



October 17, 2016

Mr. Matt Lepore  
Director  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203

Re: 502.b. Variance, Freshwater Pit Use and Reclamation  
Document # 400985708

Director Lepore:

Pursuant to Rule 502.b., Carrizo (Niobrara) LLC ("Carrizo") requests a variance from certain regulatory requirements for the existing freshwater pit (the "Pit") at the following location (the "Location"):

Orlando Hill 26-44-8-61 Pit ID 431611, SESE, Sec 26, T 8N, R 61W

Attached is a Form 4 Sundry Notice, which the Commission may use to approve this variance request.

Carrizo requests a variance from Rules 902.e. and 1003.a., b., and d. and any limitation on using the Pit for more than three (3) years so that Carrizo may continue to use and need not reclaim the Pit for a period of five (5) years from the date of this request. Currently, there is one producing well at the Location, and Carrizo plans to use the Pit to drill and complete additional wells there. However, the subsequent drilling and completions activities will likely not occur for up to five years. Rules 1003.a., b., and d. collectively require the Pit to be closed and reclaimed within six months after drilling and completion activities conclude if subsequent drilling operations will not commence within 12 months. The regulatory definition of "multi-well pits" limits their use to three years. These rules would require Carrizo to drain and backfill the Pit, dispose of the resulting fluids, and attempt to restore the original land contours. Then, in a few years, Carrizo would need to construct and fill a new pit at the Location to drill and complete the additional wells. Once the additional wells are drilled and completed, Carrizo would need to drain and backfill the new pit, dispose of those fluids, and restore the land contours for a second time. This would effectively triple the amount of construction activity and fluid transport at the Location during the next five years, significantly increase the level of truck traffic, noise, dust, and other environmental impacts associated with such work, and force Carrizo to incur additional costs associated with the second round of pit closure and reclamation and the new round of pit construction.

To ensure adequate protection of public health, safety, and welfare, and the environment Carrizo has completed and will undertake the following actions:

Site Security: The Location is relatively remote from human activity, and there is no history of unauthorized dumping. In addition, the Pit is secured by having a fence around the Pit area with a cattle guard at the entrance. The Location is also visited approximately daily by Carrizo's pumper and he will observe the Pit for any unauthorized activity.

Wildlife Protection: The Pit is not located in a sensitive wildlife area, and it has no known history of wildlife use. As noted, the Pit is fenced, which should prevent wildlife or livestock from entering the area, and it is visited approximately daily by Carrizo's pumper, who will report any wildlife or livestock entrapment. Additionally, the Pit contains only freshwater, which should not pose a risk to waterfowl or migratory birds.

Weed Management and Trash: Carrizo will continue to comply with Rule 1003.f. regarding weed management by a) spraying for weeds in the spring and as needed and b) having pumpers notify foreman and/or superintendent of any weed issues. In addition, the pumpers will observe the Pit for any floating trash or debris when they visit the

Location. Any debris will be removed by the pumpers when possible or notification will be given to the foreman and/or superintendent for a 3<sup>rd</sup> party to remove the debris.

Other: Carrizo will routinely inspect the Pit for releases, and to conduct general housekeeping. Also, Carrizo will continue to comply with Rule 1002.f. regarding stormwater management at the Pit and the Location by a) following our stormwater management plan (table of contents attached), b) having our pumpers notify the foreman and/or superintendent of any erosion issues after a precipitation event, c) having a 3<sup>rd</sup> party perform inspections and remediate or notify Carrizo of any erosion identified, and d) having monthly reports from the 3<sup>rd</sup> party sent to Carrizo to ensure that nay compliance or issues have been addressed.

The attached exhibits provide documentation of these activities. Carrizo also will undertake any other necessary measures that it determines in good faith are necessary to protect the public health, safety, welfare, and the environment.

The surface owner(s), Anna Hill, understands and has agreed to this extension as evidenced in the Interim Reclamation Agreement that is attached to the Form 4 filing.

As further assurance that it will complete the obligations listed above, Carrizo is proposing to submit additional financial assurance to the Colorado Oil and Gas Conservation Commission that would cover cost of conducting reclamation of the Pit. A detailed description of the Pit and a reclamation cost estimate is attached on the Form 4.

Please let us know if any additional information is needed to approve this request for a variance from Rules 902.e. and 1003a., b., and d. and any limitation on using the Pit for more than three years so that Carrizo may continue to use and need not reclaim the Pit for a period of three (3) years from the date of this request..

Best regards,



Scott H. Hudson

Vice President of Drilling and Completions