

Regulatory Operations

May 3, 2018

VIA Sundry

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

Re: COGCC Rule 502.b Variance Request for 1001.c Surface Owner Waiver
Fischer State 16-19-48 1H, API # 05-061-06882-00, Location ID: 432674
Township 8N, Range 66W, 6th P.M.
Section 16: NWNW
Kiowa County, Colorado

Dear Mr. Lepore,

We have obtained a Surface Owner Waiver under Rule 1001.c for final reclamation of the Fischer State 16-19-48 1H Access Road. We have performed all non-waivable reclamation requirements as specified in COGCC Rule 1004. Due to the surface owner's final reclamation request, which included leaving the Access Road intact, we are requesting your approval for a variance from requirements of Rule 1004(a) as specified in as specified in Surface Owner Reclamation Agreement (Exhibit A) enclosed herewith. We have provided all of the information and documentation in accordance with COGCC Operator Guidance on Rule 1001.c: Reclamation Variances and Waivers.

Chesapeake has entered into an agreement with the surface owner regarding the reclamation of the Fischer State 16-19-48 1H location. Chesapeake has also completed an evaluation of whether public health, safety and welfare will be protected and significant adverse environmental impacts would be prevented if compliance with specified provisions of Rule 1004 is not required. Chesapeake's evaluation is enclosed, and evidence and demonstrations are included in Exhibit A.

The following attached documents contained in this letter for the Fischer State 16-19-48 1H were developed in accordance with COGCC 1001.c: Reclamation Variances and Waiver guidance document:

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 | 6100 N. Western Ave. • Oklahoma City, OK 73118
405-935-8000

(1) Final Reclamation Agreement (Signed Waiver)

- a. This fulfills the five requirements of Section 1 of the COGCC 1001.c: Reclamation Variances and Waivers guidance document.

(2) Site Specific Final Reclamation Plan (Exhibit A)

- a. This document, along with all images and exhibits (COGCC Forms), fulfill the eight requirements of the Section 11.B in the COGCC 1001.c: Reclamation Variance and Waivers guidance document.

(3) Analysis of Public Health, Safety, Welfare and Environmental Impact

We have made a good faith effort to provide the necessary information and evidence requested in the COGCC 1001.c: Reclamation Variance and Waivers guidance documents in order for the Director to evaluate our request for waiving specified provisions of Rule 1004 to fulfill the surface owner's requests for final reclamation.

We respectfully ask you to review and approve our variance request from the specified section of the 1004 final reclamation requirements.

Sincerely,

Kyle Bradley
Regulatory Analyst II
Chesapeake Operating, LLC

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 | 6100 N. Western Ave. • Oklahoma City, OK 73118
405-935-8000

April 24, 2018

State of Colorado
Mike Pollart
Southeast District Manager
700 Main Street
Lamar, CO 81052

Re: Final Reclamation Agreement
Fischer State 16-19-48 1H
Section 16-19S-48W
Kiowa County, Colorado

Dear Mike Pollart:

Chesapeake Operating, LLC ("Chesapeake") consulted with you concerning final reclamation on your property, and you requested the Operator not reclaim certain features of this location or restore the surface back to predrilling conditions. Pursuant to Colorado regulations, this letter agreement, including the attached Exhibits, sets forth the agreement between you and the Operator regarding final reclamation. By signing, you agree to waive any interim or final reclamation obligations the Colorado Oil & gas Conservation Commission ("COGCC") imposes upon Chesapeake under its regulations.

Exhibit 'A' identifies the specific portion of the Fischer State 16-19-48 1H for which you agree to waive any reclamation obligations or requirements under COGCC Rule 1004, along with a description of the reclamation work that has been completed.

The reason you have provided for waiving Chesapeake's obligation to perform final reclamation is the lease road will provide access to the inner portion of the property.

By waiving Chesapeake's obligations for final reclamation required under COGCC Rule 1004 as set forth in this letter agreement, you are hereby acknowledging that the current condition of the portion of the Fischer State 16-19-48 1H subject to the waiver is satisfactory to you or will be satisfactory to you once Chesapeake performs the agreed upon plan. By executing below and agreeing to the manner in which the location has been reclaimed and maintained, as set forth herein and in Exhibit 'A', you acknowledge that you are knowingly and forever waiving all reclamation protections otherwise afforded by COGCC Rule 1004 for that portion of the locations which you are granting the waiver, and you accept responsibility for all future reclamation and topsoil protection.

