



March 25, 2013

VIA EMAIL – TO FOLLOW BY UPS

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

**Re: Request for Rule 502.b. Variance – Surface Exception Location
Pappenheim 6-62-26-8H Well (Horizontal)
Sections 23 and 26, Township 6 North, Range 62 West, 6th P.M.
Weld County, Colorado**

Dear Director Lepore,

The above referenced lands (“Subject Lands”) are subject to Colorado Oil and Gas Conservation Commission (“COGCC”) Rule 318.A(I).a. which provides, in part, that in the Greater Wattenberg Area operators may utilize the following described surface drilling locations (“GWA Windows”) to drill, twin, deepen, or recomplete a well and to commingle any or all of the Cretaceous Age formations from the base of the Dakota Formation to the surface:

- (1) A square with sides four hundred (400) feet in length, the center of which is the center of any governmental quarter-quarter section (“400 window”); and,
- (2) A square with sides eight hundred (800) feet in length, the center of which is the center of any governmental quarter section (“800 window”).
- (3) Absent a showing of good cause, which shall include the existence of a surface use or other agreement with the surface owner authorizing a surface well location outside of a GWA window, all surface wellsites shall be located within a GWA window.

The Subject Lands are also subject to Order No. 535-4 (approved on February 22, 2011) which established a 640 acre drilling and spacing unit for the Subject Lands, among others, and allowed for one (1) horizontal well to be drilled for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Order No. 535-4 also allowed the surface location for any permitted horizontal well to be located anywhere within the designated drilling and spacing unit.

Bill Barrett Corporation (“BBC”) intends to drill and complete the Pappenheim 6-62-26-8H well (“Well”), a horizontal well, on the Subject Lands. The surface location of the Well is proposed to be 225’ FSL and 335’ FWL of Section 23, Township 6 North, Range 62 West, 6th P.M. with a bottom hole location of 620’ FNL, 620’ FEL of Section 26, Township 6 North, Range 62 West, 6th P.M., Weld County, Colorado. Portions of Section 26 of the Subject Lands are subject to a conservation easement that prevents any surface occupancy for oil and gas operations, therefore BBC cannot locate the surface location of the Well within an established drilling window or within the established 640 acre drilling and unit boundaries.

BBC owns a leasehold interest in the Subject Lands and will operate the Well. BBC has obtained the appropriate waivers from the surface owners and has also obtained a subsurface easement from the

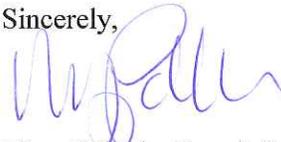
appropriate party in order to drill through the subsurface which lies outside of the designated drilling and spacing unit. Based on the foregoing, BBC hereby requests that the Director grant a variance to Rule 318A(I).a. and Order No. 535-4 as authorized by COGCC Rule 502.b. for the following reasons:

1. BBC seeks a variance from Rule 318A(I).a. and Order No. 535-4 in order to locate the surface location of the Well outside of the 640-area drilling and spacing unit established for the Subject Lands, which is also a location outside of the GWA Window. The detailed surface location is illustrated on the plat for the Pappenheim 6-62-26-8H Well attached as Exhibit 1.
2. BBC recognizes there is an inconsistency between Rule 318A(I).a. and Order No 535-4 regarding the surface locations of wells drilled within the Subject Lands and that this inconsistency is being reviewed by the COGCC. BBC specifically states, however, that the filing of this variance request does not result in BBC admitting that Rule 318A(I).a. applies in light of the conflicting Rule and Order.
3. BBC submits that there is good cause to grant the variance due to a conservation easement prohibiting surface access on Section 26 and the horizontal nature and orientation of the Well. BBC further submits that in order to maximize the efficient recovery of the hydrocarbon resource from the Niobrara Formation underlying the Subject Lands in a manner that prevents waste and protects correlative rights, it is reasonable and equitable to allow the surface location of the Well to be placed in the described surface location. Further, due to the inconsistency between Rule 318A(I).a. and Order No. 535-4, it may be assumed that the COGCC will take other actions to attempt to resolve this inconsistency.
4. On March 14, 2013, BBC sent a Notice and Request for Waiver Letter to the surface owners holding an interest in the lands upon which the surface location will be located. BBC has obtained all of the necessary waivers from the surface owners and they are attached as Exhibit 2.

Based on the foregoing, no violation of the basic intent of the Oil & Gas Conservation Act will occur by the granting of this variance. BBC, therefore, respectfully requests that the Director administratively grant a variance to Rule 318A(I).a. and Order No. 535-4 as set forth herein at its earliest convenience.

Please contact me at (303) 312-8511 or via email at mpobuda@billbarrettcorp.com if you have any questions. Thank you in advance for your prompt attention to this matter.

Sincerely,



Mary Pobuda, Permit Analyst
Bill Barrett Corporation

cc w/ enclosures: Jamie Jost – Beatty & Wozniak, P.C.

