 2% to 3%; estimated to be as high as ~\$25.5M+.
- Cash payment of \$4.5M.

BACKGROUND OF SUBJECT MATTER:

- [June 2 Meeting Materials <https://erie.legistar.com/View.ashx?M=PA&ID=1366895&GUID=892FCB94-3BCF-4E50-8A33-E9DDADC22C48>](https://erie.legistar.com/View.ashx?M=PA&ID=1366895&GUID=892FCB94-3BCF-4E50-8A33-E9DDADC22C48)
- [June 2 Meeting Video <https://erie.granicus.com/player/clip/3516?view_id=9&redirect=true>](https://erie.granicus.com/player/clip/3516?view_id=9&redirect=true)
- [April 21 Meeting Materials <https://erie.legistar.com/View.ashx?M=PA&ID=1398700&GUID=0DE387ED-D18D-49D0-9654-3FA3DDC8558A>](https://erie.legistar.com/View.ashx?M=PA&ID=1398700&GUID=0DE387ED-D18D-49D0-9654-3FA3DDC8558A)
- [April 21 Meeting Video <https://erie.granicus.com/player/clip/3501?view_id=9&redirect=true>](https://erie.granicus.com/player/clip/3501?view_id=9&redirect=true)

ATTACHMENT(S):

1. Ordinance
2. Contract to Exchange Real Property and Mineral Rights
3. Agreement Regarding Draco Pad
4. Agreement Regarding Draco Pad - Highlighted Change from 2% to 3%
5. Comments from Council Member Dan Hoback
6. [FAQs <https://erieco.gov/m/faq?cat=103>](https://erieco.gov/m/faq?cat=103) including maps of the drilling area
7. Public Comments, June 3 - June 12 (11 am)

**Town of Erie
Ordinance No. 028-2026**

An Ordinance of the Town Council of the Town of Erie Authorizing the Sale of Minerals to 7N, LLC, Accepting the Conveyance of Real Property from 7N, LLC, and Approving Agreements with 7N, LLC, SM Energy Company, and Extraction Oil and Gas, Inc. Regarding the Exchange of the Mineral Rights for the Real Property

Whereas, 7N, LLC ("7N") owns certain real property located in Weld County, Colorado, described as Parcel Nos. 146731211006, 146730300045 and 146730202007, consisting of approximately 158.471 acres (the "7N Property");

Whereas, the Town is interested in acquiring the 7N Property for the welfare of the community and its economic development;

Whereas, the Town owns certain mineral rights located in Weld County, Colorado and Boulder County, Colorado (the "Town Mineral Rights");

Whereas, the Town and 7N wish to exchange the 7N Property for the Town Mineral Rights;

Whereas, 7N and Extraction Oil and Gas, Inc. ("Extraction") are each wholly-owned subsidiaries of SM Energy Company, a Colorado-based exploration and production company;

Whereas, Extraction has an Oil and Gas Development Plan approved by the Colorado Energy and Carbon Management Commission ("ECMC") at Order No. 407-3700 for Location ID No. 489708 (the "Draco Pad"), located in unincorporated Weld County, which includes a Drilling and Spacing Unit that extends under the Town;

Whereas, as part of the exchange, the Town, Extraction, and 7N have agreed to certain terms to address certain concerns raised by the Town related to the Draco Pad;

Whereas, pursuant to Section 15.01 of the Erie Home Rule Charter, the Town Council is authorized to approve the purchase, sale, exchange, or disposal of an interest in property by ordinance;

Whereas, Section 11.02 of the Erie Home Rule Charter requires an election before sale of "land designated by the Town as open space";

Whereas, while the Town Mineral Rights are interests in real property, they are not "land" and cannot be designated as "open space", and as such, Section 11.02 does not apply to the sale of the Town's Mineral Rights;

Whereas, the Town Council finds that the value that the Town will receive in exchange for the sale of the Town Mineral Rights is substantial, and represents a reasonable return;

Whereas, the Town Council finds it in the best interest of the public health, safety, and welfare to authorize the sale of the Town Mineral Rights and to accept the conveyance of the 7N Property pursuant to the terms set forth in the attached Contract to Exchange Real Property and Mineral Rights and the attached Agreement Regarding Draco Pad.

Now Therefore be it Ordained by the Town Council of the Town of Erie, Colorado, as follows:

Section 1. The Town Council hereby approves the Contract to Exchange Real Property and Mineral Rights and the attached Agreement Regarding Draco Pad in substantially the form attached hereto, subject to final approval by the Town Attorney. Pursuant to the terms and conditions of such agreements, the Town Council hereby authorizes the sale of the Town Mineral Rights and the acceptance of the conveyance of the 7N Property.

Section 2. The Town Council hereby authorizes the Interim Town Manager to execute all documents necessary for closing of the sale of the Town Mineral Rights to 7N and the conveyance of the 7N Property to the Town.

Section 3. Severability. If any article, section, paragraph, sentence, clause, or phrase of this Ordinance is held to be unconstitutional or invalid for any reason, such decision shall not affect the validity or constitutionality of the remaining portions of this Ordinance. The Town Council hereby declares that it would have passed this Ordinance and each part or parts hereof irrespective of the fact that any one, or part, or parts be declared unconstitutional or invalid.

Section 4. Safety. The Town Council finds that the adoption of this Ordinance is necessary for the protection of the public health, safety, and welfare.

Section 5. Effective Date. This Ordinance shall take effect 10 days after publication following adoption.

Introduced, Read, Passed and Ordered Published this 16th day of June, 2026.

Andrew J. Moore, Mayor

Attest:

Debbie Stamp, Town Clerk

CONTRACT TO EXCHANGE REAL PROPERTY AND MINERAL RIGHTS

This Contract to Exchange Real Property and Mineral Rights (this “Contract”) is made and entered into as of _____, 2026 (the “Effective Date”), by and among the TOWN OF ERIE, COLORADO, a Colorado municipal corporation (the “Town”), and 7N, LLC, a Delaware limited liability company (“7N”). The Town and 7N are sometimes referred to herein individually as an “Exchange Party” and collectively as the “Exchange Parties”. This Contract is also being executed by Extraction Oil & Gas, Inc., a Delaware corporation (“Extraction”) and SM Energy Company, a Delaware corporation (“SM Energy”) for purposes of agreeing to their respective obligations hereunder. The Exchange Parties together with Extraction and SM Energy are sometimes referred to herein individually as a “Party” and collectively as the “Parties”.

RECITALS:

A. The Town is the owner of certain Mineral Rights located in Weld County, Colorado and Boulder County, Colorado (the “Town Mineral Property”) appurtenant to the real property as described on **Exhibit A-1** (the “Draco Area of Interest Property”) and **Exhibit A-2** (the “Specified Parcels Property”). For purposes of this Contract, the term “Mineral Rights” shall mean, with respect to any given real property, all of the Town’s oil and gas and oil and gas rights, and other hydrocarbon substances associated with or underlying the land comprising the applicable property from the surface to the bottom of the Codell formation (including the Carlile member) within the Denver-Julesburg Basin, regardless of whether the presence of same is currently known or unknown and regardless of the current or future commercial value of same.

B. 7N is the owner of those three parcels of real property located in Weld County, Colorado, as described on **Exhibit B** which real property, together with any and all improvements and assets located thereon, appurtenant thereto, or associated therewith, expressly excluding all Mineral Rights associated with or underlying such real property and the 7N Property Infrastructure (as defined below), hereinafter collectively referred to as the “7N Property”.

C. 7N and Extraction are each wholly-owned subsidiaries of SM Energy, which is a Colorado-based exploration and production company. Extraction has plans for development of an approximate 3,951.25-acre Oil and Gas Development Plan approved by the Colorado Energy and Carbon Management Commission (“ECMC”) at Order No. 407-3700 (the “Draco OGD”) (and as the same may be amended) from ECMC Form 2A at Location ID No. 489708 (the “Draco Pad”), located in Weld County.

D. The Town desires to own the 7N Property, and has determined that it is in the best interest of the Town to convey the Town Mineral Property to 7N in exchange for 7N conveying to the Town the 7N Property, subject to the terms and conditions in this Contract.

E. 7N desires to obtain, for itself or for its designated affiliate, the Town Mineral Property and has offered to acquire the Town Mineral Property by exchange of the 7N Property, subject to the terms and conditions in this Contract.

F. Each of the 7N Property parcels identified on Exhibit B contain oil and gas wells and/or the associated oil and gas infrastructure operated by Extraction. As a condition and in

consideration of the transactions contemplated under this Contract, the Parties desire to specify terms for Extraction's continued use and abandonment of such infrastructure as provided for in the Agreement Regarding Draco Pad (as defined in Section 16 below).

G. Accordingly, the Parties desire to enter into this Contract for purposes of (i) transferring the Town Mineral Property from the Town to 7N, (ii) transferring the 7N Property to the Town, and (iii) such other matters as addressed in this Contract.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the various terms, covenants, and conditions set forth herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged and which are incorporated as part of this Contract, the Parties agree as follows:

1. **Conveyance by the Town.** At the Closing (as hereinafter defined), the Town shall convey the Town Mineral Property to 7N or its designee with a reservation limiting 7N's access to the surface of the subject property by bargain and sale deed substantially in the form attached hereto as **Exhibit C**, which is incorporated herein by reference (the "Town Deed"). In addition to the Town Mineral Property, the Town Deed will include any right, interest or claim in Mineral Rights that the Town may have with respect to the real property described on **Exhibit A-3** (such property, the "Disputed Mineral Property" and such Mineral Rights, the "Disputed Mineral Rights").

2. **Conveyance by 7N.**

(a) At the Closing, 7N shall convey the 7N Property to the Town by special warranty deed, subject to Permitted Exceptions (as defined in Section 7(a)(i) below), substantially in the form attached hereto as **Exhibit D**, which is incorporated herein by reference (the "7N Deed"). The Town acknowledges and agrees that (i) the 7N Deed shall exclude any Mineral Rights, all of which will be reserved by 7N in the 7N Deed subject to limitations on 7N's access to the surface of the subject property; and (ii) any personal property on the 7N Property identified on **Exhibit E** as the ("7N Property Infrastructure"). The 7N Deed will limit access for the reserved Mineral Rights to those existing oil and gas wells and related facilities that are already located on the 7N Property.

(b) In addition to 7N's conveyance of the 7N Property and 7N's other covenants and undertakings pursuant to this Contract, 7N shall also deliver to the Town at Closing funds in the amount of \$4,500,000.00 (the "**Additional Funds**"). The Additional Funds are additional consideration for the Town's conveyance of the Town Mineral Property and the Town's other covenants and undertakings pursuant to this Contract.

3. **Post-Closing Minerals.**

(a) If following the Closing Date through the Post Closing Mineral Period, either Exchange Party identifies additional areas of real property located within the Draco Area of Interest Property where the Town holds title to Mineral Rights that are not already included as part of the Specified Parcels Property or the Disputed Mineral Property, such Exchange Party will give

prompt written notice to the other Exchange Party identifying such property and providing evidence of such interest in the form of a written and recorded conveyance, assignment or dedication (each, a “Mineral Notice”). Any such Minerals Rights identified in a Mineral Notice delivered on or before the end of the 25th year following the Closing Date (the “Post Closing Mineral Period”) shall be referred to as “Post Closing Mineral Rights”.

(b) The identification of any Post-Closing Mineral Rights shall not limit the generality of the conveyance of all of the Town Mineral Property pursuant to the Town Deed. Notwithstanding the foregoing, the Town shall, at 7N’s request, convey Post Closing Mineral Rights to 7N or its designee by bargain and sale deed substantially in the form of the Town Deed.

(c) With respect to any Post Closing Minerals Rights identified in a Mineral Notice that is delivered from and after the end of the 6th month following the Closing Date, the Town shall be entitled to additional consideration (the “Post Closing Minerals Consideration”) in the amount of \$24,000 for each Mineral Acre. For purposes of determining the Post Closing Minerals Consideration, each “Mineral Acre” shall be calculated as the Town’s percentage interest in the Mineral Rights with respect to such acre. If the Town holds title to less than 100% undivided fee simple estate of any Post Closing Minerals, then the applicable Post Closing Minerals Consideration shall be reduced to reflect the proportion to which the Town’s interest bears to the whole and undivided fee. The Town shall not be entitled to any Post Closing Minerals Consideration or any other additional consideration with respect to Post Closing Minerals Rights identified in a Mineral Notice that is delivered prior to the end of the 6th month following the Closing Date.

(d) The Provisions of this Section 3 shall survive the Closing through the end of the Post Closing Mineral Period.

4. **Disputed Minerals.**

(a) The Town hereby agrees to waive and disclaim any right title or interest in the Disputed Mineral Property and agrees to withdraw any claim previously made with respect to the same. In addition to the Town’s conveyance of its interest in any Disputed Mineral Property pursuant to the Town Deed, the Town hereby agrees to execute such curative documents as may be necessary to evidence such waiver, disclaimer and withdrawal.

(b) The provisions of this Section 4 shall survive the Closing.

5. **Inspection.**

(a) Inspection Period; Termination Right. If, in either Exchange Party’s sole judgment and discretion, such Exchange Party decides that it does not wish to proceed with the transactions contemplated herein (the “Transactions”), for any reason or no reason, such Exchange Party shall give written notice of such fact to the other Exchange Party on or before 5:00 pm Mountain Time on the date that is 50 days after the Effective Date (the “Inspection Period”). If an Exchange Party gives written notice of its election not to continue this Contract on or before the expiration of the Inspection Period, then this Contract shall terminate, and both Exchange Parties shall be released from all further obligations under this Contract except those that expressly survive termination. If both Exchange Parties fail to elect to terminate this Contract as set forth in this

Section 5(a) prior to the expiration of the Inspection Period, then this Contract shall remain in full force and effect and the Exchange Parties shall proceed with the Transactions as set forth herein. Following the end of the Inspection Period as set forth above, either Exchange Party may extend the Inspection Period one time for up to 15 additional days upon written notice delivered to the other Exchange Party prior to the end of the initial Inspection Period.

(b) Inspections.

(i) Prior to the Closing Date, the Town, and its agents, contractors, consultants, engineers, surveyors, attorneys, and employees (collectively, the "Town Consultants") shall have, at no cost or expense to 7N, the opportunity to enter onto the 7N Property to conduct and make any and all customary studies, tests, examinations, inquiries, inspections, and investigations of or concerning the 7N Property, review the property materials applicable to the 7N Property, and otherwise confirm any and all matters which the Town may have reasonably desired to confirm with respect to the 7N Property (the "Inspections").

(ii) Prior to the Closing Date, 7N and its agents, contractors, consultants, engineers, surveyors, attorneys, and employees (collectively, the "7N Consultants") shall have, at its sole cost and expense, the opportunity to conduct and make any and all Inspections 7N may have reasonably desired to confirm with respect to the Town Mineral Property.

(c) Conduct of Inspections.

(i) No Party shall permit any mechanics' or materialmen's liens or any other liens to attach to the 7N Property or Town Mineral Property (as the case may be) by reason of the performance of any work or the purchase of any materials by such Party or any other party in connection with any Inspections conducted by or for such Party hereunder.

(ii) The Town shall cause the Town Consultants to: (i) perform all Inspections in a safe and professional manner; (ii) not create any dangerous or hazardous condition on the 7N Property; (iii) comply with all applicable laws with respect to the Town's Inspections; and (iv) obtain all permits required to be obtained with respect to the Inspections, if any. Except with respect to any Phase II Testing (as defined in Section 5(g) below) or unless permitted pursuant to Section 5(g) below, the Town Consultants shall not drill, extract or physically alter or change the condition of the 7N Property. 7N shall have the right to be present or appoint a representative to accompany the Town Consultants in connection with the Town's entry on the 7N Property, and the Town shall give to 7N reasonable prior telephonic and written notice of any such proposed entry, specifying the purpose and duration of the entry, to facilitate the same. In no event shall any Town Consultants, interfere with any tenants' rights under the Ground Lease (as defined in Section 8(b)(iv) below) or with 7N's or Extraction's use or operations at the 7N Property. Without limiting 7N's rights and remedies provided for in this Contract following the occurrence of a Town default, the Town shall promptly restore the 7N Property to

its previous state in the event any testing is done and no examination, Inspections or tests shall materially interfere with, or damage, any current use of the 7N Property by the Town. The Town assumes all risk of any entry or other activity by the Town Consultants within the 7N Property. All Inspections, and all information generated by the Inspections, is subject to the confidentiality provisions of Section 35 below.

(d) Insurance. The Town and Town's Consultants shall carry commercial general liability insurance covering their activities in and about the Property, with a limit of not less than \$2,000,000.00 combined single limit per occurrence, against claims for personal injury liability including, without limitation, bodily injury, death or property damage liability and covering the Town and Town's Consultants engaged by the Town for Inspections, services or construction on or about the 7N Property; which shall name 7N, SM Energy and Extraction as additional insureds under such policy. The Town shall present a certificate of such insurance evidencing the requirements set forth in this Contract in a form reasonably acceptable to 7N before entering onto the 7N Property. In addition, any insurance policy obtained by the Town shall be written as a primary policy and shall not be contributing with or in excess of any coverage, which the Town may carry. The Town shall use reasonable efforts to require that its policy shall include a provision that 7N shall receive at least 30 days' advance written notice from the insurer prior to material changes or cancellation of such policies and if the foregoing is unavailable, then the Town shall provide such written notice to 7N immediately upon learning of any material changes or cancellation.

(e) Town Waiver and Release. The Town hereby waives and releases 7N's affiliates, parent and subsidiary entities, successors, assigns, partners, managers, members, employees, officers, directors, trustees, shareholders, counsel, representatives, and agents, from and against any and all damages, mechanics' liens, materialmen's liens, liabilities, penalties, interest, losses, demands, actions, causes of action, claims, costs and expenses (including reasonable attorney fees) (collectively, "Losses") arising from or related to the Town or the Town Consultants' entry onto the 7N Property, and any inspections or other acts by the Town or Town Consultants with respect to the 7N Property.

(f) 7N Indemnification. 7N shall indemnify, hold harmless and, defend the Town and hereby waives and releases the Town from and against any and all Losses arising from or related to 7N or the 7N Consultants' inspections or other acts by 7N or the 7N Consultants with respect to the Town Mineral Property; provided, however, in no event shall 7N be obligated to indemnify or hold the Town harmless from any Losses arising out of the negligence or intentional misconduct of the Town.

(g) Intrusive Investigations. 7N hereby consents to the Town's Consultants conducting a Phase II environmental study of the 7N Property excluding the areas necessary for all operations, including plugging and abandonment, reclamation, and remediation operations of the 7N Property encumbered by the 7N Property Infrastructure ("Phase II Testing"). Notwithstanding anything in this Contract to the contrary, the Town acknowledges and agrees that prior to Closing it is not permitted to perform any invasive tests on the 7N Property other than Phase II Testing without 7N's prior written consent which shall not be unreasonably withheld. The Town hereby agrees to restore, at its cost and expense, the 7N Property to substantially the same

condition it was in immediately prior to the Town's exercise of its rights pursuant to this Contract; provided, however, that if the Town affirmatively waives its right to terminate this Contract pursuant to Section 5(a) or is deemed to have waived its right to terminate this Contract prior to the expiration of the Inspection Period then the Town may postpone restoration of any such condition that, in 7N's reasonable discretion does not create a nuisance or hazardous condition until the Town takes title to the subject 7N Property at the Closing.

(h) Inspection Acknowledgement. Each Exchange Party acknowledges and agrees, subject to their respective rights to terminate this Contract before the end of the Inspection Period, that the Inspection Period constitutes adequate time to perform all inspections and due diligence activities. Each Exchange Party agrees that its approval of the condition of the 7N Property or the Town Property (as applicable) shall constitute an acknowledgment that: (i) such Exchange Party has concluded whatever due diligence such Exchange Party desired to conduct relating to the applicable property; (ii) such Exchange Party has reviewed and read (or has elected not to do so) and has understood all instruments affecting the applicable property or its value which such Exchange Party deems relevant, including, with respect to the Town's Inspection of the 7N Property, all documents referred to in the Title Commitment (as defined in Section 7(a)(i) below), including copies of all recorded exceptions to title referred to therein, as the same may be updated prior to Closing and; (iii) such Exchange Party has made all such independent Inspections and due diligence as such Exchange Party has deemed necessary, including without limitation those relating to environmental matters and, as applicable, zoning, land use, minerals, water, and the feasibility, leasing, occupancy and income of the applicable property; and (iv) such Exchange Party is relying solely on its own Inspections and due diligence as to the respective property and its value and is assuming the risk that adverse physical, economic or other conditions (including, without limitation, adverse environmental conditions (including without limitation soils and groundwater conditions)) that may not have been revealed by such investigation.

6. Property Materials.

(a) To the extent within each Exchange Party's possession, each Exchange Party has or shall make the documents set forth below together with any other documents or information provided by such Exchange Party or its agents to the other Exchange Party with respect to the Town Mineral Property or 7N Property (as applicable), as the context requires, the "7N Materials" or the "Town Materials": (1) most recent title insurance policy for the 7N Property; (2) most recent survey of the 7N Property; (3) all engineering, soils, seismic, geologic reports, surveys, plans and specifications for the 7N Property; (4) all environmental reports, studies, permits and all other documents pertaining to any use, treatment, disposal or presence of Hazardous Materials (as defined in Section 28(c)) in, on, under or about the 7N Property or pertaining to any other environmental matter with respect to conditions in, on, under or about the 7N Property or Town Mineral Property (as applicable); (5) the Ground Lease and all existing occupancy agreements with respect to all, or any portion of the 7N Property or Town Mineral Property (as applicable); or (6) all contracts or agreements affecting the 7N Property or Town Mineral Property (as applicable).

(b) Subject to any express representations or warranties contained in this Contract by either Exchange Party, in providing the 7N Materials or Town Materials (as the case may be) to 7N or the Town (as the case may be), each Exchange Party makes no representation or

warranty, express, written, oral, statutory, or implied, and all such representations and warranties are hereby expressly excluded and disclaimed. The 7N Materials and Town Materials are provided for informational purposes only and, if this Contract is terminated for any reason, each Exchange Party shall return to the other Exchange Party the 7N Materials or Town Materials (as the case may be) subject to the confidentiality provisions of Section 35.