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 | 6100 N. Western Ave. • Oklahoma City, OK 73118
405-935-8000

This letter agreement contains all the agreements, conditions, promises and covenants between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, representations, or understandings with respects to the subject matter hereof. This letter agreement shall be binding upon and inure to the benefit of the parties and their respective agents, officers, employees, shareholders, directors, insurers, legal representatives, heirs, successors and assigns. This letter agreement shall be construed and governed in accordance with the laws of the State of Colorado without regard to the choice of law provisions thereof.

If you agree to the terms and conditions of this letter agreement, please sign below and return a fully executed copy of this letter to tyson.misak@chk.com.

Best regards,



Tyson Misak
Field Services Manager
Chesapeake Operating, LLC

ACCEPTED AND AGREED:

Colorado State Board of Land Comm.
SURFACE OWNER
Mike Pollart

DATE: *9/3/18*

By: Mike Pollart
As: Southeast District Manager

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 | 6100 N. Western Ave. • Oklahoma City, OK 73118
405-935-8000

**Surface Owner Reclamation Letter Agreement
(Exhibit A)**

Fischer State 16-19-48 1H
Section 16-19N-48W
Kiowa County, CO
API 05-061-06882

Colorado State Land Board: Mike Pollart, Southeast District Manager

This document sets forth the specific reclamation activities completed or to be completed on State of Colorado property as of 4/29/2018, including identifying the specific portions for which you have waived Chesapeake's reclamation requirements under COGCC Rule 1004.

Chesapeake has and/or will conduct all final reclamation work in accordance with this plan:

1. The lease road will be retained in its current condition to provide access to the inner portion of the property per landowner's request. (Map enclosed)
2. The cattle guard and gate at the entrance from the county road will be retained in its current condition per landowner's request
3. The cattle guard at the entrance of the pad has been uninstalled, and landowner will retain possession of cattle guard and cattle guard foundation.
4. The fence around the pad has been removed, and the pad has been restored and re-contoured in accordance with Rule 1004.a.

Chesapeake has conducted final reclamation requirements for all other areas of the location from which you have not waived Chesapeake's reclamation requirements per COGCC Rule 1004. Chesapeake has performed all reclamation requirements as specified in COGCC Rule 1004 which cannot be waived by the Surface Owner.

The permit to drill has been abandoned by Chesapeake due to no drill activities on this location. All trash and debris has been removed from the location. Chesapeake has performed routine noxious weed control per COGCC Rule 1004. Storm water management has been conducted on location and in accordance with COGCC Rule 1002.f.

Weed Management Plan:
Noxious weeds have been removed.

Pictures after reclamation:







EXHIBIT A



Analysis of Public Health, Welfare, Safety and Environmental

B. Request to Waive Compliance with Specified Provisions of Rule 1004, via a Variance

1. Evidence that all wells on location are plugged and abandoned, and that a Form 6 subsequent was submitted for each well:

Well was never drilled. Form 4 to Abandon Permit approved 12/21/2015 (enclosed).

2. Evidence that all oil and gas equipment has been removed from the location, including flowline and gathering line risers

Well never drilled. Please see site photos in Surface Owner Reclamation Agreement (*Exhibit A*).

3. Evidence that trash and debris belonging to the operator or its agents has been removed from the location.

Well never drilled. Please see site photos in Surface Owner Reclamation Agreement (*Exhibit A*).

4. Evidence that noxious weeds have been controlled as required by Rule 1004.

Well never drilled. Please see site photos in Surface Owner Reclamation Agreement (*Exhibit A*).

5. Documentation showing the operator consulted in good faith with the surface owner regarding final reclamation pursuant to Rule 306.f...

Communication with the surface owner was primarily in-person for the purpose of drafting the reclamation waiver agreement, and as such no significant electronic documentation of the consultation exists.

6. Documentation of the existing state of reclamation for the entire location.

Please see enclosed photos of work done to present surface owner with suitable site conditions.

7. Evidence the oil and gas location is stabilized and any required storm water management controls are in place and can function properly prior to COGCC's scheduled final reclamation inspection.

Please see enclosed photos of work done to present surface owner with suitable site conditions.

