



October 2, 2020

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

RE: Exception Request Letter 603.a.(2)
Clough NR 23-3 Pad (Loc ID# 422211)
NWSW, Section 3, Township 6 South, Range 94 West, 6th P.M.,
Garfield County, Colorado

Dear Ms. Murphy:

TEP Rocky Mountain LLC ("TEP"), operator number 96850, is requesting an exception to Rule 603.a.(2), which states that a "well shall be located not less than one hundred fifty (150) feet from a surface property line" for 22 proposed wells located on the Clough NR 23-3 Pad (Loc ID# 422211).

TEP is planning to expand the existing Clough NR 23-3 pad and take advantage of existing infrastructure and pipelines to lessen impacts caused by constructing a separate and larger pad. The proposed 22 surface hole locations are located on Federal surface less than 150 feet from a surface property line owned by Clough Sheep Company, LLC ("Clough"). The expansion of this pad northwest of the existing Clough NR 23-3 pad, which is located on Clough surface, is the best option given the topographical constraints and preference of the surface owners. Further, since the proposed surface hole locations are on Federal surface, Clough (offset surface owner) has waived the setback requirements in Rules 604, as stated in the attached recorded Surface Use Agreement Amendment. Through consultation with the Bureau of Land Management and Clough, the proposed location was agreed upon as the best location for all parties.

Per Rule 603.a.(2), "the Director may grant an exception if it is not feasible for the Operator to meet this minimum distance requirement and a waiver is obtained from the offset Surface Owner(s)." As described above, TEP has provided information as to why the exception location is beneficial and agreed upon for the benefit of all parties.

Thank you for your review and consideration of our exception location request. If you have any questions or concerns, please contact me directly at 970-263-2736.

Sincerely,

TEP Rocky Mountain LLC

A handwritten signature in black ink, appearing to read "Jeffrey D. Kirtland", is written over a horizontal line.

Jeffrey D. Kirtland
Regulatory Lead

Terra Energy Partners LLC
3050 Post Oak Blvd, Suite 1500
Houston, TX 77056

4TH AMENDMENT OF SURFACE USE AGREEMENT

State: Colorado

County: Garfield

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, under the date of October 6th, 2010, **Clough Sheep Company, LLC** ("Surface Owner") and **Williams Production RMT Company** ("Operator") with Surface Owner and Operator collectively called the ("Parties") executed a Surface Use Agreement the ("Agreement"); having a Memorandum of Surface Use Agreement recorded at Rec. #792711 in the official records of the State and County named above; and,

WHEREAS, on April 7th, 2011, **Clough Sheep Company, LLC** ("Surface Owner") and **Williams Production RMT Company** ("Operator") did execute an Amendment of Surface Use Agreement recorded at Rec. #801164 in the official records of the State and County named above; and

WHEREAS, on September 28th, 2017, **Clough Sheep Company, LLC** ("Surface Owner") and **TEP Rocky Mountain LLC** ("Operator") did execute a 2nd Amendment of Surface Use Agreement recorded at Rec. #898363 in the official records of the State and County named above; and

WHEREAS, on February 1st, 2018, **Clough Sheep Company, LLC** ("Surface Owner") and **TEP Rocky Mountain LLC** ("Operator") did execute a 3rd Amendment of Surface Use Agreement recorded at Rec. #902947 in the official records of the State and County named above; and

WHEREAS, it is the desire of the Parties to insert the following waiver language from the specified Colorado Oil and Gas Conservation Rules and Regulations ("COGCC"); and

- 8) Surface Owner waives all notification requirements in COGCC Rule 305 and meeting requirements in COGCC Rule 306, or any successor policies, rules or amendments regarding Surface Owner or Building Unit Owner notifications and/or meetings. Surface Owner also waives all setback requirements in COGCC Rules 603 and 604, or any successor rule or amendment to the COGCC setback rules, and to any other State or Local setback requirements or other requirements or regulations that are or become inconsistent with this Agreement or that would prohibit or interfere with the rights of Operator or its successors and assigns, to explore for and produce the oil and gas in accordance with this Agreement.

