



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman St. Room 215
Denver, CO 80203

October 31, 2017

Paul Caponigro
Exxon Mobil Corporation
Wellness 3, 2B.481
22777 Springwoods Village Pkwy
Spring, TX 77389

**Re: Colony Shale Oil Project, Permit No. M-1980-047, Financial Warranty Reduction Approval,
Revision No. SR-1**

Mr. Caponigro:

On October 31, 2017 the Division of Reclamation, Mining and Safety (Division) approved your request for a Financial Warranty Reduction to \$9,500,000.00. This is a reduction of \$20,500,000.00. This decision reduces the amount of the financial warranty, and does not approve any release of reclamation responsibility for the tasks associated with this request.

Please provide a rider to the current Financial Warranty, or submit a new Financial Warranty reflecting this reduction. If you wish to submit a different type of Financial Warranty, please contact our office for the applicable form. Please see enclosed *Financial Warranty Credit Rating Test and Certification of Net Worth* form and the *Documentation of Legal Authority to Execute Financial Warranty Documents* form.

If you have any questions, please contact me at the Division's Grand Junction Field Office located at 101 South 3rd, Suite 301, Grand Junction, Colorado 81507 or at 970-241-2042.

Sincerely,

Travis Marshall
Environmental Protection Specialist

Enclosure(s): Financial Warranty and Documentation of Legal Authority forms

cc: Barbara J. Coria, Division of Reclamation, Mining and Safety

M-FW-13





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FINANCIAL WARRANTY

CREDIT RATING TEST AND CERTIFICATION OF NET WORTH

Operator: Exxon Mobil Corporation

Operation: Colony Shale Oil Project

Permit No.: M-1980-047

This form has been approved by the Mined Land Reclamation Board pursuant to sections 34-32-117, C.R.S., of the Mined Land Reclamation Act and 34-32.5-117, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials. Any alteration or modification of this form, without approval by the Board shall result in the financial warranty being invalid and result in the voiding of any permit issued in conjunction with such invalid financial warranty and subject the operator to cease and desist orders and civil penalties for operating without a permit pursuant to sections 34-32-123, C.R.S., of the Mined Land Reclamation Act and 34-32.5-123, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials.

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS the Colorado Mined Land Reclamation Act C.R.S. 1973, 34-32-101 et seq. (the "Act") as amended, provides that no permit may be issued under the Act until the Mined Land Reclamation Board (the "Board") receives a Financial Warranty (or warranties) as described in the Act.

WHEREAS, Exxon Mobil Corporation, (the "Operator"), a New Jersey corporation has applied for a permit to conduct a mining operation known as Colony Shale Oil Project (the "Operation"), on certain lands in Garfield County, Colorado. These lands are described in the permit application, as amended and supplemented, and are referred to herein as the "Affected Lands";



WHEREAS, as part of the application for the permit, the Operator has agreed to be bound by all requirements of the Act and all applicable rules and regulations of the Board as amended from time to time;

WHEREAS, in its application for the permit, the Operator has agreed with the State to provide for reclamation of the Affected Lands that are now, or may become, subject to the Permit as required by law;

WHEREAS, the Board has determined, in accordance with the Act, that the estimated costs of reclamation of the Affected Lands are Nine Million, Five Hundred Thousand
dollars (\$ 9,500,000.00)
which may be amended from time to time to reflect revised estimates of said costs of reclamation;

WHEREAS, the Operator, in accordance with the Act, has promised and hereby promises the Board that it will be responsible for all of the estimated costs of reclamation with regard to the Affected Lands;

WHEREAS, the Board has determined that the individual Financial Warranty by the Operator equals the estimated costs of reclamation, as approved by the Board, with regard to the Affected Lands;

WHEREAS, as proof of its financial responsibility, the Operator has proceeded pursuant to Section 34-32-117(3)(f)(VI)(A)(B)(C) of the Act and has submitted a certified financial statement for its most recent fiscal year, which is attached hereto as Exhibit A, and a certification by an independent auditor, attached hereto as Exhibit B, that the Operator is the issuer of one or more currently outstanding senior credit obligations that have been rated by a nationally-recognized rating organization; said obligations enjoy a rating of "A" or better; and at the close of the Operator's most recent fiscal year, its net worth was equal to or greater than two times the amount of all financial warranties provided by the Operator;

NOW, THEREFORE, the Operator is held hereby firmly unto the State of Colorado in the amount of those sums as set forth herein, until this Financial Warranty is amended or released in accordance with applicable law.

The Board may, for good cause shown, increase or decrease the amount and duration of the Financial Warranty. The Operator shall have sixty (60) days after the date of the notice of any such adjustment to fulfill all new requirements.

The Operator shall notify the Board within sixty (60) days of any net loss incurred in any quarterly period and shall notify the Board immediately of any event which may impair this Financial Warranty. If the Board receives such notice or otherwise has reason to believe that this Financial Warranty has been materially impaired, it may convene a hearing in accordance with the Act for the purpose of determining whether impairment has occurred.

As long as this Financial Warranty shall remain in effect, the Operator shall annually file with the Board a certification by an independent auditor that, as of the close of the Operator's most recent fiscal year, the Operator continued to meet all the applicable requirements of Section 34-32-117(3)(f)(VI)(A)(B)(C) of the Act. If the Operator no longer meets said requirements and/or Board approval, then the Operator shall file an alternate form of financial warranty with the Board.

