

From: [Jeff Kirtland](#)
To: [Deborah Bracey - DNR](#)
Cc: [Scott Ghan](#); [Stanczyk - DNR, Jane](#); [Scott Cuthbertson - DNR](#); chris.eisinger@state.co.us; [Meredith Moon - DNR](#); [Mike Gardner](#)
Subject: RE: Form 9 Transfer: URSA Operating Company LLC #402966376 to TEP Rocky Mountain LLC #402979856
Date: Tuesday, January 24, 2023 9:47:35 AM
Attachments: [Form 9 Transfer URSA Operating Company LLC #402966376 to TEP Rocky Moun... \(15.7 KB\).msg](#)
[Subsequent-WellsFacilitiesTransferred_Final Revised.xlsx](#)
[URSA Open Remediation_CAs_Form 9_Research.xlsx](#)

Good morning Ms. Bracey,

I hope your morning is going well! Thank you for your guidance and patience as we work through this complex process.

Please see our **Answer** responses to your identified issues below, including referenced attachments that hopefully address all of the requirements.

Issue 1: The Wells & Facilities Transferred to Buyer lists the Current Operator Name and Operator Number as TEP Rocky Mountain #96850. Since the transfer has not been approved by the COGCC, the Current Operator should be URSA Operating Company LLC, Operator #10447.

Solution 1: Please resubmit the Wells and Facilities Transferred list with the corrected current operator name and number.

Answer: Please see attached file: [Subsequent-WellsFacilities Transferred_Final Revised.xlsx](#), which has been updated and corrects the current operator's name and number. Please note, as per our correspondence regarding the Form 3 below, all items that were originally included in the Not Transferred list have been added to the Items to be Transferred list, as Ursa no longer exists in order to simplify this process.

Issue 2: The Related Wells & Facilities Not Transferred to the Buyer should reflect the Current Operator in the COGCC Database; not TEP Rocky Mountain.

Solution 2: Please resubmit the Related Wells & Facilities Not Transferred to the Buyer list to reflect URSA Operating Company or the legacy operator in column O and the corresponding operator number in column N.

Answer: There is no longer any need for a list of facilities Not Transferred, as all items will be Transferred to TEP as discussed above.

Issue 3: The Subsequent is lacking a Seller Retains Responsibility Attestation.

Solution 3: Since URSA Operating is retaining various wells and facilities, please submit a Seller Retains Responsibility Attestation.

Answer: Since there is no Facilities Not Transferred list, the Seller Retains Responsibility Attestation is not required. Please confirm.

Issue 4: There are several Related Incidents that are unaccounted for. The compliance

responsibility needs to be stipulated before the transfer will be approved. The incidents are as follows:

| | |
|--------------------------|------------|
| Open Remediation Project | #402292383 |
| FIR with CA | #671000064 |
| FIR with CA | #680100147 |
| FIR with CA | #680102931 |
| FIR with CA | #689303024 |
| FIR with CA | #692400813 |
| FIR with CA | #692400829 |
| FIR with CA | #692401267 |

Solution 4: These corrective actions may or may not have been resolved. FIRs with outstanding corrective actions are transferable items that must be accounted for in the Form 9 in one or more of the following ways.

1. If the compliance responsibility for such an FIR transfers to the buyer include that FIR on a Related Incidents Transferred list.
2. If the compliance responsibility for such an FIR is retained by the seller include that FIR on a Related Incidents Not Transferred list and provide a Seller Retains Responsibility Attestation.

If the parties perform the research and determine that all corrective actions for a particular FIR have been resolved, that FIR does not need to be listed on the Form 9 but will be subject to Rule 218.d(1)D.iii.

Answer: We have researched each of the items identified on the list above and have provided a status for each item in the attached document: [Ursa Open Remediation_CAs_Form 9_Research.xlsx](#). In summary, TEP was able to find adequate documentation within COGCC's records that supports the determination that each of the open remediation/corrective actions have been closed and were accepted as "closed or satisfactorily resolved" by COGCC. As prescribed in Solution 4 above, "If the parties perform the research and determine that all corrective actions for a particular FIR have been resolved, that FIR does not need to be listed on the Form 9 but will be subject to Rule 218.d(1)D.iii." Based upon this research, we can document that these corrective actions have been resolved, and there is no need to identify these as "transferable items" that would need to be included on the Form 9. TEP believes that these items have been adequately resolved by URSA and therefore there is no outstanding compliance responsibility. Also, can you please clarify the Rule reference Rule 218.d(1)D.iii.? This rule doesn't seem to be included in the most recent April 30, 2022 version. Could this have meant Rule 218.f(1)D.iii.?

