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#10583

FORM 3 Rev 04/18

State of Colorado Oil and Gas Conservation Commission



RECEIVED FOR COGCC USE ONLY May 1st 2020 COGCC Surety Provider No: #10583 OGCC Op No: #10583 FATS No: 2020-0067

PERFORMANCE BOND

BOND NO: This bond is a perpetual instrument which shall remain in force and effect until all obligations have been met and the bond is released by the Colorado Oil and Gas Conservation Commission.

KNOW ALL PERSONS BY THESE PRESENTS, That we, PETRO OPERATING COMPANY LLC of the County of ARAPAHOE, in the State of COLORADO, as principals, and as surety, authorized to do business in the State of Colorado, are held hereby and firmly bound unto the State of Colorado, in the penal sum of (\$ 176,822.50), Dollars, lawful money of the United States, for the faithful payment of which we hereby bind ourselves, our heirs, executors, administrators, and assigns.

The Condition of this obligation is that whereas the above bounden principals propose the following oil and gas operation(s) on lands situated in the State of Colorado.

Table with 3 columns: Type of Bond, Coverage, and Information for Individual Bonds. Includes checkboxes for Surface, E&P Waste, Seismic, Plugging, Gas Facilities, Produced Water Transfer System, Commercial UIC Facility, Blanket, Individual, Plugging 1 Well, Surface for 1 Well, Irrigated, Non-irrigated, Excess Inactive Wells, and well location details (BEF PAD 4S66W2, 458074, NESE Sec 2 1566W 6, Adams).

NOW, THEREFORE, If the above bounden principals shall comply with all of the provisions of the laws of the State of Colorado and the rules, regulations and requirements of the Oil and Gas Conservation Commission of the State of Colorado, with reference to properly plugging of said well or wells; with reference to land damages and the restoration of the land, as nearly as possible, to its condition at the beginning of the lease; with reference to seismic operations the proper surface restoration and plugging of any shot holes, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

Principal: PETRO OPERATING COMPANY LLC Address: 9033 E EASTER PLACE SUITE 112 City: CENTENNIAL State: CO Zip: 80112 Phone: (720) 362-5995 Fax: (720) 362-7116

Witness our hands, this 16th day of April, 2020 Signed: Roger A. Parker Printed Name: Roger A. Parker

Surety: Address: City: State: Zip: Phone: Fax:

Witness our hands, this 16th day of April, 2020 Signed: Toni Serra Printed Name: Toni Serra

Approved: [Signature] Director, Oil and Gas Conservation Commission Dated: May 12, 2020

Bond Release Approved: [Signature] Director, Oil and Gas Conservation Commission Release Date:



CASHIER'S CHECK

No. 231528452

93-38
929

*Fats 2020-0067
OP# 10583*

DATE: APRIL 17, 2020

PAY ONE HUNDRED SEVENTY SIX THOUSAND EIGHT HUNDRED TWENTY TWO DOLLARS AND 50 CENTS

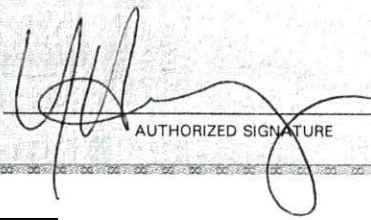
\$ 176,822.50

TO THE ORDER OF: COLORADO OIL & GAS CONSERVATION COMMISSION

PURPOSE/REMITTER: PETRO OPERATING COMPANY

Location: 231 Tech Center

U.S. Bank National Association
Minneapolis, MN 55480



AUTHORIZED SIGNATURE

Details on Back. Security Features Included.



April 20, 2020

Debbie Lutz
Chris Binschus
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Via Federal Express 7702 7950 2170

RE: Performance Bond BEF Pad 1S66W2 #458074

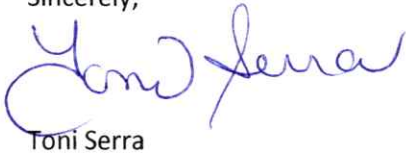
Dear Debbie or Chris,

Enclosed please find Performance Bond for the above referenced well pad, cashier's check in the amount of \$176,822.50 and Petro Operating W9.

Please contact Paul Gottlob at paul.gottlob@iptenergyservices.com or P: 720.420.5747
C: 720-394-6961 should you have any questions.

Thank you for your attention to this matter.

