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September 22, 2014

State of Colorado, Oil & Gas Conservation Commission
Attn: Matt Lepore
1120 Lincoln Street, Suite 801
Denver, CO 80203

Re: **Letter to the Director, Rule 318A.m.**
Hankins 20M-203
NWNE, Section 20, T5N, R67W
Weld County, Colorado

Dear Director:

Per rule 318A.m., PDC Energy, Inc. ("PDC") is requesting an exception to the rule for the above-captioned well. The proposed well will be less than 150' to Croissant 23-20 (API # 123-27363, SESW), which is located in Section 20 T5N R67W and operated by KMG. Waiver from the operator of the offset well(s) is attached.

Proposed Anti-Collision Mitigation BMP:

Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.

Due to the reasons above, PDC respectfully requests that you approve this request. If you have any questions, please contact the undersigned at 303-860-5800 or at liz.lindow@pdce.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Liz Lindow", written over the word "Sincerely,".

Liz Lindow
Regulatory Analyst
PDC Energy, Inc.

318.A.m GWA Minimum Intrawell Distance Variance Waiver

PDC Energy, Inc. as Operator of the following subject wells:

Hankins 20M-203, Hankins 20M-323 to be located in NWNE, Section 20 T5N R67W:

Hereby requests a GWA Minimum Intrawell Distance waiver from Kerr-McGee Oil & Gas Onshore LP., the offset operator of the following wells that are estimated to be closer than 150' to the subject well.

Croissant 23-20 (API #123-27363, SESW) and Croissant (Farmoil) 2 (AP I#123-11772, SWSE) which is located in Section 20 T5N R67W

Prusuant to the following Colorado Oil and Gas Conservation Commission ("COGCC") Rule 318.A.m.:

Minimum intrawell distance. No horizontal wellbore lateral shall be located less than one hundred fifty (150) feet from any existing or permitted oil or gas wellbore as illustrated in the directional survey for drilled wellbores or as illustrated in the deviated drilling plan for permitted wellbores or as otherwise reflected in the COGCC well records. This requirement may be waived in writing by the operator of the encroached upon well.

The following BMP will be applied to the permit: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.

As the offset operator or a designated representative thereof, I understand that the subject well will be potentially drilled within 150' of the offset wells listed above. I hereby give my consent for PDC to drill the subject well.

OPERATOR: Kerr-McGee Oil & Gas Onshore LP

Michelle L. Burnham
Signature

9/15/2014
Date

Michelle L. Burnham Sr. Resv. Engr.
Name, Title