



2615 Grape Street
Denver, CO 80207

October 18, 2023

Director Julie Murphy
Energy Carbon Management Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

**RE: ECMC Variance Rule 502.b. for Rule 1003.b
Anschutz Exploration Corporation's Mohee Fed 0297-17 Well Pad
SWNE Section 17, T2N R7W. 7th PM, Rio Blanco County
Form 2A Document No. 403549787**

Dear Director Murphy,

Anschutz Exploration Corporation (AEC) has filed a Form 2A, Oil and Gas Location Assessment, with the Energy Carbon Management Commission (ECMC) for the above referenced location. Anschutz respectfully requests a variance under Rule 502.b. pursuant to Rule 1003.b which states interim reclamation shall occur no later than six (6) months on rangeland after operations.

As a result of consultation with the Bureau of Land Management (BLM) and Colorado Parks and Wildlife Anschutz will adhere to the seasonal big game winter wildlife timing stipulation which prevents major surface disturbing activities from December 1st – April 30th. Due to this Anschutz has a limited window for construction and subsequent drilling and completion operations, and finally interim reclamation. The schedule depicted below presents the best case scenario for the development phases for the Mohee Fed 0297-17 Well Pad, which will need to be developed in two occupations. The schedule is contingent upon ECMC's approval of the Mohee Fed 0297-17 Oil and Gas Development Plan, crew and rig availability, and weather. Therefore, Anschutz requests an eighteen (18) month period be granted from the date of commencing construction to the period of time when interim reclamation will begin.

Please note that BLM Onshore Order #1 rule requires dirt work for interim reclamation to be completed within six (6) months of completion of the well. The White River Field Office takes the stance that the six (6) month window begins after the last well is completed on a multi-well pad location.

In order to support this request please find attached Exhibit C-1 attached to the Application for the Oil and Gas Development Plan for the Mohee Fed 0297-17 Well Pad requesting the variance to Rule 1003.b.

Phase	Activity	Estimated Time (Days)	Anticipated Date
Phase 1	BLM & CPW Big Game Winter Timing Stipulation December 1st - April 30th		
	Construction	45	May 1st - June 15th (2024)
	Drilling Rig Mobilization	7	June 16th - June 23rd (2024)
	Drilling (4 wells) - 15 days/well plus 10 days for pilot hole on one well	70	June 24th - September 1st (2024)
	Drilling Rig De-Mobilization/Construct Facilities	10	September 2nd - September 12th (2024)
	Completions & Flowback (4 wells) - 17 days/well	68	September 13th - November 12th (2024)
Phase 2	Drilling Rig De-Mobilization	7	November 13th - November 20th (2024)
	BLM & CPW Big Game Winter Timing Stipulation December 1st - April 30th		
	Drilling (4 wells) - 15 days/well	60	May 1st - June 30th (2025)
	Completions & Flowback (4 wells) - 17 days/well	68	July 1st - September 6th (2025)
	Interim Reclamation	45	September 7th - October 22nd (2025)

Should you have any questions or concerns please do not hesitate to contact me directly at 303-521-2835 or at hhill@fieldinghillllc.com.

Sincerely

Holly Hill
Representative for Anschutz Exploration Corporation

EXHIBIT C

BEFORE THE ENERGY AND CARBON MANAGEMENT COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION) CAUSE NO. TBD
AND ESTABLISHMENT OF FIELD RULES TO)
GOVERN OPERATIONS FOR THE) DOCKET NO. 231000XXX
NIOBRARA FORMATION, WILDCAT FIELD,)
RIO BLANCO COUNTY, COLORADO) TYPE: VARIANCE

APPLICATION

Anschutz Exploration Corporation (“Anschutz” or “Applicant”), Operator No. 3104, by its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Energy and Carbon Management Commission of the State of Colorado (“Commission”) pursuant to Rule 502.b. for a Director Recommended variance to Rules 406.e.(4) and 1003.b. for the Mohee Fed 0297-17 Pad (Loc. ID Pending) located in Rio Blanco County, Colorado. In support of its Application, Applicant states:

1. Anschutz is a corporation authorized to conduct business in the state of Colorado and is a registered operator in good standing with the Commission.

2. Anschutz seeks a Director Recommended variance to Rules 406.e.(4) and 1003.b. and Rule 1003.b. for the Mohee Fed 0297-17 Pad, which is subject to Anschutz’s companion Mohee Fed 0297-17 Oil and Gas Development Plan Application. The relief requested in this Application affects the below-described lands (“Application Lands”):

Township 2 North, Range 97 West, 6th P.M.
Section 17: SW¼NE¼

Rio Blanco County, Colorado

Nearby crossroads: State Highway 64 & CR 77

A map of the Application Lands is attached as **Exhibit C-1**.

3. This Application requests the following relief:

- a. a variance to Rule 406.e.(4) to allow Anschutz a total of 18 months to commence drilling operations following the setting of conductors for the eight wells at the Mohee Fed 0297-17 Pad; and
- b. a variance to Rule 1003.b. to allow Anschutz a total of 18 months to commence interim reclamation following the setting of the last conductor for the eight wells at the Mohee Fed 0297-17 Pad.

