



COGCC Rule 502.b
Variance Request for
1001.c Surface Owner Waiver



Well Name: McKay Lake F Unit 1

API #: 05-001-09023

Location ID: 320330

Prepared for:
PDC Energy Inc.

Prepared by:
Duraroot, LLC

Date:
June 2020



June 26, 2020

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

RE: COGCC Rule 502.b Variance Request for 1001.c Surface Owner Waiver
Well Name: McKay Lake F Unit 1 API #: 05-001-09023 Location ID: 320330
Section 21: NWNW, Township 1 South, Range 68 West, 6th P.M.
Adams County, Colorado

Dear Director Robbins,

PDC Energy, Inc. (PDC) has obtained a Surface Owner Waiver under Rule 1001.c for final reclamation of the former McKay Lake F Unit 1 well pad. PDC has plugged and abandoned (P&A) the wellhead, abandoned all flowlines, and removed all associated well and production facility equipment and debris from the site in accordance with the requirements of Rule 1004.a. Furthermore, in accordance with the surface owner's request (see Attachment A), PDC has left the facility access point off 144th Avenue and a portion of the access road for easier access to the adjacent agricultural field from 144th Avenue.

Due to the surface owner's final reclamation request of the location, we are requesting your approval for a variance from the requirements of Rule 1004.a pursuant to Rule 1001.c. The documents attached to this letter for the former McKay Lake F Unit 1 location were developed in accordance with the December 17, 2019, version of the Colorado Oil and Gas Conservation Commission's (COGCC's) Rule 1001.c: Surface Owner Waiver for Final Reclamation guidance document (Operator Guidance Document).

Attachment A: Executed Final Reclamation Agreement

Attachment A is a signed and executed agreement that PDC has entered with the surface owner (Mr. Brendan Close on behalf of City of Westminster) regarding the location's final reclamation efforts and the request to leave the access point and a portion of the access road in place. Attachment A, along with Exhibit A, fulfills the four (4) requirements listed in Sections 3.1, 3.3, 3.4, and 3.8 of the Guidance Document.

Attachment B: Operator Demonstration

Attachment B, along with all figures and Exhibits A and B, fulfills the requirements of Sections 3.5 and 3.6 of the Guidance Document to waive compliance with specified provisions of Rule 1004, via a Variance. Attachment B contains the required supporting documentation to demonstrate that granting this final reclamation variance for applicable requirements of Rule 1004 will not negatively impact public health, public safety, public welfare, the environment, or wildlife.

PDC has made a good faith effort to provide the necessary information and evidence requested in the December 17, 2019, version of the COGCC Rule 1001.c: Surface Owner Waiver for Final Reclamation guidance document for the Director to evaluate our request for waiving specified provisions of Rule 1004 to fulfill the surface owner's request for final reclamation.

If you have any questions or concerns about PDC's variance request, please do not hesitate to contact me.

Sincerely,

Phillip Porter, CAEM

Phillip Porter
Senior Environmental Representative – Wattenberg
PDC Energy, Inc.

Attachments:

Attachment A: Executed Final Reclamation Agreement
Attachment B: Operator Demonstration
Exhibit A: Facility Photos and Aerial Imagery
Exhibit B: Well Abandonment - Subsequent Form 6

Attachment A:
Executed Final Reclamation Agreement



District Office
4000 Burlington Avenue
Evans, CO 80620
970-506-9272
www.pdce.com

January 29, 2019

City of Westminster
4800W. 92nd Avenue
Westminster, CO 80031

Re: **Final Reclamation Agreement**
API-- 05-001-09023 Well Name – McKay Lake "F" Unit 1
Township 1 South, Range 68 West, 6th P.M.
Section 21: NWNW
Adams County, Colorado

Dear City of Westminster (the "Surface Owner"):

PDC Energy, Inc. ("PDC") has previously consulted with you concerning the final reclamation of the above-captioned well(s) in accordance with your direction concerning future use of the land and applicable rules of the Colorado Oil and Gas Conservation Commission ("COGCC"). Pursuant to COGCC Rule 1001.c, PDC and the Surface Owner, agree to enter into this Final Reclamation Agreement in order to set forth the respective rights and responsibilities of the parties, and to seek COGCC's waiver of compliance with certain 1000-series rules.