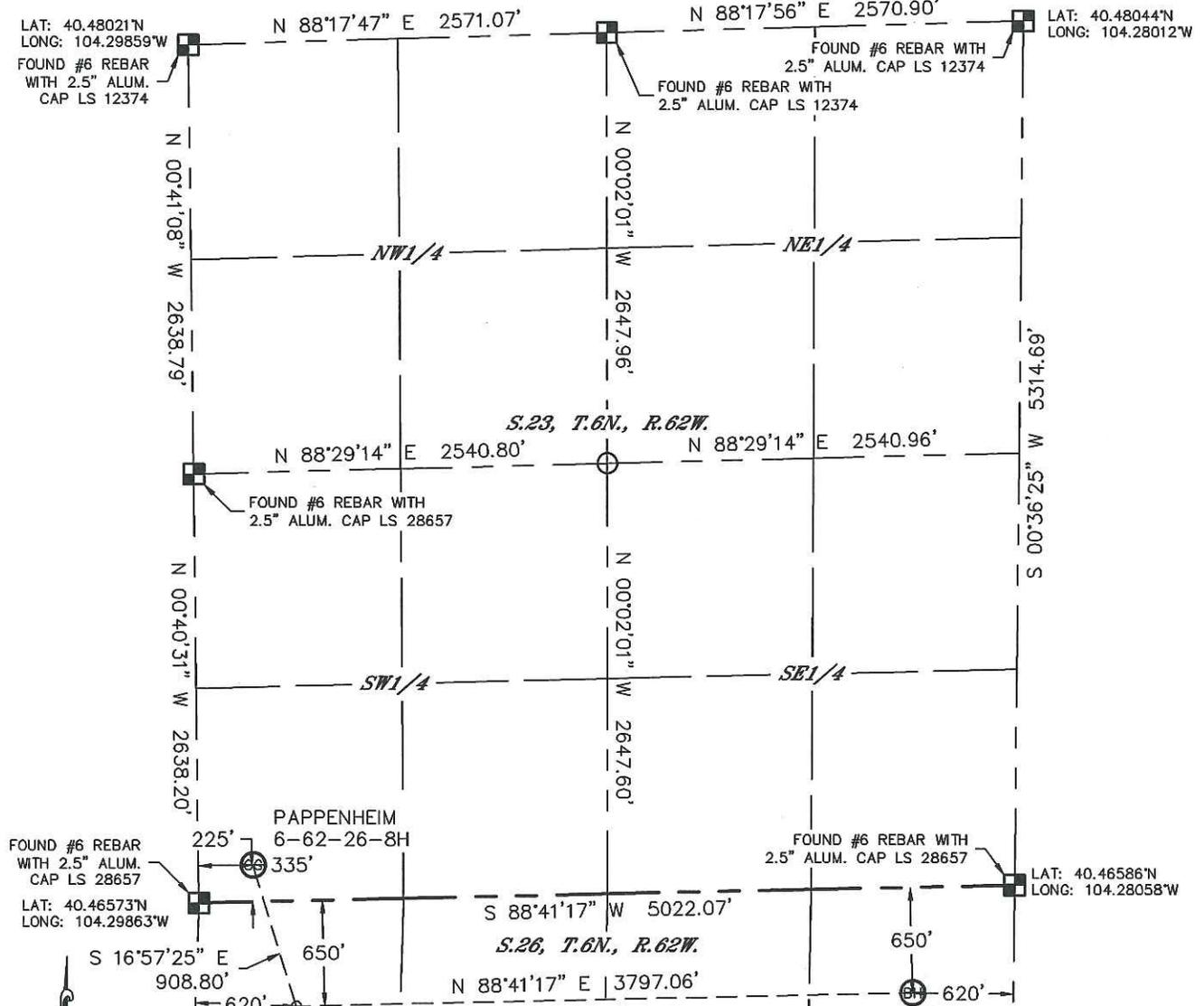


Lat40°, Inc. 1635 Foxtrail Drive, Suite 325 Loveland, CO 970-776-3321

WELL LOCATION CERTIFICATE

SECTION: 23
TOWNSHIP: 6N
RANGE: 62W

THIS MAP DOES NOT REPRESENT A BOUNDARY SURVEY



In accordance with a request from Jeff Fandrich with BILL BARRETT CORPORATION Lat40°, Inc. has determined the surface location of the PAPPENHEIM 6-62-26-8H to be 225' from the SOUTH line and 335' from the WEST line as measured at right angles from the section lines of Section 23, Township 6 North, Range 62 West and the bottom hole to be 650' from the NORTH line and 620' from the EAST line as measured at right angles from the section lines of Section 26, Township 6 North, Range 62 West of the Sixth Principal Meridian, County of Weld, State of Colorado.

I hereby state that this Well Location Certificate was prepared by me, or under my direct supervision, that the fieldwork was completed on 2/7/2013, for and on behalf of BILL BARRETT CORPORATION. That this is not a Land Survey Plat or an Improvement Survey Plat, and that it is not to be relied upon for establishment of fence, building, or other future improvement lines.