Sincerely,



Toni Serra

Enclosures

CC: Paul Gottlob (enclosures)

January 2, 2020

Director Jeff Robbins
Colorado Oil Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

**RE: 502b Variance Request for Rules 1003.b and 1003.e(2)
Delayed Operations for Interim Reclamation
Petro Operating Company, LLC
BEF Pad 1S66W2
Brighton, Colorado**

Dear Director Robbins:

LT Environmental, Inc. (LTE), on behalf of Petro Operating Company, LLC (Petro), is requesting a 502b variance for Rules 1003.b and 1003.e(2) due to delayed operations at the BEF Pad 1S66W2 location (Site). A Sundry Notice Form 4 (document #402289513) has been submitted requesting the 502b variance.

Reclamation of the Site was supposed to have been completed by November 5, 2019 (per inspection #697500959) because the designation of the land was indicated as dryland cropland. Petro is requesting to postpone the reclamation activities at the Site until Cureton Midstream completes installation of the oil and gas sales lines to the pad, which has been shut-in since August 2019. Construction of the two pipelines will begin approximately January 3, 2020 and be completed by February 1, 2020. Upon completion of pipeline installation, Petro will commence reclamation and interim stabilization beginning approximately February 1, 2020.

Petro has obtained consent from the Board of Directors of the Bromley Park Metropolitan District No. 2 (Landowner) which owns the land the Site is located on. Landowner consent has been obtained to extend the time needed to perform interim reclamation due to delayed operations at the Site. A copy of the Landowner consent is included as Appendix A. Petro has been working closely with the landowner since commencing construction and drilling operations in 2018. The required Tolling Agreement is attached as Appendix B.

This request is in accordance with Rule 1001.c of the reclamation regulations, which establishes that compliance with Rule 1003.b and 1003.e(2) will not be required if Petro can demonstrate to the Director's or the Landowner's satisfaction that compliance with such rules is not necessary to protect the public health, safety, and welfare, including prevention of significant adverse environmental impacts, and that Petro has entered into an agreement with the



Landowner regarding the extended period of time needed to reduce the size of the pad to the areas reasonably needed for production.

BEF Pad 1S66W2

The Site (Facility ID 458074) is located in Adams County in the northeast quarter of the southeast quarter of Section 2, Township 1 South and Range 66 West (Figure 1). A drawing of the proposed interim stabilization and reclamation of the Site is included as Figure 2. The Site was originally located in an area zoned as dryland cropland and was noted as such on the Form 2A (doc #401394323). The future use of the Site was marked as Residential. The Site is specifically designed into a master plan of development for the residential neighborhood owned by Richmond Homes (Developer). Prior to Petro commencing operation on this site, the Developer had been performing excavation operations. Prior to Petro beginning operations, the Developer had removed all the topsoil from the Site per the plan of development. The topsoil was used to line stormwater control measures and build landscaping berms. As part of the landscaping plan, the Developer is building aesthetic berms along the western and southern sides of the site. Figure 3 shows the placement of the proposed berms. A portion of the master plan of development is included as Appendix C.

Final reclamation plans for the Site are currently being developed by the Landowner in conjunction with the Developer. Their current consensus is that the site will be used as open space after the plugging and abandonment of the wells.

Proposed Operations

The proposed schedule of operations at the Site are anticipated as follows:

- January 2, 2020 – Cureton Midstream will commence the installation of the midstream oil and gas sales lines.
- January 31, 2020 – Installation of the sales lines will be completed and equipment, material, and trash will be removed from the Site.
- February 1, 2020 – Gravel will be hauled in and placed in the areas indicated on Figure 2.
- April 15, 2020 - Interim reclamation of the 1.50-acre portion that will be reseeded will be completed.
- May 1, 2020 – Interim stabilization and reclamation will be completed per the attached plan (Figure 2).
- November 2020 - Drilling of future planned wells at the Site will commence prior to the expiration of the permit. The drilling schedule has not yet been finalized.





Stormwater, Waste and Debris, and Weed Control

During construction of the oil and gas sales lines and the staging of equipment and materials on site, stormwater control measures will be implemented to reduce erosion and capture sediment before discharge of stormwater. Cureton Midstream will be operating under Colorado Department of Public Health and Safety (CDPHE) stormwater permit number COR401222 and will provide a Stormwater Management Plan (SWMP) for the ground disturbance they create. They will also implement stormwater control measures and inspections as necessary. Petro is currently managing stormwater at their Site under permit number COR403520 and is conducting stormwater inspections every 14-days until the Site is stabilized. When stabilization is achieved, 30-day inspections will commence until the Site achieves 70 percent (%) stabilization. When final stabilization is met, per the CDPHE requirements, the Site will move into a post-construction stormwater management program per Rule 1002.f and fall into the Tier 1 classification for the life of the wells due to its proximity to an unnamed drainage canal located less than 500 feet to the east and the size of the pad being greater than 1-acre. Current stormwater control measures at the Site include a permanently-installed storm drain to the east of the location with inlet protection (installed by the Developer and maintained by Petro), land grading, and graveled areas.