The specific portion of the oil and gas location, see attached photographs labeled as Exhibit A (the "Location") subject to this Final Reclamation Agreement and waiver include:

- Access point off 144th Ave., and a portion of access road.

The reasons for Surface Owner entering into this Final Reclamation Agreement and thereby waiving PDC's obligations for additional reclamation required under COGCC Rule 1004 at the Location include:

- This portion of the access road will be used as access to farmland located south of 144th Ave and to the west of the former production facility.
- The City of Westminster would prefer to keep access off of 144th Ave due to other access from Zuni St. being a private access.

As the Surface Owner, you acknowledge that the current condition of the property subject to this Final Reclamation Agreement is satisfactory to you. If applicable, you acknowledge responsibility of topsoil protection. Additionally, by executing this letter below, as the Surface Owner, you also acknowledge that you knowingly, and forever, waive all reclamation protections otherwise afforded by COGCC Rule 1004 and that you will assume responsibility for any further reclamation activities you wish to have undertaken at these sites. Provided however, PDC must comply with all final reclamation requirements under the Rule 1000-series that may not be waived by Surface Owner including COGCC Rule 1004.c.(4-5).

If this Final Reclamation Agreement correctly reflects your agreement, please sign, date, and have your signature notarized on both originals of this letter, keep one for your files and return one to the undersigned.

Please be aware that although you have signed this Final Reclamation Agreement and PDC subsequently submits a reclamation variance request, the COGCC may deny such request and PDC will then be required to complete all final reclamation in accordance with the COGCC 1000 Series rules. PDC is responsible for surface stabilization, stormwater management, and weed control until the variance request is approved.


Thank you for your time and consideration in this matter. If you have any questions or comments, please contact me at (970) 518-5213.

Respectfully,

Sean Weston
Surface Landman

I acknowledge and agree as set forth above.

City of Westminster

Signed: 

By: Brendan Close

Date: 1/29/19

ACKNOWLEDGEMENTS

State of Colorado)
) §
County of Jefferson)

On this 29 day of January, 2019, before me personally appeared Brendan Close, known to me to be the persons described in and who executed the foregoing instrument, and who acknowledged to me that they executed the same.