(c) Recognizing that the 7N Materials and Town Materials (as applicable) delivered or made available by the applicable Exchange Party pursuant to this Contract may not be complete or constitute all of such documents which are in such Exchange Party's possession or control, but are those that are readily and reasonably available to such Exchange Party, the Exchange Parties shall not in any way be entitled to rely upon the completeness or accuracy of the 7N Materials or Town Materials (as applicable) and will instead in all instances rely exclusively on its own inspections and the 7N Consultants or Town Consultants (as the case may be) with respect to all matters which such Exchange Party deems relevant to its respective decision to acquire, own, and operate the 7N Property or Town Mineral Property (as applicable). Subject to the terms and conditions of this Section 6, the 7N Materials shall include such items within the possession of Extraction and SM Energy.

7. **Title Review.**

(a) **Town Title Review.**

(i) The Town may order from First American Title Company (the "Title Company"), at its sole cost and expense, a current title report, including copies of all recorded exceptions to title referred to therein (collectively, the "Title Commitment"), committing to insure title to the 7N Property in the Town. The Town may order, at its sole cost and expense, a survey of the 7N Property (the "Survey"), prepared by a surveyor selected by the Town, and certified to the Town and 7N and the Title Company. The Town shall have until the date that is 10 business days prior to the expiration of the Inspection Period (the "Objection Deadline") to notify 7N in writing of any objections to title to the 7N Property (the "Objection Notice") which the Town has to the 7N Property based on the Title Commitment and on the Survey. If the Town delivers the Objection Notice, then, 7N may deliver, in 7N's sole and absolute discretion, a response in which 7N elects to attempt to cure, by using commercially reasonable efforts, any one or more of the title objections set forth in the Objection Notice (the "Response") no later than 5 business days after the date that 7N receives the Objection Notice (the "Response Deadline"). Except as provided below, 7N shall have no obligation to cure any title matter, inclusive of any matter identified in the Objection Notice. If 7N fails to deliver the Response on or before the Response Deadline, 7N shall be deemed to have elected not to cure any of the matters set forth in the Objection Notice. If the Town waives (or is deemed to have waived) its right to terminate this Contract pursuant to Section 5(a) and the Response contains an express commitment to attempt, by using commercially reasonable efforts, to cure any of the items set forth in Objection Notice, 7N's obligation to attempt to cure the title objection as set forth in the Response shall be a condition precedent to the Town's obligations to close; provided, however, 7N's failure to cure any such item as set forth in the

Response or in the New Response (as hereinafter defined) shall not be a default of 7N. If 7N elects (or is deemed to have elected) not to cause any or all of the matters set forth in the Objection Notice to be cured, the Town shall elect to: (1) terminate this Contract by providing written notice to the 7N no later than the expiration of the Inspection Period, in which case this Contract shall thereafter be of no further force or effect, and no Party shall have any further obligations or liabilities hereunder except those that expressly survive such termination; or (2) waive the subject matters set forth in the Objection Notice which 7N has not elected to cure in the Response and proceed to Closing, and each such matter (together with any title exceptions or encumbrances, arising by, through or under the Town) shall be deemed to have been approved as a “Permitted Exception” with respect to the 7N Property. If the Town elects not to obtain a Title Policy for the 7N Property then the “Permitted Exceptions” shall be the those statutory exceptions identified in C.R.S. §38-30-113 1(5)(a). The Town’s failure to terminate this Contract as set forth in clause (1) above within the time period set forth above shall be deemed the Town’s election to proceed to Closing under clause (2) above.

(ii) The Town shall have the right to object (each, a “New Objection”) to any additional matter disclosed or contained in any update of the Title Commitment or Survey (notwithstanding the passage of the Inspection Period) to the extent that such additional matter did not appear in any prior version of the Title Commitment or on the Survey, and would have a material and adverse effect on the value of the 7N Property (each, a “New Title Document Matter”) by notifying 7N in writing of such New Objection within 5 business days after the Town’s receipt of such New Title Document Matter. If the Town delivers the New Objection within such 5 business day period, then, 7N may deliver in 7N’s sole and absolute discretion, a response in which 7N elects to attempt to cure, by using commercially reasonable efforts, the title objection set forth in the New Objection (the “New Response”) no later than 5 business days after the date that 7N receives the New Objection (the “New Response Deadline”). If 7N fails to deliver the New Response on or before the New Response Deadline, 7N shall be deemed to have elected not to cure any of the matters set forth in the New Objection. If the New Response contains an express commitment to attempt, by using commercially reasonable efforts, to cure any of the items set forth in the New Objection, 7N’s obligation to attempt to cure the title objection as set forth in the New Response shall be a condition precedent to the Town’s obligations to close; provided, however, 7N’s failure to cure any such item as set forth in the Response or in the New Response (regardless of whether 7N indicated that it would cure or attempt to cure such item) shall not be a default of 7N. If 7N elects, or is deemed to have elected, not to cure any New Title Document Matter, then the Town, as its sole and exclusive remedy, shall have the right to terminate this Contract by the delivery of written notice to 7N within 5 business days after the New Response Deadline. The Town’s failure to deliver written notice terminating this Contract within said 5 business day period shall be deemed a waiver of the Town’s right to terminate this Contract pursuant to this Section with respect to the applicable New Title Document Matter.

(iii) Notwithstanding any other provision of this Contract, 7N shall, at or before Closing: (i) deliver to the Title Company an affidavit and other documents sufficient for the Title Company to delete standard printed exceptions and provide extended title coverage with respect to mechanics' and material liens arising by, through or under 7N, parties in possession (except for rights of tenants under any leases); (ii) remove of record all monetary liens burdening any portion of the 7N Property, including mechanic's liens, judgment liens, liens for assessments, inchoate liens, delinquent tax liens and loans secured by mortgages or deed of trusts created by, through, or under 7N (except a lien for real property taxes and assessments that are not due and payable as or before Closing); and (iii) pay all real property taxes and assessments with respect to the 7N Property (except for those taxes and assessment for the year of Closing that are not then due and payable).

(b) 7N Title Review. 7N may perform such title review with respect to the Town Mineral Property as it may determine in its discretion and 7N shall be solely responsible for obtaining and paying any and all costs or fees related to such title review.

8. **Representations and Warranties**.

(a) Town's Representations and Warranties. The Town makes the following representations and warranties to 7N, as of the Effective Date and as of the Closing Date. The Town shall promptly notify 7N of any event or circumstance of which the Town obtains knowledge subsequent to the Effective Date and which makes any of the Town's representations or warranties untrue or misleading in any material respect.

(i) To the Town's actual knowledge, the Town has not received written notice of litigation pending or threatened, which in any manner adversely affects the Town Mineral Property;

(ii) To the Town's actual knowledge, the Town has not received written notice of pending or threatened proceedings for condemnation by any authority having that right or power, nor are there any pending or threatened eminent domain proceedings of which the Town Mineral Property is the object;

(iii) Except for any matter that was previously cured, to the Town's actual knowledge, the Town has not received any written notice, demand, or deficiency comment from any federal, state, county or municipal government or any agency thereof with regard to the Town Mineral Property;

(iv) The Town has full power and lawful authority to enter into this Contract, and has full power and lawful authority to carry out the terms and provisions of this Contract and to execute and deliver all documents which are contemplated by this Contract and all actions of the Town necessary to confer such power and authority upon the persons executing this Contract and all documents which are contemplated by this Contract on behalf of the Town have been taken; and

(v) Except for any matters of record in the applicable real property records, the Town has not entered into any leases, contracts, rights of first refusal, rights of first

offer, purchase agreements, or option agreements with any third party with respect to the Town Mineral Property that are in effect as of the Effective Date, nor has any other right, title, or interest in or to such property been granted to any third party.

(b) 7N's Extraction's and SM Energy's Representations and Warranties. 7N, Extraction and SM Energy make the following representations and warranties to the Town, as of the Effective Date and as of the Closing Date. They shall promptly notify the Town of any event or circumstance of which 7N, Extraction or SM Energy obtain knowledge subsequent to the Effective Date and which makes any of 7N's representations or warranties untrue or misleading in any material respect.

(i) To 7N's actual knowledge, 7N has not received written notice of litigation pending or threatened, which in any manner adversely affects the 7N Property;

(ii) To 7N's actual knowledge, 7N has not received written notice of pending or threatened proceedings for condemnation by any authority having that right or power, nor are there any pending or threatened eminent domain proceedings of which the 7N Property is the object other than those matters disclosed in Schedule 8(b)(ii) attached hereto;

(iii) Except for any matter that was previously cured or that was disclosed as part of the 7N Materials, to 7N's actual knowledge, 7N has not received any written notice, demand, or deficiency comment from any mortgagee or from any federal, state, county or municipal government or any agency thereof regarding a violation with respect to the 7N Property, including notices of any violation of environmental laws or any pending investigation by the Colorado Department of Public Health & Environment or the U.S. Environmental Protection Agency, notices of violation from ECMC;

(iv) 7N, Extraction and SM Energy have the full right, power, and authority to enter into this Contract and to perform all the respective terms and provisions hereof applicable thereto;

(v) Except for the rights of the lessee under that certain Ground Lease dated June 23, 2023 between 7N and Lamborn Landscape and Tree Care, LLC (the "Ground Lease") or any matters of record in the applicable real property records, 7N has not entered into any other leases, contracts, rights of first refusal, rights of first offer, purchase agreements, or option agreements, with any third party with respect to the 7N Property that are in effect as of the Effective Date, nor has any other right, title, or interest in or to such property been granted to any third party; and

(vi) With respect to the 7N Property, (a) all general taxes due and payable with respect to calendar years prior to the year of the Closing shall have been paid on or prior to the Closing and (b) all assessments due prior to the Closing shall have been paid on or prior to the Closing. To 7N's actual knowledge, no public improvement

directly concerning the 7N Property that has been ordered to be made and which has not heretofore been completed, assessed and paid for.

9. **Conditions to Closing for benefit of the Town.** The Closing and, specifically, the obligations of the Town to acquire from 7N the 7N Property and to convey to 7N the Town Mineral Property, are contingent and conditional upon each of the following:

(a) 7N's delivery to the Title Company of the items listed in Section 12(b);

(b) The Representations and Warranties of 7N shall be materially true and correct as of Closing; and

(c) 7N shall cause the Ground Lease to be terminated on or before the Closing Date and possession of the 7N Property shall be delivered to the Town free and clear of all liens, encumbrances, tenancies and other occupancies (including the Ground Lease), other than the Permitted Exceptions;

(d) At the Town's election and expense, the Town shall receive from the Title Company a current ALTA owner's form of title insurance policy, or irrevocable and unconditional binder to issue the same, with extended coverage for the 7N Property, insuring, or committing to insure, the Town's good and marketable title in fee simple to the 7N Property as of the Closing Date, and otherwise in such form and with such endorsements as provided for under this Contract subject to the Permitted Exceptions (the "Title Policy"); and

(e) 7N shall have otherwise performed its respective obligations under this Contract which are required to be performed prior to the Closing Date.

10. **Conditions to Closing for benefit of 7N.** The Closing and, specifically, the obligations of 7N to acquire from the Town the Town Mineral Property and to convey the Town the 7N Property, are contingent and conditional upon each of the following (which can be expressly waived in writing by 7N):

(a) The Town's delivery to the Title Company of the items listed in Section 12(a);

(b) The Representations and Warranties of the Town shall be materially true and correct as of Closing;

(c) The Town shall have otherwise performed its respective obligations under this Contract which are required to be performed prior to the Closing Date.

11. **Remedies for Failure of a Closing Condition.** If any of the closing conditions set forth in Section 9 or Section 10 above are not satisfied on or before the Closing Date (as the same may be extended), then the Exchange Party which is entitled to the benefit of such closing condition (whether the Town or 7N) shall, at its election, and as its sole and exclusive remedy, either (a) proceed to the Closing and waive in writing the satisfaction of any such conditions, or (b) terminate this Contract in which event, this Contract shall be of no further force and effect the Parties shall have no further obligations hereunder except the Surviving Provisions (defined

below). If the failure of any condition precedent to (i) the 7N's obligations set forth in Section 9 or (ii) the Town's obligations set forth in Section 10 arises as a result of a default by the Defaulting Party (as defined below), the Enforcing Party (as defined below) shall have the remedies available to the Enforcing Party set forth in Section 17 of this Contract.

12. **Closing Deliverables.**

Company:

(a) At or prior to Closing, the Town shall deliver the following to the Title

(i) The Town's portion of the Closing Costs as allocated pursuant to Section 14 below;

(ii) The Town Deed;

(iii) A Bill of Sale and General Assignment in the form attached hereto as **Exhibit F** ("Bill of Sale");

(iv) An executed Access Easement (as defined in Section 15 below);

(v) An executed counterpart of the Agreement Regarding Draco Pad (as defined in Section 16 below);

(vi) Form DR-1083;

(vii) Form TD-1000 with respect to the 7N Property; and

(viii) Such other instruments and documents as may be reasonably required in order to carry out the purposes of this Contract including, without limitation, any instruments or documents reasonably required by the Title Company.

(b) At or prior to Closing, 7N shall deliver the following to the Title Company:

(i) 7N's portion of the Closing Costs as allocated pursuant to Section 14 below;

(ii) The 7N Deed;

(iii) The Additional Funds;

(iv) An executed counterpart of the Bill of Sale;

(v) An executed counterpart of the Agreement Regarding Draco Pad as executed by the Operator;

(vi) A certificate from 7N certifying the information required by Section 1445 of the Code and the regulations issued thereunder to establish, for the purposes of avoiding tax withholding obligations, that 7N is not a "foreign person" as defined in Internal Revenue Code 1445(f)(3) (the "FIRPTA Certificate");

(vii) Form DR-1083; and

(viii) Such other instruments and documents as may be reasonably required in order to carry out the purposes of this Contract including, without limitation, any instruments or documents reasonably required by the Title Company.

(c) The Exchange Parties shall instruct Title Company to close escrow on the Closing Date by:

(i) Authorizing the recordation of all documents as may be necessary to clear title in accordance with the requirements of this Contract;

(ii) Without limiting the foregoing, authorizing the recordation of the Town Deed, the 7N Deed and the Access Easement (the "Recorded Documents");

(iii) Paying all closing costs and making all prorations in accordance with Section 14 and a certified closing statement of adjustments and prorations prepared by Title Company and approved by the Exchange Parties prior to the Closing (each a "Closing Statement", collectively, the "Closing Statements");

(iv) Delivering or being unconditionally committed to deliver to the Town: the Title Policy, if applicable; the Title Company's certified Closing Statements; if available, a copy of the recorded documents; and an original or copy of each the Bill of Sale, the FIRPTA Certificate, and copies of all other Town documents delivered to Title Company; and

(v) Delivering to 7N: (i) Title Company's certified Closing Statement; (ii) if available, a copy of the recorded documents; and (iii) an original of each of the Bill of Sale and copies of all other 7N documents delivered to Title Company.

13. **Closing Date.** The consummation and effectuation of the conveyance of the 7N Property and Town Mineral Property (the "Closing") shall occur upon the earlier of (i) the date that is 15 business days after the end of the Inspection Period (as may be extended pursuant to Section 5(a) above), or (ii) such earlier date as the Exchange Parties may agree (the "Closing Date"). The Closing shall take place through an escrow with Title Company, whereby 7N, the Town and their attorneys need not be physically present at the Closing and may deliver documents by overnight air courier or other means permitted hereunder.

14. **Closing Costs and Prorations.**

(a) The Exchange Parties shall cooperate to produce no later than 3 business days prior to the Closing a schedule of prorations which is as complete and accurate as reasonably possible, which shall be considered final and not subject to re-proration following Closing. The effective time for making the prorations contemplated by this Contract shall be 11:59 p.m. on the day immediately preceding the day of Closing. If either Exchange Party receives any revenues to which it is not entitled pursuant to this Section 14, said Exchange Party shall promptly forward such amounts to the other Exchange Party

(b) Real property taxes and general and special assessments, if any, with respect to the 7N Property and the Town Mineral Property shall be prorated as of the Closing Date. If real property taxes and general assessments are not known for the current year, the most recent available information shall be used to calculate the prorated portions; provided, however, special assessments for the year of Closing, if any, shall be paid at Closing.

(c) The costs associated with the Closing (the “Closing Costs”) shall be allocated between the Exchange Parties as follows. Any Closing Costs not specifically addressed below shall be allocated among 7N and the Town as is customary in connection with commercial real estate transactions in the county where the 7N Property is located.

CLOSING COSTS:	RESPONSIBLE PARTY:
(i) Escrow fee charged by the Title Company	One-half to be paid by each Exchange Party
(ii) any premium for the Title Policy including any additional premium and other charges by Title Company for any endorsements requested by the Town, except for a such endorsements that 7N has agreed in writing to pay, if any	Town
(iii) Tax certificates	One-half to be paid by each Exchange Party
(iv) The additional premium and other charges by Title Company for such endorsements that 7N has agreed in writing to pay, if any	7N
(v) The recording costs for the Transaction	One-half to be paid by each Exchange Party
(vi) The cost of any updated or new survey	Town
(vii) Any local and state excise or transfer taxes imposed as a result of the sale of any personal property (tangible and intangible) applicable to the 7N Property	7N
(viii) Any documentary fees imposed as a result of the sale of the 7N Property	Town
(ix) Any documentary fees imposed as a result of the sale of the Town Mineral Property	7N
(x) Attorneys’ fees	Each Exchange Party shall pay its own attorneys’ fees.

(d) Unless otherwise stated herein, there shall be no proration of each Exchange Party’s insurance premiums or assignment of each Exchange Party’s insurance policies, and each

Exchange Party shall obtain any insurance coverage deemed necessary or appropriate by such Exchange Party for the 7N Property or Town Mineral Property (as applicable). If applicable, 7N shall cause all utility meters, if any, to be read as of the Closing Date, and 7N agrees to pay at the Closing all utility bills and charges, if any, accruing up to and including the Closing Date for the 7N Property.

15. **Post-Closing 7N Access.** The Town acknowledges and agrees that the each of the three parcels comprising the 7N Property includes and is subject to the continued operation of oil and gas production facilities operated by 7N, Extraction and their respective affiliates and successors-in-interest including those related to the 7N Property Infrastructure. The Town agrees that 7N, Extraction and their authorized respective affiliates and successors-in-interest shall have continued access to the 7N Property subject to the applicable leases and use agreements as well as the terms of the Agreement Regarding Draco Pad.

16. **Operator Agreement.** At the Closing, 7N and Extraction (collectively, “Operator”) and the Town shall execute and deliver counterparts of an operator agreement substantially in the form attached hereto as **Exhibit G** (the “Agreement Regarding Draco Pad”).

17. **Default and Remedies.**

(a) A Party shall be in default hereunder if such Party (the “Defaulting Party”) fails to cure its breach of a covenant or obligation made or undertaken by the Defaulting Party hereunder within 30 days after the Defaulting Party’s receipt from the other Exchange Party (the “Enforcing Party”) of a reasonably detailed written notice specifying such breach (the “Breach Notice”) delivered to the Defaulting Party; provided, however, that if the nature of the breach of a covenant or obligation by the Defaulting Party is such that more than 30 days are reasonably required to cure, then such default shall be deemed to have been cured if the Defaulting Party commences such performance within said 30-day period and thereafter diligently and continuously completes the required action within a reasonable time given the circumstances. If the Defaulting Party fails to cure the breach within such 30-day time period (as may be extended by the immediately preceding sentence) and the Closing does not occur by reason of such default, then the Enforcing Party may, as their sole and exclusive remedy may terminate this Contract by written notice to the Defaulting Party, in which, event except as set forth in Section 17(b) with respect to a breach of the Defaulting Party’s representations and warranties or Section 19 with respect to brokers, the Enforcing Party shall not have the right to pursue any action for damages. Notwithstanding the foregoing, the 30-day notice and cure period provided for under this Section shall not apply to 7N and Extraction’s rights and remedies pursuant to Section 41 below.

(b) The representations and warranties set forth in Section 8 above (collectively, the “Representations and Warranties”, and each a “Representation and Warranty”) are expressly limited to exclude any information contained in either the 7N Materials or the Town Materials, as applicable, to the extent such materials were actually provided by the disclosing party to the non-disclosing party. The Representations and Warranties and any other covenants or obligations which expressly survive Closing or the earlier termination of this Contract (collectively, “Surviving Provisions”) shall survive Closing or such termination (as applicable) for a period of 12 months after the Closing Date or the date of such termination (as applicable) (the “Survival Period”). 7N or the Town may pursue a claim for any loss, costs, damages, expenses,

obligations incurred as a result of a breach of a Representation and Warranty by the other Exchange Party, provided that 7N or the Town (as applicable) notifies the other in writing of such matter on or before the expiration of the Survival Period. All suits or actions for breach of any Surviving Provisions shall be brought within the Survival Period, or shall forever be barred.

(c) With respect to any default of 7N under this Contract, the Town shall be entitled to pursue any remedy against 7N available to the Town under this Contract against either of Extraction or SM Energy. Extraction and SM Energy have executed the signature block below the signature block of 7N for purposes of agreeing to be jointly and severally liable for any such remedy of the Town with respect to a default of 7N under this Contract.

(d) IN NO EVENT SHALL THE ENFORCING PARTY SEEK OR BE ENTITLED TO RECOVER ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, SPECULATIVE OR INDIRECT DAMAGES, ALL OF WHICH THE PARTIES SPECIFICALLY WAIVE, FROM THE DEFAULTING PARTY FOR ANY BREACH BY THE DEFAULTING PARTY, OF ITS REPRESENTATIONS, WARRANTIES, COVENANTS, OR ITS OBLIGATIONS UNDER THIS CONTRACT.

18. **Disclaimers; Releases.**

(a) **Disclaimers.**

(i) The Town and 7N each acknowledge and agree (in such capacity, the “Disclaiming Party”) that, except as expressly contained in this Contract, the deeds, and other documents delivered at Closing, neither Exchange Party (as applicable), nor anyone acting for or on behalf of such Exchange Parties (the “Conveying Party”), has made any representation, statement, warranty or promise to the Disclaiming Party concerning the physical aspects and condition of the 7N Property or the Town Mineral Property (as applicable), the feasibility, desirability, or adaptability thereof for any particular use, or the projected income or expenses for the 7N Property or the Town Mineral Property (as applicable). Except as expressly set forth in this Contract, the deeds, or any other closing documents, the Conveying Party has not made any warranty or representation, express or implied as to the merchantability, quantity, quality, physical condition or operation of the respective properties, zoning, the suitability or fitness of the 7N Property or the Town Mineral Property (as applicable) or any improvements thereon for any specific or general use or purpose, the availability of water, sewer or other utility service, or any other matter affecting or relating to the 7N Property or the Town Mineral Property (as applicable), the development or use thereof including but not limited to, compliance with any environmental laws. The Disclaiming Party is not relying on any statement or representations made by the Conveying Party not embodied herein, in the deeds or other documents delivered at Closing. The Disclaiming Party acknowledges that the provisions of this Contract for inspection and investigation are adequate to enable the Disclaiming Party to make its own determination with respect to merchantability, quantity, quality, physical condition or operation of the 7N Property or the Town Mineral Property (as applicable), zoning, suitability or fitness of the 7N Property or the Town Mineral Property (as applicable) or any

improvements thereon, for any specific or general use or purpose, the availability of water, sewer or other utility service or any other matter affecting or relating to the 7N Property or the Town Mineral Property (as applicable), the development or use thereof, including without limitation, compliance with any Environmental Laws.

