



# TRACT CERTIFICATION & MINERAL OWNERSHIP REPORT

**Prepared By:** Kevin Funk  
**Date Prepared:** February 10, 2016

**County:** Elbert County, CO  
**Tract:** W/2, SW/4SE/4 S14 & ALL S15, T7S, R65W  
**Surface Parcel:** 75-1420000.1, 75-1430000.2

**CERTIFICATION:**

Orange Energy Corporation assumes no liability or responsibility for errors and/or omissions in the County records it has researched in preparation of the Mineral Ownership Report. Orange Energy Corporation has reviewed the records of the County Recorder, District Clerk, Probate Clerk and Tax Records of Elbert County, Colorado, and interprets the parcel information and ownership to as described herein.

**THE FOLLOWING HAS BEEN INCLUDED IN THE FINAL FILE:**

1. Mineral Ownership Report
2. Well and Production Information

**I. SURFACE ESTATE**

OWNER	INTEREST	NMA
Bluegreen Investments, LLC	1.00000000	1,119.500000
<b>TOTAL</b>	<b>1.00000000</b>	<b>1,119.500000</b>

**II. OIL AND GAS MINERAL ESTATE**

OWNER	INTEREST	NMA
The Johnson Group, Inc	1.00000000	1,119.500000
<b>TOTAL</b>	<b>1.00000000</b>	<b>1,119.500000</b>

**III. OIL AND GAS LEASEHOLD CALCULATIONS**

OWNER	WORKING INTEREST	NET REVENUE INTEREST	SOURCE
<b>A.) LEASEHOLD</b>			
None			
<b>B.) ROYALTY INTEREST</b>			
None			
<b>C.) OVERRIDING ROYALTY</b>			
None			
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	

**IV. OIL AND GAS LEASE DESCRIPTIONS**

<b>L1 – Rec. 519011</b>	<b>PAID-UP OIL AND GAS LEASE</b>
<b>Date Executed:</b>	April 8, 2011
<b>Date Filed:</b>	June 9, 2011
<b>Date of Record:</b>	March 29, 2011
<b>Lessor:</b>	The Johnson Group, Inc.
<b>Lessee:</b>	Chesapeake Exploration, LLC
<b>Acres:</b>	1,000.00, more or less (1,119.5 actual per Elbert County Assessor)
<b>Land Description:</b>	Township 7 South, Range 65 West, 6 <sup>th</sup> PM Section 14: W/2, SW/4SE/4 Section 15: ALL
<b>Source Deed:</b>	<a href="#">Rec. 517422</a>
<b>Interest Covered:</b>	*An undivided 100.000000% mineral interest in the subject lands

<b>Primary Term:</b>	3 Years
<b>Option Term:</b>	Yes, 2 Years
<b>Royalty Interest:</b>	20.000000%
<b>Delay Rentals:</b>	None, Paid Up Lease
<b>Shut-In Royalties:</b>	\$1.00 per acre of land, per year after 90 days of shut-in
<b>Pool Provisions:</b>	Yes
<b>Warranty:</b>	Yes

\*Partially assigned at [Rec. 532302](#)

#### V. SURFACE ESTATE VESTING DOCUMENTS

<b>M1 – Rec. 547656</b>	Friendly Valley, LLC, to Bluegreen Investments, LLC, on 12/22/2014.
<b>M2 – Rec. 547814</b>	Timber Ridge, LLC, to Bluegreen Investments, LLC, on 12/22/2014.

#### VI. MINERAL ESTATE VESTING DOCUMENTS

<b>M1 – Rec. 517422</b>	Timber Ridge, LLC, to The Johnson Group, Inc., on 3/18/2011
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#### VII. CURRENT OIL AND GAS ASSIGNMENTS OF RECORD

<b>A1 – Rec. 532302</b>	Assignment, Bill of Sale, and Conveyance	Chesapeake Exploration, LLC, to OOGC America, LLC.
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#### VIII. HBP / PRODUCTION

<b>Well Name:</b>	None.
<b>API:</b>	None.
<b>Spud Date:</b>	None.

#### IX. TAX LIENS AND/OR JUDGMENTS

<b>According to the County Auditor's and Treasurer's Office, Annual Taxes are:</b> \$2,267.72
<b>The estimated balance due now is:</b> \$2,267.72
<b>Judgements:</b> None found

#### X. TITLE NOTES

<p>1. As this report reflects, the surface and mineral estates in the subject lands were severed by Timber Ridge, LLC via a certain Quit Claim Deed recorded at Rec. 517422 between Timber Ridge, LLC, and The Johnson Group Inc. For the purpose of your acquisition, unless The Johnson Group, Inc. is a named party in the Purchase and Sale Agreement, record title in the subject lands would need to be conveyed to Bluegreen Investments, LLC, prior to the transaction. Otherwise, the mineral rights under the subject lands would not be encompassed in any interest transfer between Bluegreen Investments, LLC, and Craft Companies, LLC, or its subsidiaries.</p>
<p>2. On April 8, 2011, an Oil and Gas Lease was executed between the Johnson Group, Inc., and Chesapeake Exploration, LLC. The lease covers a primary term of three years from March 29, 2011, to March 28, 2014. However, the provisions within the lease allow for a two-year extension of the primary term at the discretion of Chesapeake Exploration, LLC on or before the original expiration date of March 28, 2014. While there is no evidence of an extension taking place in the Elbert County public records, there is a possibility that consideration was tendered to the Johnson Group, Inc., and the lease would be active until March 28, 2016. Should this be the case, Chesapeake and it's partner OOGC America, LLC, would have a controlling working interest in the mineral estate under the captioned lands until the 2016 expiration date (unless a well were drilled and completed prior to that date – which is highly unlikely). <i>In an abundance of caution</i>, a Release of Oil and Gas Lease should be obtained and recorded from Chesapeake Exploration to properly release any notion of the lease being active and relinquish any rights Chesapeake or OOGC have under the captioned lands.</p>