SURFACE LOCATION		BOTTOM HOLE	
LAT: 40.46636°N (40°27'58.9"N)	LONG: 104.29742°W (104°17'50.7"W)	LAT: 40.46406°N (40°27'50.6"N)	LONG: 104.28287°W (104°16'58.3"W)
LAT: 40.46637°N (NAD27)	LONG: 104.29691°W (NAD27)	LAT: 40.46407°N (NAD27)	LONG: 104.28236°W (NAD27)
PDOP: 1.4	ELEV: 4735'		
1/4,1/4: SW1/4SW1/4			
NEAREST PROPERTY LINE: 225' SOUTH			
LANDING POINT			
LAT: 40.46396°N (40°27'50.3"N)	LONG: 104.29651°W (104°17'47.4"W)		
LAT: 40.46398°N (NAD27)	LONG: 104.29600°W (NAD27)		

NOTE:

- 1) Bearings shown are Grid Bearings of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/2007. The lineal dimensions as contained herein are based upon the "U.S. Survey Foot."
- 2) Ground elevations are based on an observed GPS elevation (NAVD 1988 DATUM).
- 3) IMPROVEMENTS: See LOCATION DRAWING for all visible improvements within 400' of disturbed area.
- 4) SURFACE USE: RANGELAND
- 5) INSTRUMENT OPERATOR: WYATT HALL

NOTE

According to Colorado law, you must commence any legal action based upon any defect in this W.L.C. within three years after you discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years after the date of the certificate shown hereon. (13-80-105 C.R.S.)

LEGEND

- = ALIQUOT MONUMENT AS DESCRIBED
- = CALCULATED POSITION

SHEET 1 OF 2

Kyle E. Rutz-On behalf of Lat40°
Colorado Licensed Professional Land Surveyor No. 38307
2/21/2013
PROJECT#: 2013108

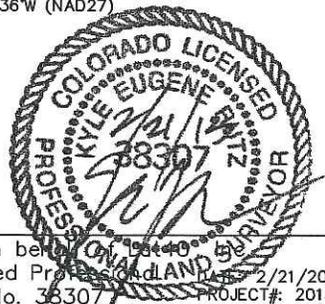


EXHIBIT "2"

Surface Owner: Ronald L. Pappenheim and Betty J. Pappenheim
20112 Weld County Road 76
Eaton, Colorado 80615
Operator: Bill Barrett Corporation
Effective Date: February 28, 2013
Subject Lands: Township 6 North, Range 62 West, 6th P.M.
Section 23: SW1/4 SW1/4
Weld County, Colorado

RE: Surface Exception Location Consent and Waiver of Order 535-4
Well-Set-Back (Twinning) Exception Consent
PAPPENHEIM 6-62-26-8H

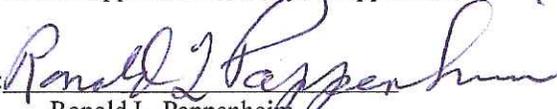
Ronald L. Pappenheim and Betty J. Pappenheim, owners of the Subject Lands ("Owner"), for adequate consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby waive the provisions of Rule 318.A. (a) of the Colorado Oil and Gas Conservation Commission's Rules and Regulations that provides that wells shall be drilled within a square with sides four hundred (400) feet in length, the center of which is the center of any governmental quarter-quarter section ("400' Window"). Owner hereby consents and authorizes Bill Barrett Corporation to drill, complete and operate the following well:

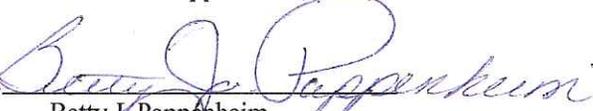
PAPPENHEIM 6-62-26-8H, the surface hole location of which will be 225 feet FSL and 335 feet FWL of Section 23, Township 6 North, Range 62 West, 6th P.M., Weld County, Colorado, which surface location is located outside of the approximately 260 feet outside of the 400' Window of Subject Lands. Please note that the horizontal component of the horizontal wellbore is located at a legal location in Section 26-6N-62W.

By signing this letter you hereby grant your consent to Bill Barrett Corporation to locate the wells outside of a GWA window as defined by COGCC Rule 318A. (a). and to locate the surface location outside of the drilling and spacing unit provided for under Order 535-4. Additionally, the wells are being proposed at a surface location which is more than 5280 feet from an existing surface well location. By signing this letter you also grant your consent to Bill Barrett Corporation to locate the wells more than 50 feet from the existing wells as provided for under COGCC Rule 318A.(c).

This waiver and authorization is signed as of the date of the acknowledgment below, but is effective for all purposes as of the Effective Date stated above.

Ronald L. Pappenheim & Betty J. Pappenheim

By: 
Ronald L. Pappenheim

By: 
Betty J. Pappenheim

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this 21 day of MARCH, 2013
by Ronald L. Pappenheim and Betty J. Pappenheim.

My commission expires 7-7-2016

Notary Public: Michael A. Rutherford