(ii) In particular, but without in any way limiting the foregoing, the Disclaiming Party hereby releases the Conveying Party from any and all responsibility, liability, and claims for or arising out of the presence on or about the 7N Property or the Town Mineral Property (as applicable) (including in the soil, air, structures, and surface and subsurface water) of materials, wastes or substances that are or become regulated under or that are or become classified as Hazardous Materials, including without limitation, petroleum, oil, gasoline or other petroleum products, byproducts or waste; provided that the Town's release pursuant to this Section 18(a)(ii) is subject to 7N's indemnification obligations under Section 28.

(iii) The Disclaiming Party is acquiring the 7N Property or the Town Mineral Property (as applicable) based on its own inspection and examination thereof, in a "AS-IS", "WHERE IS" condition and basis with all faults. The Disclaiming Party hereby waives and disclaim all warranties of any type or kind whatsoever with respect to the 7N Property or the Town Mineral Property (as applicable) (except as expressly contained herein or in the conveyance deeds, or any other documents delivered at Closing), express or implied, including, by way of description but not limitation, those of fitness for a particular purpose, tenantability, habitability, or use.

(b) Release. Except with respect to any claims arising out of any breach of covenants, or Representations and Warranties made in this Contract or any covenant that survives Closing, each Exchange Party, for itself and its agents, affiliates, successors and assigns, releases and forever discharges the other Exchange Party and their successors and assigns from any and all rights, claims and demands at law or in equity, whether known or unknown at the time of this Contract, which such Exchange Party has or may have in the future, arising out of the physical, environmental, economic, or legal condition of the respective property. Each Exchange Party specifically acknowledges that the provisions of this Section 18(b) are a material part of this Contract.

(c) Materials and Third Party Reports. The Town and 7N, Extraction and SM Energy each acknowledge and agree (in such capacity, the "Receiving Party") that, except as expressly contained in this Contract, the deeds, and other documents delivered at Closing, neither 7N nor the Town (as applicable), nor anyone acting for or on behalf of such Parties (7N and the Town in such capacity, together with anyone acting on such Exchange Party's behalf, are referred to herein as the "Delivering Party") makes or has made any representation or warranty to such Receiving Party as to the accuracy or completeness of the Delivering Party's Materials (as applicable) and that the Delivering Party has not and will not make any attempt to verify the data contained in the subject Materials.

(d) **No Waiver of Indemnification.** The Parties agree that none of the foregoing releases and disclaimers will limit the indemnification obligations provided for under Section 28 of this Contract.

19. **Commissions.** The Parties represent and warrant to each other that, other than Matthew Owens of Alameda Mineral Advisors, LLC (the “Town’s Broker”), there are no finders, real estate brokers, salesmen, or other persons entitled to claim a commission or fee in relation to this transaction. 7N and Town (or others on such Party’s behalf) each hereby agree to hold the other harmless from any claim arising out of the acts of such party for a commission, finder’s fee, or similar compensation made by any broker, finder, or any party who claims to have dealt with such Party. The Town shall be solely responsible for the payment of any commission, finder’s fee, or similar compensation due to Town’s Broker. Each Party shall be solely responsible for the payment of any commission, finder’s fee, or similar compensation due to any broker or finder claiming through such Party. The obligations, representations, warranties, and indemnity obligations contained in this Section 19 shall survive the Closing or the earlier termination of this Contract.

20. **Further Assurances.** Each Party agrees that at the request of the other Party it will at any time hereafter make such further assurances and execute or cause to be executed such further instruments as may be reasonably requested by the other Party in order that this Contract may be fully performed in accordance with its intent and provisions, provided that the requesting Party is responsible for any associated costs.

21. **Governing Law and Venue.** This Contract shall be governed by and construed in accordance with the laws of the State of Colorado without reference to conflicts of laws provisions, and any legal action concerning the provisions hereof or relating to or arising out of this Agreement shall be brought in Boulder County, Colorado.

22. **Captions.** Article and section headings used in this Contract are for convenience or reference only and shall not affect the construction of any provision of this Contract.

23. **Recording.** The Parties hereby covenant and agree that no Party may record this Contract or a memorandum of this Contract without the other all of the other Parties’ prior written consent (such consent in the other Party’s sole discretion).

24. **Exhibits.** All exhibits referred to herein and attached hereto are hereby incorporated herein by this reference.

25. **Assignment.** No Exchange Party shall have the right to assign this Contract or any of its rights or obligations hereunder to any persons, corporations, or other entity without the written approval of the other Exchange Party. Notwithstanding the immediately preceding sentence, it is understood and agreed that 7N may, without the consent of the Town (but with prior written notice to the Town): (a) designate an affiliated grantee for the Town Deed as provided for under Section 1 above; and (b) assign its rights and obligations under this Contract to: (i) any entity directly or indirectly owned or controlled by 7N, (ii) any entity directly or indirectly controlling, controlled by or under common control with 7N, or (iii) a successor by merger or acquisition (each a “7N Affiliate”) provided that such 7N Affiliate assumes 7N’s obligations under this Contract.

No assignment of this Contract or either Exchange Party's rights hereunder shall relieve the originally named Exchange Party of its liabilities under this Contract with respect to matters arising prior to such assignment unless agreed by the Exchange Parties in writing.

26. **Notices.** Notices. All written notices required to be given pursuant to the terms of this Contract shall be: (a) personally delivered; (b) deposited in the United States mail, registered or certified return receipt requested, postage prepaid; or (c) sent for next Business Day delivery by Federal Express or similar nationally recognized overnight courier service and addressed as follows:

To 7N, SM Energy:
or Extraction 7N, LLC
 c/o SM Energy
 555 17th Street, Suite 3700
 Denver, CO 80202
 Attn: Land Department
 Email: SurfaceLand@civiresources.com

copy to: Brownstein Hyatt Farber Schreck, LLP
 675 15th Street, Suite 2900
 Denver, CO 80202
 Attn: Andrew Meyers
 Email: ameyers@bhfs.com

To Town: Town Manager
 Town of Erie
 645 Holbrook Street
 Erie, CO 80516
 Attn: Meredyth Muth
 Email: mmuth@erieco.gov

copy to: Town Attorney
 Town of Erie
 645 Holbrook Street
 Erie, CO 80516
 Attn: Breena Meng
 Email: bmeng@erieco.gov

The foregoing addresses may be changed from time to time by written notice. Notices shall be deemed received upon the earlier of actual receipt or delivery (or refusal to accept delivery), 3 business days following sending pursuant to clause (b) as provided above, or on the day of delivery pursuant to clause (c) above.

27. **Damage, Destruction, or Condemnation.**

(a) If the 7N Property is damaged by fire, flood, earthquake, or other casualty prior to the Closing, the Town may terminate this Contract by giving written notice of termination

to 7N within 5 business days after knowledge of the damage, or the Town may proceed with Closing.

(b) If 7N becomes aware that all or any portion of the 7N Property may be taken by eminent domain or transferred by a deed in lieu of condemnation prior to Closing, 7N shall immediately notify the Town in writing of the same (the “Eminent Domain Notice”) and the Town must elect, as its sole and exclusive remedy, to either: (i) terminate this Contract by giving written notice of termination to 7N within 5 business days after receipt of the Eminent Domain Notice, in which event neither Exchange Party shall have any further rights or obligations under this Contract, except those that expressly survive termination; or (ii) proceed with the Closing as set forth herein and accept title to the 7N Property subject to the taking or proceeding together with an assignment of all of 7N’s rights and interests in and to any proceeds or compensation which may remain unpaid to 7N in connection with such taking or proceeding. If the Town fails to timely give notice of its election pursuant to this Section, the Town shall be deemed to have elected to proceed under clause (ii) above.

28. **7N Property Hazardous Materials.**

(a) 7N, Extraction and SM Energy shall be responsible for and shall protect, defend, indemnify and hold the Town harmless from and against any and all claims, judgments, losses, damages, costs, expenses, penalties, enforcement actions, taxes, fines, remedial actions, clean up costs, liabilities (including actual attorney fees and consultant fees) including sums paid in settlement of claims to the extent the same arise out of or attributable to the presence, use, generation, manufacture, treatment, handling, refining, production, processing, storage, exacerbation or Release of Hazardous Materials from 7N’s, Extraction’s or SM Energy’s use or operations of the existing oil and gas facilities located at the 7N Property. The foregoing indemnity obligation will survive the Closing for a period of 12 months after the Closing Date.

(b) Notwithstanding anything to the contrary, 7N’s indemnity of the Town as set forth in Section 28(a), above, shall not be applicable to: (i) claims based upon Hazardous Materials introduced from and after the Closing Date by the agents, contractors, consultants, engineers, surveyors or employees of the Town, or (ii) claims based upon Hazardous Materials introduced by the Town’s Consultants prior to the Closing Date (“Existing Hazardous Materials”).

(c) For purposes of this Agreement, “Hazardous Materials” means all flammable explosives, petroleum and petroleum products, waste oil, pollutants, contaminants, hazardous wastes, toxic substances or related materials, including any chemical, element, compound, mixture, solution, substance, object, waste or any combination thereof, which is or may be hazardous to human health, safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosiveness, toxicity, carcinogenicity, infectiousness or other harmful or potentially harmful properties or effects, or defined as, regulated as or included in, the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any Environmental Laws. For purposes of this Agreement, “Release” or “Released” or “Releases” shall mean any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing, or other movement of Hazardous Materials into the environment.

29. **Computation of Time.** The time in which any act under this Contract is to be completed shall be computed by excluding the first day and including the last day. If the last day of any time period stated herein shall fall on a Saturday, Sunday, or federal or state legal holiday, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or federal or state legal holiday. Unless preceded by the word “business”, the word “day” shall mean a calendar day.

30. **Compliance with Laws.** During the course of complying with the provisions contained herein, the Parties agree to comply with all applicable laws (including without limitation federal, state, and local laws), rules, regulations, and codes.

31. **Severability.** In the event that any paragraph or portion of the Contract is determined to be unconstitutional, unenforceable, or invalid, such paragraph or portion of this Contract shall be stricken from and construed for all purposes not to constitute a part of this Contract, and the remaining portion of this Contract shall remain in full force and effect and shall, for all purposes, constitute this entire Contract.

32. **Construction of Contract.** The Parties each acknowledge that they have had the benefit of independent counsel with regard to this Contract and that this Contract has been prepared as a result of the joint efforts of all Parties and their respective counsel. Accordingly, all Parties agree that the provisions of this Contract shall not be construed or interpreted for or against any Party based upon authorship.

33. **Counterparts; Electronic Signatures.** This Contract may be executed in counterparts and shall constitute an agreement binding on all Parties notwithstanding that all Parties are not signatories to the original or the same counterpart provided that all Parties are furnished a copy or copies thereof reflecting the signature of all Parties. Additionally, this Contract may be executed using a digital image (including without limitation an image in the form of a PDF, JPEG, GIF file, DocuSign, SignNow, or other e-signature), and the same shall be deemed as a true and correct original.

34. **New Encumbrances Against Property.** No Exchange Party will cause or permit any mortgage, deed of trust, lien, encumbrance, covenant, condition, restriction, assessment, easement, right-of-way, obligation, encroachment, or liability whatsoever, to be placed of record with respect to either the 7N Property or Town Mineral Property prior to the Closing without the prior written consent of the other Exchange Party (such consent in the other Exchange Party’s sole discretion).

35. **Confidentiality.** The Parties shall hold and cause their respective representatives to hold in confidence all data and information obtained with respect to the other Parties’ property and its ownership, operation and management, whether obtained before or after the execution and delivery of this Contract, and shall not use such data or information for purposes unrelated to this Contract or disclose the same to others. Each Party may disclose the foregoing confidential information: (a) as required by law, (b) to consummate the terms of this Contract, or any financing relating thereto, or (c) to each Party’s lenders, attorneys, consultants, employees, and accountants. The Town’s compliance with this Section 35 is subject in all respects to applicable law, and

specifically the Colorado Open Records Act, C.R.S. § 24-72-200.1, *et seq.* and the Colorado Open Meetings Law, C.R.S. § 24-6-401, *et seq.*

36. **Benefit of Agreement.** This Contract shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors, and permitted assigns.

37. **1031 Exchange.** 7N shall have the option to dispose of the 7N Property through a tax deferred exchange which qualifies for non-recognition of gain under Section 1031 of the Internal Revenue Code of 1986, as amended. The Town shall cooperate with 7N in attempting to effectuate such exchange by executing an assignment or acknowledgement of assignment as may be required for such an exchange, provided that: (a) the Town shall not incur any additional liability in connection with an exchange for the benefit of 7N; (b) the Town shall not be obligated to take title to any real property (other than the 7N Property); (c) 7N shall remain liable for any obligations under this Contract that survive the Closing; and (d) any additional costs and charges directly attributable to the exchange that are incurred by the Town shall be paid for by 7N at or prior to Closing.

38. **Entire Agreement; Amendments.** This Contract embodies the entire agreement between the Parties concerning the subject matter of this Contract and supersedes all prior conversations, proposals, negotiations, understandings and contracts, whether written or oral. This Contract shall not be amended, altered, changed, modified, supplemented, or rescinded in any manner except by a written contract executed by all of the Parties.

39. **Governmental Immunity.** The Town and its officers, attorneys and employees are relying on, and do not waive or intend to waive by any provision of this Contract, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.*, as amended, or otherwise available to the Town and its officers, attorneys or employees.

40. **Subject to Annual Appropriation.** Consistent with Article X, § 20 of the Colorado Constitution, any financial obligation of the Town not performed during the current fiscal year is subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory charge, requirement or liability beyond the current fiscal year.

41. **Termination.**

(a) If either of the following occurs any time prior to commencement of production of wells as set forth in the approved Draco OGD, 7N may, in its discretion, terminate this Contract by written notice to the Town, in which case all Parties shall be relieved of their obligations hereunder (except for the obligations set forth in Section 41(b) below).

(i) The Town takes formal action to object to the Draco Pad. For purposes of this Section, "formal action to object to the Draco Pad" means a vote or other official action of the Erie Town Council that authorizes or directs Town staff (or any party otherwise authorized to take action on behalf of the Town) to take a position contrary to the approved Draco OGD, as amended in an amendment approved by the ECMC, including objection to any associated pooling and spacing consistent with the approved Draco OGD.

(ii) Any of the transactions contemplated under this Contract are overturned by the Town's electorate or any other party found to have standing, or found by a court of competent jurisdiction to be *ultra vires* or invalid, and any appeals to such action are exhausted.

(b) If 7N terminates this Contract under this Section: (i) the Town will convey the 7N Property to 7N or its designee by special warranty deed referencing the property rights conveyed pursuant to the recorded 7N Deed; (ii) the Town will repay to 7N the Additional Funds and any Production Payments received by the Town pursuant to the Agreement Regarding Draco Pad; (iii) 7N will convey by quit claim deed any minerals conveyed pursuant to the Town Deed reserving to 7N any minerals previously held by 7N prior to the Closing by reference to the minerals conveyed pursuant to the recorded Town Deed; (iv) the Agreement Regarding Draco Pad will be deemed terminated; and (v) the Parties shall be released from all further obligations under this Contract and the Agreement Regarding Draco Pad except those that expressly survive termination.

(c) Nothing in this Section shall preclude individual action by any Town employee or elected official, acting in their personal capacity, to object to or otherwise challenge the Draco Pad, Draco Wells, or Draco OGD, and all Parties acknowledge the rights of individuals, acting in the personal capacities, to object to or otherwise challenge the Draco Pad, Draco Wells and Draco OGD.

(d) The terms of this Section 41 shall survive the Closing.

42. **Force Majeure.** When performance under this Agreement is prevented or delayed by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightening, fire, storm, flood or other act of nature, pandemic, epidemic, explosion or injunctive order prohibiting performance by a Party (collectively, "Force Majeure"), no Party shall be in breach of this Agreement because of such Force Majeure. Any such Force Majeure shall be limited to the period of such prevention or delay, plus a reasonable time for operations to resume thereafter.

[Remainder of page intentionally left blank signatures on following pages]

IN WITNESS WHEREOF, the Parties have executed this Contract, effective as of the Effective Date.

THE TOWN:

TOWN OF ERIE, COLORADO,
a Colorado home rule municipal corporation

By: _____
Name: _____
Title: _____

Attest:

Debbie Stamp, Town Clerk

[7N Signature Page Follows]

7N:

7N, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Representatives of SM Energy and Extraction have executed the signature blocks below for the purpose of agreeing to be jointly and severally liable for any such remedy of the Town with respect to a default of 7N or Extraction under Section 17(c), Section 18(c), Section 18(d) and Section 28 of this Contract.

Extraction:

EXTRACTION OIL & GAS, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

SM Energy:

SM ENERGY COMPANY,
a Delaware corporation

By: _____
Name: _____
Title: _____

[End of Signature Pages]

SUMMARY OF EXHIBITS:

EXHIBIT A-1	DESCRIPTION OF TOWN MINERAL PROPERTY - Draco Area of Interest Property
EXHIBIT A-2	DESCRIPTION OF TOWN MINERAL PROPERTY - Specified Parcels Property
EXHIBIT A-3	DESCRIPTION OF TOWN MINERAL PROPERTY - Disputed Minerals Property
EXHIBIT B	LEGAL DESCRIPTION OF 7N PROPERTY
EXHIBIT C	FORM OF TOWN DEED
EXHIBIT D	FORM OF 7N DEED
EXHIBIT E	7N PROPERTY INFRASTRUCTURE
EXHIBIT F	FORM OF BILL OF SALE AND GENERAL ASSIGNMENT
EXHIBIT G	FORM OF AGREEMENT REGARDING DRACO PAD
SCHEDULE 8(b)(ii)	DISCLOSED CONDEMNATION MATTERS WITH RESPECT TO 7N PROPERTY

