



October 8th, 2018

RE: ***Ferrari Energy Mineral Sale Process***

Dear Lana Tabor,

Here at Ferrari Energy, we take great pride in guiding all of our clients through the mineral sale process. We realize that these transactions, while very common to us, are not common to most mineral owners. Contrary to most real estate closings, mineral estate closings are quite simple. Below is an outline of the mineral sale process.

Important Note – Title Companies are not involved with mineral estate closings. These transactions only require the buyer and the seller to act.

Sale Process

1. Ferrari will provide a formal offer, consisting of a purchase and sale agreement (PSA) and mineral deed, to the mineral owner.
2. Mineral owner will sign the PSA and have the mineral deed notarized.
3. Mineral owner will mail the signed original PSA and mineral deed back to Ferrari Energy (mineral owner may email/mail copies of the executed documents to expedite the title validation process, however, originals must be provided prior to closing).
4. Once Ferrari Energy receives the executed documents from the mineral owner the Earnest Money will be tendered to the mineral owner within 10 business days (unless otherwise outlined in the PSA).
5. After Ferrari Energy completes the Title Review and Due Diligence process (per the timeline outlined in the PSA) Ferrari shall tender to the mineral owner the final Purchase Price less the Earnest Money sum previously tendered.

While completing the Sale Process, if you could provide Ferrari Energy with a copy of your most recent pay stubs from each oil and gas company, this will provide us with a second confirmation of our title work and potentially allow us to expedite the contractual timeline as noted above.

If there are any additional questions or concerns at any point, please feel free to contact me as I am here to personally walk you through the sale process. I greatly look forward to earning your business and making this transaction as smooth as possible.

Sincerely,

Tom Kruk
Acquisition Landman
Phone: (303) 481-5209
Email: tkruk@ferrarienergy.com



October 8th, 2018

RE: *Purchase of Mineral Interest – Weld County, CO*

See Exhibit “A” attached hereto and made a part hereof

Dear

This letter constitutes an offer, and by your acceptance below, will become a binding agreement, by which Wolfhawk Energy Holdings, LLC, doing business as Ferrari Energy, (“Ferrari”) will purchase all of your interest in all oil, gas and other minerals in the above-referenced lands (the “Mineral Interest”).

Purchase Price. Ferrari offers to purchase your Mineral Interest for **the purchase prices reflected in Exhibit “A”** (the “Purchase Price”). By way of example, one (1) Net Mineral Acre is ownership of oil, gas and other minerals equivalent to 100% in one acre, or 50% in two acres.

Adjustment of Purchase Price. Your Mineral Interest is currently estimated to contain **15.36375 net mineral acres**, which would translate to a total purchase price of Two Hundred Thirty-Five Thousand and 00/100 Dollars (**\$235,000.00**).

If, based on the title examination described below, it is determined that the Mineral Interest owned by you is more or less than 15.36375 net mineral acres, and Ferrari elects to proceed forward with Closing, the Purchase Price shall be adjusted by the corresponding Purchase Price reflected in Exhibit “A”. Each Purchase Price presented on Exhibit “A” is based on the corresponding Estimated Royalty listed in “Exhibit A”. If, based on the title examination described below, it is determined that your actual royalty is higher or lower than the Estimated Royalty, the Purchase Price shall be adjusted proportionately (Purchase Price x Actual Royalty ÷ Estimated Royalty).

Earnest Money. Within 10 business days from Ferrari’s receipt of your acceptance of this offer and receipt of a fully executed and acknowledged Mineral Deed conveying to Ferrari (or its affiliate) your Mineral Interest, Ferrari shall tender to you via company check or wire transfer the sum of **\$5,000.00** as earnest money (the “Earnest Money”). Upon Closing of the purchase by Ferrari of your Mineral Interest, the Earnest Money shall be credited against the Purchase Price to be paid by Ferrari at Closing. If prior to Closing Ferrari elects to terminate this agreement for any reason, you are obligated to refund the Earnest Money to Ferrari, less the sum of \$10.00 which you are entitled to retain as independent consideration for this agreement.

