



Palser Land Co.
c/o Josh Wells, President
36393 County Road 41
Otis, CO 80743
970-554-1304

June 2, 2018

Re: Jack Creek 1 well located in the
NE/4 Sec. 4-Township 2 South, Range 51 West, 6th P.M.

Dear Mr. Wells,

IPT is handling permitting matters for St. Croix Operating, Inc. As you are aware, the proposed Jack Creek #1 location falls within 1000' of the Building Unit (house) on your property. St. Croix proposes to use a Drilling Cuttings Pit to drill the subject well per Colorado Oil and Gas Conservation Commission regulations governing the construction and reclamation of such pits. COGCC Rules for oil well locations within a Buffer Zone, which is defined as 1000' or less from a Building Unit, preclude using a Drilling Cuttings Pit and also require that St. Croix use noise abatement for sound concerns related to drilling rig operations.

We have summarized the applicable COGCC Rules below. With this letter St. Croix Operating respectfully requests your Waiver of the COGCC Rules stated below as they apply to this location within a Buffer Zone.

COGCC Rule: Drilling Pit [604.c(B)ii]:

B. Closed Loop Drilling Systems – Pit Restrictions.

i. Closed loop drilling systems are required within the Buffer Zone Setback.

ii. Pits are not allowed on Oil and Gas Locations within the Buffer Zone Setback, except fresh water storage pits, reserve pits to drill surface casing, and emergency pits as defined in the 100-Series Rules.

Rule 604.c.(2)A. Noise. Operations involving pipeline or gas facility installation or maintenance, or the use of a drilling rig, are subject to the maximum permissible noise levels for Light Industrial Zones, as measured at the nearest Building Unit. Short-term increases shall be allowable as described in 802.c. Stimulation or re-stimulation operations and Production Facilities are governed by Rule 802.

Rule 802. NOISE ABATEMENT

a. The goal of this rule is to identify noise sources related to oil and gas operations that impact surrounding landowners and to implement cost-effective and technically-feasible mitigation measures to bring oil and gas facilities into compliance with the allowable noise levels identified in subsection c. Operators should be aware that noise control is most effectively addressed at the siting and design phase, especially with respect to centralized compression and other downstream "gas facilities" (see definition in the 100 Series of these rules).

b. Oil and gas operations at any well site, production facility, or gas facility shall comply with the following maximum permissible noise levels. Residential/Agricultural/Rural: 7 am to 7 pm is 55 db(A); 7 pm to 7 am is 50 db(A).

Palser Land Co. hereby states that:

- 1) There is no one currently living in the subject Building Unit;
- 2) There will be no one living in the subject Building Unit while the Jack Creek #1 well is being drilled or completed;
- 3) We understand St. Croix initially permitted the Jack Creek #1 well at a site that was greater than 1000' from the Building Unit on this property but was forced to move the well to its current spot due to lease boundary restrictions;
- 4) We understand there is no other spot on this lease that would be more than 1000' from the Building Unit that meets both the geologic constraints and the lease boundary restrictions;
- 5) We have no objection to St. Croix Operating using a Drilling Cuttings Pit on this location and hereby waive the requirements of Rule 604. We also understand there will be significantly less truck traffic across our land if St. Croix is not required to remove the drill cuttings from this site;
- 6) We have no objection to St. Croix Operating drilling this well at this location without using noise abatement measures such as sound walls. We understand that the noise levels cited in COGCC Rule 802 could be exceeded at the Building Unit located on this site and we have no objection to this.

If you agree with all of the above, please date and sign below and kindly return a scanned copy via email. Please call Andy Peterson with any questions at 970-203-4263.

Respectfully,



Paul Gottlob
IPT Regulatory & Engineering Technician
Consultant to St. Croix Operating, Inc.

Dated this 5th day of JUNE, 2018


Josh Wells, President, Palser Land Co.