EXHIBIT A-1

DESCRIPTION OF TOWN MINERAL PROPERTY - Draco Area of Interest Property

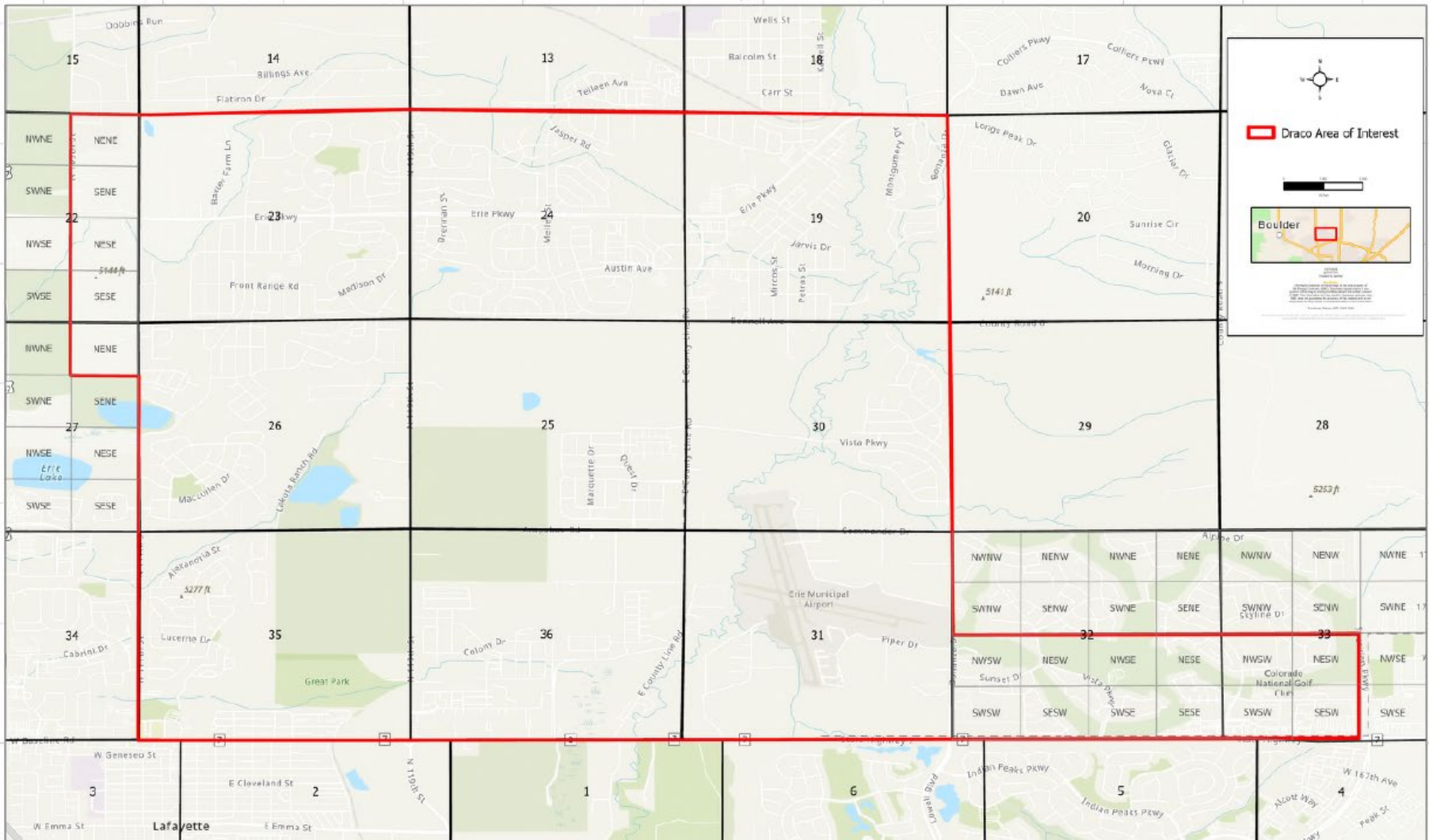


Exhibit A-1-1

EXHIBIT A-2

DESCRIPTION OF TOWN MINERAL PROPERTY - Specified Parcels Property

1	Township	Range	Section	Tract Legal Description
2	1N	68W	30	Section 30: That portion of Tract A, together with adjacent street to the centerline of same, located in the NE/4 of Section 30, Township 1 North, Range 68 West, 6th P.M., Vista Pointe, Final Plat, Town of Erie, County of Weld, State of Colorado, recorded on February 27, 2002, at Reception No. 2928680 of the records of Weld County, Colorado.
3	1N	68W	30	Section 30: That portion of Tract A, together with adjacent street to the centerline of same, located in the SE/4 of Section 30, Township 1 North, Range 68 West, 6th P.M., Vista Pointe, Final Plat, Town of Erie, County of Weld, State of Colorado, recorded on February 27, 2002, at Reception No. 2928680 of the records of Weld County, Colorado.
4	1N	68W	30	Section 30: Tracts B, D, E, F, G, I, J, K, together with adjacent street to the centerline of same, located in the SE/4 of Section 30, Township 1 North, Range 68 West, 6th P.M., Vista Pointe, Final Plat, Town of Erie, County of Weld, State of Colorado, recorded on February 27, 2002, at Reception No. 2928680 of the records of Weld County, Colorado.
5	1N	68W	30	of said Section 30 being monumented by a No. 6 rebar with a 3-1/4" Alum. Cap LS No. 13258 and the southeast corner of said Section 30 being monumented by a No. 6 rebar with a 3-1/4" Alum. Cap LS No. 13258 having a bearing of S.89°57'19"E. Beginning at the southeast corner of said Section 30, thence N.89°57'19"W. along the south line of said SE/4 of Section 30 a distance of 2,596.18 feet to the south one-quarter corner of said Section 30, thence the following three courses: 1. N.00°57'19"W. along the westline of said SE/4 of Section 30 a distance of 30.0 feet; 2. S.89°57'19"E. parallel to and 30.0 feet northerly of the south line of said SE/4 of Section 30 a distance of 2,596.64 feet; 3. S.89°57'19"E. along the eastline of said SE/4 of Section 30 a distance of 30.0 feet to the point of beginning.
6	1N	69W	23	Section 23: That portion of the SW/4 of Section 23, Township 1 North, Range 69 West, 6th P.M., described as follows: Commencing at the west Quarter Corner of said Section 23 and considering the East-West Centerline of Section 23 to bear N 88°21'27" E to the East One-Sixteenth Corner (NE Corner, NW/4, SE/4) of said Section 23, with all bearings contained herein relative thereto; thence N 88°21'27" E 828.94 feet along the East-West Centerline of said Section 23; thence S 01°38'32" E 30.00 feet to the True Point of Beginning; thence S 01°38'33" E 150.00 feet; thence N 88°21'27" E 100.00 feet; thence N 01°38'33" W 150.00 feet; thence S 88°21'27" W 100.00 feet to the True Point of Beginning.
7	1N	69W	23	Section 23: Tracts A-K, Melody at Meadow Sweet Farm more particularly described by Plat recorded at Reception number 1501447
8	1N	69W	24	Section 24: A parcel of land lying in the SE/4NW/4 more particularly described in Warranty Deed recorded at Reception number 1534042
9	1N	69W	24	Section 24: The Westerly 40 feet of the Southerly 1369.50 feet of the NE/4 as described in Deed recorded at Reception number 1702634
10	1N	69W	24	Section 24: Tract A and Tracts C through G of Canyon Creek Subdivision Filing No. 5 more particularly described by Plat recorded at Reception number 2209650
11	1N	69W	26	Section 26: A parcel of land in the N/2NE/4 of Section 26, described as follows: beginning at a point on the Section line 990.6 feet West of the Northeast Corner of Section 26, thence South 47° 48' West, 342.59 feet; thence South 56° 18' West 370.32 feet; thence South 51° 12' East 82.56 feet; thence South 22° 12' East 151.18 feet; thence North 70° 00' West, 299.3 feet; thence North 55° 00' East 177 feet; thence North 56° 18' East, 374.88 feet; thence North 47° 48' East 321.4 feet; thence East 26.78 feet to the point of beginning; TOGETHER WITH a parcel of land in the N/2NE/4 of said Section 26 described by metes and bounds in Quitclaim Deed recorded at Reception No. 1728520 on September 5, 1997; insofar as the above parcels lie in the NW/4NE/4 of Section 26, LESS AND EXCEPT Tract 26-8

12	1N	69W	26	Section 26: A parcel of land in the N/2NE/4 of Section 26, described as follows: beginning at a point on the Section line 990.6 feet West of the Northeast Corner of Section 26, thence South 47° 48' West, 342.59 feet; thence South 56° 18' West 370.32 feet; thence South 51° 12' East 82.56 feet; thence South 22° 12' East 151.18 feet; thence North 70° 00' West, 299.3 feet; thence North 55° 00' East 177 feet; thence North 56° 18' East, 374.88 feet; thence North 47° 48' East 321.4 feet; thence East 26.78 feet to the point of beginning; TOGETHER WITH a parcel of land in the N/2NE/4 of said Section 26 described by metes and bounds in Quitclaim Deed recorded at Reception No. 1728520 on September 5, 1997; insofar as the above parcels lie in the NE/4NE/4 of Section 26
13	1N	69W	26	Section 26: A parcel of land in the NW/4NE/4 of Section 26, described by metes and bounds in Exhibit "A" to Special Warranty Deed recorded at Reception No. 1802492 on May 14, 1998
14	1N	69W	26	Section 26: A parcel of land in the NE/4NE/4 of Section 26, described by metes and bounds in Exhibit "A" to Special Warranty Deed recorded at Reception No. 1802492 on May 14, 1998
15	1N	69W	26	Section 26: Tract A of Rex Ranch Minor Subdivision, according to Plat recorded at Reception No. 2874660 on August 7, 2007, being a portion of the N/2NE/4 of Section 26, insofar as parcel lies in the NW/4NE/4 of Section 26
16	1N	69W	26	Section 26: Tract A of Rex Ranch Minor Subdivision, according to Plat recorded at Reception No. 2874660 on August 7, 2007, being a portion of the N/2NE/4 of Section 26, insofar as said parcel lies in the NE/4NE/4 of Section 26
17	1N	69W	22	Section 22: a parcel of land in the E2SE, described as follows: Beginning at the Northeast corner of said parcel, being the intersection of the South right-of-way Erie Parkway and the West right-of-way of North 111th street; thence South 00°10'24" East, along said West right-of-way of North 111th Street, a distance of 20.87 feet to the beginning of a non-tangent curve concave Southwesterly having a radius of 25.17 feet, the radius point of said curve bears South 65°00'07" West; thence Northwesterly along said curve through a central angle of 62°38'10", an arc length of 27.51 feet; thence North 87°38'02" West, a distance of 183.86 feet to a point on said South right-of-way of Erie Parkway; thence South 89°39'28" East, along said South right-of-way, a distance of 205.41 feet to the point of beginning, described in that Warranty Deed recorded at Reception No. 3496310 in the
18	1N	69W	22	Section 22: a parcel of land located in the SENE, described as follows: Beginning at the East Quarter corner of said Section 22 from whence the west-center sixteenth corner of said Section 22 bears N89°22'55" West, a distance of 1335.10 feet; thence North 00°21'45" E a distance of 30.00 feet to a point on the North right-of-way line of Erie Parkway and Isabelle Road; thence North 89°22'55" West along said North line a distance of 986.64 feet to the true point of beginning; thence North 89°22'55" West continuing along said North line a distance of 318.55 feet to a point on the east right-of-way line of North 109th street; thence North 00°11'15" East along said East line a distance of 63.40 feet; thence South 34°15'44" East a distance of 48.49 feet; thence South 84°44'45" East a distance of 292.26 feet to the true point of beginning; containing 0.106 acres, more or less, and described in that Warranty Deed recorded July 18, 2013 at Reception No. 3328058 of the Boulder County Records
19	1N	69W	23	more particularly described as follows: Beginning at the Center Quarter Corner of said Section 23; thence N. 00°04'28" E. a distance of 30.01 feet to a point on the west line of said property at Reception N. 1820229; thence N. 88°23'43" E. parallel with the South line of said NE/4 of Section 23 a distance of 310.01 feet to the Southwest Corner of the Candlelight Ridge Subdivision; thence S. 00°08'38" E. a distance of 30.01 feet to a point on the South line of said NE/4 of Section 23; thence S. 88°23'43" W. along the South line of said NE/4 of Section 23 a distance of 310.13 feet to the point of beginning.
20	1N	69W	23	Section 23: Tracts A, B, C, and D Candlelight Ridge more particularly described by Plat recorded at Reception number 2075349
21	1N	69W	23	Section 23: Tracts A and G-I, Baxter Farm more particularly described by Plat recorded at Reception number 2005085

22	1N	69W	23	<p>Section 23: A parcel of land being a portion of that parcel of lands described at Reception No. 3390434, situated in the NW/4 of Section 23, Township 1 North, Range 69 West, 6th P.M., being more particularly described as follows: Commencing at the West Quarter Corner of said Section 23, from whence the Center Quarter Corner of said Section bears N. 88°39'57" East, a distance of 2626.30 feet, and which all bearings herein are relative thereto; Thence North 00°21'45" East, along the West line of said NW/4 of Section 23, a distance of 30.01 feet to the Southwest Corner of said parcel described at Reception No. 3390434, being a point on the northerly right-of-way of Erie Parkway, also being the point of beginning; Thence North 00°21'45" East, continuing along said west line, a distance of 40.00 feet;</p>
23	1N	69W	24	<p>Section 24: That portion of the SW/4 being Tracts A, C, D and E of Canyon Creek Subdivision Filing No. 9, together with adjacent platted streets (including but not limited to Austin Avenue, North 119th Street, Weston Circle and McClure Way), to the centerline of the same, according to Plat dated August 22, 2001 and recorded at Reception No. 2192155</p>
24	1N	69W	24	<p>Section 24: That portion of the SW/4 being Tract F of Canyon Creek Subdivision Filing No. 9, according to Plat dated August 22, 2001 and recorded at Reception No. 2192155</p>
25	1N	69W	24	<p>Section 24: That portion of the SW/4 being All streets located within Canyon Creek Subdivision Filing No. 9 – 1st Amendment (including but not limited to Brennan Street, Brennan Circle and Brennan Place) more particularly described by Plat recorded at Reception number 3476276</p>
26	1N	69W	24	<p>A parcel of land being a portion of Lot 1, Canyon Creek Subdivision Filing No. 6, 1st Amendment, recorded at Reception No. 2978451, being located in the southeast quarter of the southeast quarter of Section 24, Township 1 North, Range 69 West of the 6th Principal Meridian, Town of Erie, County of Boulder, State of Colorado. Basis of bearings: The east line of the northeast quarter of the southeast quarter of Section 24, as monumented by a No. 6 rebar with a 2-inch aluminum cap in monument box, stamping illegible, at the south sixteenth corner of said Sections 19 and 24, and a No. 6 rebar with a 2-inch aluminum cap in monument box, stamping illegible, at the east quarter corner of said Section 24, is assumed to bear North 00°39'15" West, being a grid bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/2007, a distance of 1326.26 feet, with all bearings contained herein relative thereto. Commencing at the south sixteenth corner of Sections 19 and 24; Thence South 51°42'27" West a distance of 85.33 feet to the north end of the east line of said Lot 1 and the point of beginning; Thence South 00°39'22" East on the east line of said Lot 1 a distance of 46.11 feet; Thence North 33°54'13" West a distance of 74.10 feet to the north line of said Lot 1; Thence on the north and northeasterly lines of said Lot 1 the following two (2) courses: South 89°33'17" East a distance of 25.30 feet; South 45°04'52" East a distance of 21.93 feet to the point of beginning.</p> <p>Said parcel containing 1,140 square feet, or 0.02 acres, more or less.</p>
27	1N	69W	24	<p>Section 24: Tracts A through H of Canyon Creek Subdivision Filing No. 3, together with adjacent platted streets (including but not limited to Hendee Court, Whiles Court, Bain Drive, Leyner Drive and Shuttleworth Drive), to the centerline of the same, together with all of Meller Street lying adjacent to Tracts A, B and D, according to Plat dated October 4, 1999 and recorded at Reception No. 1995367 and Replat 1 dated September 11, 2001 and recorded at Reception No. 2209651 on October 19, 2001, lying in the S/2</p>

28	1N	69W	24	Section 24: Tracts A through F of Canyon Creek Subdivision Filing No. 4, together with adjacent platted streets (including but not limited to Westin Drive, Shuttleworth Drive and Austin Avenue), to the centerline of the same, together with all of Meller Street lying adjacent to Tracts B and D, according to Plat dated April 26, 2001 and recorded at Reception No. 2144250, lying in the S/2
29	1N	68W	32	0.3409 acres of land, more or less, being that parcel of land lying in the NW/4SW/4 in Section 32, T1N, R68W, 6th P.M., as more particularly described as being the Westerly 30 feet of the North 495 feet of the NW/4SW/4 in that Quit Claim Deed recorded April 28, 1997, under Reception No. 2545040.
30	1N	68W	32	8.6064 acres of land, more or less, being Tract 10B of Vista Ridge Master Final Plat recorded at Reception No. 2903870, lying in Section 32, T1N, R68W, 6th P.M., as more particularly described by the metes and bounds in that certain General Warranty Deed recorded June 20, 2001, under Reception No. 2859146.
31	1N	68W	32	1.7175 acres of land, more or less, of which 0.0416 are centerline presumption acres, being Tracts 21 and 22, Vista Ridge Master Final Plat, as shown on that certain Plat recorded November 28, 2001, under Reception No. 2903870, insofar and only insofar as it lies outside of the East 300 feet of the S/2SE/4 of Section 32, T1N, R68W, 6th P.M.
32	1N	68W	32	0.3441 acres of land, more or less, being Tracts 21 and 22, Vista Ridge Master Final Plat, as shown on that certain Plat recorded November 28, 2001, under Reception No. 2903870, insofar and only insofar as they lie within the East 300 feet of the S/2SE/4 of Section 32, T1N, R68W, 6th P.M.
33	1N	69W	36	0.26 acres of land, more or less, as described by the metes and bounds contained in that Warranty Deed dated April 14, 2010, recorded under Reception No. 03078479, located in Section 36, Township 1 North, Range 69 West, 6th P.M., Boulder County, Colorado.
34	1N	69W	36	0.9350 acres of land, more or less, being a tract of land as set forth in Warranty Deed recorded at Reception No. 3497939, as more particularly described therein, located in the NE/4NE/4, located in Section 36, Township 1 North, Range 69 West, 6th P.M., Boulder County, Colorado.
35	1N	69W	36	4.198 acres of land, more or less, being that part of the NE/4SE/4 east of Burlington Railroad right-of-way being Lots 12-16 and that part of the NE/4SE/4 east of Burlington Railroad right-of-way being all lots less and except Lots 1-9 east of Coal Creek per survey plat filed January 17, 1980 in Plat Book 3, Page 37, located in Section 36, Township 1 North, Range 69 West, 6th P.M., Boulder County, Colorado.

Exhibit A-2-4

EXHIBIT A-3

DESCRIPTION OF TOWN MINERAL PROPERTY - Disputed Minerals Property

Any and all right Erie may have in the NW $\frac{1}{4}$ of Section 24, Township 1 North, Range 68 West, 6th P.M., and as described Tracts A through M of Canyon Creek Filing No. 1 (the “*Disputed Minerals*”), and as described in the following instruments:

Warranty Deed dated July 19, 1995, recorded at Reception No. 1533056 on July 24, 1995, between Erie Eight, Ltd., as grantor, and Johnson Development Company, as grantee.

Special Warranty Deed dated June 28, 1996, recorded at Reception No. 1623847 on July 8, 1996, between Johnson Development Company, as grantor, and the Town of Erie, as grantee.

EXHIBIT B

LEGAL DESCRIPTION AND DEPICTION OF 7N PROPERTY

Legal Description:

PARCEL A

LOT 1, BLOCK 1, PHILLIPS SUBDIVISION, TOWN OF ERIE, COUNTY OF WELD,
STATE OF COLORADO

TOGETHER WITH THAT PORTION CONVEYED IN DEED RECORDED APRIL 19,
2000 AT RECEPTION NO. 2762712

EXCEPT THOSE PORTIONS AS DESCRIBED IN DEEDS RECORDED
NOVEMBER 26, 2007 AT RECEPTION NO. 3519423 AND JUNE 30, 2000 AT
RECEPTION NO. 2778150 AND DECEMBER 28, 2015 AT RECEPTION NO.
4168234

PARCEL B

THAT PORTION OF THE SW 1/4 OF THE SW 1/4 OF SECTION 30, TOWNSHIP 1
NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF WELD, STATE OF
COLORADO AS SET FORTH IN DEED RECORDED OCTOBER 1, 1993 AT
RECEPTION NO. 2352772

TOGETHER WITH THAT PORTION CONVEYED IN DEED RECORDED APRIL 19,
2000 AT RECEPTION NO. 2762712

EXCEPT THOSE PARCELS DESCRIBED IN DEEDS RECORDED JUNE 30, 2000 AT
RECEPTION NO. 2778151 AND JUNE 30, 2000 AT RECEPTION NO. 2778149 AND
DECEMBER 28, 2015 AT RECEPTION NO. 4168233

ALSO EXCEPT THAT PORTION AS DESCRIBED IN DEED RECORDED
NOVEMBER 26, 2007 AT RECEPTION NO. 3519423

PARCEL C

TRACT A1, FEUER SUBDIVISION FILTNG NO. 1, AMENDMENT NO. 1, COUNTY
OF WELD, STATE OF COLORADO

EXHIBIT C

FORM OF TOWN DEED

After Recording Return To:

**BARGAIN AND SALE DEED
[Minerals]**

This Bargain and Sale Deed (this “Deed”) is dated as of the ____ day of _____, 202__, between the TOWN OF ERIE, COLORADO, a Colorado home rule municipal corporation (“Grantor”), whose address is 645 Holbrook Street, P.O. Box 750, Erie, CO 80516 and _____, a _____ (“Grantee”), whose address is _____.

WITNESSETH, that Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged by Grantor, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm unto Grantee, its successors and assigns forever, all the right, title, interest, claim and demand which Grantor has in and to all oil and gas and oil and gas rights, and other hydrocarbon substances, including but not limited to royalties and overwriting royalties of every kind and character (the “Mineral Rights”), located in, on, and under all of the real property described in Exhibit A (the “Real Property”); from the surface to the bottom of the Codell formation (including the Carlile member) within the Denver-Julesburg Basin.

TOGETHER WITH all easements and rights-of-way appurtenant thereto, all and singular the hereditaments and appurtenances thereunto belonging, or in any ways appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever, of Grantor, either in law or equity, of, in and to the Mineral Rights, with the hereditaments and appurtenances,

SUBJECT TO AND RESERVING by this Deed unto Grantor, its successors and assigns, any right of Grantor to locate drill sites or conduct any vertical drilling, surface operations, or any form of surface occupancy on the surface of the Real Property to develop, or produce the Mineral Rights, and such surface occupancy and operations are prohibited (the “Reserved Rights”). Grantor acknowledges and agrees that Reserved Rights are subject to and do not include any such operations or occupancy are in effect as of the date of this Deed or are otherwise available to Grantee or its successors pursuant to a separate grant or right and shall not prohibit the pooling or unitization of the mineral estate conveyed with land other than the Property, Grantee acknowledges and agrees that Reserved Rights are deemed incorporated into this Deed and shall run with the Real Property and be binding upon Grantee and its successors in title to the to the Mineral Rights.

EXHIBIT A
TO
BARGAIN AND SALE DEED

Draco Area of Interest Property

[insert description of the Draco Area of Interest Property from Exhibit A-1 of the Contract together with a legal description]

Specified Parcels Property

[insert description of the Specified Parcels Property from Exhibit A-2 of the Contract]

Disputed Minerals Property

[insert description of the Disputed Minerals Property from Exhibit A-3 of the Contract]

EXHIBIT D

FORM OF 7N DEED

After Recording Return To:

SPECIAL WARRANTY DEED

This Special Warranty Deed (this “Deed”) is dated as of the ____ day of _____, 202__, between **7N, LLC**, a Delaware limited liability company (“Grantor”), whose address is 555 17th Street, Suite 3700, Denver, CO 80202, and the **TOWN OF ERIE, COLORADO**, a Colorado home rule municipal corporation (“Grantee”), whose address is 645 Holbrook Street, P.O. Box 750, Erie, CO 80516.

WITNESSETH, that Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged by Grantor, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm unto Grantee, its successors and assigns forever, all of that certain real property, together with all improvements thereon, situate, lying and being in the Town of Erie, County of Weld, State of Colorado, more particularly described in Exhibit A attached hereto and incorporated by reference herein (the “Property”), but shall not include any of the Mineral Rights, as defined below, all of which, to the extent not previously reserved by or conveyed to Grantor or its affiliate or a third party, are reserved by Grantor;

TOGETHER WITH all easements and rights-of-way appurtenant thereto, all and singular the hereditaments and appurtenances thereunto belonging, or in any ways appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever, of Grantor, either in law or equity, of, in and to the Property, with the hereditaments and appurtenances,

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto Grantee, AND Grantee’s heirs, successors and assigns forever. Grantor, for Grantor and Grantor’s heirs, successors and assigns, does covenant and agree that Grantor shall and will WARRANT AND FOREVER DEFEND the above bargained premises in the quiet and peaceable possession of Grantee, and Grantee’s heirs, successors and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under Grantor, subject to the exceptions shown on the attached Exhibit B (the “Exceptions”) which is hereby incorporated herein by this reference.

Grantor reserves all oil and gas and oil and gas rights, and other hydrocarbon substances associated with or underlying the land comprising the Property, regardless of whether the presence of same is currently known or unknown and regardless of the current or future commercial value of same (the "Mineral Rights"). However, Grantor covenants that it will not access or use the surface of the Property in connection with the reserved Mineral Rights except for the continued use of three oil and gas wells and related facilities that are located on the Property as of the date of this Deed and identified as: (i) Young #4-31 API #05-123-16183; (ii) Vessels Minerals A Unit 2 (05-123-18690); and (iii) Vessels 14-30 (API 05-123-23986).

