



03/23/22

Colorado Oil and Gas Conservation Commissions
C/O Engineering
1120 Lincoln Street, Suite 801
Denver, CO 80203

To Whom it may concern:

This letter is in response to warning letter #402820668 regarding outstanding MITs that were triggered due to wells in a non-producing status for greater than 24 months. Please see our below comments for the wells included in this warning letter.

We apologize for the delay in both our response and corrective action plan. The initial warning letter was never physically received by our office and was only seen a couple weeks ago through a random search on-line for a different form. During the pandemic, we struggled with personnel turnover on both the operations side as well as corporate side. The search happened subsequent the initial dated letter as well as the corrective action date, so was unseen until recently. Once the letter was seen, a call was immediately placed to Diana Burns regarding our situation and action to both correct historic and future processes were immediately taken in operations.

We have implemented a process to ensure we do not miss a letter like this again regardless of personnel turnover, and more importantly have implemented a process so that a letter is not issued.

Once we reviewed the letter, we recognized quickly that there was no process around this type of situation at the manager level. We have since implemented a process at the corporate level and rolled it out to the manager/field level so that we can stay ahead of this situation. Once a month after the production report is finalized, a review is scheduled between the manager and the

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pumpers to discuss any well that was shut-in for the duration of the month. A running list is created and any well that is shut-in longer than one month are placed on either a workover list, a TA list, or a P&A list and then discussed with corporate. This list is reviewed at both the operations and corporate level on a monthly basis.

Although we have had weather and vendor delays, corrective action for all wells is in motion. Please see our comments below regarding our course of action.

1. Dirks 943-22-42 (Estimated Completion: 3/31/22)

WME Yates would like to bring this well back on production.

There is no risk that this well has lost its mechanical integrity and therefore feel that an MIT is unnecessary in this situation for the following reasons. This is a shallow (2695 ft) well located in the Niobrara, which is a low-pressure reservoir. The bradenhead test continues to show zero and our casing pressure is positive and currently 380 psi.

2. STR 3-1 (Completed)

This well was producing before the warning letter was issued. Significant turnover in field personnel was the reason that this well was initially shut-in and never re-opened.

There is no risk that this well has lost its mechanical integrity and therefore feel that an MIT is unnecessary in this situation for the following reasons. The bradenhead pressure is zero and the casing pressure is positive, fluctuating between 140-220. This is a shallow well at (2955 ft) and located in the Niobrara reservoir which is a low-pressure reservoir.

3. ROLL 843-18-22 (Estimated Completion: 3/31/22)

WME Yates has scheduled this MIT, which will occur within the next two weeks providing the weather holds.

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4. SCHLACTER 943-22-44; Niobrara formation; 2811 ft; casing psi 40
5. VIESELMAYER 943-33-41; Niobrara formation; 2660 ft; casing psi 20
6. STONER 843-4-43; Niobrara formation; 2672 ft; casing psi 40
7. FULSCHER 943-16-12; Niobrara formation; 2793 ft; casing psi 20

WME Yates would like to request an alternative MIT test for these wells. There is no risk that these wells have lost its mechanical integrity and therefore feel that an MIT is unnecessary in this situation for the following reasons. The bradenhead pressure is zero and the casing pressure is positive. These are all shallow wells located in the Niobrara reservoir which is a low-pressure reservoir.

In lieu of an MIT, we would like to start the process to P&A these four wells, along with several other wells in the same formation that have been identified due to our new process. This process would start in 2022 and be completed by the end of 2023. Due to the low-risk nature of these wells, we are requesting approval for the following P&A process.

- Phase I: Notify the state and landowner. Ensure well is dead. Set a cast iron bridge plug 50 ft above the top perforations with two sacks of cement placed on top of plug. Estimated time to start: Q1-2022
- Phase II: Dig up and cut off casing and surface casing four feet below ground level. Weld plate to seal off both the stubbed casing and surface casing. Abandon all flow lines as required by lease agreement and state regulation. Remove all equipment from location to yard. Reclaim location as required by lease agreement and state regulation. Q3-2022

Please let us know if you have any concerns regarding the above requested process and procedures.

Regards,

Jen Scott, CFO
WME Yates, LLC

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