



Kerr-McGee Oil & Gas Onshore LP

A subsidiary of Anadarko Petroleum Corporation

1099 18th Street
Denver, CO 80202
720-929-6000

July 8, 2016

Matt Lepore
Director, Colorado Oil and Gas Conservation Commission
Department of Natural Resources
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, CO 80203

Re: **Rule 502.b(1) Variance Request to Rule 318A.e(5)B for Spacing Unit covering:
FOLLEY SOUTH #1** (Document # 401059351)
Township 5 North, Range 68 West, 6th P.M.
Section 13: SE/4SE/4
Unit Acreage: 640
Unit Spacing: 05N-68W-Sec 13 S/2
05N-68W-Sec 14 S/2
Weld County, Colorado

Dear Director Lepore:

Pursuant to Rule 502.b(1), please be advised Kerr-McGee Oil and Gas Onshore LLC (KMG) hereby requests that the COGCC grant a variance of Rule 318A.e(5)B. in regard to the notice requirement that, "Each owner shall have a 30 day period after receipt of such notice to object in writing to the operator."

A notice was mailed to each Working Interest owner (WI) on May 27, 2016. In trying to comply with this regulation KMG has encountered circumstances to which KMG believes were not intended to be an issue in permitting wells. Those circumstances include several unleased mineral owners (who are technically WI owners) whom KMG has made best efforts to notify, but for reasons beyond our control, either 1) are no longer at the address of record; 2) the post office is unable to deliver because there is no one at the address of record; 3) for reasons unknown the working interest owner has not or will not pick up their notice. The Working Interest owners that this variance apply to are very small interest owners under small lots or tracts within the spacing unit being applied for.

SUMMARY OF STATUS OF WORKING INTEREST OWNER'S NOTICES:

The total number of Working Interest owners who were sent notices for the spacing unit referenced above is 14.

30 Day Notice Status	# of notices	Percent of total
Waived 30 day requirement	1	7.14
Receipt of notice acknowledged but no response	7	50.00
Unsuccessfully noticed	6	42.86
Total		100%

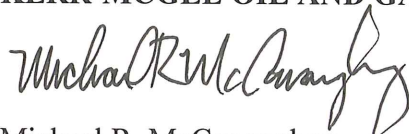
For your convenience we have attached a spreadsheet of all owners and the results of our attempts to notify.

KMG believes this request complies with Rule 502 b.(1) as it states, "*The operator or the applicant requesting the variance shall make a showing that it has made a good faith effort to comply, or is unable to comply with the specific requirements contained in the rules, regulations, or orders from which it seeks a variance, including, without limitation, securing a waiver or an exception, if any, and that the requested variance will not violate the basic intent of the Oil and Gas Conservation Act.* KMG would like to request this variance for relief from the requirement to provide notice to the owners.

Thank you for your prompt attention and consideration to this matter.

Sincerely,

KERR-MCGEE OIL AND GAS ONSHORE, LLC



Michael R. McConaughey
Regulatory Affairs Supervisor

Attachment

30 DAY LETTER CERTIFICATE
LETTER TRACKING #

UNLEASED OWNER NAME

ADDRESS

DATE SENT

DATE OF FIRST
DELIVERY

NET TRACT
ACRES

SPACING
UNIT
ACRES

SPACING UNIT
AC %

FOLLEY SOUTH #1 WELL 30 DAY NOTIFICATION

9171999991703455980742	Rex A. Hofer & Lana Lynn Hofer	4402 ARNICA CT, JOHNSTOWN, CO 80534	5/27/2016	Still in transit 7/7	0.369	640	0.000576562
9171999991703455980759	Kendra Waldbusser	4802 SORREL LANE, JOHNSTOW, CO 80534	5/27/2016	Still in transit 7/7	0.279	640	0.000435937
9171999991703455980773	Joseph Jacob and Prena M. Jacob	1437 DENVER AVE, APT 305, LOVELAND, CO 80538	5/27/2016	Still in transit 7/7	0.245	640	0.000382812
9171999991703455980780	Lowell S. Harris and Sally J. Harris	4384 THOMPSON PKWY, JOHNSTOWN, CO 80534	5/27/2016	Still in transit 7/7	0.248	640	0.0003875
9171999991703455980797	Jonathan Matthew Walker and Shane Bryan Castro	4360 THOMPSON PKWY, JOHNSTOWN, CO 80534	5/27/2016	Still in transit 7/7	0.238	640	0.000371875
9171999991703455980810	Victor Bettelli and Marta Bettelli	4630 ANGELICA DR, LOVELAND, CO 80537	5/27/2016	Still in transit 7/7	0.485	640	0.000757812