[Remainder of page intentionally left blank signature on following page]

**EXHIBIT A
TO
SPECIAL WARRANTY DEED**

LEGAL DESCRIPTION

[to be inserted]

**EXHIBIT B
TO
SPECIAL WARRANTY DEED**

EXCEPTIONS

1. TAXES AND ASSESSMENTS FOR THE YEAR 202___ AND SUBSEQUENT YEARS,
A LIEN NOT YET DUE AND PAYABLE.
- 2.

EXHIBIT E

7N PROPERTY INFRASTRUCTURE

- (i) personal property and fixtures associated with that certain oil and gas well identified as Young #4-31 API #05-123-16183;
- (ii) personal property and fixtures associated with that certain Vessels Minerals A Unit 2 (05-123-18960); and
- (iii) personal property and fixtures associated with that certain Vessels 14-30 (API 05-123-23986).

EXHIBIT F

FORM OF BILL OF SALE AND GENERAL ASSIGNMENT

BILL OF SALE AND GENERAL ASSIGNMENT

THIS BILL OF SALE AND GENERAL ASSIGNMENT (this “Bill of Sale”) is made this ____ day of _____, 202__ (the “Effective Date”), by and between the 7N, LLC, a Delaware limited liability company (“7N”) and the TOWN OF ERIE, COLORADO, a Colorado home rule municipal corporation (the “Town”).

RECITALS

A. 7N and the Town entered into that certain Contract to Exchange Real Property and Mineral Rights dated as of _____, 2026 (as amended, the “Contract”), with respect to, among other matters, the conveyance of certain real property (the “7N Property”) described on Exhibit A attached hereto and incorporated herein by this reference. Any capitalized term used, but not otherwise defined herein, shall have the meaning set forth in the Contract.

B. As required pursuant to the provisions of the Contract, 7N agreed to convey and assign to the Town certain real property related to the 7N Property (the “Transferred Property”) **defined as** all of 7N’s right, title, and interest, if any, in and to all personal property (whether tangible or intangible) that are located upon the 7N Property SPECIFICALLY EXCLUDING AND EXCEPTING from the Transferred Property the following wells and infrastructure whether owned by 7N or owned by one or more third parties:

- (i) personal property and fixtures associated with that certain oil and gas well identified as Young #4-31 API #05-123-16183;
- (ii) personal property and fixtures associated with that certain Vessels Minerals A Unit 2 (05-123-18960); and
- (iii) personal property and fixtures associated with that certain Vessels 14-30 (API 05-123-23986).

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Transfer of Transferred Property. 7N does hereby sell, transfer, assign, and quit claim to the Town, all of the Transferred Property, without warranty or representation of any kind.

WITH RESPECT TO ALL MATTERS TRANSFERRED, WHETHER TANGIBLE OR INTANGIBLE, PERSONAL OR REAL, 7N EXPRESSLY DISCLAIMS A WARRANTY OF MERCHANTABILITY AND WARRANTY FOR FITNESS FOR A PARTICULAR USE OR ANY OTHER WARRANTY EXPRESSED OR IMPLIED THAT MAY ARISE

BY OPERATION OF LAW OR UNDER THE UNIFORM COMMERCIAL CODE FOR THE STATE IN WHICH THE PROPERTY IS LOCATED (OR ANY OTHER STATE).

2. Successors and Assigns. This Bill of Sale shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

3. Counterparts. This Bill of Sale may be executed in counterparts, each of which shall be deemed a duplicate original.

4. Governing Law and Venue. This Bill of Sale shall be governed by, and shall be interpreted, construed and enforced in accordance with, the laws of the State of Colorado without regard to the rules regarding conflicts of law, and venue for any legal action arising out of this Bill of Sale shall be in Boulder County, Colorado.

5. Severability. If any provision of this Bill of Sale shall be held invalid, illegal, or unenforceable, the validity, legality, or enforceability of the other provisions of this Bill of Sale shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal, and enforceable provision as similar as possible to the provision at issue.

[Remainder of page intentionally left blank signature on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale as of the Effective Date.

7N, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

TOWN OF ERIE, COLORADO,
a Colorado home rule municipal corporation

By: _____
Name: _____
Title: _____

EXHIBIT A
to
BILL OF SALE AND GENERAL ASSIGNMENT

Legal Description of 7N Property

[To be inserted below]

EXHIBIT G
FORM AGREEMENT REGARDING DRACO PAD

[to be inserted]

SCHEDULE 8(b)(ii)

DISCLOSED CONDEMNATION MATTERS WITH RESPECT TO 7N PROPERTY

- 7N has received verbal indication that Parkdale Development may pursue condemnation proceedings in connection with the relocation of a regional EURV detention pond on the southernmost parcel of the 7N Property

Agreement Regarding Draco Pad

This Agreement Regarding Draco Pad (this “Agreement”) is made and entered into as of _____, 2026 (the “Effective Date”), by and among the TOWN OF ERIE, COLORADO, a Colorado home rule municipal corporation (the “Town”), EXTRACTION OIL & GAS, INC. (“Extraction”), a Delaware corporation, and 7N, LLC, a Delaware limited liability company (“7N”). The Town, Extraction, and 7N are sometimes referred to individually as a “Party” and together as the “Parties”.

RECITALS:

A. 7N is the owner of certain real property located in Weld County, Colorado, as described by Parcel Nos. 146731211006, 146730300045, 146730202007, consisting of approximately 158.471 acres (the “7N Property”); and

B. The Town is the owner of certain mineral rights located in Weld County, Colorado and Boulder County, Colorado (the “Town Mineral Property”) (the 7N Property and Town Mineral Property collectively, the “Properties”); and

C. The Town and 7N have entered into that Contract to Exchange Real Property and Mineral Rights (the “Exchange”), effective simultaneous with this Agreement, under which 7N conveys the 7N Property to the Town, and the Town conveys the Town Mineral Property to 7N; and

D. 7N and Extraction are each wholly-owned subsidiaries of SM Energy Company, a Colorado-based exploration and production company; and

E. Extraction has plans for development of an approximate [3,951.25-acre] Oil and Gas Development Plan approved by the Colorado Energy and Carbon Management Commission (“ECMC”) at Order No. 407-3700 (the “Draco OGD”) from ECMC Form 2A at Location ID No. 489708 (the “Draco Pad”), located in unincorporated Weld County; and

F. In addition to exchanging the Properties, the Town, Extraction, and 7N have agreed to certain terms (“Terms”) related to the operation of the Draco Pad and the drilling, operation, and production of wells therefrom to the drilling and spacing unit (as it may be amended by ECMC Order) for the Draco OGD (the “Draco Wells”); and

G. Pursuant to Section 16 of the Exchange, the Parties have agreed to execute this Agreement to memorialize the Terms not otherwise addressed within the Exchange.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Production Payment – Draco Wells**. On each Draco Well, Extraction grants to the Town and agrees to a production payment (the “Production Payment”) in the amount described below:

(a) Upon 200% Payout, on a well-by-well basis, of each Draco Well, Extraction conveys to the Town a 3% undivided revenue interest in all oil, gas, and other hydrocarbons sold from such Draco Well.

(b) The Production Payment is a wellbore-only revenue interest which shall be owed, for the avoidance of doubt, on oil and gas wells drilled from the Draco Pad to the drilling and spacing unit for the Draco OGD. The Production Payment shall be carved out of Extraction's working interest in each Draco Well, and shall be proportionately reduced by that percentage that Extraction's working interest in such Draco Well bears to the whole. The Production Payment shall be subject to the Town's proportionate share of all reasonable and actual post-production costs, including without limitation gathering and transportation costs from the wellhead to the point of sale, treating, compression, processing, and other related costs, if any. The Town shall have all of the rights granted to a Payee under C.R.S. § 34-60-118.5 with respect to the Production Payments.

2. **Operator Commitments; Draco Pad.**

(a) P&A Operations. Extraction agrees to perform plugging and abandonment operations ("P&A Operations") for those wells on **Exhibit A** attached hereto (the "P&A Wells") on the following timeline (the "P&A Deadlines"):

(i) Draco P&A Wells. For each P&A Well designated as a "Draco P&A Well," Extraction shall commence P&A Operations within one year of commencement of operations for the Draco Applications for Permit to Drill ("APDs"); and

(ii) Non-Draco P&A Wells. For those P&A Wells designated as "Non-Draco P&A Wells," Extraction shall commence P&A Operations at the first such well on or before 3 years from the date of the Closing under the Exchange, and will commence P&A Operations on the last Non-Draco P&A Well within 5 years from the date of the Closing under the Exchange.

(iii) Young 4-31 Well. For the Young 4-31 Well (API No. 05-123-16183) ("Young 4-31"), Extraction shall commence P&A Operations as follows:

(A) If the Town reasonably determines that any development of Parcel No. 146731211006 is impacted by reverse setbacks from the Young 4-31, then the Town shall issue written notice (a "Development Notice") to Extraction to plug the Young 4-31. Upon receipt of a Development Notice, Extraction shall commence P&A Operations at the Young 4-31 on or before the latter of January 1, 2030, or within one year of receipt of the Development Notice.

(B) In the absence of any Development Notice, Extraction shall commence P&A Operations at the Young 4-31 not later than January 1, 2035.

(b) P&A Standards; Reclamation. For all P&A Operations under this Agreement, Extraction shall act as a reasonable and prudent operator, and shall comply with all

applicable laws, rules, and regulations. At each P&A Operation, Extraction shall complete reclamation of such P&A Well with reasonable diligence until completion; however, the Town acknowledges that final reclamation of each P&A Well site is subject to governmental inspections and approval, weather conditions, soil conditions, and other conditions and factors which are outside of Extraction's control and which may delay final reclamation of the site. The Town shall not commence, or allow commencement of, any physical development or operations on the 7N Property unless said physical development or operations complies with all rules, regulations, and requirements applicable to siting, including without limitation Section 10-6-14 of the Erie Municipal Code, and said physical development or operations do not violate Extraction's access rights to the P&A Wells; or (ii) the Town has obtained written approval to such development by Extraction. The Town agrees to timely execute waivers, variances, documentation, agreements, plan sets, and any other documents necessary for Extraction's pursuit of necessary approvals for the P&A Operations and reclamation, to the extent such documents do not impact the Town's police powers.

(c) P&A Deadlines Subject to Approvals. Extraction's obligations to meet the P&A Deadlines are expressly contingent upon (i) Extraction timely obtaining all necessary approvals to commence operations at the Draco Wells, including ECMC Form 2s, "APDs", spacing orders, pooling orders, and all other permits and approvals necessary for development of the Draco Wells, and (ii) Extraction timely obtaining all necessary approvals to perform the P&A Operations, including approvals from ECMC, non-operating third parties interest owners in the P&A Wells, local government approvals, and any other necessary approvals or safety or operational conditions that could impact SM Energy's ability to complete the operations as a reasonable and prudent operator (the "Approvals"). If Extraction fails to obtain any such approval, the P&A Deadlines shall be extended by the duration of the existence of such delay, provided that Extraction timely communicates the existence of any such condition to the Town.

(d) Third Party Midstream Facilities. The Town acknowledges that a third party to this Agreement owns pipelines and related equipment that are located on the 7N Property ("Midstream Facilities"). The Town acknowledges that removal of the Midstream Facilities is not part of the P&A Operations, and that neither 7N nor Extraction shall be responsible for removal of the Midstream Facilities. Extraction agrees to use commercially reasonable efforts to coordinate with the third party and the Town for the removal of the Midstream Facilities.

(e) Access; 7N Property. The Town acknowledges that Extraction has existing rights of ingress and egress to the 7N Property for the continued production, operations, plugging and abandonment, and reclamation of the P&A Wells and related facilities and property.

(f) County Road 6; Roadway Paving. On or before the commencement of drilling operations on the Draco Wells, Extraction agrees to pave, or cause to be paved, that section of County Road 6 depicted on **Exhibit B** which connects County Road 7 with County Road 5 (the "Road Paving Project"). The Road Paving Project shall be subject to all applicable laws, rules, and regulations, including any conditions of approval. Extraction's obligations to complete the Road Paving Project are expressly contingent upon receipt of the Approvals.

(g) Town Inspections. Extraction agrees that the Town's designated oil and gas inspector (the "Inspector") may inspect facilities on the Draco Pad (each an "Inspection"). All

Inspections shall be performed: (i) after a minimum of 7 days' advance notice to Extraction, (ii) after scheduling the Inspection with Extraction, and agreeing to Extraction's standard terms of access (including abiding by all safety requirements, at Extraction's sole discretion, but excluding indemnification), (iii) not more frequently than: (x) monthly, when the Draco Pad is in drilling and production operations, and (y) quarterly, when the Draco Pad is in production operations, and (iv) with a safety escort from Extraction accompanying the Inspector. If the Inspector identifies any conditions at the Draco Pad that the Inspector believes are out of compliance with the terms of the Draco APDs or related permits, the Town shall notify SM of the Inspector's findings, and the Town shall have the right to notify the local government with siting authority and the ECMC of its findings (a "Non-Compliance Notice"). A Non-Compliance Notice shall not be interpreted as a material breach of this Agreement or the Exchange. For avoidance of doubt, nothing in this Agreement shall confer additional regulatory, siting, or enforcement authority on the Town over the Draco Pad, the Draco Wells, or the Draco OGDP.

3. **Town's Position Regarding Draco Pad.**

(a) The Town acknowledges that the Draco OGDP has been approved and the applicable timeframes within which to legally challenge the Draco OGDP have lapsed.

(b) If the Town takes formal action to object to the Draco Pad any time prior to commencement of production of wells as set forth in the approved Draco OGDP, Extraction or 7N may, in its discretion, terminate this Agreement by written notice to the Town, in which case all Parties shall be relieved of all of their obligations hereunder. For purposes of this Section, "formal action to object to the Draco Pad" means a vote or other official action of the Erie Town Council that authorizes or directs Town staff (or any party otherwise authorized to take action on behalf of the Town) to take a position contrary to the approved Draco OGDP, as amended in an amendment approved by the ECMC, including objection to any associated pooling and spacing consistent with the approved Draco OGDP.

(c) This Section shall not preclude individual action by any Town employee or elected official, acting in their personal capacity, to object to or otherwise challenge the Draco Pad, Draco Wells, or Draco OGDP, and both Extraction and 7N acknowledge the rights of individuals, acting in their personal capacities, to object to or otherwise challenge the Draco Pad, the Draco Wells and the Draco OGDP.

(d) Notwithstanding any other provision of this Agreement, the Town does not waive any of its police power by entering into this Agreement, and nothing in this Agreement shall limit the Town's police power.

4. **Default and Remedies.**

(a) If any Party notifies any other Party that it is in breach of this Agreement, the Party in alleged breach shall have a period of 30 days from the date of such notice in which to remedy the alleged breach. If the alleged breach is of a nature that cannot be remedied within that 30-day period, the Party in alleged breach shall have commenced to remedy the breach and work diligently to complete the remedy.

(b) If: (i) the Party in alleged breach fails to acknowledge that a breach has occurred or is occurring, (ii) following the process set forth in the previous two sentences the Party alleging breach believes that the other Party continues to be in breach of this Agreement, or (iii) any other kind of dispute arises under any provision of this Agreement that cannot be resolved by good faith negotiation among the Parties, the Party claiming that a breach of this Agreement or seeking resolution of any other dispute under this Agreement shall send written notice to the other Parties, specifying its position on the matter and invoking the dispute resolution process in this section. Within 15 days of the date of delivery of such notice, the Parties shall meet to resolve the matter described in the notice. Notwithstanding the foregoing, if any Party believes that the dispute will not otherwise be resolved in a sufficiently prompt and effective manner or if any Party determines that action is necessary for the protection of health, safety, welfare or the environment, such Party may, at its discretion, take such legal action and seek such legal or equitable remedies as it determines to be appropriate or necessary to protect and enforce its rights under this Agreement.

(c) With respect to any default of 7N or Extraction under this Agreement, the Town shall be entitled to pursue any remedy against 7N or Extraction available to the Town under this Agreement against 7N, Extraction, or SM Energy, and all shall be jointly and severally liable under this Agreement. SM Energy has executed the signature block below the signature block of 7N and Extraction for purposes of agreeing to be jointly and severally liable for any such remedy of the Town with respect to a default of 7N or Extraction under this Agreement. SM Energy, Extraction and 7N acknowledge that specific performance is not an available remedy against the Town.

5. **Force Majeure.** When performance under this Agreement is prevented or delayed by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, pandemic, epidemic, explosion, or injunctive order prohibiting performance by a Party (collectively, “Force Majeure”), no Party shall be in breach of this Agreement. Any such Force Majeure shall be limited to the period of such prevention or delay, plus a reasonable time for operations to resume thereafter.

6. **Authority.** Each Party represents that the undersigned have full right and authority to enter into this Agreement, and to bind the Parties to the terms and conditions contained herein.

7. **Further Assurances.** Each Party agrees that at the request of the other Party it will hereafter make such further assurances and execute or cause to be executed such further instruments as may be reasonably requested by the other Party in order that this Agreement may be fully performed in accordance with its intent and provisions, provided that the requesting Party is responsible for any associated costs.

8. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado without reference to conflicts of laws provisions, and any legal action concerning the provisions hereof or relating to or arising out of this Agreement shall be brought in Boulder County, Colorado.

9. **Captions.** Article and section headings used in this Agreement are for convenience or reference only and shall not affect the construction of any provision of this Agreement.

10. **Exhibits.** All exhibits referred to herein and attached hereto are hereby incorporated herein by this reference.

11. **Successors and Assigns.** No Party shall have the right to assign this Agreement or any of its rights or obligations hereunder without the written approval of the other Party which approval shall not be unreasonably withheld. Notwithstanding the immediately preceding sentence, it is understood and agreed that Extraction and 7N may assign the rights and obligations of this Agreement without consent of the Town (but with prior written notice to the Town) to: (a) any entity directly or indirectly owned or controlled by SM Energy Company, (b) any entity directly or indirectly controlling, controlled by or under common control with 7N, or (c) a successor to any of 7N, Extraction, or SM Energy Company by merger or acquisition. This Agreement shall be binding upon and inure to the benefit of the Parties, and to Extraction's or 7N's and permitted assigns. No assignment of this Agreement or either Party's rights hereunder shall relieve the originally named Party of its liabilities incurred prior to the assignment under this Agreement unless agreed in writing.

12. **Notices.** All written notices required to be given pursuant to the terms of this Contract shall be either: (a) personally delivered; (b) deposited in the United States mail, registered or certified return receipt requested, postage prepaid; or (c) sent for next Business Day delivery by Federal Express or similar nationally recognized overnight courier service and addressed as follows:

To 7N, SM Energy or Extraction:

Extraction Oil & Gas, Inc.
c/o SM Energy Company
1700 Lincoln Street, Suite 3200
Denver, CO 80203
Attn: Legal Department
Email: afiske@sm-energy.com

copy to:

Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Andrew Meyers
Email: ameyers@bhfs.com

To Town:

Town Manager
645 Holbrook Street
Erie, CO 80516
Attn: Meredyth Muth
Email: mmuth@erieco.gov

copy to: Town Attorney
645 Holbrook Street
Erie, CO 80516
Attn: Breena Meng
Email: bmeng@erieco.gov

The foregoing addresses may be changed from time to time by written notice. Notices shall be deemed received upon the earlier of actual receipt or delivery (or refusal to accept delivery), 3 business days following sending pursuant to clause (b) as provided above, or on the day of delivery pursuant to clause (c) above.

13. **Compliance with Laws.** During the course of complying with the provisions of this Agreement, the Parties agree to comply with all applicable laws (including without limitation federal, state, and local laws), rules, regulations, and codes.

14. **Severability.** In the event that any paragraph or portion of the Agreement is determined to be unconstitutional, unenforceable, or invalid, such paragraph or portion of this Agreement shall be stricken from and construed for all purposes not to constitute a part of this Agreement, and the remaining portion of this Agreement shall remain in full force and effect and shall, for all purposes, constitute this entire Agreement.

15. **Construction of Agreement.** The Parties each acknowledge that they have had the benefit of independent counsel with regard to this Agreement and that this Agreement has been prepared as a result of the joint efforts of all Parties and their respective counsel. Accordingly, all Parties agree that the provisions of this Agreement shall not be construed or interpreted for or against any Party based upon authorship.

16. **Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts and shall constitute an agreement binding on all Parties notwithstanding that all Parties are not signatories to the original or the same counterpart provided that all Parties are furnished a copy or copies thereof reflecting the signature of all Parties. Additionally, this Agreement may be executed using a digital image (including without limitation an image in the form of a PDF, JPEG, GIF file, DocuSign, SignNow, or other e-signature), and the same shall be deemed as a true and correct original.

17. **Entire Agreement; Amendments.** This Agreement, the Exchange, and all exhibits thereto embody the entire agreement between the Parties concerning the subject matter of this Agreement and the Exchange, and supersede all prior conversations, proposals, negotiations, understandings and contracts, whether written or oral. This Agreement shall not be amended, altered, changed, modified, supplemented, or rescinded in any manner except by a written amendment executed by all of the Parties.

18. **Governmental Immunity.** The Town and its officers, attorneys and employees are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.*, as amended, or otherwise available to the Town and its officers, attorneys or employees.

19. **Subject to Annual Appropriation.** Consistent with Article X, § 20 of the Colorado Constitution, any financial obligation of the Town not performed during the current fiscal year is subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory charge, requirement or liability beyond the current fiscal year.

[Remainder of page intentionally left blank signatures on following pages]

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the Effective Date.