Waste and debris at the Site will be collected and stored in an on-site waste container and disposed of at an approved area landfill when full. Waste and debris will be picked up and disposed of daily.

Weed control at the Site will be monitored regularly during the growing season and maintained as needed. Weed control will consist of a combination of Site mowing and spraying of herbicides by a licensed contractor when determined to be necessary.

Topsoil Management

Prior to Petro beginning construction of the Site, Richmond Homes and earthmoving contractor, Bemas Construction, stripped approximately 335,000 cubic yards of soil from the area, including the location of the Site. At the time of construction of the Site, there was no topsoil to remove and Petro did minimal earthwork to level the Site and installed stormwater control measures per Rule 1002.f. Over the course of the past couple of years, since the Developer has been constructing the new community, the land form has changed multiple times and continues to change until they are ready to build residential homes. Petro will provide approximately 1,815 cubic yards of new topsoil and till it into the planned 1.50-acre area that will be reseeded. A native seed mix, provided by the National Resource Conservation Service (NRCS), will be applied per their recommendations. Approximately 2,160 cubic yards of 4-inch class 5 road base will be applied in non-driving areas and approximately 1,250 cubic yards of 8-inch class 5 road base will be applied on the driving surfaces. The total acreage of the graveled surface is 6.85-acres. A copy of the recommended seed mix is included as Table 1.





Final reclamation plans for the Site are currently being developed by the Landowner in conjunction with the Developer. Their current consensus is that the site will be used as open space after the plugging and abandonment of the wells.

A copy of the itemized cost estimate for the interim reclamation is included as Table 2.

Public Health, Safety, Welfare, and the Environment

Petro has completed a thorough evaluation that validates complying with provisions within Rule 1003.b and 1003.e(2) is not obligatory or necessary to protect the public health, safety, and welfare, including prevention of significant adverse environmental impacts, due to the following factors:

- The Site is located within a master planned development for residential construction
- The Site will be reclaimed per Rule 1003.b and stabilized for the life of the wells per the schedule provided above.
- The Site will be stabilized with gravel and a 1.50-acre area will have new topsoil applied and seeded with an NRCS seed mix.
- The Site is located within the City of Brighton, Colorado and Petro has executed a Memorandum of Understanding (MOU) with Brighton on November 5, 2018, for the use of the Site, the access, and its location within the residential development.
- The nearest water source is an unnamed drainage canal located less than 500 feet east of the Site. The Site is not located in a floodplain.
- Stormwater control measures have been implemented during all ground disturbance of the Site, including pipeline construction and will continue to be implemented until the Site has achieved stabilization.
- The Site was originally used as dryland cropland, but since August 2018 (prior to Petro acquiring approved Form 2A) the Site has been included in a Planned Unit Development (PUD) for residential construction.
- The Site is located within Colorado Parks and Wildlife area 5 but is not located in a sensitive wildlife habitat area or restricted surface use occupancy area.
- The Site is located on property owned by the Bromley Park Metropolitan District No. 2 and, to the greatest extent practicable, all vehicles used by the operator, contractors, and other parties associated with the well will travel on the approved access route.





- Petro has received consent from the Landowner to extend the time needed to complete interim reclamation due to delayed operations at the Site.

As evidenced above, the requested variance will not violate the basic intent of the Oil and Gas Conservation Act.

Sincerely,

LT ENVIRONMENTAL, INC.

A handwritten signature in black ink, appearing to read "Gentry Muniz".

Gentry Muniz
Project Environmental Scientist

A handwritten signature in black ink, appearing to read "Allison S White".