WHEREAS, it is the desire of the Parties to add Exhibit "B" to the Agreement to depict the increased size of the NR 23-3 pad to the north for the additional NR 23-3 wells to be drilled on BLM surface; and

WHEREAS, it is the desire of the Parties to add Exhibit "C" to the Agreement that depicts the location of the temporary surface frac lines to the NR 23-3 pad.

NOW, THEREFORE, in consideration of the premises stated herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Parties hereto, it is agreed:

The Parties agree to insert into the Agreement the following waiver language from the specified COGCC rules and regulations:

- 8) Surface Owner waives all notification requirements in COGCC Rule 305 and meeting requirements in COGCC Rule 306, or any successor policies, rules or amendments regarding Surface Owner or Building Unit Owner notifications and/or meetings. Surface Owner also waives all setback requirements in COGCC Rules 603 and 604, or any successor rule or amendment to the COGCC setback rules, and to any other State or Local setback requirements or other requirements or regulations that are or become inconsistent with this Agreement or that would prohibit or interfere with the rights of Operator or its successors and assigns, to explore for and produce the oil and gas in accordance with this Agreement.

Exhibit "B" is added to the Agreement that depicts the increased size of the NR 23-3 pad to the north for the additional NR 23-3 wells to be drilled on BLM surface.

Exhibit "C" is added to the Agreement that depicts the location of the temporary surface frac lines to the NR 23-3 pad.

The Parties agree to the inserted waiver language and that Exhibit "B" and Exhibit "C" are hereby added to the Agreement. All other terms and conditions of the Agreement remain unaltered and are in full force and effect as of the date hereof.

This 4th Amendment of Surface Use Agreement shall be binding on any and all successors and assigns of the Parties.

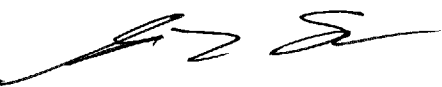
IN WITNESS WHEREOF, the Parties hereto have executed this 4th Amendment of Surface Use Agreement on the 2nd day of September 2020.

Surface Owner:

Operator:

CLOUGH SHEEP COMPANY, LLC

TEP ROCKY MOUNTAIN LLC

By: 

By: 

Name: Dan Snyder

Name: Bryan S. Hotard

Title: Manager

Title: Attorney-in-Fact

ACKNOWLEDGEMENTS

STATE OF COLORADO)

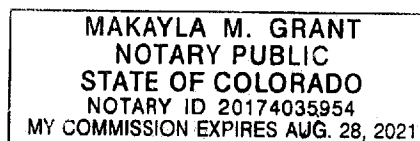
COUNTY OF GARFIELD)

Before me, a Notary Public, in and for said County and State aforesaid, do hereby certify that **Dan Snyder**, whose name is subscribed to the foregoing instrument as **Manager of Clough Sheep Company, LLC**, a corporation, appeared before me this day in person and acknowledged that he executed said instrument as his free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and Notarial Seal on the 2nd day of September 2020.

My Commission Expires: 08/28/2021
(SEAL)

Makayla M. Grant
Notary Public



STATE OF COLORADO)

COUNTY OF GARFIELD)

Before me, a Notary Public, in and for said County and State aforesaid, do hereby certify that **Bryan S. Hotard**, whose name is subscribed to the foregoing instrument as **Attorney-in-Fact** of **TEP Rocky Mountain LLC**, a corporation, appeared before me this day in person and acknowledged that he executed said instrument as his free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 2nd day of September 2020.

My Commission Expires: 08/28/2021
(SEAL)

Makayla M. Grant
Notary Public

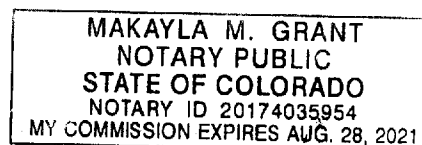


Exhibit "B"

Attached to and made a part hereof that certain 4th Amendment of Surface Use Agreement dated on the 2nd of September 2020, by and between **Clough Sheep Company, LLC**, Surface Owner, and **TEP Rocky Mountain LLC**, Operator

