

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

OPERATOR:

CINNAMON CREEK OIL & GAS INC

PO BOX 544

WALSH, CO 81090 USA

(719) 353-2523

OPERATOR NUMBER: 17210

CAUSE: 1 General Administration (Variance)

TYPE: REQUEST FOR RULE 502 VARIANCE FROM THE REQUIRMENTS UNDER
ECMC RULE 419

FIELD NAME: FLORENCE-CANON CITY #24600

COUNTY: FREMONT #043

LOCATION: SEE EXHIBIT B

LOCATION NAME: SEE EXHIBIT B

LOCATION ID: SEE EXHIBIT B

CONTACT: Rick Mills rickmills000@gmail.com

TABLE OF CONTENTS

Contents

Contents	2
APPLICATION FOR VARIANCE REQUEST.....	3

IN THE MATTER OF THE
APPLICATION OF CINNAMON
CREEK OIL & GAS INC
REQUESTING A VARIANCE
FROM BRADENHEAD
MONITORING REQUIREMENTS
UNDER RULE 419 FOR CERTAIN
OIL AND GAS WELLS LOCATED
IN FREMONT COUNTY,

CAUSE NO: 1

DOCKET NO.

TYPE: VARIANCE

APPLICATION FOR VARIANCE REQUEST

COMES NOW, Cinnamon Creek Oil & Gas Inc, (Operator No. 17210), (“Cinnamon Creek” or “Applicant”) and hereby respectfully submits this Application to the Colorado Energy & Carbon Management Commission (“ECMC” or “Commission”) requesting an ECMC Rule 502.b variance from bradenhead monitoring requirements in Rule 419 for eleven (11) well sites located in Fremont County, Colorado. In support of this Application, Applicant states and alleges as follows:

1. The applicant is a Colorado limited liability company duly authorized to conduct business in the State of Colorado and is a registered operator in good standing with the Commission.
2. Applicant is an Owner as defined by the Colorado Oil and Gas Conservation Act and Commission Rules and owns leasehold interests and holds the right to operate on the following lands (hereafter “Application Lands” or “Wells”):

Township 19 South, Range 70 West, 6th PM

The Anderson #1 (API: 043-40030): Section 1 SWSW;
The Johnson & Stocker #1(API: 043-40028): Section 2 SWNE
The Spangler #1 (API: 043-40038): Section 2, SESE;
The Alger #1 (API: 043-40029): Section 3 NWSE;
The Yankovick #1 (API: 043-40037): Section 3 SENW,
The Castagana #1 (API: 043-40032): Section 3 NWSE

Township 19 South, Range 69 West, 6th PM

The Owens & Searcy #1 (API: 043-40035): Section 8 SESW;
The C.F. & I #1 (API: API: 043-40031): Section 18 SWSW;

Township 20 South, Range 69 West, 6th PM

COWPERTHWAIT #1(API: 043-40039): Section 15 SWSW;
SMITH #1 (API: 043-05071): Section 17 NENE;
The Hassler-Doc Davis #1 (API: 043-40027): Section 21 SWSE

Nearby Public Roads: Vietnam Veterans Memorial Hwy & Hwy 67

Florence-Canon City Field #24600
Fremont County, Colorado

A reference map of the Application Lands is attached hereto in Exhibit A.

3. The Well locations are all on fee mineral and surface lands. The list of eleven (11) wells for which the Applicant is seeking a variance from Rule 419, and their location and wellsite details, are attached hereto as Exhibit B.
4. The drilling and completion of the Wells, including the setting of the casing, occurred between 1860 and the early 1900's under the prior ownership and management of Alex Beltramo. See Exhibit C – Form 10 Change of Operator.
5. All wells were drilled into the Pierre Shale formation, which is located between 1,825 feet and 2,950 feet Measured Depth (MD). Due to the manner in which they were constructed, the Wells were not equipped with Bradenhead access/annulus at the time they were drilled. **For all wells, the surface strings were welded to the conductor pipe.** The surface casing is cemented to surface, **and the production casing is either welded to or clamped to the surface casing.** **No** valve is available which would allow installation of Bradenhead monitoring fixtures. In compliance with Rule 420., wellbore diagrams with the known downhole information for each wellbore are attached hereto as **Exhibit E**.
6. On June 10, 2020, the Commission finalized the Wellbore Integrity Rulemaking, which, among other things, substantially revised its Bradenhead requirements in Rule 341. The Rules became effective on November 2, 2020. Prior to this rulemaking, Rule 341 (Bradenhead Monitoring During Well Stimulation Operations) did not require operators to equip Bradenhead access on all wells.
7. On November 23, 2020, the Commission finalized the 200-600 Mission Change Rulemaking, which, among other things, reorganized several series of its Rules, including moving prior Rule 341 to Rule 419. The Rules became effective on January 15, 2021.