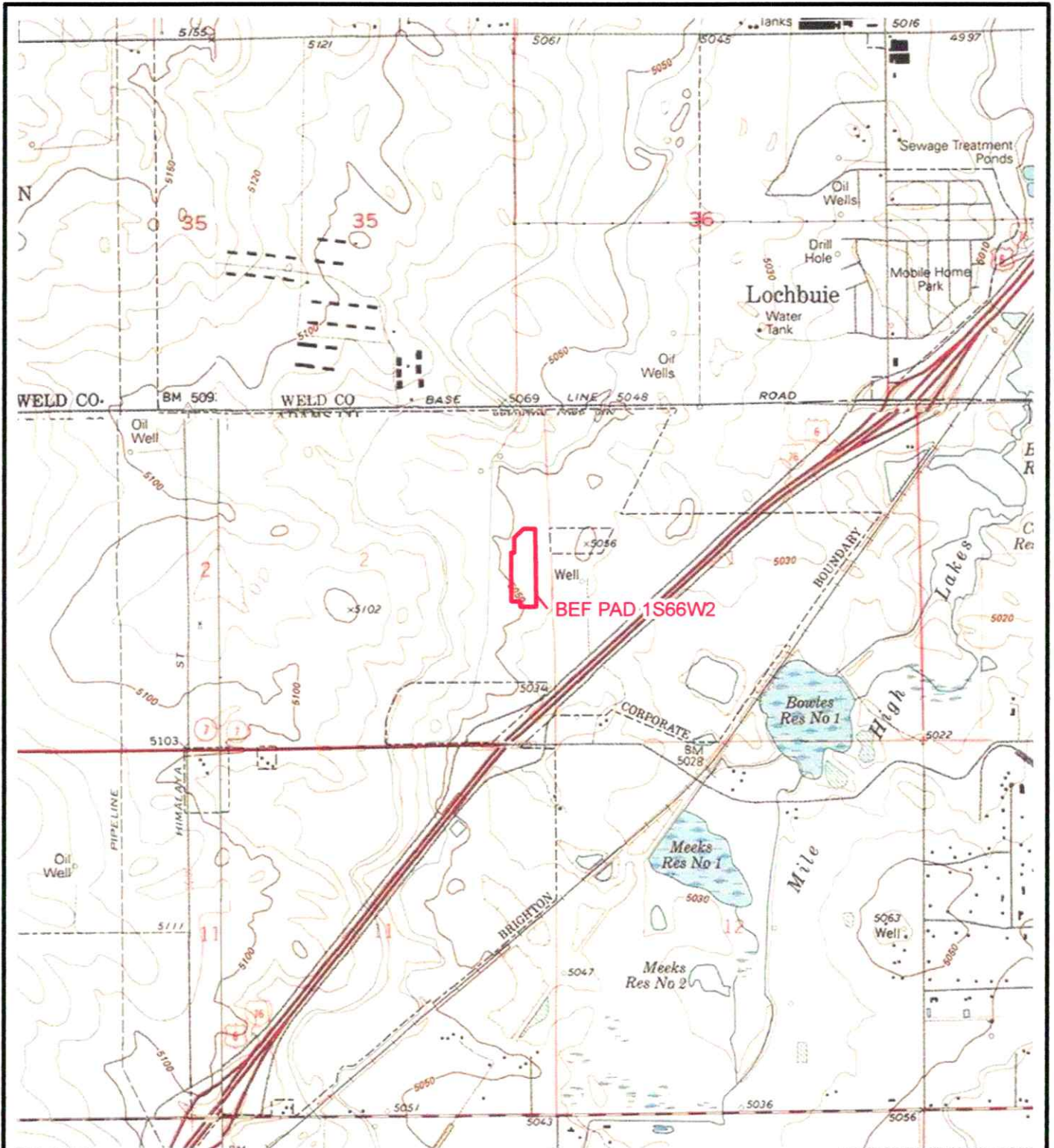
Allison White, P.E.
Project Engineer

cc: Andy Peterson

Attachments:

- Figure 1 – Site Location Map
- Figure 2 – Site Map
- Figure 3 – Berm Location Map
- Table 1 – NRCS Seed Mix
- Table 2 – Itemized Cost Estimate
- Appendix A – Landowner Consent for Delayed Operations
- Appendix B – Tolling Agreement
- Appendix C – Master Plan of Development





LEGEND

 SITE LOCATION

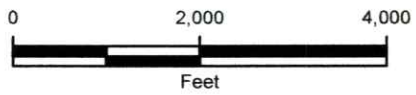
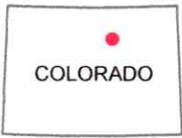