The obligation of the Operator shall continue until the Board has released this Financial Warranty or has ordered it forfeited in accordance with applicable provisions of the Act. It is understood that a period of years may necessarily be required before determination can be made that reclamation of the affected lands has been satisfactorily completed. It is also recognized that, as reclamation is accomplished, the amount of this Financial Warranty may be reduced with the approval of the Board, so that it reflects the then-current estimated costs of the remaining reclamation of the Affected Lands. No revision, extension or removal of the Permit or of the time allowed to complete reclamation shall diminish the Operator's obligation under this Financial Warranty.

In any single year during the life of the Permit, the amount of the Financial Warranty shall not exceed the estimated cost of fully reclaiming all lands to be affected in said year, plus all lands affected in previous permit years and not yet fully reclaimed. Reclamation costs shall be computed with reference to current reclamation costs.

The amount of this Financial Warranty is based upon estimates as to the cost of reclamation, and does not operate to liquidate, limit, enlarge, or restrict the Operator's obligations to complete the reclamation, even though the actual costs thereof may substantially exceed the amount of this Financial Warranty.

This Financial Warranty shall be subject to forfeiture whenever the Board determines that any one or more of the following circumstances exist:

1. A cease and desist order entered pursuant to Section 34-32-124 of the Act has been violated, and the corrective action proposed in such order has not been completed, although ample time to have done so has elapsed; or
2. The Operator is in default under its performance warranty, and such default has not been cured, although written notice and ample time to cure such default have been given; or
3. The Operator has failed to maintain its financial warranty in good-standing as required by the Act; or
4. The Operator no longer has the financial ability to carry out its obligations in accordance with the Act.

The Operator utilizing this Financial Warranty shall pay an annual fee to the Division of Reclamation, Mining and Safety (the "Division"), in an amount to be determined by the Board or the Division sufficient to defray the actual cost to the Division of establishing and reviewing this Financial Warranty.

The description of lands in the permit application is for convenience of reference only, and no error in such description, or any revision of the permitted mining area, nor the disturbance by the Operator of lands outside of the permitted mining area shall alter or diminish the obligations of the Operator hereunder, which shall extend to the reclamation of all such lands disturbed.

This Financial Warranty may be executed in multiple copies, each of which shall be treated as an original, but together they constitute only one agreement, the validity and interpretation of which shall be governed by the laws of the State of Colorado.

The provisions hereof shall bind and inure to the benefit of the parties hereto and their successors and assigns.

SIGNED, SEALED AND DATED this _____ day of _____, _____.

(SEAL)

Operator

By: _____

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____ as _____ of _____.

NOTARY PUBLIC

My Commission expires: _____

APPROVED:
State of Colorado
Mined Land Reclamation Board
Division of Reclamation, Mining and Safety

By: _____ Date: _____
Division Director

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Documentation of Legal Authority to Execute Financial Warranty Documents

The Colorado Mined Land Reclamation Board ("Board") has adopted the attached Affidavit of Authority to Execute Financial Warranty Documents pursuant to the Mined Land Reclamation Act (C.R.S. § 34-32-101 et. seq.) and the Land Reclamation Act for the Extraction of Construction Materials (C.R.S. § 34-32.5-101 et. seq.). The Board and the Division of Reclamation Mining and Safety ("Division") have determined that, in order to carry out the financial warranty requirements set forth in C.R.S. §§ 34-32-117 and 34-32.5-117 with reasonable diligence, it is prudent to verify the legal authority of the individual signing all necessary documents.

Accordingly, you must provide confirmation of the legal authority of the individual signing all Financial Warranty Documents to the Division. You may do so either by submitting a resolution of the decision-making body of your company that authorizes an individual to sign the Financial Warranty Documents on the company's behalf, or by completing and notarizing the attached affidavit. The Division reserves the right to require the attached affidavit in all circumstances. Please note that if you are a sole proprietor who is executing documents on your own behalf, documentation of legal authority is unnecessary.



Affidavit of Authority to Execute Financial Warranty Documents

Before me this day, the undersigned _____ [name of authorized person], in his/her capacity as _____ [title of authorized person] ("Affiant"), personally appeared and, being first duly sworn upon oath said:

1. This affidavit is being executed and submitted on behalf of Exxon Mobil Corporation [name of business organization], a(n) Corporation [legal form of business organization, *e.g.*, corporation, partnership, limited liability company, etc.], in good standing in the State of Colorado (the "Company").
2. It is in the interest of the Company to execute certain financial warranty documents associated with file number M-1980-047 (DRMS file number), which are required by the Colorado Mined Land Reclamation Board and Division of Reclamation Mining and Safety pursuant to Colorado law ("Financial Warranty Documents").
3. Affiant is duly authorized to sign such Financial Warranty Documents on behalf of the Company and to bind the Company to the same.
4. Affiant is not prohibited or limited by the Company's governing documents or by any applicable law from executing the Financial Warranty Documents.
5. Affiant will inform the Division of Reclamation Mining and Safety within thirty (30) days in the event that his/her authorization to execute Financial Warranty Documents on the Company's behalf is terminated.

Further, Affiant sayeth not.

Affiant's Name

Signature

STATE OF _____)
_____) ss.:
COUNTY OF _____)
_____)

The foregoing instrument was acknowledged before me this _____ day of _____, _____,
by _____ as _____ of Exxon Mobil Corporation.

Notary Public

My Commission Expires _____