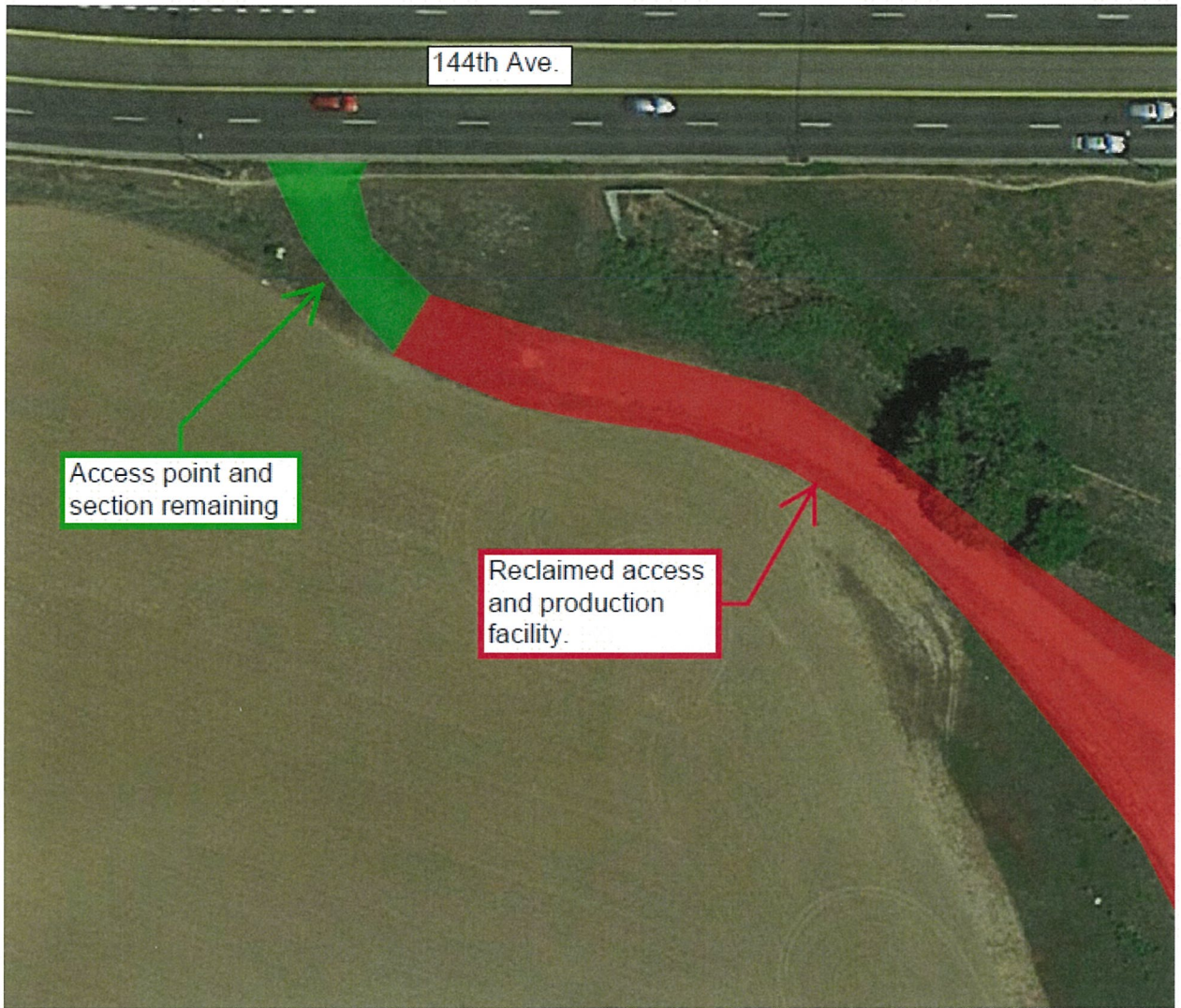
(SEAL)

SEAN ELLIS WESTON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20184034501
MY COMMISSION EXPIRES AUGUST 29, 2022

My commission expires: August 29, 2022


Notary Public

Exhibit A



Attachment B:
Operator Demonstration

Attachment B



June 26, 2020

**RE: Operator Demonstration for:
Former McKay Lake F Unit 1 Well API #: 05-001-09023 Location ID: 320330
Township 1 South, Range 68 West, 6th P.M.
Section 21: NWNW
Adams County, Colorado**

The information below addresses the requirements detailed in Sections 3.5 and 3.6 of the Colorado Oil and Gas Conservation Commission's (COGCCs) Rule 1001.c: Surface Owner Waiver for Final Reclamation guidance document (Operator Guidance Document) dated December 17, 2019. Sections 3.5 and 3.6 of the Guidance Document outlines the evaluation of whether public health, safety, and welfare are protected and how significant adverse environmental impacts are prevented if specified provisions of Rule 1004 are waived, via a Variance.

1 – Evidence that all wells on the location have been Plugged and Abandoned (P&A) and that a Form 6 subsequent was submitted for each well.

PDC Energy, Inc. (PDC) certifies that the former McKay Lake F Unit 1 (Location ID: 320330) wellhead has been P&A as per the COGCC Rules and the Form 6 Subsequent has been submitted and approved (Exhibit B: Document Number 400614131).

2 – Evidence that all oil and gas equipment has been removed, including flowline and gathering risers.

PDC certifies that all oil and gas equipment, including flowline and gathering risers, has been removed from the location where the final reclamation variance is being requested. Exhibit A consists of facility photos taken on February 1, 2019, that demonstrate all equipment has been removed.