IMAGE COURTESY OF ESRI/USGS

FIGURE 1
SITE LOCATION MAP
BEF PAD 1S66W2
NESE SEC 2-T1S-R66W
WELD COUNTY, COLORADO
PETRO OPERATING COMPANY, LLC



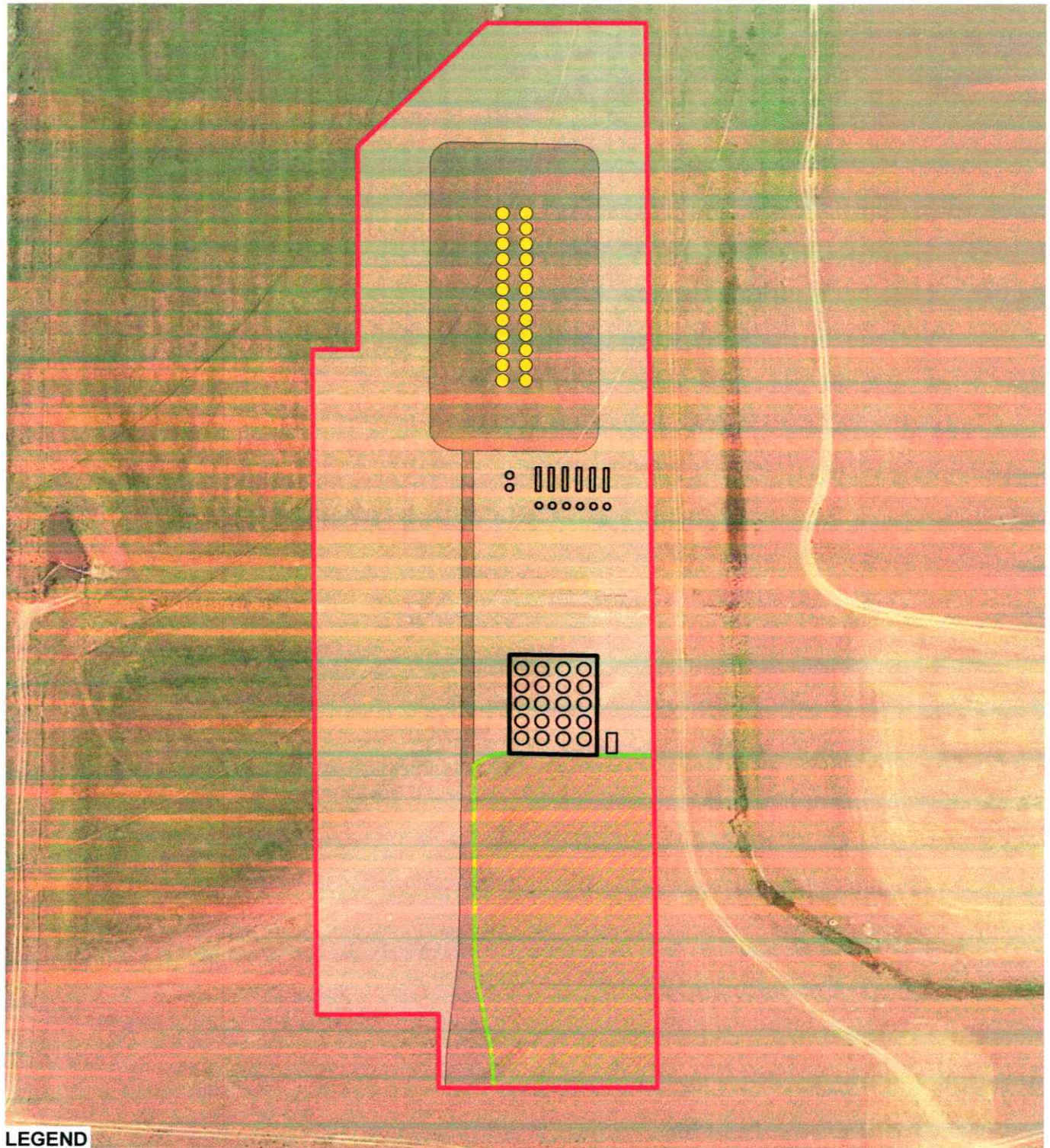


IMAGE COURTESY OF GOOGLE EARTH 2018

LEGEND

- WELLHEAD
- WELL PAD BOUNDARY (8.35 ACRES)
- AREA TO BE RESEDED (1.50 ACRES)
- BERM
- INFRASTRUCTURE
- 4" GRAVELED AREA (5.25 ACRES)
- 8" GRAVELED AREA (1.60 ACRES)

