

January 26, 2021



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

RE: LETTER TO DIRECTOR – INTERIM RECLAMATION DELAY REQUEST

| | |
|---------------------------------|--------------------------|
| COGCC Location Name (ID) | Warner 10H-E165 (470930) |
| Legal Description | SWNW, Sec10, T1N-R65W |
| Coordinates (Lat/Long) | 40.067252/-104.658249 |
| County | Weld |

Dear Director Murphy:

This letter was prepared by Crestone Peak Resources Operating LLC (Crestone) to request a variance to Colorado Oil & Gas Conservation Commission (COGCC) Rule 1003.b for interim reclamation of areas no longer in use. Specifically, this letter is being submitted to request a delay to interim reclamation timing due to unanticipated operational challenges and economic hardship resulting from the COVID-19 pandemic. Crestone is requesting a delay of 36 months (3 years), which will extend the original due date (01/31/2021) for this work to 01/31/2024. This extension will allow drilling, well completions, and interim reclamation operations to be rescheduled and for reallocation of personnel and economic resources to reflect new operating conditions.

SCOPE OF REQUEST

In accordance with COGCC Rules 502.b, 1003, and associated guidance, this letter and associated documents include the following components and are discussed below as needed. This requested delay does not change Crestone's commitment to compliance with other applicable rules and regulations.

- Form 4 with 502.b selected for requesting a variance. (Document #: 402579797).
- This Letter to the Director specifying the reason for and requested duration of this delay.
 - Statement of compliance with stormwater, waste management, housekeeping, and weed control.
 - Schedule of operations during the interim reclamation extension.
- Written consent from the Surface Owner to this requested delay.
- Site Diagram with aerial image of the location and illustration of the total disturbance, interim reclamation surface, and long-term working/production surface.
- Estimated costs for completing interim reclamation from a third-party contractor.
- Tolling Agreement.
- Email to the Area Reclamation Specialist as notification of this request.

COMPLIANCE STATEMENT

Consistent with Crestone's standard operating procedures for maintaining compliance with rules and regulations for stormwater management, good housekeeping practices, and weed management, this location is regularly inspected by Crestone employees and contractors. In response to requirements in the Notice to Operators: Interim Reclamation Procedures for Delayed Operations, dated January 5, 2016, Crestone attests to compliance with the following:

- **1002.f Stormwater management.**

All Crestone locations receive inspections in compliance with the stormwater inspection program applicable to the construction and operations phase of the location. Those inspections are conducted and documented in accordance with the Colorado Department of Public Health and Environment (CDPHE) General Permit for Active Construction, or the COGCC Post-Construction Stormwater Program.

- The Warner 10H-E165 is currently included in Crestone's Stormwater Management Plan (SWMP) for active construction with the CDPHE and is inspected every 14 days and within 24 hours after the end of any precipitation or snowmelt event that causes surface erosion. Inspection records and Crestone's SWMP are available upon request.

- **1003.a General requirements for interim reclamation.**

As a standard part of site visits for operations and compliance inspections, Crestone personnel and contractors are required to immediately report spills, staining, waste management, or housekeeping concerns.

- The Warner 10H-E165 is a new location that receives regular visits by operations personnel and compliance inspectors. There are no guy line anchors currently installed and the Location is in compliance with this Rule.

- **1003.f Weed control.**

A standard part of every stormwater inspection is a cursory review of the location for noxious weeds and undesirable plant species in the disturbance.

- Weed mitigation operations are conducted on an as-needed basis to ensure the disturbance is kept as free of undesirable and noxious weeds as practicable.

SCHEDULE OF OPERATIONS

Crestone's planned operations during the requested delay include:

- Biweekly stormwater inspections under the active SWMP.
- Weekly visits by the lease operator.
- Scheduling and initiation of drilling and well completions operations.
- Scheduling and initiation of interim reclamation operations.

ESTIMATED COSTS

A third-party contractor developed estimated costs for completing interim reclamation on this location. The total estimated cost is \$296,062.50. Details are provided in the attached cost estimate worksheet.

Based on our analysis, granting this request for variance will not impact public health, safety and welfare or result in adverse environmental impacts.

