

Subject to Definitive Documentation

**TERM SHEET
FOR PROPOSED SALE OF ASSETS BY ROCKIES REGION 2006 LIMITED
PARTNERSHIP AND ROCKIES REGION 2007 LIMITED PARTNERSHIP**

October 30, 2018

This term sheet (the “Term Sheet”) describes certain of the principal terms of a proposed transaction (the “Transaction”) for the sale of substantially all of the assets (the “Purchased Assets”) of Rockies Region 2006 Limited Partnership (“RR06”) and Rockies Region 2007 Limited Partnership (“RR07” and collectively with RR06, the “Debtors” or “Sellers”) to, and the assumption of certain liabilities by, PDC Energy, Inc. (the “Buyer” or “Purchaser”). The transaction shall be effected through chapter 11 filings (the “Chapter 11 Cases”) by the Sellers in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”). The terms contained in this Term Sheet are subject in all respect to the terms of final, definitive documentation (the “Transaction Documents”), and shall be subject to the solicitation and acceptance of higher and/or better offers.

Sellers	Rockies Region 2006 Limited Partnership and Rockies Region 2007 Limited Partnership
Buyer	PDC Energy, Inc.
Proposed Transaction “Milestones”	<p>On or before October 31, 2018, Sellers shall file with the Bankruptcy Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code and such other first day pleadings as may be necessary or appropriate. Within fourteen (14) days thereafter, Sellers shall file with the Bankruptcy Court (i) a Joint Chapter11 Plan (the “<u>Plan</u>”) that implements the transactions contained herein.; (ii) a Disclosure Statement to Accompany the Plan (the “<u>Disclosure Statement</u>”); and (iii) a Motion to Approve Disclosure Statement, all of which shall be reasonably acceptable to Purchaser in form and substance.</p> <p>The Bankruptcy Court shall have entered an order approving the Disclosure Statement (the “<u>Disclosure Statement Order</u>”) no later than forty-five (45) days following the date the Disclosure Statement is filed (subject to the Bankruptcy Court’s calendar).</p> <p>The Bankruptcy Court shall have entered an order confirming the Plan (the “<u>Confirmation Order</u>”) within ninety (90) days of the date the Plan is filed (subject to the Bankruptcy Court’s calendar).</p> <p>The effective date of the Plan shall occur within fifteen (15) days after entry of the Confirmation Order</p>

Purchase Price	Purchaser shall pay (i) \$304,000 for the oil and gas properties of RR06; and (ii) \$458,000 for the oil and gas properties of RR07 (the “ <u>Cash Consideration</u> ”), and Purchaser shall also assume all plugging and abandonment liability (the “ <u>P&A Liability</u> ”) and certain other liabilities associated with the Purchased Assets as set forth below (together, the assumption of the P&A Liability with the Cash Consideration the “ <u>Purchase Price</u> ”). PDC agrees to waive any recovery on account of its limited and general partnership interests in each Debtor with respect to the Cash Consideration.
Purchased Assets	<p>The Purchased Assets shall include all of the Debtors’ right, title, and interest in and to all of their respective properties, including but not limited to:</p> <p><i>Oil and Gas Interests.</i> All of the Debtors’ right, title, and interest in and to all of their respective oil and gas properties, including any leases, wells or other real or personal property associated with the operation of such leases and wells.</p> <p><i>Contracts.</i> All of the interests, rights, claims, and benefits arising or accruing to any of Debtors under any contract (including any lease) to which a Debtor is a party or has or may acquire a benefit and that relate to the Purchased Assets (the “<u>Assigned Contracts</u>”), with such Assigned Contracts to be identified in the Transaction Documents.</p>
Assumed Liabilities	Purchaser will assume all liabilities associated with the Purchased Assets, including but not limited to the P&A Liability and environmental liability (collectively, the “ <u>Assumed Liabilities</u> ”). Purchaser estimates the P&A Liability to be \$1,656,000 for RR06 and \$1,879,000 for RR07. The Cash Consideration is what Purchaser estimates the value of the assets to be without accounting for P&A Liability. Additionally, RR06 currently owes Purchaser approximately \$1,350,000 for expenses not reimbursed by RR06. Purchaser will reduce this claim by \$600,000 to \$750,000, with such claim being paid as a general unsecured claim under the Plan (the “ <u>Forgiven Debt</u> ”).
Releases	<p>In consideration for payment of the Purchase Price and assumption of the Assumed Liabilities by Buyer, Sellers shall cause the Plan to contain provision for a mutual release by Sellers in favor of Buyer and by Buyer in favor of Sellers on terms mutually acceptable to the Parties.</p> <p>Additionally, Sellers shall include a provision in the plan pursuant to which all limited partners in the Debtors will release any and all claims against Buyer for their pro rata share of (i) \$2,360,000 for limited partners in RR06;</p>

	<p>and (ii) \$2,920,000 for limited partners in RR07 Limited Partnership (collectively, the “<u>Settlement Payment</u>”).¹</p> <p>Each limited partner will have the ability to opt out of the release. Opting out of the release will result in a limited partner’s <i>pro rata</i> share of the Settlement Amount being redistributed to limited partners who have not opted out of the releases.</p> <p>Purchaser will waive its right to any recovery under the Plan on account of the Settlement Amount.</p>
<p>Total Value of the Offer</p>	<p>The total value of the above offer, accounting for the Cash Consideration, the Assumed Liabilities, the Settlement Payment and the Forgiven Debt, and not including the additional value being provided through the Administrative Reserve (discussed below) is no less than \$4,920,000 for RR06 and \$5,257,000 for RR07.</p>
<p>Administrative Costs of Chapter 11 Cases</p>	<p>In addition to the other consideration, terms and conditions set forth herein, Purchaser shall fund the administrative costs of the Debtors’ chapter 11 cases, in accordance with the attached Schedule A (the “<u>Administrative Reserve</u>”); <i>provided, however</i>, none of such funds may be used to pay or reimburse fees, costs, expenses incurred in connection with actions that (i) oppose the transactions set forth herein, or (ii) are adverse to or otherwise challenge Purchaser’s legal or equitable rights or interests. Notwithstanding funding of the Administrative Reserve, Purchaser shall retain the right to contest any motion or application for approval of an administrative expense.</p>
<p>Termination Provisions</p>	<p>The Parties will have the right to terminate any agreement ultimately reached as follows:</p> <ul style="list-style-type: none"> • <i>Mutual Consent.</i> Buyer and Sellers may terminate this Agreement as to all Parties by mutual written consent. • <i>By Buyer.</i> If the Milestones set forth herein are not met. • <i>By Sellers.</i> In the exercise of their fiduciary duties as debtors in possession if, <i>inter alia</i>, a higher and/or better offer for the Purchased Assets is received.

¹ The Settlement Payment equates to \$2,000 per acre.

Schedule A to Term Sheet

RR 06 and 07 – Projected Administrative Reserve

PDC will fund an administrative reserve of up to \$3 million (exclusive of U.S. Trustee fees) (the “Administrative Reserve”) for the payment of administrative expenses of the Debtors’ chapter 11 cases, which includes the fees of any estate retained professionals. The Responsible Party’s incentive fee will be deducted from the net proceeds of the Purchase Price and Settlement Payment, as applicable. PDC shall also agree to fund U.S. Trustee fees pursuant to 28 U.S.C. § 1930 to the extent the Administrative Reserve, after paying all other administrative expenses, is not sufficient to satisfy the same. Notwithstanding the funding of the Administrative Reserve, PDC’s rights to object to fee applications submitted by court-retained professionals, and any other request for payment of an administrative expense, are expressly reserved and preserved.