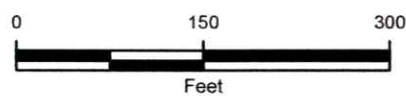
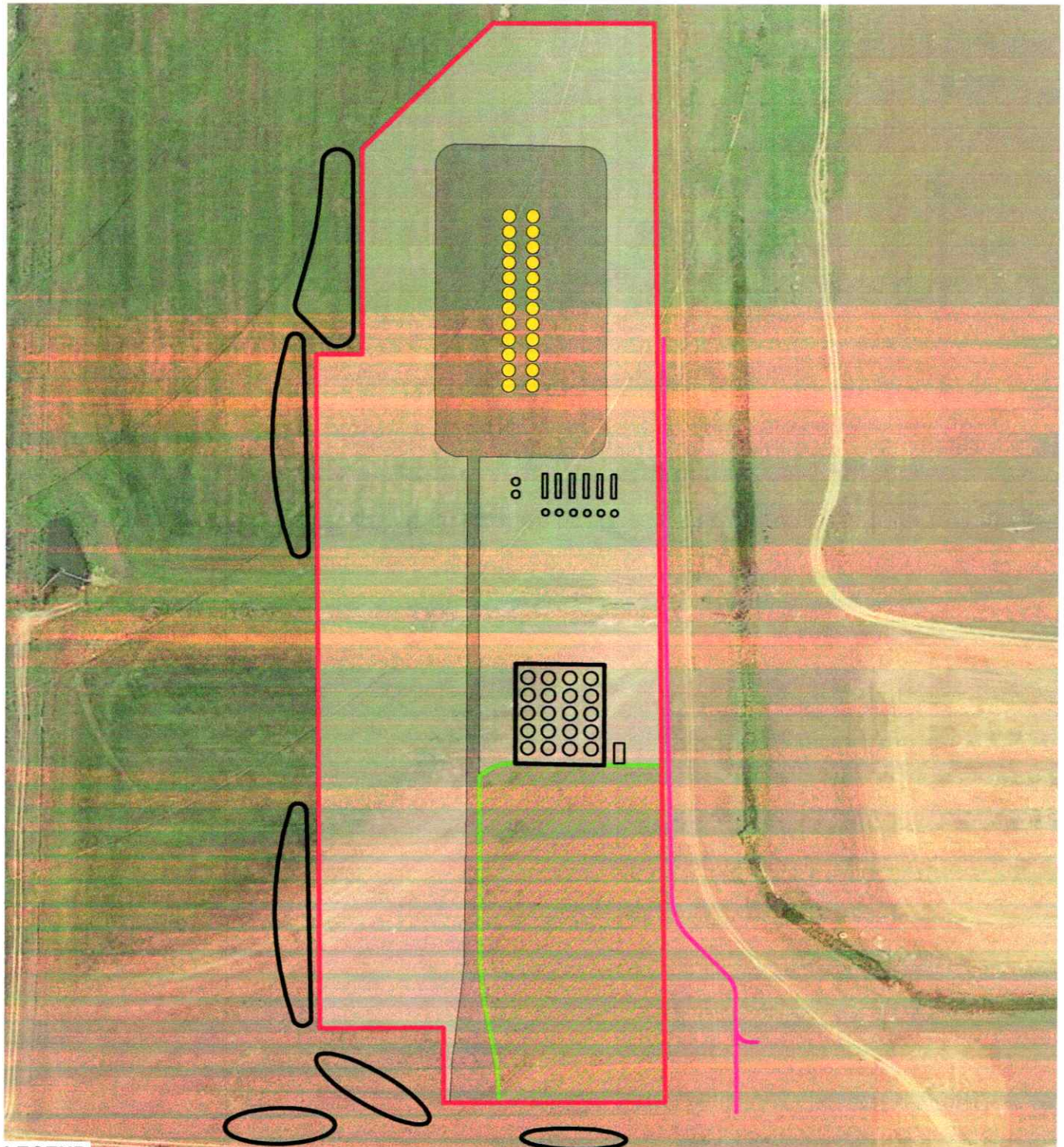


FIGURE 2
SITE MAP
 BEF PAD 1S66W2
 NESE SEC 2-T1S-R66W
 WELD COUNTY, COLORADO
 PETRO OPERATING COMPANY, LLC



NOTE: ALL LOCATIONS AND DIMENSIONS ARE APPROXIMATE.



LEGEND

- WELLHEAD
- 24" HDPE LINE
- WELL PAD BOUNDARY (8.35 ACRES)
- ▨ AREA TO BE RESEEDED (1.50 ACRES)
- BERM
- INFRASTRUCTURE
- 4" GRAVELED AREA (5.25 ACRES)
- 8" GRAVELED AREA (1.60 ACRES)

NOTE: ALL LOCATIONS AND DIMENSIONS ARE APPROXIMATE.