Title Review & Other Due Diligence. Ferrari shall have until the Closing Date (as hereinafter defined) to conduct the title and feasibility due diligence on the Mineral Interest. Should Ferrari discover any title defect, and such defect cannot be cured to the satisfaction of Ferrari, in its sole judgment, or the parties cannot agree to an adjustment of the Purchase Price based on such title defect, then Ferrari shall have the right to extend the Closing Date forty-five (45) business days from the original Closing Date while it attempts to cure defects or terminate this agreement in its entirety, in which case you shall be obligated to promptly return the Earnest Money (less the \$10.00 which you are entitled to keep as independent consideration) to Ferrari and Ferrari shall return to you the Mineral Deed or if such Mineral Deed has already been recorded in accordance with the provisions hereof, deliver you a Mineral Deed reassigning ownership of the Mineral Interest back to you as set forth below.

Recordation of the Mineral Deed Prior to Closing. Upon receipt of the Mineral Deed, Ferrari may, at its option, record the Mineral Deed to ensure that there are no intervening claims as to your ownership of the Mineral Interest prior to Closing. If Ferrari elects to so record the Mineral Deed and this agreement is terminated for any reason prior to Closing, upon receipt back from you of the Earnest Money (less the \$10.00 independent consideration), Ferrari shall deliver to you a Mineral Deed conveying the Mineral Interest back to you, free of any encumbrances placed on such Mineral Interest by Ferrari.

Closing. The Closing of the purchase and sale of your Mineral Interest as contemplated by this agreement shall take place on a date selected by Ferrari which is on or before forty-five (45) business days from Ferrari’s receipt of this letter offer signed by you accompanied by a signed and acknowledged Mineral Deed. Should Ferrari discover a title defect, in its sole judgment, then Ferrari shall have the right to extend, without notice, the Closing Date an additional forty-five (45) business days from the original Closing Date while it attempts to cure said defect (the date that Closing occurs being the “Closing Date”). At Closing Ferrari shall pay to you the full Purchase Price via wire transfer or check, less any credits for amounts previously paid pursuant to the terms herein. In the event that Ferrari fails to close within such 45-business day period (or within the 45-business day period plus the forty-five (45) business day extension or other such period as agreed to by the parties), such failure shall constitute an election of Ferrari not to proceed to Closing and after receipt back from you of the Earnest Money (less the \$10 independent consideration), Ferrari shall return the original Mineral Deed or deliver you a Mineral Deed reassigning ownership of the Mineral Interest back to you as provided above.



Other Provisions. All revenue payments, bonus payments, delay rentals, shut-in royalties and production royalties, attributable to the herein acquired interest received by and up to the date this PSA is executed will be retained by seller; received being defined as having payment in hand. By your acceptance hereof, you agree not to solicit any other offers for the Mineral Interest and not to sell, convey or encumber any portion of the Mineral Interest in any way whatsoever prior to the Closing. The offer to purchase your Mineral Interest shall be valid until 5:00 PM MDT on October 15th, 2018 and is subject to withdrawal at any time prior to acceptance. This letter offer, when accepted by you, shall be governed by Colorado law and may not be amended without the consent of both parties hereto. Should you default in any of your obligations under this agreement, including without limitation, failing to return any monies when due, then Ferrari may recover its expenses, including reasonable attorney's fees, in connection with any action to enforce its rights related thereto.

If the terms contained in this offer are acceptable, please indicate your acceptance by signing and dating this letter below and return to Ferrari Energy, 999 18th Street, Suite 1650S, Denver, CO 80202 together with the signed and notarized Mineral Deed.

Sincerely,

Tom Kruk
Acquisition Landman
Phone: (303) 481-5209
Email: tkruk@ferrarienergy.com

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 201_.

Mineral Interest Owner(s): Harold Lee Johnson

BY: Lana Tabor
ITS: Power of Attorney



Exhibit "A"

Attached to and made a part of that certain Purchase & Sale Agreement dated October 8th, 2018 by and between , as Grantor and **Wolfhawk Energy Holdings, LLC**, as Grantee.

Legal Description(s):

<u>Township, Range, Section, Quarter Section</u>	<u>\$/NMA</u>	<u>Royalty</u>	<u>NMA</u>	<u>Total Purchase Price</u>
<u>Township 5 North, Range 65 West, 6th PM Section 12: SW4</u>	\$22,203.00	12.50%	8.48875	\$188,475.72
<u>Township 5 North, Range 65 West, 6th PM Section 11: SE4</u>	\$15,212.95	12.50%	1.875	\$28,524.28
<u>Township 6 North, Range 66 West, 6th PM Section 34: SE4</u>	\$3,600.00	12.50%	5.00	\$18,000.00

End of Exhibit "A"