3 – Evidence that all trash and debris belonging to the operator or its agents has been removed.

PDC certifies that all trash and debris belonging to PDC or any of our contractors or agents has been removed from the location where the final reclamation variance is being requested. Exhibit A consists of facility photos taken on February 1, 2019, that demonstrate all trash and debris have been removed.

4 – Evidence that noxious weeds have been controlled as required by Rule 1004.

PDC certifies that noxious weeds have been controlled and/or removed from the location and will be managed by PDC until final reclamation has been achieved. Exhibit A consists of facility photos taken on February 1, 2019, that demonstrate noxious weed control on the location.

5 – Documentation of Good Faith Surface Owner Consultation regarding final reclamation pursuant to Rule 306.f.

Attachment A, accompanied by Exhibit A, provides the “Final Reclamation Agreement” provided to and signed by the surface owner (Mr. Brendan Close on behalf of City of Westminster) on January 29, 2019, for the former McKay Lake F Unit 1 well documenting good faith consultation with the surface owner.

6 – Documentation of existing state of reclamation.

PDC certifies that the location has been reclaimed in accordance with the request of the surface owner (see Attachment A). The surface owner waived the requirement that PDC reclaim the access road in its entirety in accordance with Rule 1004.a. P&A for the McKay Lake F Unit 1 wellhead was finalized on November 4, 2015. All associated well and production facility equipment have been removed and flowlines have been abandoned. Exhibit A consists of facility photos taken on February 1, 2019, that demonstrate the existing state of reclamation on the McKay Lake F Unit 1 location.

7 – Evidence that site is stabilized and stormwater management is adequate pending COGCC’s final sign-off reclamation inspection.

The former McKay Lake F Unit 1 well and production facility are located on open space and agricultural land owned by the City of Westminster. The section of access road addressed in the variance request is to the west of the former pad location and located on private agricultural land. The former facility location has been reclaimed, seeded, and crimped straw mulch has been applied for surface stabilization until seeded grasses can establish. The small portion of the access point and road that this variance is being requested for, approximately 60 feet, has been stabilized through compaction and gravel surfacing. The access point and road are surrounded by permanent vegetation to serve as a vegetative buffer and the location is on private property with minimal travel and negligible slope.

PDC will maintain the location to ensure proper stabilization and stormwater management until this variance is approved and all conditions of approval are fulfilled. Exhibit A consists of facility photos taken on February 1, 2019, that demonstrate current site conditions, including adequate site stabilization and stormwater management.

8 – Operator analysis of protection of public health, safety, and welfare; and prevention of significant adverse environmental impacts.

PDC has evaluated potential impacts to public health, safety, and welfare as well as potential significant adverse environmental impacts to this final reclamation variance to Rule 1004 [except Rules 1004.c.(4) and 1004.c.(5)]. Based on the explanation below, PDC has determined that a variance from the applicable requirements of Rule 1004 for the former McKay Lake F Unit 1 wellhead and production facility (Location ID: 320330) would have NO NEGATIVE IMPACTS on public health, public safety, public welfare, environment, or wildlife.

Public Health Analysis

The specified final reclamation variance request from Rule 1004 is minor and with COGCC approval will maintain protection of public health. The former McKay Lake F Unit 1 wellhead, located at 39.95683, -105.01200, has been properly P&A (see Exhibits A and B), flowlines have been properly abandoned, and all facility equipment and debris have been removed. Furthermore, according to the "Surface Owners" COGCC GIS mapping layer, does not require any consultations with the Colorado Department of Public Health and Environment (CDPHE) or Colorado's Division of Water Resources (DWR).

Public Safety Analysis

The specified final reclamation variance request from Rule 1004 is minor and will maintain protection of public safety. The former facility is on private property of minimal access. The former McKay Lake F Unit 1 wellhead, located at 39.95683, -105.01200, has been properly P&A (see Exhibits A and B), flowlines have been properly abandoned, and the production facility has been decommissioned and all equipment and debris removed.