IMAGE COURTESY OF GOOGLE EARTH 2018

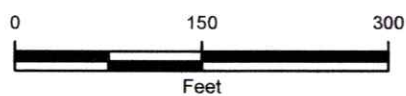


FIGURE 3
BERM LOCATION MAP
 BEF PAD 1S66W2
 NESE SEC 2-T1S-R66W
 WELD COUNTY, COLORADO
 PETRO OPERATING COMPANY, LLC



Grass Seeding: Part I - Planned

Planner:	S. Molinaro			Date:	26-12-19		
Producer:							
MLRA:	67	Contract/Agreement #:			Item Num:		
Seeding Operation:	Acres to be seeded:	1.50		Cropland:	non-irrigated		
	Seedbed Prep:	Intensive: more than 3 tillage operations					
	Planting Dates:	Oct. 15 - Apr. 15		Range Site:	Sandy Plains		
	Planting Depth (in.):	1/4 - 1/2					
	Drill Type:	grass					
	Drill Spacing (in.):	7-10"					
Fertilizer:	Pounds per acre recommended			Drilling Tips: Keep the seed boxes dry, do not allow to get wet, cover with tarp if left outside or bring inside a building overnight if not finished. Only fill the box half way to allow for proper flow through the box once the drill is calibrated. Only put in enough seed to calibrate the drill when you first get started. Grass drill should have double disk furrow openers with seed tubes between openers, picker wheels, seedbox agitators, depth bands and press wheels.			
	Nitrogen (N)	Phosphorus (P)	Potassium (K)				
Weed Control:	Dates:	June-July					
	Description:	mechanical					
Cover:	Amount:						
	Description:	120-day sterile sorghum					
	Application Method:						

Seed Recommendations:							
Species	Variety (table 6: PMTN 59)	PLS Rates Irr/Non-Irr	PLS/Ac to use (100%)	% in mix	Rate (PLS lb/ac)	Acres to be seeded	Total PLS
Western wheatgrass	Arriba	16.0 / 8.0	8.0	25	2.0	1.1	2.2
Prairie sandreed	Goshen	6.5 / 3.5	3.5	20	0.7	1.1	0.8
Switchgrass	Grenville	4.0 / 2.0	2.0	20	0.4	1.1	0.4
Blue grama	Hachita/Alma	3.0 / 1.5	1.5	25	0.4	1.1	0.4
Yellow Indiangrass	Llano	10.0 / 5.0	5.0	10	0.5	1.1	0.5
Totals			20.0	100.0	4.0	1.1	4.3

Notes: Use adapted improved varieties and cultivars in the following order of preference, when available:

1. certified name varieties, 2. named varieties, 3. common seed

PLS = Pure Live Seed

Double drilled seeding rate to obtain broadcast seeding rate.

For critical area seedings use the irrigated rate.

The above recommendation is based on 90-100% germination per grass seed species. If the germination is lower, more grass seed will be needed to meet NRCS standards and specifications in which the seed company will make the adjustment and provide extra bulk pounds of seed. Figure the seeding rate accordingly: **Total bulk lbs ÷ total acres = seeding rate (lbs/acre).**

Certified Planner: _____

Date: _____

Operator Name and Number: Petro Operating Co. LLC #10583					Date: 01-20-20	
Location ID: 458074						
ITEM	COMPONENT DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	TOTALS	COMMENTS
1	Mobilization/demobilization - May require two or more mobilizations (e.g. one for dirt work and one for revegetation)	LS	1500	2	\$3,000.00	
2	Decompaction cross rip to 18 inches	Acre	750	1.5	\$1,125.00	
3	Recontouring - Dirt work	CY	1.5	0	\$0.00	
4	Topsoil: Cost to import 1.50 acre at 9" topsoil	CY	\$45.00	1,815	\$81,675.00	
5	Topsoil placement Note: In the comments sections indicate the depth of the topsoil to be placed	CY	\$1.50	1,815	\$2,722.50	9"
6	Soil Amendments: Note indicate in the comments section what proposed amendments will be used. E.g. Fertilizer	Lb., cy or gallon	\$0.00	\$0.00	\$0.00	
7	Seedbed preparation	Acre	\$500.00	1.5	\$750.00	
8	Seed Application, should include the price of seed.	Acre	\$1,750.00	1.5	\$2,625.00	Straw Crimping Included
9	Seedbed Stabilization - e.g.. Mulch, erosion control blankets Note: In the comments section indicate what type of seedbed stabilization is priced/proposed.	Ton, square yards or Lb.		0	\$0.00	
10	Installation and Removal of Temporary Construction stormwater BMPs/Erosion controls (e.g.. Wattles, sediment traps) Must also include monitoring and maintenance costs	LS	\$1,200.00	1	\$1,200.00	
11	Weed control minimum two growing seasons Costs - minimum of 2 growing seasons- requires minimum of two monitoring inspections (Spring and Fall) and weed control follow-up	Acre	1.5	7,000	\$7,000.00	mowing 1.5 acre grass at \$1,000/time. Weed spraying entire site @ \$2,500/year.
12	Haul & compact 4" Class 5 roadbase	tons	\$22.50	2,160	\$48,600.00	1,350 yards @ 1.6 tons per yard
13	Haul & compact 8" Class 5 roadbase	tons	\$22.50	1,250	\$28,125.00	780 yards @ 1.6 tons per yard
				TOTAL	\$176,822.50	



January 2, 2020

Board of Directors

Bromley Park Metropolitan District No. 2
C/O CliftonLarsonAllen, LLP
8390 E. Crescent Parkway, STE 300
Greenwood Village, Colorado 80111

**RE: 502b Variance Request for Rules 1003.b and 1003.e(2)
Delayed Operations for Interim Reclamation
Petro Operating Company, LLC
BEF Pad 1S66W2
Brighton, Colorado**

Dear Board of Directors:

LT Environmental, Inc. (LTE), on behalf of Petro Operating Company, LLC (Petro), is requesting a 502b variance for Colorado Oil and Gas Conservation Commission (COGCC) Rules 1003.b and 1003.e(2) for interim reclamation due to delayed operations at the BEF Pad 1S66W2 location (Site). A letter to the Director of the COGCC requesting the extension of the interim reclamation will be submitted for approval.