THE TOWN:

TOWN OF ERIE, COLORADO,
a Colorado home rule municipal corporation

By: _____
Name: _____
Title: _____

Attest:

Debbie Stamp, Town Clerk

[remainder of this page intentionally left blank]

EXTRACTION:

EXTRACTION OIL & GAS, INC.
a Delaware Corporation

By: _____
Name: _____
Title: _____

[remainder of this page intentionally left blank]

7N:

7N, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

[remainder of this page intentionally left blank]

SM ENERGY

SM Energy, a Delaware corporation

By: _____
Name: _____
Title: _____

[remainder of this page intentionally left blank]

SUMMARY OF EXHIBITS:

EXHIBIT 1

P&A WELLS

EXHIBIT 2

COUNTY ROAD 6 PAVING

EXHIBIT 1

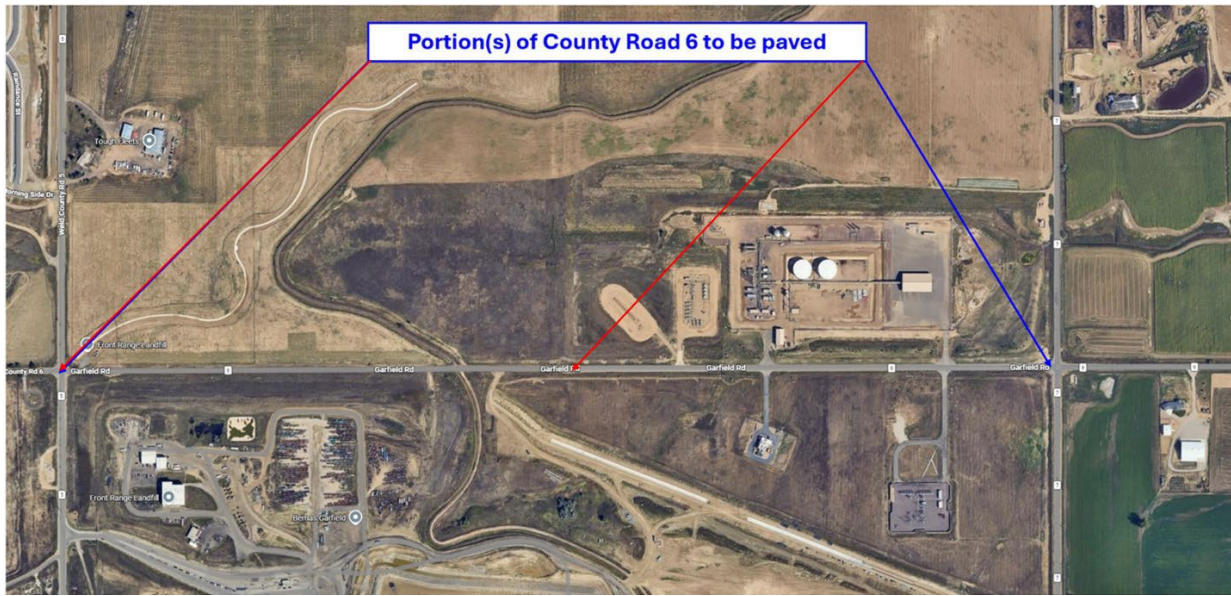
P&A WELLS

<i>"Draco P&A Wells"</i>		
Count	Well Name	API #
1	BARB LTD B UNIT 1	05-123-10743
2	COAL CREEK 6-0-19	05-123-28138
3	COAL CREEK 6-4-19	05-123-28149
4	ERIE 1-24	05-013-06127
5	LUMRY G UNIT 1	05-013-06572
6	LUMRY 2-24	05-013-06577
7	LUMRY 6-0-24	05-013-06575
8	LUMRY 6-4-24	05-013-06573
9	LUMRY 8-2-24	05-013-06182
10	MORRIS MC 27-2	05-013-06442
11	MORRIS MC 27-7	05-013-06422
12	MORRIS MC 27-8	05-013-06421
13	PRICE 1-26	05-013-06134
14	VESSELS 12-30	05-123-23987
15	VESSELS 14-30	05-123-23986
16	VESSELS MINERALS A UNIT 1	05-123-18691
17	VESSELS MINERALS A UNIT 2	05-123-18690
18	YOUNG 2-26	05-013-06246
19	YOUNG MC 23-12D	05-013-06559
20	YOUNG MC 23-14D	05-013-06558
21	YOUNG MC 26-05D	05-013-06621
22	ZWICK F UNIT 1	05-013-06243

<i>"Non-Draco P&A Wells"</i>		
Count	Well Name	API #
1	ALLAN H UNIT 23-12	05-013-06536
2	ALLAN H UNIT 24-12	05-013-06556
3	BAILEY 32-12	05-013-06506
4	BAILEY 33-12	05-013-06555
5	BAILEY 42-12	05-013-06534
6	BAILEY 43-12	05-013-06533
7	WIGGETT 2-13	05-013-06641
8	WIGGETT 12-13	05-013-06581
9	WIGGETT 22-13	05-013-06638
10	WIGGETT 32-13	05-013-06564
11	WIGGETT 0-2-13	05-013-06592
12	WIGGETT 1-0-13	05-013-06591
13	WIGGETT 2-4-13	05-013-06636
14	WIGGETT 4-2-13	05-013-06571
15	WIGGETT 4-4-13	05-013-06637
16	WILLIAM PELTIER 1A-20H	05-123-33301
17	YOUNG 4-31	05-123-16183

EXHIBIT 2

COUNTY ROAD 6 PAVING



Agreement Regarding Draco Pad

This Agreement Regarding Draco Pad (this “Agreement”) is made and entered into as of _____, 2026 (the “Effective Date”), by and among the TOWN OF ERIE, COLORADO, a Colorado home rule municipal corporation (the “Town”), EXTRACTION OIL & GAS, INC. (“Extraction”), a Delaware corporation, and 7N, LLC, a Delaware limited liability company (“7N”). The Town, Extraction, and 7N are sometimes referred to individually as a “Party” and together as the “Parties”.

RECITALS:

A. 7N is the owner of certain real property located in Weld County, Colorado, as described by Parcel Nos. 146731211006, 146730300045, 146730202007, consisting of approximately 158.471 acres (the “7N Property”); and

B. The Town is the owner of certain mineral rights located in Weld County, Colorado and Boulder County, Colorado (the “Town Mineral Property”) (the 7N Property and Town Mineral Property collectively, the “Properties”); and

C. The Town and 7N have entered into that Contract to Exchange Real Property and Mineral Rights (the “Exchange”), effective simultaneous with this Agreement, under which 7N conveys the 7N Property to the Town, and the Town conveys the Town Mineral Property to 7N; and

D. 7N and Extraction are each wholly-owned subsidiaries of SM Energy Company, a Colorado-based exploration and production company; and

E. Extraction has plans for development of an approximate [3,951.25-acre] Oil and Gas Development Plan approved by the Colorado Energy and Carbon Management Commission (“ECMC”) at Order No. 407-3700 (the “Draco OGD”) from ECMC Form 2A at Location ID No. 489708 (the “Draco Pad”), located in unincorporated Weld County; and

F. In addition to exchanging the Properties, the Town, Extraction, and 7N have agreed to certain terms (“Terms”) related to the operation of the Draco Pad and the drilling, operation, and production of wells therefrom to the drilling and spacing unit (as it may be amended by ECMC Order) for the Draco OGD (the “Draco Wells”); and

G. Pursuant to Section 16 of the Exchange, the Parties have agreed to execute this Agreement to memorialize the Terms not otherwise addressed within the Exchange.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Production Payment – Draco Wells**. On each Draco Well, Extraction grants to the Town and agrees to a production payment (the “Production Payment”) in the amount described below:

(a) Upon 200% Payout, on a well-by-well basis, of each Draco Well, Extraction conveys to the Town a 32% undivided revenue interest in all oil, gas, and other hydrocarbons sold from such Draco Well.

(b) The Production Payment is a wellbore-only revenue interest which shall be owed, for the avoidance of doubt, on oil and gas wells drilled from the Draco Pad to the drilling and spacing unit for the Draco OGD. The Production Payment shall be carved out of Extraction's working interest in each Draco Well, and shall be proportionately reduced by that percentage that Extraction's working interest in such Draco Well bears to the whole. The Production Payment shall be subject to the Town's proportionate share of all reasonable and actual post-production costs, including without limitation gathering and transportation costs from the wellhead to the point of sale, treating, compression, processing, and other related costs, if any. The Town shall have all of the rights granted to a Payee under C.R.S. § 34-60-118.5 with respect to the Production Payments.

2. **Operator Commitments; Draco Pad.**

(a) P&A Operations. Extraction agrees to perform plugging and abandonment operations ("P&A Operations") for those wells on **Exhibit A** attached hereto (the "P&A Wells") on the following timeline (the "P&A Deadlines"):

(i) Draco P&A Wells. For each P&A Well designated as a "Draco P&A Well," Extraction shall commence P&A Operations within one year of commencement of operations for the Draco Applications for Permit to Drill ("APDs"); and

(ii) Non-Draco P&A Wells. For those P&A Wells designated as "Non-Draco P&A Wells," Extraction shall commence P&A Operations at the first such well on or before 3 years from the date of the Closing under the Exchange, and will commence P&A Operations on the last Non-Draco P&A Well within 5 years from the date of the Closing under the Exchange.

(iii) Young 4-31 Well. For the Young 4-31 Well (API No. 05-123-16183) ("Young 4-31"), Extraction shall commence P&A Operations as follows:

(A) If the Town reasonably determines that any development of Parcel No. 146731211006 is impacted by reverse setbacks from the Young 4-31, then the Town shall issue written notice (a "Development Notice") to Extraction to plug the Young 4-31. Upon receipt of a Development Notice, Extraction shall commence P&A Operations at the Young 4-31 on or before the latter of January 1, 2030, or within one year of receipt of the Development Notice.

(B) In the absence of any Development Notice, Extraction shall commence P&A Operations at the Young 4-31 not later than January 1, 2035.

(b) P&A Standards; Reclamation. For all P&A Operations under this Agreement, Extraction shall act as a reasonable and prudent operator, and shall comply with all

applicable laws, rules, and regulations. At each P&A Operation, Extraction shall complete reclamation of such P&A Well with reasonable diligence until completion; however, the Town acknowledges that final reclamation of each P&A Well site is subject to governmental inspections and approval, weather conditions, soil conditions, and other conditions and factors which are outside of Extraction's control and which may delay final reclamation of the site. The Town shall not commence, or allow commencement of, any physical development or operations on the 7N Property unless said physical development or operations complies with all rules, regulations, and requirements applicable to siting, including without limitation Section 10-6-14 of the Erie Municipal Code, and said physical development or operations do not violate Extraction's access rights to the P&A Wells; or (ii) the Town has obtained written approval to such development by Extraction. The Town agrees to timely execute waivers, variances, documentation, agreements, plan sets, and any other documents necessary for Extraction's pursuit of necessary approvals for the P&A Operations and reclamation, to the extent such documents do not impact the Town's police powers.

(c) P&A Deadlines Subject to Approvals. Extraction's obligations to meet the P&A Deadlines are expressly contingent upon (i) Extraction timely obtaining all necessary approvals to commence operations at the Draco Wells, including ECMC Form 2s, "APDs", spacing orders, pooling orders, and all other permits and approvals necessary for development of the Draco Wells, and (ii) Extraction timely obtaining all necessary approvals to perform the P&A Operations, including approvals from ECMC, non-operating third parties interest owners in the P&A Wells, local government approvals, and any other necessary approvals or safety or operational conditions that could impact SM Energy's ability to complete the operations as a reasonable and prudent operator (the "Approvals"). If Extraction fails to obtain any such approval, the P&A Deadlines shall be extended by the duration of the existence of such delay, provided that Extraction timely communicates the existence of any such condition to the Town.

(d) Third Party Midstream Facilities. The Town acknowledges that a third party to this Agreement owns pipelines and related equipment that are located on the 7N Property ("Midstream Facilities"). The Town acknowledges that removal of the Midstream Facilities is not part of the P&A Operations, and that neither 7N nor Extraction shall be responsible for removal of the Midstream Facilities. Extraction agrees to use commercially reasonable efforts to coordinate with the third party and the Town for the removal of the Midstream Facilities.

(e) Access; 7N Property. The Town acknowledges that Extraction has existing rights of ingress and egress to the 7N Property for the continued production, operations, plugging and abandonment, and reclamation of the P&A Wells and related facilities and property.

(f) County Road 6; Roadway Paving. On or before the commencement of drilling operations on the Draco Wells, Extraction agrees to pave, or cause to be paved, that section of County Road 6 depicted on **Exhibit B** which connects County Road 7 with County Road 5 (the "Road Paving Project"). The Road Paving Project shall be subject to all applicable laws, rules, and regulations, including any conditions of approval. Extraction's obligations to complete the Road Paving Project are expressly contingent upon receipt of the Approvals.

(g) Town Inspections. Extraction agrees that the Town's designated oil and gas inspector (the "Inspector") may inspect facilities on the Draco Pad (each an "Inspection"). All

Inspections shall be performed: (i) after a minimum of 7 days' advance notice to Extraction, (ii) after scheduling the Inspection with Extraction, and agreeing to Extraction's standard terms of access (including abiding by all safety requirements, at Extraction's sole discretion, but excluding indemnification), (iii) not more frequently than: (x) monthly, when the Draco Pad is in drilling and production operations, and (y) quarterly, when the Draco Pad is in production operations, and (iv) with a safety escort from Extraction accompanying the Inspector. If the Inspector identifies any conditions at the Draco Pad that the Inspector believes are out of compliance with the terms of the Draco APDs or related permits, the Town shall notify SM of the Inspector's findings, and the Town shall have the right to notify the local government with siting authority and the ECMC of its findings (a "Non-Compliance Notice"). A Non-Compliance Notice shall not be interpreted as a material breach of this Agreement or the Exchange. For avoidance of doubt, nothing in this Agreement shall confer additional regulatory, siting, or enforcement authority on the Town over the Draco Pad, the Draco Wells, or the Draco OGDP.

3. **Town's Position Regarding Draco Pad.**

(a) The Town acknowledges that the Draco OGDP has been approved and the applicable timeframes within which to legally challenge the Draco OGDP have lapsed.

(b) If the Town takes formal action to object to the Draco Pad any time prior to commencement of production of wells as set forth in the approved Draco OGDP, Extraction or 7N may, in its discretion, terminate this Agreement by written notice to the Town, in which case all Parties shall be relieved of all of their obligations hereunder. For purposes of this Section, "formal action to object to the Draco Pad" means a vote or other official action of the Erie Town Council that authorizes or directs Town staff (or any party otherwise authorized to take action on behalf of the Town) to take a position contrary to the approved Draco OGDP, as amended in an amendment approved by the ECMC, including objection to any associated pooling and spacing consistent with the approved Draco OGDP.

(c) This Section shall not preclude individual action by any Town employee or elected official, acting in their personal capacity, to object to or otherwise challenge the Draco Pad, Draco Wells, or Draco OGDP, and both Extraction and 7N acknowledge the rights of individuals, acting in their personal capacities, to object to or otherwise challenge the Draco Pad, the Draco Wells and the Draco OGDP.

(d) Notwithstanding any other provision of this Agreement, the Town does not waive any of its police power by entering into this Agreement, and nothing in this Agreement shall limit the Town's police power.

4. **Default and Remedies.**

(a) If any Party notifies any other Party that it is in breach of this Agreement, the Party in alleged breach shall have a period of 30 days from the date of such notice in which to remedy the alleged breach. If the alleged breach is of a nature that cannot be remedied within that 30-day period, the Party in alleged breach shall have commenced to remedy the breach and work diligently to complete the remedy.

(b) If: (i) the Party in alleged breach fails to acknowledge that a breach has occurred or is occurring, (ii) following the process set forth in the previous two sentences the Party alleging breach believes that the other Party continues to be in breach of this Agreement, or (iii) any other kind of dispute arises under any provision of this Agreement that cannot be resolved by good faith negotiation among the Parties, the Party claiming that a breach of this Agreement or seeking resolution of any other dispute under this Agreement shall send written notice to the other Parties, specifying its position on the matter and invoking the dispute resolution process in this section. Within 15 days of the date of delivery of such notice, the Parties shall meet to resolve the matter described in the notice. Notwithstanding the foregoing, if any Party believes that the dispute will not otherwise be resolved in a sufficiently prompt and effective manner or if any Party determines that action is necessary for the protection of health, safety, welfare or the environment, such Party may, at its discretion, take such legal action and seek such legal or equitable remedies as it determines to be appropriate or necessary to protect and enforce its rights under this Agreement.

(c) With respect to any default of 7N or Extraction under this Agreement, the Town shall be entitled to pursue any remedy against 7N or Extraction available to the Town under this Agreement against 7N, Extraction, or SM Energy, and all shall be jointly and severally liable under this Agreement. SM Energy has executed the signature block below the signature block of 7N and Extraction for purposes of agreeing to be jointly and severally liable for any such remedy of the Town with respect to a default of 7N or Extraction under this Agreement. SM Energy, Extraction and 7N acknowledge that specific performance is not an available remedy against the Town.

5. **Force Majeure.** When performance under this Agreement is prevented or delayed by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, pandemic, epidemic, explosion, or injunctive order prohibiting performance by a Party (collectively, “Force Majeure”), no Party shall be in breach of this Agreement. Any such Force Majeure shall be limited to the period of such prevention or delay, plus a reasonable time for operations to resume thereafter.

6. **Authority.** Each Party represents that the undersigned have full right and authority to enter into this Agreement, and to bind the Parties to the terms and conditions contained herein.

7. **Further Assurances.** Each Party agrees that at the request of the other Party it will hereafter make such further assurances and execute or cause to be executed such further instruments as may be reasonably requested by the other Party in order that this Agreement may be fully performed in accordance with its intent and provisions, provided that the requesting Party is responsible for any associated costs.

8. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado without reference to conflicts of laws provisions, and any legal action concerning the provisions hereof or relating to or arising out of this Agreement shall be brought in Boulder County, Colorado.

9. **Captions.** Article and section headings used in this Agreement are for convenience or reference only and shall not affect the construction of any provision of this Agreement.

10. **Exhibits.** All exhibits referred to herein and attached hereto are hereby incorporated herein by this reference.

11. **Successors and Assigns.** No Party shall have the right to assign this Agreement or any of its rights or obligations hereunder without the written approval of the other Party which approval shall not be unreasonably withheld. Notwithstanding the immediately preceding sentence, it is understood and agreed that Extraction and 7N may assign the rights and obligations of this Agreement without consent of the Town (but with prior written notice to the Town) to: (a) any entity directly or indirectly owned or controlled by SM Energy Company, (b) any entity directly or indirectly controlling, controlled by or under common control with 7N, or (c) a successor to any of 7N, Extraction, or SM Energy Company by merger or acquisition. This Agreement shall be binding upon and inure to the benefit of the Parties, and to Extraction's or 7N's and permitted assigns. No assignment of this Agreement or either Party's rights hereunder shall relieve the originally named Party of its liabilities incurred prior to the assignment under this Agreement unless agreed in writing.

12. **Notices.** All written notices required to be given pursuant to the terms of this Contract shall be either: (a) personally delivered; (b) deposited in the United States mail, registered or certified return receipt requested, postage prepaid; or (c) sent for next Business Day delivery by Federal Express or similar nationally recognized overnight courier service and addressed as follows:

To 7N, SM Energy or Extraction:

Extraction Oil & Gas, Inc.
c/o SM Energy Company
1700 Lincoln Street, Suite 3200
Denver, CO 80203
Attn: Legal Department
Email: afiske@sm-energy.com

copy to:

Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Andrew Meyers
Email: ameyers@bhfs.com

To Town:

Town Manager
645 Holbrook Street
Erie, CO 80516
Attn: Meredyth Muth
Email: mmuth@erieco.gov

copy to: Town Attorney
645 Holbrook Street
Erie, CO 80516
Attn: Breena Meng
Email: bmeng@erieco.gov

The foregoing addresses may be changed from time to time by written notice. Notices shall be deemed received upon the earlier of actual receipt or delivery (or refusal to accept delivery), 3 business days following sending pursuant to clause (b) as provided above, or on the day of delivery pursuant to clause (c) above.

13. **Compliance with Laws.** During the course of complying with the provisions of this Agreement, the Parties agree to comply with all applicable laws (including without limitation federal, state, and local laws), rules, regulations, and codes.

14. **Severability.** In the event that any paragraph or portion of the Agreement is determined to be unconstitutional, unenforceable, or invalid, such paragraph or portion of this Agreement shall be stricken from and construed for all purposes not to constitute a part of this Agreement, and the remaining portion of this Agreement shall remain in full force and effect and shall, for all purposes, constitute this entire Agreement.

15. **Construction of Agreement.** The Parties each acknowledge that they have had the benefit of independent counsel with regard to this Agreement and that this Agreement has been prepared as a result of the joint efforts of all Parties and their respective counsel. Accordingly, all Parties agree that the provisions of this Agreement shall not be construed or interpreted for or against any Party based upon authorship.

16. **Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts and shall constitute an agreement binding on all Parties notwithstanding that all Parties are not signatories to the original or the same counterpart provided that all Parties are furnished a copy or copies thereof reflecting the signature of all Parties. Additionally, this Agreement may be executed using a digital image (including without limitation an image in the form of a PDF, JPEG, GIF file, DocuSign, SignNow, or other e-signature), and the same shall be deemed as a true and correct original.

17. **Entire Agreement; Amendments.** This Agreement, the Exchange, and all exhibits thereto embody the entire agreement between the Parties concerning the subject matter of this Agreement and the Exchange, and supersede all prior conversations, proposals, negotiations, understandings and contracts, whether written or oral. This Agreement shall not be amended, altered, changed, modified, supplemented, or rescinded in any manner except by a written amendment executed by all of the Parties.

18. **Governmental Immunity.** The Town and its officers, attorneys and employees are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.*, as amended, or otherwise available to the Town and its officers, attorneys or employees.

19. **Subject to Annual Appropriation.** Consistent with Article X, § 20 of the Colorado Constitution, any financial obligation of the Town not performed during the current fiscal year is subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory charge, requirement or liability beyond the current fiscal year.

[Remainder of page intentionally left blank signatures on following pages]

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the Effective Date.