Public Welfare Analysis

The specified final reclamation variance requested from Rule 1004 is a minor request that maintains the protection of public welfare. The location is on private property of minimal access and has been returned to agricultural use by the surface owner. The location is zoned "Open-Agriculture" by the City of Westminster and the surface owner's desired use of the land is consistent with land use zoning standards.

Environment

The former McKay Lake F Unit 1 wellhead and production facility does not fall within a Rule 317B Public Water System Protection area, according to the COGCC GIS "PWS 317B" mapping layer. The former McKay Lake F Unit 1 wellhead and production facility location is approximately 400 feet from the nearest surface water according to several COGCC GIS "Water Resources" mapping layers (Figure 1).

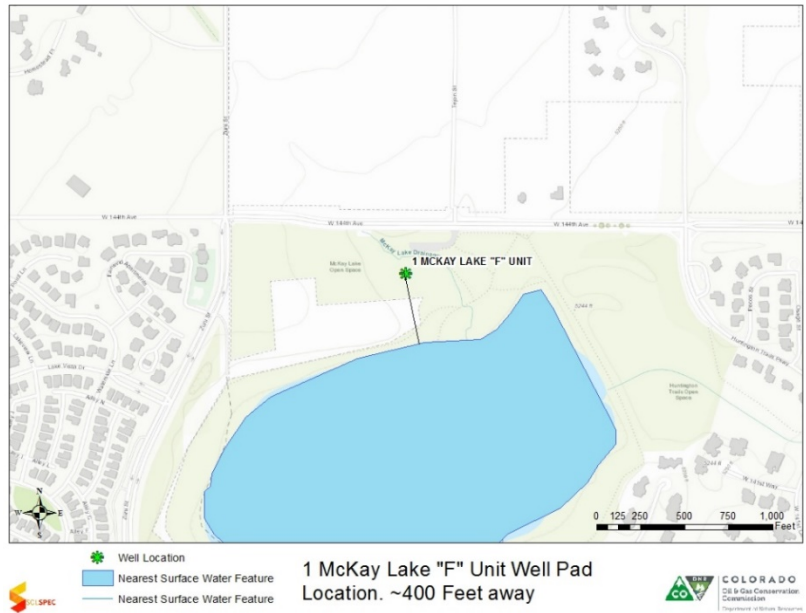


Figure 1. Distance to nearest surface water feature for the former McKay Lake F Unit 1 wellhead and production facility.

The former McKay Lake F Unit 1 wellhead and production facility does not fall within a defined FEMA, State, or Weld County 100-Year Floodplain, according to COGCC GIS "Floodplain" mapping layers and Weld County Floodplain data (Figure 2).

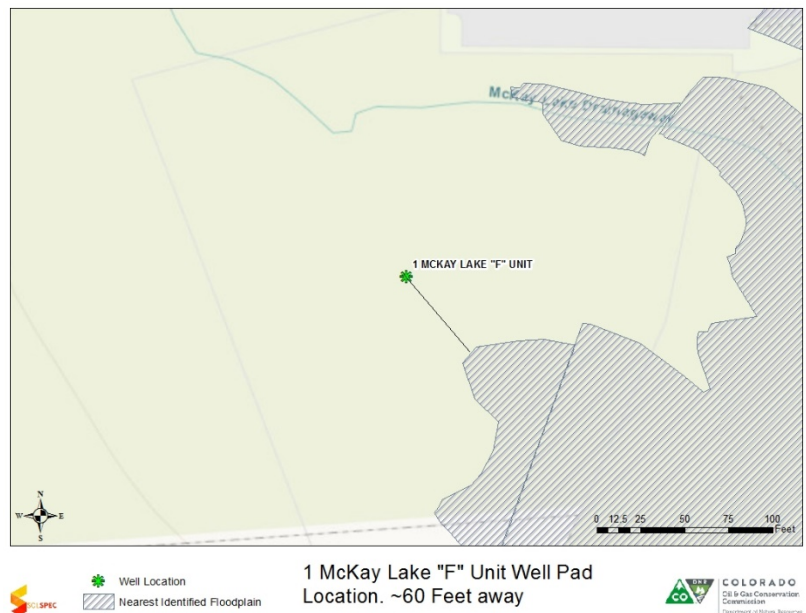


Figure 2. Distance to nearest 100-Year Floodplain for the former McKay Lake F Unit 1 wellhead and production facility.