8. Analysis of Public Health, Welfare, Safety and Environmental Impact

Chesapeake has evaluated if variance from compliance with the specific sections of the 1004.(a) rule may adversely impact public health, public welfare, public safety or the environment if compliance with specified provisions of Rule 1004 is waived. Chesapeake believes the analysis presented below is consistent with the scope of the variance requested.

Chesapeake has performed reclamation and seeding on disturbed areas in order to achieve overall soil stability. Per Section II.B. 8 in the Rule 1001.c Reclamation Variances and Waivers guidance document, the following subsections and reference exhibit(s) discusses (1) the specific nature of the location (urban vs. rural, proximity to surface water, wildlife areas, 317B area, or sensitive area classification) and (2) "comparative benefits of re-contouring and reseeding vs. just reseeding".

Public Health

The specified variances requested from Rule 1004.(a) for the FISCHER ST 16-19-48 1H PAD access road will not adversely impact public health because the well was never drilled, and all reclamation activities have been performed in order to make site conditions agreeable to the surface owner. Please see site photos in Surface Owner Reclamation Agreement (*Exhibit A*).

Additionally, due to the rural nature of this location, coupled with the fact the disturbance is confined to private surface with restricted public access, this variance request is unrelated to public health as the location never contained exploration and production waste or other potentially hazardous materials.

Public Welfare

The specified variances requested from Rule 1004.(a) for the FISCHER ST 16-19-48 1H PAD access road will not adversely impact public welfare. The surface owner has expressed interest in keeping the access road to facilitate access to the interior part of the section.

Additionally, due to the rural nature of this location, coupled with the fact the disturbance is confined to private surface with restricted public access, this variance request is unrelated to public welfare as the location never contained exploration and production waste or other potentially hazardous materials.

Because the surface owner will take possession of the location in good standing with COGCC, public welfare will not be adversely impacted if this reclamation waiver is granted.

Public Safety

The specified variances requested from Rule 1004.(a) for the FISCHER ST 16-19-48 1H PAD access road will not adversely impact public safety because no wells were drilled on this pad, and all reclamation activities have been performed to make site conditions agreeable to the surface owner.

Additionally, due to the rural nature of this location, coupled with the fact the disturbance is confined to private surface with restricted public access, this variance request is unrelated to public safety as the location never contained exploration and production waste or other potentially hazardous materials.

No Significant Adverse Environmental Impacts

The specified variances requested from Rule 1004.(a) for the FISCHER ST 16-19-48 1H PAD access road are unlikely to result in any significant adverse environmental impacts. No wells were drilled on the pad, which has been reclaimed to meet the conditions for final land use as set by the surface owner per *Exhibit A* enclosed herewith.

The FISCHER ST 16-19-48 1H PAD is not within an Urban Mitigation Area, as defined by COGCC definitions, nor a sensitive wildlife habitat or restricted surface occupancy area. No critical habitat for threatened or endangered species was observed during location planning.

There are no wetlands mapped on the location, however the lease road appears to cross two mapped NWI Riverine Wetlands (intermittent streams). The location does not have an immediate impact on any Waters of the US.

Re-contouring and Reseeding v. Reseeding

Because surface owner intends to use improved access road to reach interior portions of Section 16-19N-48W, re-contouring the access road to natural grade was not done prior to re-seeding.

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



DE	ET	OE	ES
Document Number: 400957706			
Date Received: 12/21/2015			

SUNDRY NOTICE

Submit a signed original. This form is to be used for general, technical and environmental sundry information. For proposed or completed operations, describe in full in Comments or provide as an attachment. Identify Well by API Number; identify Oil and Gas Location by Location ID Number; identify other Facility by Facility ID Number.