THE TOWN:

TOWN OF ERIE, COLORADO,
a Colorado home rule municipal corporation

By: _____
Name: _____
Title: _____

Attest:

Debbie Stamp, Town Clerk

[remainder of this page intentionally left blank]

EXTRACTION:

EXTRACTION OIL & GAS, INC.
a Delaware Corporation

By: _____
Name: _____
Title: _____

[remainder of this page intentionally left blank]

7N:

7N, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

[remainder of this page intentionally left blank]

SM ENERGY

SM Energy, a Delaware corporation

By: _____
Name: _____
Title: _____

[remainder of this page intentionally left blank]

SUMMARY OF EXHIBITS:

EXHIBIT 1

P&A WELLS

EXHIBIT 2

COUNTY ROAD 6 PAVING

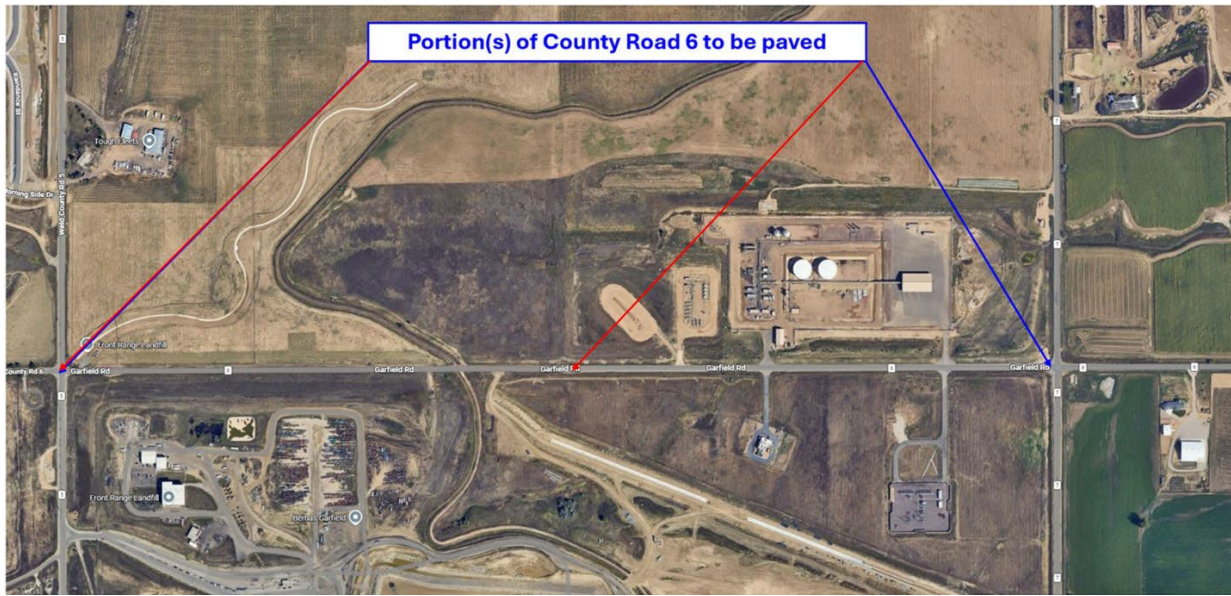
EXHIBIT 1

P&A WELLS

<i>"Draco P&A Wells"</i>		
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5	LUMRY G UNIT 1	05-013-06572
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8	LUMRY 6-4-24	05-013-06573
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12	MORRIS MC 27-8	05-013-06421
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15	VESSELS 14-30	05-123-23986
16	VESSELS MINERALS A UNIT 1	05-123-18691
17	VESSELS MINERALS A UNIT 2	05-123-18690
18	YOUNG 2-26	05-013-06246
19	YOUNG MC 23-12D	05-013-06559
20	YOUNG MC 23-14D	05-013-06558
21	YOUNG MC 26-05D	05-013-06621
22	ZWICK F UNIT 1	05-013-06243

<i>"Non-Draco P&A Wells"</i>		
Count	Well Name	API #
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2	ALLAN H UNIT 24-12	05-013-06556
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4	BAILEY 33-12	05-013-06555
5	BAILEY 42-12	05-013-06534
6	BAILEY 43-12	05-013-06533
7	WIGGETT 2-13	05-013-06641
8	WIGGETT 12-13	05-013-06581
9	WIGGETT 22-13	05-013-06638
10	WIGGETT 32-13	05-013-06564
11	WIGGETT 0-2-13	05-013-06592
12	WIGGETT 1-0-13	05-013-06591
13	WIGGETT 2-4-13	05-013-06636
14	WIGGETT 4-2-13	05-013-06571
15	WIGGETT 4-4-13	05-013-06637
16	WILLIAM PELTIER 1A-20H	05-123-33301
17	YOUNG 4-31	05-123-16183

EXHIBIT 2
COUNTY ROAD 6 PAVING



I cannot be in attendance for the June 16th Town Council meeting at which a vote will be taken on the sale of the Town of Erie's mineral rights to SM Energy, augmenting and enabling the drilling of the Draco pad and fracking. These are my Council Member comments.

The issues have been many and complicated, some of which may well result in legal challenges to any approved contract. These include:

- Lack of transparency and clarity, and overuse of Executive Sessions to make decisions
- Failure to follow competitive bidding processes or policies on multi-million dollar contracts
- An interpretation that the Town charter's requirement that open space property not be sold without voter approval being overruled by an ordinance... the very scenario the charter fully intended to avoid.
- The lack of a Special Use Review for the drilling of open space properties.
- Potential conflicts of interest between negotiating parties

For the last six months, Erie Town Council has been negotiating behind closed doors for the sale of its mineral rights. A lot has been made, appropriately, of how TWO multi-million dollar contracts have come before Town Council without going through ANY type of competitive bidding process. One was already approved, the other will be voted on at the June 16th session.

Also for the last six months, residents have repeatedly been told by the mayor and council members that they wanted to hear from the community on whether or not to sell the Town's mineral rights. Residents were told their voice would be heard. They were told Council would listen. Resident voices were strong, consistent and plentiful. You came out in person both in council chambers and on the street, in emails, and in social media. The message has been clear. Residents are broadly and strongly opposed to the sale of the town's mineral rights. Not once has council heard a price at which these residents would compromise their position.

The mayor and others on council, have also said, "we want to get something out of the Draco pad."

Council Member positions on the sale have been visibly telegraphed through it all, mine included. If the contract is approved, one thing stands true: whose voice matters? That of residents, or that of council? That of the voter approved Town Charter, or an ordinance?

Dan Hoback
Council Member
District 2

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before **12 p.m. on Friday, June 12** for the comments to be provided in the Council materials packet.

Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name	Abhishek Gangwal
City/Town of Residence	Erie
Email	agangwal2007@gmail.com
Your Comment	I don't support the drilling and the selling of mineral rights. We do not want more drilling in our neighborhoods.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before **12 p.m. on Friday, June 12** for the comments to be provided in the Council materials packet.

Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name Amanda Loosemore

City/Town of Residence Erie

Your Comment Dear Mayor Moore and Town Council,

I am an Erie resident and I am strongly opposed to the Draco Pad and to the Town selling its mineral rights for this project.

I understand that the Draco Pad has already been approved at the state level, but that does not mean Erie should voluntarily give up one of the few remaining pieces of leverage it has. The fact that Draco was approved over Erie’s objections is exactly why Erie should not voluntarily cooperate now.

The Town’s own FAQ says Erie’s minerals make up only about 2.7% of Draco production, yet also says SM Energy would be required to drill around Town minerals if they are not sold and pooled. That makes these rights important, even if they are a small percentage of the overall project.

Please do not trade away Erie’s leverage for a one-time payment, land, or promises that may not fully protect residents over the long term. Our community will live with the health, safety, noise, traffic, air quality, and environmental impacts long after this deal is signed.

Erie should be using every available tool to reduce, delay, challenge, and limit this project, not helping clear the path for it.

Please vote no on the mineral rights agreement. Do not sell Erie’s remaining leverage. Please prioritize residents’ health, safety, transparency, and long-term quality of life over this deal.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before 12 p.m. on Friday, June 12 for the comments to be provided in the Council materials packet.

Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name Amanda Teo
City/Town of Residence Erie

Your Comment Dear Erie Town Council, I am writing to STRONGLY oppose the proposed sale of our municipal mineral rights to SM Energy. It will negatively affect our community. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors - a firm led by a former Civitas executive, creates a glaring conflict of interest, and plugging 17 year old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before **12 p.m. on Friday, June 12** for the comments to be provided in the Council materials packet.

Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name	Amber Ott
City/Town of Residence	Erie
Email	amber.spradley@gmail.com

Your Comment

Dear Town of Erie Officials,

I am writing to strongly oppose the sale of the Town's mineral rights and any action that would facilitate the Draco drilling project moving forward beneath or near residential neighborhoods.

As a resident and stakeholder in our community, I am deeply concerned about the potential impacts that expanded oil and gas development could have on the health, safety, and quality of life of Erie residents. Drilling operations in close proximity to neighborhoods raise legitimate concerns regarding air quality, noise, traffic, emissions, and other environmental and public health risks. Families should not have to worry about industrial drilling activity occurring beneath or adjacent to the communities where they live, work, and raise their children.

I am also concerned about the potential effect on residential property values. Many homeowners have made significant investments in Erie because of its strong neighborhoods, schools, and quality of life. Allowing additional drilling activity associated with the Draco project could negatively affect home values and marketability, creating long-term consequences for residents while providing limited benefits to the community.

Selling the Town's mineral rights would remove an important tool for local control and could make it more difficult to influence future development decisions. Once these rights are sold, the Town may lose leverage to protect residents from projects that are inconsistent with community priorities and expectations.

I urge the Town Board to reject the sale of the mineral rights and take all available measures to prevent the Draco drilling project from advancing under or near residential neighborhoods. The health, safety, property values, and overall well-being of Erie residents should remain the highest priority.

Please include my comments in the public record as opposition to both the sale of the Town's mineral rights and the advancement of the Draco drilling project.

Thank you for your consideration.

Sincerely,

Amber Ott

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name Andrea Lewis

City/Town of Residence Erie

Your Comment

We are a family of five living in the Westerly neighborhood, one of the communities located closest to the proposed Draco Pad. We chose Erie because of its reputation as a safe, family-oriented town with excellent schools, parks, trails, and neighborhoods where children can grow up healthy and thrive. We never imagined that a large-scale industrial oil and gas operation would be proposed so close to where our children live, play, and attend school.

As parents of three young children, including babies who will spend their earliest years here, we are deeply concerned about the potential health impacts associated with drilling and hydraulic fracturing activities occurring near our home. Scientific studies have linked oil and gas operations to increased air pollution, including volatile organic compounds such as benzene, as well as particulate matter and other emissions that can negatively impact respiratory health. Research has also raised concerns regarding increased risks of asthma, adverse birth outcomes, developmental impacts, and other health effects, particularly for young children whose bodies and lungs are still developing.

The concern is not simply about a drilling site in the distance. The Draco Pad is proposed immediately adjacent to existing site and future residential neighborhoods, parks, trails, and schools. Families like ours will be living, walking, biking, and raising children within close proximity to industrial operations that are expected to continue for years. The noise, truck traffic, air emissions, light pollution, and overall industrialization of what was intended to be a residential community are unacceptable burdens for families who chose to call this area home.

Our children deserve to play outside without concerns about what they may be breathing. They deserve clean air, safe parks, healthy schools, and neighborhoods designed for families—not neighborhoods overshadowed by large-scale industrial development. While regulations and mitigation measures may reduce some risks, they cannot eliminate them entirely. The fact that restrictions and special conditions have been required for nearby residents demonstrates that even regulators recognize the potential impacts.

We understand the importance of energy development, but we believe it should not come at the expense of the health and well-being of families who live directly adjacent to these operations. The families of Westerly and surrounding neighborhoods should not bear disproportionate health, environmental, and quality-of-life impacts for decades to come.

We respectfully ask decision-makers to consider the long-term consequences of this project on the families who will live closest to it. Once drilling begins, the effects on

our community cannot simply be reversed. The decisions made today will impact our children and future generations for years to come.

As a family of five raising three young children in the closest neighborhood to the Draco Pad, we urge you to prioritize the health, safety, and welfare of Erie residents. Protect our homes, our schools, our parks, our air quality, and most importantly, our children. The future of our community is worth more than the short-term benefits of placing industrial development next to where families live. Please please please listen to the community members and silence the greed for money.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name Andy Hampton

City/Town of Residence Erie

Your Comment

This is not a decision that can be undone. Once the rights are sold, they're gone — along with the one real piece of leverage we have. SB24-185 means our minerals can't be force-pooled, so Erie is not cornered and doesn't have to take whatever is offered. We'd be giving that up so an energy company can clear the last obstacle to a project the people living above it never wanted.

Most of all, I want the council to confront the conflict of interest at the heart of this deal. The town hired Alameda Mineral Advisors to value our assets and negotiate the sale — a firm led by the former Chief Operating Officer of Civitas until 2023. Civitas is the parent of the company operating the Draco Pad, and Civitas was the party that first approached the town to buy these rights. So Erie put a recent executive of the buyer's own company in charge of representing residents against that company. Worse, his pay is tied to closing a deal — up to \$4.5 million, including a commission on the transaction's value — which means he earns little if the town does the very thing that may serve us best: keep our rights and walk away. And he was hired with no competitive RFP, contrary to the town's own purchasing policy. Even setting aside anyone's intentions, that is a structural conflict residents cannot be expected to trust.

The risks are just as real: 26 wells running five miles beneath where our families sleep, a park and a planned school within 2,000 feet, hundreds of old abandoned wells that could be disturbed, and 541 million gallons of water spent during a drought. None of it improves a single resident's life.

You were elected to take the long view, even when the short-term money is tempting. Protect the rights you are not required to sell, honor Erie's commitment to sustainability, and trust the residents telling you the same thing meeting after meeting. We do not support this sale.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name	April Archer
City/Town of Residence	Erie
Email	aprilandjt@comcast.net
Your Comment	I am strongly opposed to the selling of mineral rights for the Draco pad's proposed new drilling. My family and I have lived in Flatiron Meadows since 2018, and this is very concerning for health, noise, environmental, and ethical reasons. Please do not allow this drilling to occur (under our home!). We would have never invested in this town or community if we knew that this was a possibility for new drilling. We understood the existing wells near us (most of which are plugged/abandoned), and we're extremely opposed to any new drilling in our neighborhood.

Meredyth Muth

From: Carol Ashcroft <cashcroft99@yahoo.com>
Sent: Thursday, June 11, 2026 7:57 PM
To: Council Mail
Cc: Carol Ashcroft
Subject: RE: Town Council selling mineral rights under Brennan By the Lake Subdivision

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

COUNCILMEMBERS: Please vote NO to selling the Town of Erie's mineral rights to SM Energy. I live in Brennan by the Lake (Canyon Creek PD) and am directly affected by this decision. Even if this were not happening in my neighborhood, I would stand against prioritizing short term profits over the long term health of this town's residents. Your role is to represent us, the people of Erie-- and we say no. Our health matters. Our environment matters. Our neighborhood matters. Additionally, Thomas Reservoir open space is a treasure that should be protected from future drilling.

Thank you.

Grant Ashcroft
685 Brennan Circle
Erie, Colorado

Carolyn Ashcroft
685 Brennan Circle
Erie Colorado

Sent from my iPhone

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name	Barbara and Tom Petruzzi
City/Town of Residence	Erie
Email	barb.petruzzi@gmail.com

Your Comment

Dear Town Council and Mayor,

Your upcoming meeting and vote is extremely disturbing to us. Erie is advertised as "the best place to raise a family," yet you are not upholding your claim.

We moved here after 45 years in the Boulder County mountains thinking that we were on the Boulder County side of Erie and that Erie was progressive enough for us to stay here and protect us from further drilling. Now, it is more concerning after witnessing the disgrace of the Town Council to want to sell away mineral and oil rights. What have you become?

Apparently, this has been discussed for a while behind closed doors, without giving the public much information or much chance to question. (Yes, there was a June 2 session.) Now, suddenly, you're about to vote! Why the rush?? Is the energy company in a hurry, or you? Doesn't something this important and long-lasting deserve more public comment and discussion? A vote in November?

As someone said, "Our issue this minute is that the manufactured rush to the June 16th, 2026 meeting is also a manufactured emergency." Again, why the rush? What deadline does it meet for Draco? The communication has been lackluster at best. It benefits us to receive millions of dollars if we approve the deal? If it is not approved, we do not receive the millions and they have to drill around? And, that is a bad thing and may actually hinder the Draco project?

What about the risks to our health? Even experts admit that despite drilling very deep, rocks can have fissures, and things could work their way up to our homes above. The water used to frack (which will be millions of gallons), according to you, is not coming from Erie - where will it be obtained and where will it go? How might it affect the groundwater and those with wells? Might it contaminate our groundwater?? Have any of you considered this?

You hired a consultant to help you get the best deal. He used to work for the company that you are about to sign a deal with. That certainly seems a conflict of interest, at least in spirit if not by law. You say that the better deal he gets for us, the more money he makes. But if there is no deal, he presumably doesn't get his millions of dollars. So there's an incentive to make a deal, not reject it. That's not evenhanded. That's not impartial or unbiased. What happened to sending out an RFP and receiving multiple bids for consultation? And worse, Matt Owens, is the former president of Extraction Oil, which was bankrupted, and former COO of

Civitas, which merged with SM Energy recently. He also graduated from the Colorado School of Mines, where the mayor works. How can you be so indiscreet about who you are offering this position to?

At the study session on June 2, the deal was presented and explained. It appeared that it had been required to get competing offers for our mineral rights and that maybe that hadn't happened. Is Erie getting the best deal? This also seems like a huge breach of process -- that should perhaps require starting over and collecting bids?

Someone has suggested that our mineral rights are considered real property and, as such, can't be sold without a supermajority vote. It doesn't seem to be presented as such and a simple majority seems poised to okay it. Is it technically real property? Is a supermajority required? This is an important question that has not been addressed.

At a minimum, if we must offer our valuable mineral rights to them, why not lease them instead of selling them outright? Might not future generations regret this sale?

Our community's health and safety is important and you should feel the same. This could blow up in the future, with contamination and sickness and other problems. It can be avoided by rejecting this deal. We can get revenue in other ways -- and this doesn't even seem to be that much money. Remember that we already live with risks from the wells and mines already here. We don't need to add to that.

We urge you to show that you're open-minded and are considering the health and well-being of your neighbors by rejecting this deal and doing the right thing for the future of Erie. If Erie truly is the best place to raise a family, you can help keep that true.

Thank you.

Meredyth Muth

From: Jacqueline Batts <jfbatts@gmail.com>
Sent: Tuesday, June 9, 2026 8:04 PM
To: Council Mail
Subject: Please Vote No

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Council members,

Please vote NO to selling the Town of Erie's mineral rights to SM Energy.

I live in Brennan by the Lake (Canyon Creek PD) and am directly affected by this decision. Even if this were not happening in my neighborhood, I would stand against prioritizing short term profits over the long term health of this town's residents.

Your role is to represent us, the people of Erie-- and we say no. Our health matters. Our environment matters. Our neighborhood matters.

Additionally, Thomas Reservoir open space is a treasure that should be protected from future drilling.

Thank you,
Jackie Batts

Sent from my iPhone

Meredyth Muth

From: Nathan Brinza <ndbrinza@uwalumni.com>
Sent: Monday, June 8, 2026 1:48 PM
To: Council Mail
Subject: Mineral Rights - I do not support selling

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Erie Town Council,

As an Erie resident, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy.

We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline.

Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal.

Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.

Nathan Brinza
Erie, Colorado resident and homeowner
Sent from my iPhone

Meredyth Muth

From: Deborah Cameron <camerondebann@gmail.com>
Sent: Thursday, June 4, 2026 11:40 AM
To: Council Mail
Subject: Erie mineral rights

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Mayor and council:

I'm troubled by the apparent upcoming sale of our mineral rights.

I have a lot of questions and concerns.

-- Apparently, this has been discussed for a while behind closed doors, without giving the public much information or much chance to question. Now, suddenly, you're about to vote!

-- Why the rush?? Is it the energy company in a hurry, or us? Doesn't something this important and long-lasting deserve more public comment and discussion? Maybe even a community vote?

-- We are being communicated with in a not very even-handed way. For example, it's being presented as PRO: We get millions of dollars if we approve the deal. CON: We don't get millions of dollars and they may just drill around us. There are more potential downsides and risks than that.

-- What about the risks to our health? Even experts admit that despite drilling very deep, rocks can have fissures, and things could work their way up to our homes above. Gobs of water will be used for fracking in Erie. It won't come from our water supply, but it will come from somewhere, which might affect us, and where will it go? Might it deplete some groundwater and affect those with wells? Might it contaminate our groundwater??

-- You hired a consultant to help us get the best deal. He used to work for the company we're about to sign a deal with. That certainly seems a conflict of interest, at least in spirit if not by law. You say that the better deal he gets for us, the more money he makes. But if there is no deal, he presumably doesn't get his millions of dollars. So there's an incentive to make a deal, not reject it. That's not evenhanded. That's not impartial or unbiased.

-- At the study session on June 2, the deal was presented and explained. It appeared that it had been required to get competing offers for our mineral rights and that maybe that hadn't happened. I suspect we're not getting the best deal.

-- Someone has suggested that our mineral rights are considered real property and, as such, can't be sold without a supermajority vote. It doesn't seem to be presented as such, though, and a simple majority seems poised to okay it. Is it not real property? Is a supermajority not required?

-- At a minimum, if we must offer our valuable mineral rights to them, why not lease them instead of selling them outright? Might not future generations regret this sale?

Our community's health and safety is a BIG, BIG deal. This **could** blow up in the future, with contamination and sickness and big problems. It can all be avoided by rejecting this deal. We can get money in other ways -- and this doesn't

even seem to be that much money. Remember that we already live with risks from lots of wells and mines. We don't need to add to that.

I urge you to show that you're open-minded and are considering the health and well-being of your neighbors -- by rejecting this deal.

Thank you,

Deborah
Erie Resident and Voter

Meredyth Muth

From: Missy Carrier <syc213@gmail.com>
Sent: Wednesday, June 10, 2026 8:07 AM
To: Council Mail
Subject: VOTE NO TO SELLING MINERAL RIGHTS

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Erie Town Council,

We are vehemently opposed to selling the Town of Erie's mineral rights to SM Energy (Draco Pad). Please vote NO to this proposal. We live directly above the area that will be fracked in Brennan by the Lake neighborhood. We do not want fracking to occur under our home.

We are registered voters and actively participate in all local elections. Thank you for noting our opposition to this deal.

--

Margaret and Robert Carrier
639 Brennan Circle
303-957-7345 cell
syc213@gmail.com

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name	Chris Bolton
City/Town of Residence	Erie
Email	woodmont.shadows@gmail.com
Your Comment	<p>Dear Erie Town Council,</p> <p>As an Erie resident, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.</p>

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Full Name	Christina Bolton
City/Town of Residence	ERIE
Email	ccbolton2008@gmail.com
Your Comment	<p>Dear Erie Town Council,</p> <p>As an Erie resident, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.</p>

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name Christina Bolton

City/Town of Residence ERIE

Email blue.tansy.dansy@gmail.com

Your Comment Dear Erie Town Council,
As an Erie resident, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.

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Full Name	Christina Bolton
City/Town of Residence	ERIE
Email	boltoncompras@gmail.com
Your Comment	<p>Dear Erie Town Council,</p> <p>As an Erie resident, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.</p>

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Full Name Christine Hackett (Eisenberg)

City/Town of Residence Erie

Your Comment David Frank, Director of Environmental Services, has continued to impress me on this topic, beginning with his testimony at the 2024 and 2025 ECMC hearings, through to his presentations to Town Council, including the latest Study Session on 6/2/2026. He demonstrated to me that Erie's residents will benefit from improved health & safety provisions within the Town of Erie Mineral Rights Sales Agreement, and that ill effects from the drilling work are unlikely.

