

February 28, 2017

State of Colorado Oil and Gas Conservation Commission
Atten: Margaret Ash, Field Inspection Unit Manager
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Notices of Violation (Nos. 401201222, 401201229, 401201207, 401201230, 401201232)

Ms. Ash:

The intent of this correspondence is to confirm receipt of the Notices of Alleged Violation indicated above, to explain the unfortunate situation that led to the oversight, provide our assurances that resolution of these matters is a company priority, and to provide a plan forward.

Petroglyph Operating Company, Inc. (POCI) is a contract operator for its affiliate III Exploration II LP (IIIX) which owns all our oil & gas assets. POCI is a wholly owned subsidiary of Petroglyph Energy Inc. which is the General Partner of IIIX. In July 2016, IIIX filed bankruptcy in Utah and is currently in the final stages of liquidating all its oil and gas assets. Managing through a hectic bankruptcy/liquidation process with significantly reduced staff unfortunately resulted in the required actions referred to in the subject NOAVs falling through the cracks. We also failed to timely and effectively communicate with your department.

Although POCI did not file bankruptcy, it will eventually be dissolved after fulfilling its existing obligations as operator of record. Well-site reclamation in the Raton Basin is the largest of these existing obligation and therefore has become a top priority. We look forward to working with your department in a responsible manner to attain a successful and timely completion of the Raton Basin reclamation activities. We are also committed to improving communication with your department throughout the process.

Several of the notices concern areas of erosion and weed control. As background, last year and the year prior, Petroglyph hired a third-party environmental contractor to inventory the entire field to analyze its current state with regard to vegetation, erosion and any other items of reclamation. The resulting analysis indicates a path forward, and has assisted us in setting our plan-of-attack for reseeding and weed control. Over the past two years, the contractor performed weed-control and reseeding activities throughout the field, with some positive results. While their analysis and report did not result in an actual Weed Management Plan per se, that document is currently under development using their inputs and will be forwarded to the COGCC by **April 1**.

With regard to erosion control, we are currently evaluating snow cover and accessibility to determine the best method to proceed with resolving the violation notices in an expedited manner.

PETROGLYPH OPERATING COMPANY, INC.

We sincerely apologize for dropping the ball on the well site reclamation actions identified by the inspector last fall and certainly meant no disrespect to the department. I'm available to meet in person this or next month to discuss our plan to resolve the noticed items and all other well site reclamation obligations. Specifically to discuss what progress/actions are necessary to halt any penalty.

Best Regards,

A handwritten signature in black ink, appearing to read 'Nicole Colby', with a long horizontal flourish extending to the right.

Nicole Colby

Manager, Land & Regulatory Compliance