

STATE OF  
COLORADO

Trujillo - DNR, Aaron &lt;aaron.trujillo@state.co.us&gt;

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## Follow-up final reclamation inspection

3 messages

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**David Kunovic** <dkunovic@passcreekresources.com>

Mon, May 20, 2019 at 2:36 PM

To: "Trujillo - DNR, Aaron" &lt;aaron.trujillo@state.co.us&gt;, Billy Hataway &lt;bhataway@passcreekresources.com&gt;, Gene Wehrer &lt;gwehrer@passcreekresources.com&gt;

Cc: "denise.arthur@state.co.us" &lt;denise.arthur@state.co.us&gt;

Aaron,

*Regarding document #696200044 (CRONE #4) – The pump base has been removed and the site has been re-contoured. We are working on the weed management at present but this process will take a little time for re-seeding etc. to take hold – we will monitor and advise as necessary. We will file a Field inspection Report Resolution (FIRR) as soon as we see that adequate weed control and reseeding has been successful. As we have explained multiple times the referenced tanks do not belong to PCR. The well was shut-in at least 40 years ago by a previous operator and that previous operator gave the tanks to the surface owner who converted them to grain storage bins. The tanks have not been used for grain storage for an unknown period of time. We are aware that the owner of the tanks has offered to sell them to a third party but it is clear that PCR does not own the tanks and that we have no right to remove the tanks as requested.*

*Regarding documents 682504400 (RY DAVIS #7), 682504405 (GLENN BIDDLE A-4), 682504407 (GLENN J-1). The surface owner in all cases has indicated that the access roads etc. be left as is. I have attached a letter from the surface owner that addresses the issue. Is it appropriate for PCR to submit a variance request to waive the reclamation requirements? We have developed a very good working relationship with this surface owner over the last several years. We hope to honor his wishes if at all possible. Please advise.*

Thank you,

*David Kunovic*

**VP Exploration**



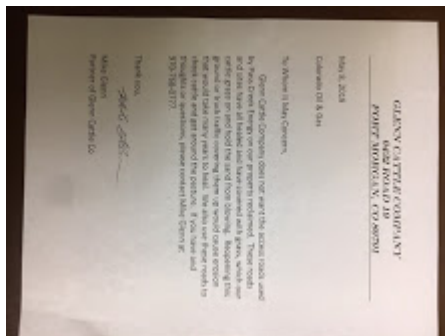
Pass Creek Resources, LLC dba PCR Operating LLC

4040 Broadway Street, Ste 508 – San Antonio, TX 78209

O: 210.451.5545 F: 210.463.9297

David's location - Lakewood, CO 80228

Cell: (303) 478-4561



Letter from Glenn Cattle Ranch Company - Access road reclamation.jpg  
93K

Trujillo - DNR, Aaron <aaron.trujillo@state.co.us>

Tue, May 21, 2019 at 9:43 AM

To: David Kunovic <dkunovic@passcreekresources.com>

Cc: "denise.arthur@state.co.us" <denise.arthur@state.co.us>, Jeremy Ferrin - DNR <jeremy.ferrin@state.co.us>

Mr. Kunovic,

Please see my response in [blue](#) to your questions below:

*Regarding document #696200044 (CRONE #4) – The pump base has been removed and the site has been re-contoured. We are working on the weed management at present but this process will take a little time for re-seeding etc. to take hold – we will monitor and advise as necessary. We will file a Field Inspection Report Resolution (FIRR) as soon as we see that adequate weed control and reseeding has been successful.*

Corrective action per inspection #696200044 required PCR to conduct reclamation in accordance with COGCC 1004 reclamation requirements by 3/1/2019. Based on my observations, it appears PCR only removed the pump base and back filled with soil. There was no evidence that PCR conducted any additional reclamation work in accordance with Rule 1004.a.

I do not have the authority to provide extensions to corrective action dates. If PCR would like to request an extension you are within your right to do so by submitting a request via Form 4 sundry, where it will be reviewed by my supervisors. Until then, or until work has been conducted in accordance with 1004 reclamation requirements and location brought back into compliance, the corrective action and date will remain applicable.