OGCC Operator Number: <u>16660</u>	Contact Name <u>Christy Keith</u>
Name of Operator: <u>CHESAPEAKE OPERATING LLC</u>	Phone: <u>(405) 935-7539</u>
Address: <u>P O BOX 18496</u>	Fax: <u>(405) 849-7539</u>
City: <u>OKLAHOMA CITY</u> State: <u>OK</u> Zip: <u>73154-0496</u>	Email: <u>christy.keith@chk.com</u>

Complete the Attachment
Checklist

OP OGCC

API Number : <u>05-0610688200</u>	OGCC Facility ID Number: <u>432674</u>
Well/Facility Name: <u>FISCHER STATE 16-19-48</u>	Well/Facility Number: <u>1-H</u>
Location QtrQtr: <u>NWNW</u> Section: <u>16</u> Township: <u>19S</u> Range: <u>48W</u> Meridian: <u>6</u>	
County: <u>KIOWA</u> Field Name: <u>WILDCAT</u>	
Federal, Indian or State Lease Number: <u>1899.12</u>	

Survey Plat		
Directional Survey		
Srvc Eqpmt Diagram		
Technical Info Page		
Other		

CHANGE OF LOCATION OR AS BUILT GPS REPORT

- ☐ Change of Location * ☐ As-Built GPS Location Report ☐ As-Built GPS Location Report with Survey

* Well location change requires new plat. A substantive surface location change may require new Form 2A.

SURFACE LOCATION GPS DATA Data must be provided for Change of Surface Location and As Built Reports.

Latitude _____ PDOP Reading _____ Date of Measurement _____
Longitude _____ GPS Instrument Operator's Name _____

LOCATION CHANGE (all measurements in Feet)

Well will be: _____ (Vertical, Directional, Horizontal)

Change of **Surface** Footage **From** Exterior Section Lines:

Change of **Surface** Footage **To** Exterior Section Lines:

Current **Surface** Location **From** QtrQtr NWNW Sec 16

New **Surface** Location **To** QtrQtr _____ Sec _____

Change of **Top of Productive Zone** Footage **From** Exterior Section Lines:

Change of **Top of Productive Zone** Footage **To** Exterior Section Lines:

Current **Top of Productive Zone** Location **From** Sec _____

New **Top of Productive Zone** Location **To** Sec _____

Change of **Bottomhole** Footage **From** Exterior Section Lines:

Change of **Bottomhole** Footage **To** Exterior Section Lines:

Current **Bottomhole** Location Sec _____ Twp _____

New **Bottomhole** Location Sec _____ Twp _____

Is location in High Density Area? _____

Distance, in feet, to nearest building _____, public road: _____, above ground utility: _____, railroad: _____,

property line: _____, lease line: _____, well in same formation: _____

Ground Elevation _____ feet Surface owner consultation date _____

FNL/FSL		FEL/FWL	
<u>660</u>	<u>FNL</u>	<u>600</u>	<u>FWL</u>
_____	_____	_____	_____
Twp <u>19S</u>	Range <u>48W</u>	Meridian <u>6</u>	
Twp _____	Range _____	Meridian _____	
_____	_____	_____	_____
_____	_____	_____	_____
Twp _____	Range _____		
Twp _____	Range _____		
_____	_____	_____	_____
_____	_____	_____	_____

**

**

** attach deviated drilling plan

CHANGE OR ADD OBJECTIVE FORMATION AND/OR SPACING UNIT

<u>Objective Formation</u>	<u>Formation Code</u>	<u>Spacing Order Number</u>	<u>Unit Acreage</u>	<u>Unit Configuration</u>

OTHER CHANGES

☐ **REMOVE FROM SURFACE BOND** Signed surface use agreement is a required attachment

☐ **CHANGE OF WELL, FACILITY OR OIL & GAS LOCATION NAME OR NUMBER**

From: Name FISCHER STATE 16-19-48 Number 1-H Effective Date: _____

To: Name _____ Number _____

☒ **ABANDON PERMIT: Permit can only be abandoned if the permitted operation has NOT been conducted. Field inspection will be conducted to verify site status.**

☒ WELL: Abandon Application for Permit-to-Drill (Form2) – Well API Number 05-061-06882-00 has not been drilled.

☐ PIT: Abandon Earthen Pit Permit (Form 15) – COGCC Pit Facility ID Number _____ has not been constructed (Permitted and constructed pit requires closure per Rule 905)

☐ CENTRALIZED E&P WASTE MANAGEMENT FACILITY: Abandon Centralized E&P Waste Management Facility Permit (Form 28) – Facility ID Number _____ has not been constructed (Constructed facility requires closure per Rule 908)

OIL & GAS LOCATION ID Number: 432675

☐ Abandon Oil & Gas Location Assessment (Form 2A) – Location has not been constructed and site will not be used in the future.

☒ Keep Oil & Gas Location Assessment (Form 2A) active until expiration date. This site will be used in the future.