Request for Delay of Interim Reclamation

Per COGCC Rule 1003.e(2), reclamation of the Site was to occur by November 5, 2019, three months after the completion of the wells. Due to permitting and timing of the installation of the oil and gas sales pipelines, reclamation has not taken place and Petro is requesting that the time needed to complete the interim reclamation of the Site be extended until February 1, 2020 when stabilization of the Site will begin until its completion by May 1, 2020. Approximately 6.59 acres of the Site will be stabilized with a combination of 4-inch class 5 road base (non-drivable areas) and 8-inch class 5 road base (drivable areas). Approximately 1.50 acres at the south east corner of the Site will have new topsoil and be seeded with an approved National Resource Conservation Service (NRCS) seed mix.

Proposed Operations

The proposed schedule of operations at the Site are anticipated as follows:

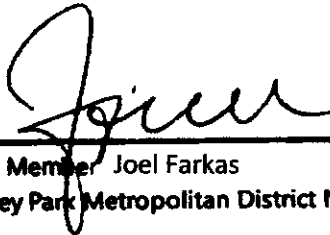
- January 2, 2020 – Cureton Midstream will commence the installation of the midstream oil and gas sales lines.
- January 31, 2020 – Installation of the sales lines will be completed, and equipment, material, and trash will be removed from the Site.





- February 1, 2020 – Gravel will be hauled in and placed in the areas indicated on Figure 2.
- April 15, 2020 - Interim reclamation of the one-acre portion that will be reseeded will be completed.
- May 1, 2020 – Interim stabilization and reclamation will be completed per the attached plan (Figure 2).
- November 2020 - Drilling of future planned wells at the Site will commence prior to the expiration of the permit. The drilling schedule has not yet been finalized.

By executing and agreeing to the proposed reclamation activities, and once the variance request has been approved by the Director of the COGCC, you acknowledge that you are consenting to all reclamation protections otherwise afforded by specific provisions of COGCC Rule 1003.b. Please sign below if you agree with the extension of the interim reclamation period.

X 

Board Member Joel Farkas
Bromley Park Metropolitan District No. 2

X 1-17-20

Date

X 

Roger Parker
Manager Petro Operating Company, LLC

X 01/15/2020

Date







COGCC Operator Rule 1003 Tolling Agreement

Operator Name and No. ("Operator"): Petro Operating Company, LLC #10583

Interim Reclamation Variance Request Doc. No.: Form 4 Doc #402269773

Date of Submission of Interim Reclamation Variance Request: _____

Location Nos. Impacted by the Variance Request ("Impacted Locations"): _____
BEF Pad 1S66W2 Facility ID 458074

This Agreement is offered by COGCC so that the Operator has an opportunity to come into compliance in accordance with its Interim Reclamation Variance Request.

If the Interim Reclamation Variance Request referenced above is approved ("Approved Variance"), COGCC agrees not to issue a Notice of Alleged Violation ("NOAV") for a violation of Rule 1003 at the Impacted Locations before the expiration of the Approved Variance. In exchange, the Operator agrees to the following:

The Oil and Gas Conservation Act's statute of limitations, §34-60-115, C.R.S., is tolled for any existing or potential claims related to interim reclamation at the Impacted Locations from the submission date of the approved Variance until the Operator successfully completes interim reclamation in accordance with Rule 1003 or until the expiration of the Approved Variance, whichever occurs first.

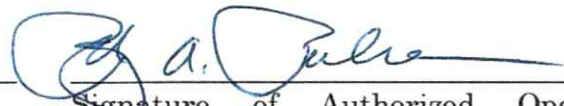
COGCC reserves the right to issue an NOAV for a violation of Rule 1003 if the Operator does not comply with the Approved Variance or its conditions of approval.

AGREED TO AND ACCEPTED:

COGCC
Date: _____

Operator
Date: 01/15/2020

Signature



Signature of Authorized Operator Representative

Print Signatory Name and Title

Roger Parker - Manager

Print Signatory Name and Title