*As we have explained multiple times the referenced tanks do not belong to PCR. The well was shut-in at least 40 years ago by a previous operator and that previous operator gave the tanks to the surface owner who converted them to grain storage bins. The tanks have not been used for grain storage for an unknown period of time. We are aware that the owner of the tanks has offered to sell them to a third party but it is clear that PCR does not own the tanks and that we have no right to remove the tanks as requested.*

Please submit a FIRR "Factual Review" request with a surface owner letter claiming ownership of the tanks.

*Regarding documents 682504400 (RY DAVIS #7), 682504405 (GLENN BIDDLE A-4), 682504407 (GLENN J-1). The surface owner in all cases has indicated that the access roads etc. be left as is. I have attached a letter from the surface owner that addresses the issue.*

Corrective actions for the Glenn-Biddle A-4 did *not* require PCR to conduct reclamation on the access road as there are active wells east of this location in which this road appears to be in use for. However, corrective actions dating back to my first inspection on 3/26/2017 did require the removal of a riser, four (4) anchors, gravel base, etc... remaining on the location, and that reclamation is conducted in accordance with 1004.a by 5/31/2017. Upon my follow-up inspections dated 9/20/2017, 12/03/2017, 8/02/2018 and 01/10/2019, I was unable to find any evidence to indicate that work was conducted to address the corrective action and to bring the location back into compliance with COGCC reclamation rules.

As with the Crone #4, PCR only appears to have removed the pump base from the RY Davis #7 and Glenn J-1 locations and back-filled, no additional work (including, but not limited to, compaction alleviation, revegetation activities, etc...) appear to have been conducted on these locations in accordance with 1004 reclamation requirements, and per corrective actions. It has been documented that these locations remain bare and exposed soil, or predominantly vegetated by undesirable weedy plant species.

*Is it appropriate for PCR to submit a variance request to waive the reclamation requirements? We have developed a very good working relationship with this surface owner over the last several years. We hope to honor his wishes if at all possible. Please advise.*

**COGCC Rule 1001.c does allow for operators to request a 502.b variance to waive various requirements with Rule 1004. If an operator does not obtain a 502.b variance, then the operator is required to comply with COGCC rules, including rule 1004.a requiring:**

***“All access roads to plugged and abandoned wells and associated production facilities shall be closed, graded and recontoured... Culverts and any other obstructions that were part of the access road(s) shall be removed. Well locations, access roads and associated facilities shall be reclaimed. As applicable, compaction alleviation, restoration, and revegetation of well sites, associated production facilities, and access roads shall be performed to the same standards as established for interim reclamation under Rule 1003...”***

**I believe you and I had this discussion a few years back where I provided notice that if the Surface Owner wants to waive the reclamation requirements for the access roads, then a 502.b variance needs to be submitted and approved for each location.**

**Until a variance has been submitted and approved, the access road(s) will remain subject to COGCC reclamation rules and requirements, and their respective corrective action and corrective action dates will remain applicable until addressed in their entirety.**

**Please refer to the “1001.c: Reclamation Variances and Waivers” operator guidance document for additional information regarding requirements for the submission of a variance request, as a signed surface owner letter alone will not be sufficient. You can find this document under the “Operator Guidance” page on the COGCC website.**

Regards,

Aaron Trujillo

NE Reclamation Specialist



P 970.867.0808 | C 970.441.1009 |

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**David Kunovic** <[dkunovic@passcreekresources.com](mailto:dkunovic@passcreekresources.com)>  
To: "Trujillo - DNR, Aaron" <[aaron.trujillo@state.co.us](mailto:aaron.trujillo@state.co.us)>

Tue, May 21, 2019 at 10:27 AM

Cc: "denise.arthur@state.co.us" <denise.arthur@state.co.us>, Jeremy Ferrin - DNR <jeremy.ferrin@state.co.us>

Aaron,

*OK I understand where you are coming from. I will set up a meeting ASAP with the field personnel and we will get to the required paperwork and field work where appropriate. We have one full time pumper/field supervisor, one relief pumper and one Director of Field Operations (who handles operations in several states) and myself. We will devote as much time as possible to these reclamation efforts while we maintain day to day operations.*

Regards,

*David Kunovic*

**VP Exploration**



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