The former McKay Lake F Unit 1 wellhead and production facility is approximately 560 feet south of the nearest groundwater well, according to COGCC GIS “DWR_Wells” mapping layer, which is based on Colorado’s DWR information (Figure 3).

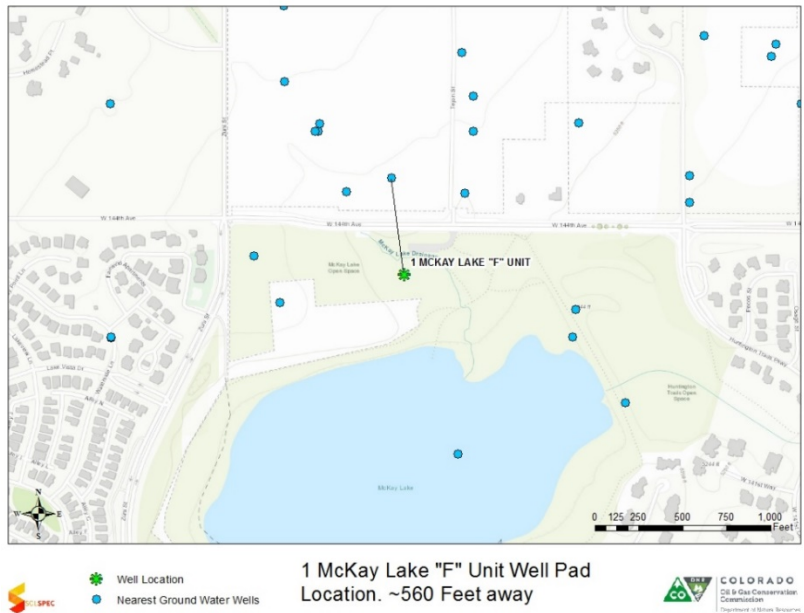


Figure 3. Distance to nearest groundwater well for the former McKay Lake F Unit 1 wellhead and production facility.

Wildlife

The former McKay Lake F Unit 1 wellhead and production facility is not within a defined “Restricted Surface Occupancy” (RSO) or “Sensitive Wildlife Habitat” (SWH) area as identified in the COGCC GIS “CPW_RSO” and “CPW_SWH” mapping layers (Figure 4). The nearest defined SWH area is 9,376 feet to the northeast.

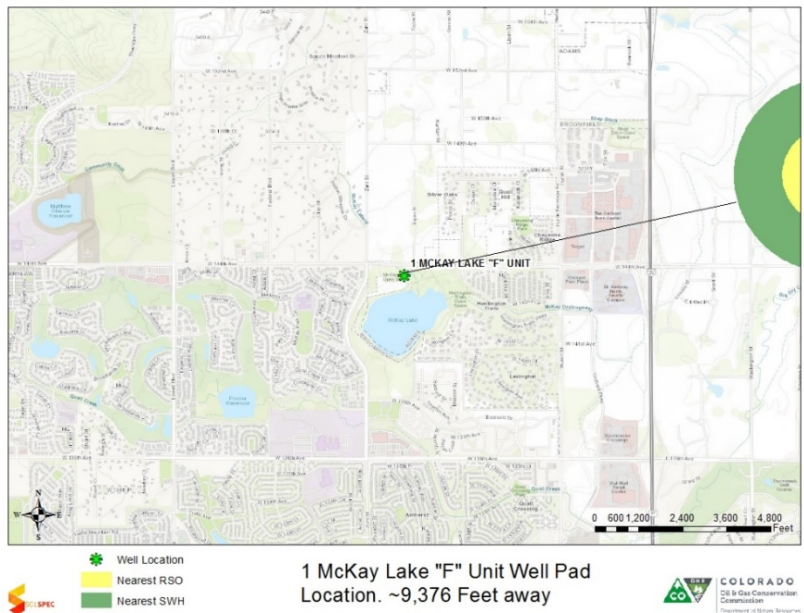


Figure 4. Distance to nearest Restricted Surface Occupancy (RSO) or Sensitive Wildlife Habitat (SWH) for the former McKay Lake F Unit 1 wellhead and production facility.