8. Rule 419.a provides that an operator will equip Bradenhead access on all Wells to the annulus between the production and surface casing as well as any intermediate casing with appropriate fittings to allow safe and convenient determination of pressure and fluid flow.
9. Pursuant to Rule 419.b.(4) and Rule 419.c, an operator must also monitor, test, and report data regarding Bradenhead and casing pressure.
10. According to Staff communication, the way to resolve the Applicants inability to fit his wells with the necessary equipment is through the variance process.
11. Rule 502.a provides that “[r]equests for variances to any of the Commission’s Rules or orders will be filed with the Commission.”
12. Rule 502.c provides that an operator requesting a variance must show:
 - a. It has made a good faith effort to comply, or is unable to comply, with the specific requirements contained in the Commission’s Rule or order from which it seeks a variance, including, without limitation, securing a waiver or an exception, if any;
 - b. That the requested variance will not violate the basic intent of the Act;
 - c. The requested variance is necessary to avoid an undue hardship;
 - d. Granting the variance will result in no net adverse impact to public health, safety, welfare, the environment, or wildlife resources; and
 - e. The requested variance contains reasonable conditions of approval or other mitigation measures to avoid, minimize, or mitigate adverse impacts to public health, safety, welfare, the environment, and wildlife resources.
13. The Application satisfies these requirements of Rule 502.c because:
 - a. The applicant complies with Rule 502.c.(1) is Applicant is unable to comply with the requirements of ECMC Rule 419. Due to the design of the wells, and the age, there is a significant risk that any retrofitting may compromise the integrity of the well. Applicant has had the wells evaluated to see if the work to install the appropriate equipment is feasible, and the risk of integrity, or other issues that could cause the well to be inoperable, is significant.
 - b. Applicant complies with ECMC Rule 502.b.(2) because such a variance does not violate the basic intent of the act. The Applicant has otherwise complied with all rules and regulations. Applicant regularly monitors, maintains, and ensures the wells are in compliance with ECMC rules and regulations. The Act’s goal is to ensure operators are otherwise complying

with applicable standards, to the best they are able, while protecting the public health, safety and welfare. Here, the wells have not shown any previous issues with integrity, and the operator's regular upkeep ensures the wells are in good working order.

- c. Applicant complies with ECMC Rule 502.b.(2) The requested variance is necessary to avoid undue hardship. As described above, the Wells were constructed without Bradenhead access prior to the promulgation of Rule 419, and due to the configuration of the Wells, it is technically infeasible to install Bradenhead access, and thereby, not possible to monitor Bradenhead pressure or perform a Bradenhead test at the Wells. These circumstances, combined with the serious safety concerns and other considerations described below, create an undue hardship.
- d. Applicant complies with ECMC Rule 502.b.(3) as Applicant requires the requested variance to avoid undue hardship. Retrofitting these Wells in a manner compliant with Rule 419 would present a significant risk of causing structural or other integrity issues that may result in the wells become inoperable. There is considerable doubt as to whether Bradenhead installation and subsequent monitoring/testing can be successfully completed at the Well given its original configuration. Attempting to access the casings to retrofit the Well would require extensive excavation and inordinately risky operations to remove the cement that is currently protecting flow to the surface. Additionally, the Well's stabilization and casing integrity could be compromised by performing such an operation. Relatedly, undue hardship would result from the expenditure and/or consumption of substantial resources in the form of labor, fuel, water, and capital expense associated with attempting to install Bradenhead access at the Well.
- e. The requested variance will result in no net adverse impact to public health, safety, welfare, the environment, or wildlife resources because, under these circumstances, the risk of adverse wellbore integrity issues at the Wells is low relative to the potential wellbore integrity and other unavoidable environmental impacts that could result in attempting Bradenhead installation. Further, there is no past history of integrity or other compliance issues.

Further, there is significant risk that the extensive excavation and other activities conducted in furtherance of an attempt to retrofit the Wells for

Bradenhead monitoring could itself cause a wellbore integrity issue by compromising the integrity of the cement seal of the conductor and surface casing, which could potentially threaten public health, safety, welfare, the environment, or wildlife resources. Such an operation would require excavation below ground level, and casing integrity and stabilization issues may arise when digging around a wellbore configured in this manner. Given these concerns, such invasive and environmentally deleterious operations are not warranted.

Granting the variance would prevent the potentially significant adverse impacts associated with extensive site disturbance, heavy truck traffic and dust emissions, machine hours, fuel/water consumption, and safety concerns that would accompany an attempt to equip Bradenhead access at the Well. These activities would result in such environmental impacts without commensurate benefits to the surface owner or the local ecosystem.

Finally, many of the Well's are located in rural, isolated settings, which further reduces the potential for health and safety risks regarding wellbore integrity. For those wells that may be located in closer proximity to structures, the risk of environmental harm from the attempted retrofitting outweighs the benefits associated with the extensive work required.

- f. For the reasons stated above, Applicant believes that no additional conditions of approval or mitigation measures are necessary, as granting Cinnamon Creek's variance request will not result in net adverse impacts.
 - g. For the reasons articulated above, the requested variance will not violate the basic intent of the Act.
14. The granting of this Application is in accord with the Oil and Gas Conservation Act, C.R.S. §§ 34-60-101 et seq. and Commission's Rules implementing the Act.
15. The names and addresses of the interested parties according to the information and believe of the Applicant are set forth in the List of Interested Parties, and the undersigned certifies that copies of the Application and the Notice of Hearing will be served on each interested party as required by Rule 504.

THE Applicant respectfully requests that the Commission set this matter for a hearing in accordance with applicable Commission Rules, and that notice be

given as required, and that upon such hearing enter an Order:

- a. Granting Cinnamon Creek Oil & Gas a variance from Rule 419.
- b. For such other findings and orders as the Commission may deem proper and advisable.

Dated: **AMENDED January 15, 2025**

s/Chris McGowne

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