I am also impressed with the 6/2/2026 Study Session report by Julian Jacquin, Director of Economic Development, that Erie's residents will benefit from additional retail & commercial development associated with the transfer of 3 parcels of land that have potential sales tax revenues of nearly \$50 million to over \$200 million. New retail & commercial development is a high priority for residents, per the Aug 2025 Community Survey, and the location of these parcels are ideal to serve residents.

In addition, the land transfer could support expansion of the Leon A. Wurl Service Center, where additional space is sorely needed by the Dept of Parks & Rec, according to testimony by Luke Bolinger, Director of Parks & Rec, during the Town Council meetings regarding the Page Property.

Erie's residents could also benefit from the \$17M+ production revenue and \$4.5M cash payment to support multiple Town expenses, including the Capital Facilities Budget, which shows severe stress in the near-term, according to testimony by Sara Hancock, Director of Finance, during Town Council meetings regarding the Budget.

To me, the Town Staff has demonstrated strong arguments for the Town Council to support the Town's Mineral Rights Sales Agreement. And while non-compliance with the Town's Purchasing Policy for the mineral rights consultant occurred under control of former Town Manager Malcolm Fleming, I believe Erie's residents have benefitted from the knowledge and expertise of that consultant, again per testimony by Town Staff.

For all these reasons, and the fact that a No vote will NOT stop the horizontal drilling in our Town and under my own home, I support a YES vote by the Town Council to approve the Mineral Rights Sales Agreement relating to the Draco Pad project. Thank you.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name Christopher Bolton

City/Town of Residence Erie

Email cgbolton@boltonusa.com

Your Comment Dear Erie Town Council,
As an Erie resident, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.

Meredyth Muth

From: Anna Clark <amc1012000@gmail.com>
Sent: Tuesday, June 9, 2026 10:01 PM
To: Council Mail; Andrew J. Moore; Dan Hoback
Subject: Town council meeting 6/9

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Mayor Moore and Council Members,

I attended the Town Council meeting tonight, 6/9, where I learned that Council Member Dan Hobak would be unable to attend an important upcoming vote regarding sale of the Town mineral rights. It was very discouraging to hear his request to postpone and reschedule was denied.

I would like this Council to reconsider his request. As a resident, the mineral rights issue is very important and I would expect all Council members to be present for votes and decisions regarding sale or lease. I am particularly concerned as I reside in District 2 and I feel my voice would not adequately be represented.

This vote can impact the future of Erie. We are navigating a new state law. Please reconsider the request to postpone a vote until all council members can be present.

Thank you,
Anna Clark
Erie resident, District 2

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name Colleen Downs

City/Town of Residence Erie, CO

Your Comment

My name is Colleen, I'm a resident of Erie and I'm writing to express my strong opposition to the proposed sale of our municipal mineral rights.

As a resident, Sustainability remains a top priority, and I do not consent to selling our mineral rights.

The 4 to 3 council vote proves there is no consensus here, and the 16 to 5 resident opposition at the april 21 special meeting reflects the true will of erie. I urge the council to listen to the hundreds of residents who have consistently shown up, reject this deal on June 16 and keep our community's protection in our own hands.

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Full Name Corinna Hammersley

City/Town of Residence Erie

Your Comment As a resident of Erie since 1998, and Colorado native, it's my strong recommendation NOT to sell Erie's mineral rights.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Full Name Corinna Hammersley

City/Town of Residence Erie

Your Comment Dear Erie Town Council,
As an Erie resident since 1998, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal. Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights.
Thank you!

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before **12 p.m. on Friday, June 12** for the comments to be provided in the Council materials packet.

Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name Dave mason

City/Town of Residence Erie

Your Comment

Dear Erie Town Council,
 As an Erie resident and taxpayer, I am writing to oppose the proposed sale of our municipal mineral rights to SM Energy. We should not give up our community's legal leverage. Under SB24-185, our minerals cannot be force-pooled, giving us immense power to protect our neighborhoods. Selling these rights now permanently surrenders that protection just to help an oil and gas company meet its May 2028 production deadline. Furthermore, using Alameda Mineral Advisors—a firm led by a former Civitas executive—creates a glaring conflict of interest, and plugging 17 old wells should be a standard safety requirement, not a bargaining chip for a new deal.

Sustainability is Erie's top priority. Please listen to the residents, we do NOT support the sale of the mineral rights. And we will remember your decision when it comes time to vote in the next election.

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before **12 p.m. on Friday, June 12** for the comments to be provided in the Council materials packet.

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Full Name	David Ivener
City/Town of Residence	Erie
Email	david.ivener@gmail.com
Your Comment	Absolutely disagree with selling our mineral rights. Listen to your constituents!

Meredyth Muth

From: Sonia Dobinsky <soniadobinsky@gmail.com>
Sent: Tuesday, June 9, 2026 1:35 PM
To: Council Mail
Subject: Town Mineral Rights and Draco Well Site

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Mayor Moore and City Council Members,

We are writing to strongly oppose your plan to sell the town's mineral rights, leaving no barrier between the citizens of this town and the dangers of the plan for drilling at the Draco Well Site. Like many, our decision to live in and spend our money in Erie was predicated on what we saw as the value of living here -- no planned drilling under our homes that would open us up to health dangers, property damage and diminishing property values.

By voting for this move, in our minds, you will be abdicating your responsibilities to protect community members and their properties from harm. We ask you to reconsider making this danger to our community a reality by voting NO on June 16th.

Thank you for your consideration.

Dan and Sonia Dobinsky
1293 Copper Drive

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

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Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name	Donald Poole
City/Town of Residence	Erie
Email	dlpoole@gmail.com
Your Comment	Drilling under Erie from the Draco pad SHOULD DEFINITELY NOT BE ALLOWED

Written Comment - Town of Erie Mineral Right - June 16 Council Meeting

Please submit any written comments for the Town Council before **12 p.m. on Friday, June 12** for the comments to be provided in the Council materials packet.

Residents can also provide comment in person or online for the meeting. Attend in person at 645 Holbrook Street in Council Chambers (capacity is limited) or participate online at www.erieco.gov/CouncilMeeting.

Full Name Dr. Larisza Krista

City/Town of Residence Erie

Your Comment Dear Mayor and Members of the Erie Town Council,

I am writing to urge the Town Council to vote NO on the proposed sale of our municipal mineral rights.
As a community, we spent more than two years fighting to hold Civitas (now SM Energy) accountable for the Draco Pad. Our neighborhood's position has not changed: sustainability remains our number one priority, as reflected in Erie's own community surveys. We did not vote to sell our mineral rights, and we do not support this deal.

- I ask the Council to reject this sale based on four critical points:
- We Hold the Leverage Under SB24-185: Under current Colorado law, the Town's mineral rights cannot be force-pooled. If Erie refuses to sell, SM Energy is legally required to drill around us. Selling these rights means permanently surrendering the strongest legal tool we have to protect our neighborhood.
 - Clear Conflict of Interest: The Town hired Alameda Mineral Advisors to negotiate this deal—a firm led by a former Civitas executive. Paying an industry insider to "represent" the community we fought so hard to protect is a severe conflict of interest. The terms of this sale were effectively designed by the very industry benefiting from them. This is extremely concerning.
 - Plugging Old Wells is an Obligation, Not a Bargaining Chip: The framing of plugging 17 old wells as a "benefit" or a gift to the town is misleading. Remediating these old wells is a matter of basic public safety that should have been addressed long ago—it should not be used as a bargaining chip to justify a massive new sale.

The 4-to-3 council vote to begin negotiations, combined with the 16-to-5 public comment against the deal at the April 21 special meeting, proves there is no community consensus here. Furthermore, negotiating a deal of this magnitude largely in private executive sessions undermines public trust. Erie residents have shown up consistently—including the 418 residents who submitted comments during the 2A period and the 271 who went on the official public record. We are asking you to represent our health, safety, and long-term sustainability.
Please vote NO on the sale of Erie's municipal mineral rights.

Sincerely,

Dr. Larisza Krista

Meredyth Muth

From: Steve Drew <sr Drew@gmail.com>
Sent: Tuesday, June 9, 2026 12:24 PM
To: Council Mail; Town Clerk
Subject: Tuesday, June 9th Town Council Materials
Attachments: June 9 Town Council Comments 06092026.pdf

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Erie Town Council & Town Clerk,

Please see attached for materials that I would like to be included in official minutes this evening.

These comments are made from publicly available information and, as you know, may not reflect all details that are held within Executive Session confidentiality. They also reflect reviews and comments from a non-lawyer who is asking for the Town Council to address potential material impacts related to the signed Consultant agreement and the potential Draco Pad agreements.

- I. Request to hold any discussions open to the public and to provide transparency in these discussions by not holding a June 9th Executive Session;
- II. An assessment of the breach of Contract by Alameda Mineral Advisors for failure to conduct a competitive bid and solicitation;
 - The impact to the Town Council's ability to compare the value of multiple bid and solicitation offers, per the terms of the Contract.
 - How the Town Council will address the completion of the required bid and solicitation process.
 - The impact that this contract breach has on the potential sole-source deal vote on June 16.
- III. Request for the impacts of the Town policy violation issue related to a \$4.5 million sole-source agreement with Alameda Mineral Advisors as noted during the June 2nd Study Session; and
- IV. An early review of the sole-source offer prior to the scheduled June 16th vote.

Best Regards,

Steve Drew
Erie Town Resident

June 9, 2026

Dear Erie Town Council,

The following comments and attachments are for the June 9th Town Council meeting and submitted for record.

These comments are summed up as:

- I. Request to hold any discussions open to the public and to provide transparency in these discussions by not holding a June 9th Executive Session;
- II. An assessment of the breach of Contract by Alameda Mineral Advisors for failure to conduct a competitive bid and solicitation;
 - The impact to the Town Council's ability to compare the value of multiple bid and solicitation offers, per the terms of the Contract.
 - How the Town Council will address the completion of the required bid and solicitation process.
 - The impact that this contract breach has on the potential sole-source deal vote on June 16.
- III. Request for the impacts of the Town policy violation issue related to a \$4.5 million sole-source agreement with Alameda Mineral Advisors as noted during the June 2nd Study Session; and
- IV. An early review of the sole-source offer prior to the scheduled June 16th vote.

I. JUNE 9th EXECUTIVE SESSION

This is a specific request for public transparency related to the Draco Pad discussions. Please cancel the June 9th Executive Session and discuss with Town Council and Staff information that should be made public related to the potential sale and transfer of Town-owned mineral rights and properties.

In general, the Town Council has relied on Executive Session confidentiality to withhold information that is typically discussed in an open and public format. A wide range of truly confidential information and traditionally non-confidential information. Mayor Moore has provided several assurances that this information will be made available using terms such as 'when the time is right.'

There is no more time between now and a potential vote on a sole-sourced contract with SM Energy on June 16th. Any discussions between now and the 16th will need to be open to the public.

II. MATERIAL BREACH OF CONTRACT – MATTHEW OWENS & ALAMEDA MINERAL ADVISORS

Per the public discussion during the June 2nd Study Session, it appears that Matthew Owens is in breach of contract for not completing material terms of his Consulting Agreement approved by the Town Council on December 16, 2025 and signed by Mayor Andrew Moore.

Specifically, Exhibit A – Scope of Services states that Matthew Owens (“Consultant”) shall perform the following duties:

Consultant shall conduct a competitive bidding process to secure optimal lease proposals, including valuations of monetary and non-monetary terms, for Town-owned mineral rights and property in the Draco Plan Area.

Consultant shall solicit bids for the sale of Town-owned mineral rights and property within the Draco Plan Area, with comparative analyses of upfront proceeds versus projected cash flows.

During the June 2nd Study Session, the public learned that this process has not been completed and Matthew Owens did not provide the Town Council with results from a competitive bidding process. Owens did not provide the Town Council with evidence that he solicited bids for the sale of Town-owned mineral rights and property and did not provide a comparative analysis.

Also per Section IV.A, - Professional Responsibility, Owens was obligated to run a competitive bid and solicitation process and to provide results to the Town Council based on professional practice terms:

IV. Professional Responsibility

A. Consultant hereby warrants that it is qualified to assume the responsibilities and render the services described herein and has all requisite corporate authority and professional licenses in good standing, required by law. The work performed by Consultant shall be in accordance with generally accepted professional practices and the level of competency presently maintained by other practicing professional firms in the same or similar type of work in the applicable community. The work and services to be performed by Consultant hereunder shall be done in compliance with applicable laws, ordinances, rules and regulations.

Per terms in Section III of the Consultant’s agreement - Compensation:

III. Compensation

In consideration for the completion of the Scope of Services by Consultant, the Town shall pay Consultant a fee set forth in Exhibit B, which, under no circumstance, shall exceed \$4,500,000, unless agreed to by the Town in writing. This amount shall cover all fees, costs and expenses incurred by Consultant, and no additional amounts shall be paid by the Town for such fees, costs and expenses. Consultant may submit invoices for the fee set forth in Exhibit B, which shall be paid by the Town within 30 days of receipt.

Owens clearly failed to meet terms for completion of the Scope of Services and the professional terms required by the Town of Erie in this Contract for Professional Responsibility. Instead, Owens ran a sole-source negotiation with SM Energy / Civitas in breach of contract. Owens did not provide or deliver the required results based on the Contract and on the Town Council’s fiduciary duty.

Section I. B – Scope of Services covers adjustments to the Alameda Mineral Advisors Contract has several impacts to what appears to be a significant breach of contract by Owens.

B. A change in the Scope of Services shall not be effective unless authorized as an amendment to this Agreement. If Consultant proceeds without such written authorization, Consultant shall be deemed to have waived any claim for additional compensation, including a claim based on the theory of unjust enrichment, quantum merit or implied contract. Except as expressly provided herein, no agent, employee, or representative of the Town is authorized to modify any term of this Agreement, either directly or implied by a course of action.

- 1) The Contract does not allow the Consultant to skip material terms of this Contract (e.g. bid and solicitation process) without an amendment to this Agreement.
- 2) There has been no Amendment to this agreement that has been put through the public processes required by Town Council decisions.
- 3) No agent, employee, or representative of the Town is authorized to modify any term of this Agreement, either directly or implied by a course of action. Meaning that an amendment of this Agreement was required for Owens prior to any conclusion to his Contract.

The following concerns have a substantial impact on where the Town Council and Town of Erie stands today with contractual, legal and/or ethical concerns regarding this breach of contract. Once again, the majority of this information should be publicly discussed and not held inappropriately behind Executive Sessions. This request is for the Town Council to discuss openly:

- The likely breach of Contract by Alameda Mineral Advisors and the impact that this has on his fees. Confidential legal advice would not need to be discussed – the Town Council should request specific guidance in an open format.
- The impacts of not holding a competitive bid and solicitation process as it relates to the terms of this Contract and obligations of the Town Council. How this would impact the fact that the Town Council was provided with a sole-source contract outside the terms of this signed Contract.
- The impacts of not holding a competitive bid and solicitation process as it relates to the fiduciary duties of the Town Council – both in terms of the Contract and in terms of having comparative bids.
- The legal and ethical impact of receiving and potentially voting on a sole-source negotiation offer rather than meeting the Contract and fiduciary duty terms of a competitive bid and solicitation process.
- Why the Town Council is rushing a single-source agreement through rather than conducting a competitive bid and solicitation process that meets Town timelines rather than SM Energy timelines.
- Please seek outside Council guidance as to the potential impact to Town of Erie residents and taxpayers prior to voting on the approval of any agreement. Especially with the Town Council

aware of this breach of Contract and that a competitive bid and solicitation was not held. Please provide these assurances to the Town of Erie residents in a specific and public format prior to a vote for approval.

This exposure may include:

- Town Council knowledge of the breach of Contract by Alameda Mineral Partners – especially if knowledge of this breach was held within Executive Session confidentiality
- Fiduciary Duty to the Public Trust (C.R.S. § 24-18-103)
- TABOR and Annual Appropriation Violations (Colo. Const. Art. X, § 20) – Payment associated with an unfulfilled Contract
- “Gift Clause” violations and more

III. TOWN OF ERIE SOLE-SOURCE HIRING OF MATTHEW OWENS & ALAMEDA PARTNERS

The public learned during the June 2nd Study Session that the Consultant was brought on through a sole-source agreement that violates Town of Erie policy.

- Please discuss the impact of this to the process and validity of the Contract. What rules were violated and how this impacts the potential vote to approve a sole-source negotiation.

IV. INITIAL OFFER AND CONTRACT CONCERNS

Per the publicly posted information on <https://www.erieco.gov/2657/Draco-Well>

This information was posted shortly before the June 9th Town Council meeting and the site has forms to ask specific questions. The following is a quick, non-legal review of these contracts from a non-lawyer resident of Erie for consideration ahead of the potential vote on June 16th.

The statements below are for the Town Council consideration and do not represent any legal guidance. That said, there are a significant number of concerns that the Town Council should address openly prior to a vote.

Town of Erie would know more about the comparative value of this agreement if Alameda Mineral Advisors had completed the terms of their Contract. This is the reason the Contract has a bid and solicitation component – it provides the Town Council with assurances that this is the best deal available. It also provides checks-and-balances for reaching final contract terms. The completion of a bid and solicitation would also provide the Town Council and Town of Erie residents with a legal and ethical backstop that assures that the Town received the best offer available.

In general, this agreement appears to be highly asymmetrical in favor of SM Energy or Extraction or 7N or associates. (I'll use a generic SM Energy in the review.) This agreement does not reflect the significant impact that the Town of Erie could have on the financials and timing of Draco Pad Project – positive or

negative. It also does not appear to provide basic assurances that the Town of Erie will receive compensation.

From my read, the Agreement:

1. Contains a big issue where the Town of Erie can no longer object to the Draco Pad and/or there are terms that cause financial harm to the Town of Erie if there is a later vote to overturn this transaction.
2. Appears to not provide Erie with compensation if SM Energy to defaults and fail to close. The Town does not appear to have the right to pursue any legal action for financial damages caused by this failure.
3. The Town of Erie waives any rights to recover damages from any representations, warranties, or obligations from SM Energy. If a breach causes a material financial impact to the Town of Erie, the Town must absorb all of those losses.
4. The Town is only protected from environmental damages related to the 158 Acre property for 12 months. Has the Town conducted a full, third-party environmental impact related to this property that has guarantees that extend long-term? If not, this agreement appears that it would shuffle environment issues to Erie in 12 months and would expose Erie taxpayers to any environmental implications for years to come. It appears that this land has significant oil and gas legacy issues.
5. Erie is not receiving value for any non-disclosed mineral rights at the time of this signing. That would include what David Frank publicly described during the December 16 Town Council meeting as *"...The town's mineral rights are typically in subdivisions where we were given the area under the road, under the open space, and so they are sort of intertwined with private minerals."*

Did Alameda Mineral Advisors not complete this portion of their Contract, per the terms of the Contract? Why is Erie not receiving value for these Town-owned assets?

6. The agreement states that the Town will get a fixed price of \$24,000 per mineral acre for mineral rights between month 6 and year 25. This 25 year valuation should have an escalation clause based on the actual value of mineral rights at the time, inflation and more. Erie is losing money here.
7. The agreement puts the title clean-up costs on the Town and SM Energy is not in default if there are title issues. That is a big financial give by the Town in this potential deal.
8. It appears that Parkdale Development may pursue legal options related to property that would be transferred to the Town of Erie. It also appears that the Town must take title to this property. What are the financial impacts related to this disclosure – it appears that this would be a financial burden for Erie taxpayers as part of this deal.

The Contract to Exchange Real Property and Mineral Rights:

1. If the Erie Town Council takes any “formal action to object to the Draco Pad” before production begins, SM Energy can terminate this agreement. That’s a big financial and representation issue that limits the voice of Erie residents and the Town of Erie. The Town is not receiving effective compensation and this is an ethical and possibly legal issue.
2. Agrees to pay \$4.5 million which, oddly, is the same amount that would be paid to the Consultant. That payment from SM Energy (Civitas) does not help with any conflicts of interest considerations.
3. The 200% payout puts significant risk on the Town of Erie potentially receiving revenues. This payment pushes Town of Erie potential revenues well into the future – after that trigger is hit. It also is based on an ROI rather than actual revenues, where SM Energy will apply costs prior to meeting this financial hurdle. The agreement should provide more financial certainty for the Town (e.g. based on revenues rather than ROI) and payments should occur much earlier than the process.
4. The Well Abandonment section allows SM Energy several outs and delays. Deadlines are contingent on permits and third-party approvals. SM Energy appears to have automatic extensions to complete this process – even if these delays are from their own third party partners.
5. The 7N Property appears to come with environmental baggage that will be transferred to the Town of Erie. Midstream Facilities on the property where obligations will be transferred to the Town. No bonds or financial assurances from SM Energy required and associated with the potential liabilities.
6. The Town will not have full control of the 7N property. No development or operations (e.g. Park structures) unless it complies with SM Energy setbacks and siting and access rights. It appears that SM Energy has veto power over any municipal projects on the property as well.
7. It appears that the Town loses the road-paving project, future production payments and any structured timelines for well abandonment if SM Energy terminates this agreement. That would include (but not be limited to) any future Town Council voicing or having the Town Staff take action that SM Energy deems in conflict with Draco Pad. Goodness.
8. SM Energy will require the Town to give notice 7 days ahead of time for any site inspection. Apparently irrespective of any potential emergency or spill? The Town is limited in how many times the site can be inspected.
9. The agreement iterates that the Town will not have any extra regulatory, siting, or enforcement authority over the operations. That seems like a broad hand-wave towards the Town losing any power of issues with Draco Pad.

Meredyth Muth

From: Chris Eberhardt <wcfancyfab@gmail.com>
Sent: Tuesday, June 9, 2026 1:47 PM
To: Council Mail
Subject: No Fracking in Boulder

External Email: Do not click links or open attachments unless you recognize the sender and know the content is safe.

Just saw a message on Nextdoor, that you will be voting on June 16th on a plan to sell mineral rights to a company who wants to frack in Erie. When were you going to tell the public so that we might have a say in this matter. We are in extreme drought at the moment and fracking uses large amounts of water we don't have, what's next data centers the public does not need! When the next election comes around I for one will be voting in my interest and the communities interest, it my not be any of you who get my vote.

WC Eberhardt

Taxpayer from SoBo

Sent from my iPad