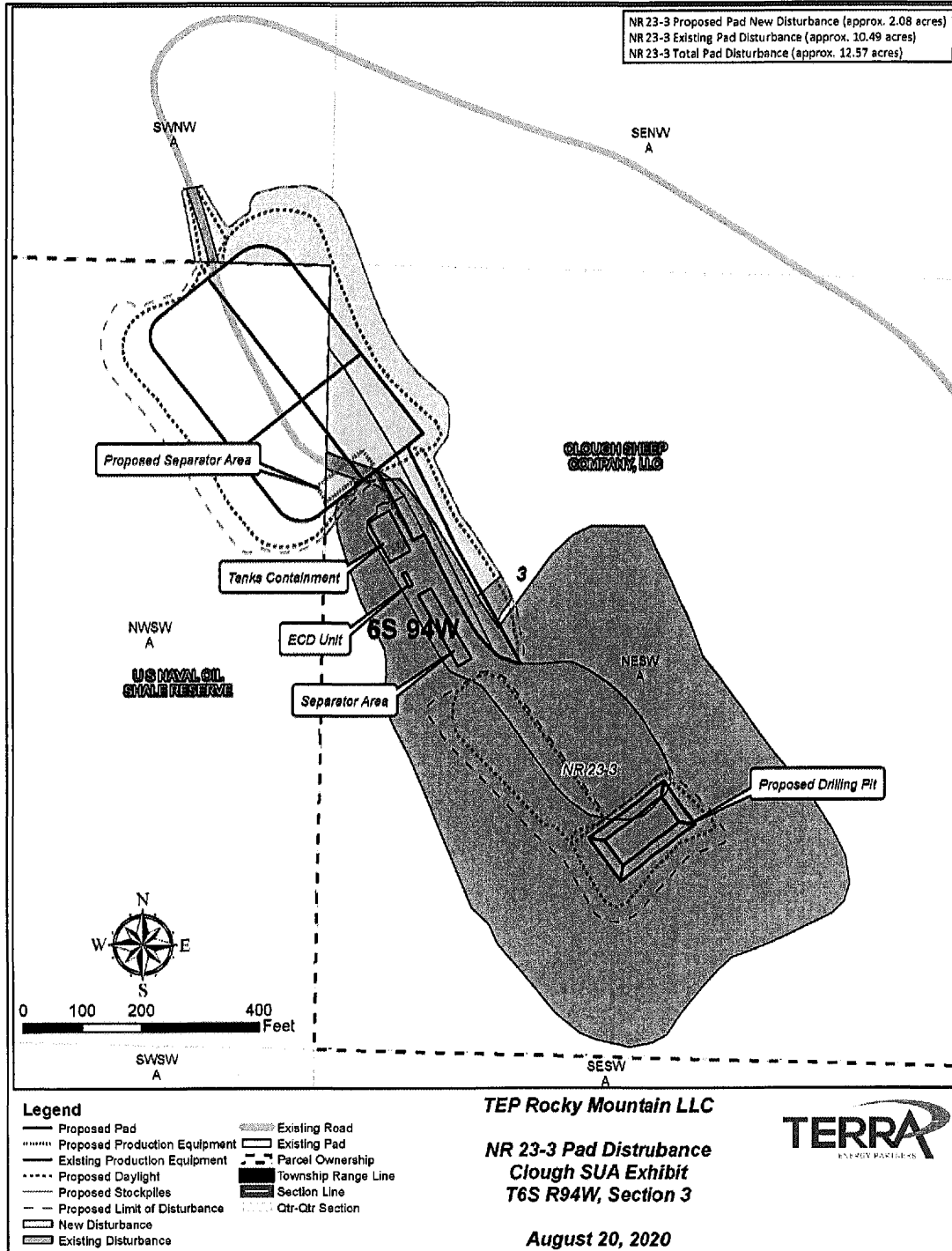


Exhibit "C"

Attached to and made a part hereof that certain 4th Amendment of Surface Use Agreement dated on the 2nd of September 2020, by and between **Clough Sheep Company, LLC**, Surface Owner, and **TEP Rocky Mountain LLC**, Operator