Based on this evaluation it has been established that:

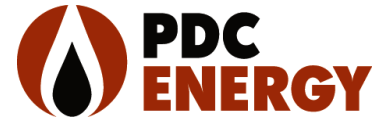
- given the small size of the location;
- the nature of the variance;
- the surface owner's future plans for the location; and
- the fact that the location is on private property;

Granting this final reclamation variance for the former McKay Lake F Unit 1 wellhead and production facility (Location ID: 320330) would have NO NEGATIVE IMPACTS on public health, public safety, public welfare, environment, or wildlife.

Exhibit A:
Facility Photos and Aerial Imagery

Exhibit A: FACILITY PHOTOS

PREPARED FOR: PDC ENERGY INC.



Facility:

Facility Type:

Legal Description:

Date of Assessment:

COGCC Location ID#:

County:

Date Prepared:

Exhibit A: McKay Lake F Unit 1 Well and Production Facility



Image courtesy of Adams County Colorado Mapping Portal - https://gisapp.adcogov.org/Html5Viewer/index.html?viewer=AdvancedExt.Advanced_HTML

Exhibit B:

Approved Well Abandonment – Subsequent Form 6

Document Number:
 400614131
 Date Received:
 05/29/2014

WELL ABANDONMENT REPORT

This form is to be submitted as an Intent to Abandon whenever an abandonment is planned on a borehole. After the abandonment is complete, this form shall again be submitted as a Subsequent Report of the actual work completed. The approved intent shall be valid for six months after the approval date, after that period, a new intent will be required. Attachments required with the Intent to Abandon are wellbore diagrams of the current configuration and the proposed configuration with plugs set.
 A Subsequent Report of Abandonment shall indicate the actual work completed. Attachments required with a Subsequent Report are a wellbore diagram showing plugs that were set and casing remaining in the hole, the job summaries from all plugging contractors used, including wireline and cementing (third party verification) and any logs that may have been run during abandonment.

OGCC Operator Number: 69175 Contact Name: Christine Brookshire
 Name of Operator: PDC ENERGY INC Phone: (303) 860-5800
 Address: 1775 SHERMAN STREET - STE 3000 Fax: (303) 860-5838
 City: DENVER State: CO Zip: 80203 Email: christine.brookshire@pdce.com
For "Intent" 24 hour notice required, Name: _____ Tel: _____
COGCC contact: Email: _____

API Number 05-001-09023-00 Well Number: 1
 Well Name: MCKAY LAKE "F" UNIT
 Location: QtrQtr: NWNW Section: 21 Township: 1S Range: 68W Meridian: 6
 County: ADAMS Federal, Indian or State Lease Number: 5497
 Field Name: WATTENBERG Field Number: 90750

Notice of Intent to Abandon Subsequent Report of Abandonment

Only Complete the Following Background Information for Intent to Abandon

Latitude: 39.956830 Longitude: -105.012000
 GPS Data:
 Date of Measurement: 02/16/2013 PDOP Reading: 2.0 GPS Instrument Operator's Name: Holly L. Tracy
 Reason for Abandonment: Dry Production for Sub-economic Mechanical Problems
 Other _____
 Casing to be pulled: Yes No Estimated Depth: _____
 Fish in Hole: Yes No If yes, explain details below
 Wellbore has Uncemented Casing leaks: Yes No If yes, explain details below
 Details: _____

Current and Previously Abandoned Zones

Formation	Perf. Top	Perf. Btm	Abandoned Date	Method of Isolation	Plug Depth
J SAND	8758	8796	05/24/2013	BRIDGE PLUG	8715

