



TEP Rocky Mountain LLC
4828 Loop Central Drive, Suite 900
Houston, TX 77081

July 10, 2017

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

RE: TEP Rocky Mountain LLC (TEP) – 604.b.A. Designated Setback Location Exception
Request for PA 22-25 (Loc# 335123), including 25 Form 2s and Form 2A (Doc# 401289571)

Dear Mr. Lepore:

This letter is a designated setback location exception request in regards to Rule 604.b.A., which allows an operator to seek a variance from a designated setback when an “existing or approved Oil and Gas Location is within a Designated Setback Location solely as a result of the adoption of Rule 604.a., above, which established the Designated Setback Locations.”

This request pertains to a Form 2A (Doc# 401289571) and corresponding Form 2s for the PA 22-25 (Loc# 335123), which is an existing location within a Buffer Zone; under 1,000 feet from a building unit. The existing wells on the PA 22-25 were drilled and completed in 2010-2011, prior to the establishment of the Designated Setback requirements under Rule 604.a.

Tri-State Trucking, who is the surface owner and building tenant, entered into a Surface Use Agreement with TEP, and agreed to the following: “Surface Owner also waives all setback requirements in the COGCC Rules 603 and 604, or any successor rule or amendment to the COGCC setback rules, and to any other State or Local setback requirement or other requirements or regulations that are or become inconsistent with this Agreement or that would prohibit or interfere with the right of Operator or its successors and assigns, to explore for and produce the oil and gas in accordance with this agreement.” The SUA memorandum is attached to the Form 2A and Form 2s.

The Form 2A for the PA 22-25, and corresponding Form 2s for an additional 25 wells, are part of the proposed Balzac Gulch Master Development Plan submitted to the Bureau of Land Management on June 9, 2017. The PA 22-25 is one of three locations in Phase 1 of the Balzac Gulch MDP that includes 66 wells to be drilled from existing pads outside of the Roan Plateau Leases, which were recently taken out of suspension. The location of the facilities is within the bounds of the Roan Plateau Planning Area Resource Management Plan and settlement agreement, specifically the Base Leases. The benefits of this location, as determined through consultation with BLM and Colorado Parks and Wildlife, include using existing pads in lieu of building new pads with additional surface disturbance, and the use of existing infrastructure and access roads.

TEP believes this request is warranted based on meeting Rule 604.b.A and having obtained a waiver from the surface owner, in addition to the benefits discussed above. Your timely attention and acceptance of this request is appreciated. If you have any questions, please contact me directly at 970-263-2736.

Sincerely,

A handwritten signature in blue ink, appearing to read "JDK", with a long horizontal flourish extending to the right.

Jeffrey D. Kirtland
Regulatory Lead

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