Respectfully,


David Tewkesbury (Jan 26, 2021 12:49 MST)

David Tewkesbury
Environmental Coordinator
720-236-5525
david.tewkesbury@crestonepr.com

Attachment(s)

1. Surface Owner Consent Letter
2. Site Diagram – Delayed Interim Reclamation Variance
3. Cost Estimate – Third-Party Estimate for Completing Interim Reclamation
4. Tolling Agreement

January 7, 2021

Bill J. Warner and Joan L. Warner
Bill J. Warner and Joan L. Warner Revocable Trust
250 E. Alameda Street, Apt. 517
Santa Fe, NM 87501-2177



RE: SURFACE OWNER CONSENT – DELAYED INTERIM RECLAMATION

| | |
|---------------------------------|---|
| COGCC Location Name (ID) | Warner 10H-E165 (470930) |
| Legal Description | SWNW, Sec10, T1N-R65W, 6 th P.M. |
| Coordinates (Lat/Long) | 40.067252/-104.658249 |
| County | Weld County, Colorado |

Dear Bill J. Warner and Joan L. Warner

Crestone Peak Resources Operating, LLC (Crestone) is requesting your consent to pursue a delay to the due date for interim reclamation at the above location with the Colorado Oil & Gas Conservation Commission (COGCC). Crestone is pursuing this delay due to unanticipated operational challenges and economic hardship resulting from the COVID-19 pandemic. Crestone is requesting a delay of 36 months (3 years), which will extend the original due date (1/31/2021) for this work to 1/31/2024.

Interim reclamation is the process where oil and gas operators reduce the size of a location working surface to the smallest footprint required to support long-term production activities. Those portions of the larger working surface used during drilling and completion that are no longer needed for production activities undergo the interim reclamation process. In general, this process includes earthwork to alleviate compaction and return disturbed soil to its original relative position, after which the reclaimed surface is seeded and stabilized. For your reference and consideration, the relationship of these working surfaces is illustrated in the attached site diagram.

This requested delay to the timing requirements for interim reclamation (COGCC Rule 1003.b) does not alter Crestone's obligation to maintain compliance with any other applicable rules or regulations. At conclusion of this schedule extension, Crestone will proceed with interim reclamation and reduce the size of the working surface as described above, provided no ongoing drilling or completions operations are being performed on the pad. If such operations are present at the time, then interim reclamation will occur within 3 months of the termination of the drilling and/or completion activity.

If you consent to the requested delay, please sign and date the Surface Owner section of the signature block below and do not hesitate to contact me with questions.

Respectfully,

Bob Bresnahan
Surface Landman Advisor
Crestone Peak Resources

ATTACHMENTS

- Interim Reclamation Site Diagram

Consent to Delay Given By:

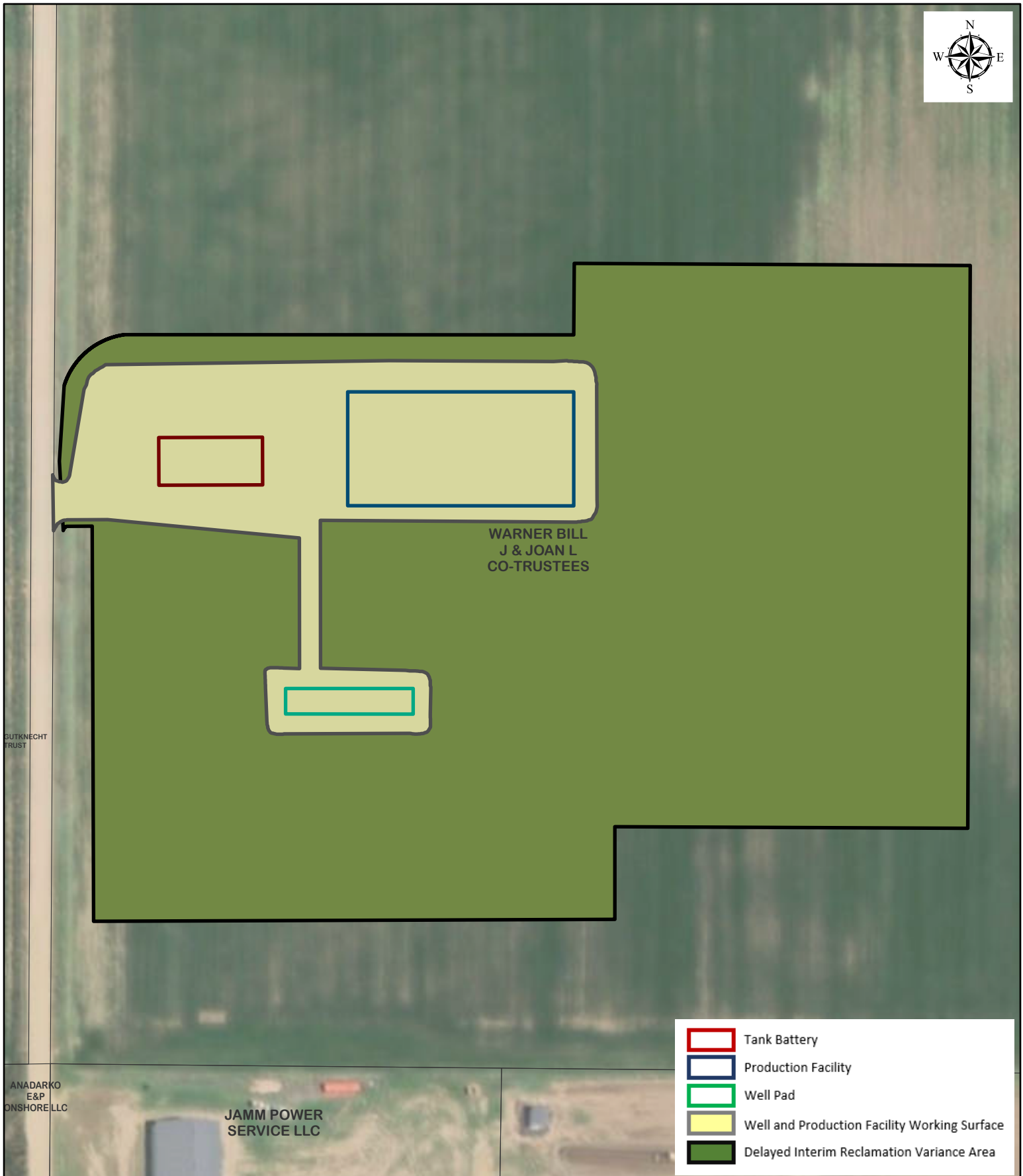
Signature:

Printed Name:

Date:

Bill J. Warner *Joan L. Warner*
Bill J. Warner Joan L. Warner
1/14/21 1/14/21

- 3 years



Total Current Disturbance Area: 16.3 acres
Delayed Interim Reclamation Variance Area: 13.18 acres
Well Pad and Production Facility Working Surface: 3.12 acres

Warner 10H E165 Reclamation Variance

Disclaimer:
Information depicted on these maps is the sole property of Crestone Peak Resources, LLC (CPR). Electronic reproductions of any portion of this map is strictly prohibited absent the written consent of CPR. This information is to be used for reference purposes only. CPR does not guarantee the accuracy of this material and is not responsible for any misuse or misrepresentation of this information.

0 135 270 Feet
Coordinate System: WGS 1984 UTM Zone 13N

| Crestone Peak Resources Operating LLC (10633) | Date: 01/18/2021 | | | | |
|---|--------------------------|----------------------|---------------|--------------|---|
| Warner 10H-E165 (470930) Interim Reclamation Cost Estimate | | | | | |
| | | | | | |
| COMPONENT DESCRIPTION | UNIT | UNIT QUANTITY | UNIT PRICE | TOTALS | COMMENTS |
| Mobilization/demobilization - May require two or more mobilizations (e.g. one for dirt work and one for revegetation) | LS | 1 | \$1,500.00 | \$1,500.00 | Mobilize Scraper, Dozer, Blade and Tractor/Disc. |
| Decompaction cross rip to 18 inches | Acre | 16.3 | \$245.00/acre | \$4,000.00 | |
| Recontouring - Dirt work | CY | 1 | \$260,000.00 | \$260,000.00 | Remove and haul off 6300cy of class 6 road base. Recontour back to original grade, rip and prep for seeding. |
| Topsoil: Material cost and delivery | CY | | | N/A | Topsoil stockpiled on Location |
| Topsoil placement Note: In the comments sections indicate the depth of the topsoil to be placed | CY | 1 | \$30,562.50 | \$30,562.50 | Place 12,225 CY top soil from stockpiles on location to a depth of 6". |
| Soil Amendments- Must include material, delivery, placement and incorporation. Note: indicate in the comments section what proposed amendments will be used. E.g. Fertilizer, composed manure and use the appropriate unit. | LBS, CY, or Gallon | | | TBD | Soil amendment and fertilizer type/volume will be determined based on agronomic soil analysis of topsoil prior to reclamation initiation. |
| Seedbed preparation | Acre | | | N/A | Included in Topsoil placement/Dirt Work |
| Seed Application, should include the price of seed. | Acre | | | N/A | Cropland |
| Seedbed Stabilization - e.g.. Mulch, erosion control blankets Note: In the comments section indicate what type of seedbed stabilization is priced/proposed. Note industry standard rule of thumb is 2 tons per acre | Ton, square yards or Lb. | | | N/A | Cropland |
| | | TOTAL ESTIMATED COST | | | \$296,062.50 |



COLORADO

**Oil & Gas Conservation
Commission**

Department of Natural Resources

COGCC Operator Rule 1003 Tolling Agreement

Operator Name and No. ("Operator"): Crestone Peak Resources Operating LLC (10633)

Interim Reclamation Variance Request Doc. No.: 402498110

Date of Submission of Interim Reclamation Variance Request: 01/14/2021

Location Nos. Impacted by the Variance Request ("Impacted Locations"): 470930

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: _____

Signature

Print Signatory Name and Title

Operator

Date: 01/14/2021



Signature of Authorized Operator Representative

David Stewart, VP EHS + Regulatory
Print Signatory Name and Title