From your attached email sent 12/15/22:

Jane has forwarded your email correspondence regarding the above referenced transfer. After discussing the transfer with Scott, Chris, Jane and Meredith, we decided the following:

Per your request for **the changes generated by this transfer**, we will extend the Condition of Approval for the Buyer as follows: *The Buying Operator must file a Form 3, Financial Assurance Plan within 20 business days of Form 9 approval. Per*

Rule 702, Buyer will then provide any required additional financial assurance as soon as practicable but no later than 90 days from the Commission's approval of the Form 3, Financial Assurance Plan.

Answer: TEP is agreeable to the COA, and will note in the Form 3 that all the original surety bonds held by Ursa were transferred to TEP and are held as Bond Riders.

Question: How will this revised Form 3 impact the pending Form 3 TEP submitted in 2022?

Since URSA is no more, it is much cleaner if all of URSA's Wells, Facilities and Incidents are transferred. If they were all transferred there would be no reason for the Seller (URSA) to file a Form 3 and all items would be accounted for.

Answer: As stated above, all items proposed on the Not Transferred list have been incorporated into the Items to Be Transferred to ensure the Seller, who no longer exists, is not required to submit a Form 3. To be clear, only the buyer, TEP will submit a revised Form 3 that incorporates the transferred items per the COA above.

There were also two additional unresolved NOAVs that were brought to my attention that our internal Staff Form 9 Review Tool did not pick up. The document numbers for the NOAVs are 402874343 and 402874843. These incidents should also be accounted for in the transfer.

Answer: COGCC issued duplicate NOAVs to both URSA and TEP for the same locations, for the same alleged violations, on the same date (see table below). In response to the duplicate NOAV's, TEP submitted a formal consolidated response (with Exhibits) to COGCC on 12/28/21 requesting that the NOAVs issued to Ursa for both locations be rescinded and the alleged violations should be dropped. Since NOAV #402874343 (issued to URSA) is a duplicate of NOAV #402874384 (issued to TEP) for the Valley Farms E well pad, and since NOAV #402874843 (issued to URSA) is a duplicate of NOAV #402874785 (issued to TEP) for the Dixon Federal B well pad, there is no reason to maintain duplicate NOAVs for the same alleged incidents that were cited for both locations. In our formal consolidated response, TEP provided an accounting of the history and background of these NOAVs and provided ample technical justification that supports the request to rescind these NOAVs altogether, and that the allegations be dropped. However, that decision remains with COGCC enforcement staff, and no response has been received to date.

| Location | Facility ID | NOAV | Date of NOAV | Issued to |
|-----------------|-------------|-----------|--------------|-----------|
| Valley Farms E | 335542 | 402874384 | 11/19/21 | TEP |
| | | 402874343 | 11/19/21 | URSA |
| | | | | |
| Dixon Federal B | 311696 | 402874785 | 11/19/21 | TEP |
| | 311696 | 402874843 | 11/19/21 | URSA |

Please let me know if you need additional information.

Thank you,

Jeff Kirtland
Regulatory Manager
TEP Rocky Mountain LLC
(Terra Energy Partners LLC)

From: Deborah Bracey - DNR <deborah.bracey@state.co.us>

Sent: Tuesday, November 22, 2022 5:50 PM

To: Jeff Kirtland <JKirtland@terraep.com>

Subject: Form 9 Transfer: URSA Operating Company LLC #402966376 to TEP Rocky Mountain LLC #402979856

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon Jeff,

I have review the above captioned Form 9 transfer and noted the following issues with the transfer.

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All of the revised documents can be emailed to me and I will get them uploaded to the form.

Assuming the other Form 9 requirements are met, all Form 9s shall now be passed with the following two COAs:

The Buying Operator must file a Form 3, Financial Assurance Plan within 10 business days of Form 9 approval. Per Rule 702, Buyer will then provide any required additional financial assurance as soon as practicable but no later than 90 days from the Commission's approval of the Form 3, Financial Assurance Plan.

The Selling Operator must file a Form 3, Financial Assurance Plan within 10 business days of Form 9 approval. Per Rule 702, Seller will then provide any required additional financial assurance as soon as practicable but no later than 90 days from the Commission's approval of the Form 3, Financial Assurance Plan.

Please email your affirmation of the Condition Of Approval representing both operators. I will get the emails uploaded to the transfer.

If you have already submitted your Form 3, please us the following comment when resubmitting your Financial Assurance Plan.

This Form 3 Document #____ is submitted as a result of an approved Form 9 Transfer of Operatorship and it replaces Form 3 document # ____.

Please reach out with any questions.

Happy Thanksgiving!

Deb