Surface disturbance from Oil and Gas Operations must be reclaimed per Rule 1003 and Rule 1004.

☐ **REQUEST FOR CONFIDENTIAL STATUS**

☐ **DIGITAL WELL LOG UPLOAD**

☐ **DOCUMENTS SUBMITTED** Purpose of Submission: _____

RECLAMATION**INTERIM RECLAMATION**

☐ Interim Reclamation will commence approximately _____

Per Rule 1003.e.(3) operator shall submit Sundry Notice reporting interim reclamation is complete and site is ready for inspection when vegetation reaches 80% coverage.

☐ Interim reclamation complete, site ready for inspection.

Per Rule 1003.e(3) describe interim reclamation procedure in Comments below or provide as an attachment and attach required location photographs.

Field inspection will be conducted to document Rule 1003.e. compliance

FINAL RECLAMATION

☐ Final Reclamation will commence approximately _____

Per Rule 1004.c.(4) operator shall submit Sundry Notice reporting final reclamation is complete and site is ready for inspection when vegetation reaches 80% coverage.

☐ Final reclamation complete, site ready for inspection. Per Rule 1004.c(4) describe final reclamation procedure in Comments below or provide as an attachment.

Field inspection will be conducted to document Rule 1004.c. compliance

Comments:

ENGINEERING AND ENVIRONMENTAL WORK

☐ NOTICE OF CONTINUED TEMPORARILY ABANDONED STATUS

Indicate why the well is temporarily abandoned and describe future plans for utilization in the COMMENTS box below or provide as an attachment, as required by Rule 319.b.(3).

Date well temporarily abandoned _____ Has Production Equipment been removed from site? _____

Mechanical Integrity Test (MIT) required if shut in longer than 2 years. Date of last MIT _____

☐ SPUD DATE: _____

TECHNICAL ENGINEERING AND ENVIRONMENTAL WORK

Details of work must be described in full in the COMMENTS below or provided as an attachment.

☐ NOTICE OF INTENT Approximate Start Date _____

☐ REPORT OF WORK DONE Date Work Completed _____

- | | | |
|--|---|--|
| <input type="checkbox"/> Intent to Recomplete (Form 2 also required) | <input type="checkbox"/> Request to Vent or Flare | <input type="checkbox"/> E&P Waste Mangement Plan |
| <input type="checkbox"/> Change Drilling Plan | <input type="checkbox"/> Repair Well | <input type="checkbox"/> Beneficial Reuse of E&P Waste |
| <input type="checkbox"/> Gross Interval Change | <input type="checkbox"/> Rule 502 variance requested. Must provide detailed info regarding request. | |
| <input type="checkbox"/> Other _____ | <input type="checkbox"/> Status Update/Change of Remediation Plans for Spills and Releases | |

COMMENTS:

CASING AND CEMENTING CHANGES

Casing Type	Size	Of	/	Hole	Size	Of	/	Casing	Wt/Ft	Csg/LinTop	Setting Depth	Sacks of Cement	Cement Bottom	Cement Top

H2S REPORTING

Data Fields in this section are intended to document Sample and Location Data associated with the collection of a Gas Sample that is submitted for Laboratory Analysis.

Gas Analysis Report must be attached.

H2S Concentration: _____ in ppm (parts per million) Date of Measurement or Sample Collection _____

Description of Sample Point:

Absolute Open Flow Potential _____ in CFPD (cubic feet per day)

Description of Release Potential and Duration (If flow is not open to the atmosphere, identify the duration in which the container or pipeline would likely be opened for servicing operations.):

--

Distance to nearest occupied residence, school, church, park, school bus stop, place of business, or other areas where the public could reasonably be expected to frequent: _____

Distance to nearest Federal, State, County, or municipal road or highway owned and principally maintained for public use: _____

COMMENTS:

--

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>

Operator Comments:

--

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Christy Keith

Title: Sr. Regulatory Analyst Email: christy.keith@chk.com Date: 12/21/2015

Based on the information provided herein, this Sundry Notice (Form 4) complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: Romanchock, Charles Date: 12/21/2015

CONDITIONS OF APPROVAL, IF ANY:

<u>COA Type</u>	<u>Description</u>

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Total: 0 comment(s)		

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400957706	FORM 4 SUBMITTED
Total Attach: 1 Files	