Total: 1 zone(s)

Casing History

Casing Type	Size of Hole	Size of Casing	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bot	Cement Top	Status
SURF	12+1/4	8+5/8	24	1,100	400	1,100	0	CALC
1ST	7+7/8	4+1/2	11.6	8,918	330	8,918	7,050	CBL

Plugging Procedure for Intent and Subsequent Report

CIBP #1: Depth 8715 with 2 sacks cmt on top. CIBP #2: Depth 7125 with 2 sacks cmt on top.
 CIBP #3: Depth _____ with _____ sacks cmt on top. CIBP #4: Depth _____ with _____ sacks cmt on top.
 CIBP #5: Depth _____ with _____ sacks cmt on top.

NOTE: Two(2) sacks cement required on all CIBPs.

Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:

Perforate and squeeze at 5200 ft. with 200 sacks. Leave at least 100 ft. in casing 4615 CICR Depth
 Perforate and squeeze at 4607 ft. with 50 sacks. Leave at least 100 ft. in casing _____ CICR Depth
 Perforate and squeeze at 1150 ft. with 285 sacks. Leave at least 100 ft. in casing _____ CICR Depth
(Cast Iron Cement Retainer Depth)

Set _____ sacks half in. half out surface casing from _____ ft. to _____ ft. Plug Tagged:
 Set 12 sacks at surface
 Cut four feet below ground level, weld on plate Above Ground Dry-Hole Marker: Yes No
 Set _____ sacks in rat hole Set _____ sacks in mouse hole

Additional Plugging Information for Subsequent Report Only

Casing Recovered: _____ ft. of _____ inch casing Plugging Date: 05/17/2014
 *Wireline Contractor: Superior Well Services *Cementing Contractor: Halliburton
 Type of Cement and Additives Used: Econocem 12.5ppg, G&E 15.8ppg, RD Redmix
 Flowline/Pipeline has been abandoned per Rule 1103 Yes No *ATTACH JOB SUMMARY

Technical Detail/Comments:

Plugging Procedure for Mckay Lake "f" unit 1
 Procedure:
 1. MIRU Rig
 2. Tagged @ 8847.06'
 3. MIRU wireline
 4. TIH w/CIBP set @ 8715'
 5. RIH w/dump bailer and dump 2 sx cement on top of CIBP
 6. Ran CBL from 8600'-3400', original cmt top @ 7058' (stringers up to 7003')
 7. TIH w/ wireline set CIBP @ 7125'
 8. Dump bailed 2 sks cement on top
 9. Shot squeeze holes @ 5200'
 10. TIH set retainer @ 4615'
 11. Shot squeeze holes @ 4600'
 12. Tagged retainer @ 4615'
 13. Pumped 200 sks @ 4615' below retainer
 14. Tagged retainer @ 4615'
 15. Pumped 50 sacks @ 4607'
 16. tagged cmt top @ 4562.49', cmt 52.51' above retainer, 37.51' above squeeze holes, ~118.54' above holes in annulus.
 17. Shot squeeze holes @ 1150'
 18. Pumped 285 sks @ 1150', tagged cmt to @ 94'
 19. Cut off 8 5/8" casing and 4 1/2 casing 6' below ground level
 20. Topped off 8 5/8" casing with 1.5 yds (~11.7sks) cement
 21. welded on cap, backfilled & buried capped casing

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Christine Brookshire

Based on the information provided herein, this Well Abandonment Report (Form 6) complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: George, Travis

Date: 11/4/2015

CONDITIONS OF APPROVAL, IF ANY: _____

<u>COA Type</u>	<u>Description</u>

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400614131	FORM 6 SUBSEQUENT SUBMITTED
400614143	WELLBORE DIAGRAM
400616735	CEMENT JOB SUMMARY
400616736	WIRELINE JOB SUMMARY

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Form 7 reporting corrected.	9/3/2014 1:33:18 PM
Permit	Req'd form 7 reporting be corrected.	5/30/2014 7:43:20 AM

Total: 2 comment(s)