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February 1, 2016

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

Re: Temporary Variance Request for Certain Existing Facilities from the Floodplain Rules

Dear Director Lepore:

Pursuant to Rules 502.b.(1) and 603.h.(2).(E), PDC Energy, Inc. (PDC) requests a temporary variance from the April 1, 2016 compliance date and approval of an alternative compliance strategy for retrofitting certain existing facilities with respect to the requirements in Floodplain Rule 603.h for anchoring and containment berms.

Currently, PDC has 105 existing tank batteries that are located within the 100 year floodplain, none of which are within the floodway. Although none of these facilities involve pits, all of them include tanks and separators. PDC is requesting a variance and alternative compliance strategy for about 56% of these facilities. With respect to these facilities, PDC proposes to defer the anchoring of separators by approximately 60 days from April 1, 2016 to June 1, 2016 and/or to defer implementing an alternate engineered technology that provides equivalent protection from floodwaters and debris to the existing earthen containment berms around the tanks by approximately 90 days from April 1, 2016 to July 1, 2016. Additional information on this request is set forth below.

1. Inventory. This request concerns existing tank batteries that are located within the 100 year floodplain. PDC seeks to defer anchoring separators and replacing earthen containment berms around the tanks; at 48 of these facilities, PDC seeks only to defer anchoring separators; and at 59 of these facilities, PDC seeks to defer only the implementing an alternate engineering technology to earthen berms around the tanks. An inventory of the facilities subject to this request is attached as Appendix A.

2. Implementation Plan and Schedule. All separation equipment at these facilities will be anchored to the ground as required by Rule 603.h.(2).B. by June 1, 2016. In addition, all earthen containment berms around the tanks at these facilities will be retro-fitted with open pipe fencing as an alternate engineering technology in compliance with Rule 603.h.(2).C. by July 1, 2016. A schematic of PDC's open pipe fencing is attached as Appendix B. The Commission's Floodplain Rule 603.h Guidance identifies such fencing as an "alternative technology" that provides "equivalent protection from

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floodwaters and debris." The Guidance further explains that locations that use appropriate alternative technologies shall be deemed "in compliance with this Rule and a variance per Rule 603.h.(2)E is not required." Accordingly, no additional variance should be necessary for PDC's use of open pipe fencing.

The existing facilities will help to minimize any risks associated with the temporary deferral of this work. The existing pipelines serving the separators will help to stabilize them in place as recognized by the Weld County Department of Planning Services. As the recently-issued Floodplain Permit attached as Appendix C explains, "[i]f there are pipes entering and/or exiting the meter shed or separators additional anchoring may not be required." In addition, the separators have a relatively small capacity and typically contain ten barrels or less of fluid. Protection from floodwaters and debris will be provided by the existing earthen berms, all of which are properly sized under Rules 605.a and 604.c.

3. Actions in the Event of Flooding. In the event of flooding during the interim period from April 1, 2016 until the tank batteries in question are fully retrofitted, PDC will shut in the wells that are served by these facilities and will ensure compliance with the Rules before the wells are returned to production.

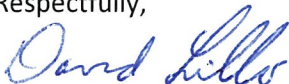
4. Risk Factors Considered. In determining which facilities to retrofit after April 1, 2016, PDC prioritized those facilities that face greater flooding risk due to their proximity to surface water or topographic conditions. Those facilities that face greater risk will be retrofitted by April 1, 2016 and are not subject to this variance request.

5. Variance Requirements. PDC has sought in good faith to comply with the new Floodplain Rule. All tanks will be anchored by April 1, 2016 as required. In addition, approximately 46% of separators will be anchored and approximately 56% of earthen berms will be retro-fitted by that date. The need to defer anchoring and earthen berm improvements for the remainder of the facilities is due to a combination of budget cuts due to decreased commodity prices and the need to satisfy Weld County and the COGCC regarding the identification of a containment technology that will satisfy both agencies.

The requested variance is consistent with the intent of the Oil and Gas Conservation Act because it will further the responsible development of oil and gas by PDC. As previously noted, the variance will last only 60 days for separator anchoring and only 90 days for earthen berm improvements, and the existing facilities will minimize any risks associated with the temporary deferral of this work. The pipeline systems for the separators will help to stabilize them during the interim, and the existing earthen berms will help to protect the tanks from flooding and debris. In addition, in the event that flooding does occur, PDC will shut-in the wells associated with these facilities.

Thank you for considering this request. If you have any questions regarding the above or require any additional information, please contact the undersigned at 303.860-5800.

Respectfully,



David Lillo  
Vice President Operations