4. In support of this variance request, Anschutz asserts:

a. Anschutz is unable to comply with Rules 406.e.(4) and 1003.b. due to wildlife timing stipulations.

Anschutz is unable to comply with the six-month timing requirements provided in Rule 406.e.(4) and Rule 1003.b. for the Mohee Fed 0297-17 Pad because of federal and Colorado Parks and Wildlife (“CPW”) wildlife timing stipulations for big game. The stipulations limit Anschutz to a seven-month operations window (May 1 – November 30), which will require two (2) phases or occupations at the well pad to drill all eight (8) wells. Therefore, Anschutz requests a variance to Rule 406.e.(4) to allow for 18-months, instead of six-months, after setting conductor on rangeland before Anschutz will need to either continue operations or plug conductors and perform reclamation. Additionally, Anschutz is requesting a variance to Rule 1003.b to perform interim reclamation within 18-months, instead of six-months, on rangeland. Depending on when the Mohee Fed 0297-17 OGD Application is approved and when construction can commence, this may delay the time-period in which Anschutz can diligently drill and complete all eight (8) wells and subsequently perform interim reclamation. The following table depicts the proposed operations schedule as the best case scenario, which is contingent on ECMC approval of the Mohee Fed 0297-17 OGD application and other factors such as rig and crew availability and weather:

Phase	Activity	Estimated Time (Days)	Anticipated Date
Phase 1	BLM & CPW Big Game Winter Timing Stipulation December 1st - April 30th		
	Construction	45	May 1st - June 15th (2024)
	Drilling Rig Mobilization	7	June 16th - June 23rd (2024)
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Phase	Activity	Estimated Time (Days)	Anticipated Date
	Interim Reclamation	45	September 7th - October 22nd (2025)

Pursuant to Section IV.A.7. of the Interim Reclamation Procedures for Delayed Operations – Notice to Operators, dated January 5, 2017, Anschutz has executed the ECMC-Operator Rule 1003 Tolling Agreement, which is attached as **Exhibit C-2**.

b. The requested variance will not violate the basic intent of the Act.

The basic intent of the Conservation Act is to “[r]egulate the development and production of the natural resources of oil and gas in the state of Colorado in a manner that protects public health, safety, and welfare, including protection of the environment and wildlife resources; [and] Protect the public and private interests against waste in the production and utilization of oil and gas” C.R.S. 34-60-102(1)(a)(I), (II). To achieve those goals as it respects the requested variance, the Commission promulgated Rule 406.e.(1)-(3), which provides conductor cementing requirements and safety standards for the protection of public health, safety, and welfare, the environment and wildlife resources (“PHSWE”). The cementing and safety standards required by Rule 406.e.(1)-(3) are per se protective of PHSWE for a period of not less than six months on rangeland. As part of the variance request, Anschutz will monitor the Mohee Fed 0297-17 Pad and the conductor settings and safety protocols on a monthly basis during the six-month extension to ensure the continued integrity of the cementing and safety standards employed on the Location and wells. Included in that monitoring will be evaluation and updates to stormwater controls and weed management, as needed. Moreover, “the Commission recognizes that reclamation-related request that result in no detrimental impacts to air, water soil, and biological resources may be ministerial.” November 23, 2020 Mission Change Statement of Basis and Purpose, Appendix B, Rule 502.b., p. 181.

Here, the variance requests that the Rule 406.e.(1)-(3) safety protocols be continued for an additional six-months and interim reclamation be postponed for a period sufficient to allow the Mohee Fed 0297-17 Pad to be fully constructed and put into operation before interim reclamation is required. Nothing in the variance request implicates habitat fragmentation, accelerated erosion, habitat conversion, vegetative changes, impacts to neighboring properties, or issues of safety. *Id.* Moreover, the variance will allow for the most efficient-phased development in compliance with and to fulfill the purpose of the wildlife stipulations for the protection of the environment and wildlife resources, as required by Section 34-60-106(2.5), C.R.S.

c. The requested variance is necessary to avoid an undue hardship.

The requested variance is necessary to avoid an undue hardship on Anschutz. Setting the conductor at the time of pad construction allows for more expedient drilling operations following the end of the wildlife stipulations. Absent the variance, Anschutz would be required to set conductor at the time of drilling, which will result in fewer wells

being drilled in a given drilling window and thereby extending the overall drilling operations by many months.

Further, to require Anschutz to perform interim reclamation and potentially final reclamation on the Mohee Fed 0297-17 Pad will result in the expenditure of unnecessary additional resources and defeat the efficient and coordinated drilling schedule that Anschutz has developed in compliance with the wildlife stipulations. For example, interim reclamation of the Mohee Fed 0297-17 Pad will require the movement of topsoil in between activities at the location, which may result in a net loss of topsoil. Both CPW and BLM have expressed support for not moving topsoil until the final planned operational activities are complete at these locations. In addition, Anschutz estimates that it would cost \$300,000 to perform interim reclamation at the Mohee Fed 0297-17 Pad. Such interim reclamation costs will unduly burden Anschutz given Anschutz's existing and pending financial assurance obligations for these locations. Anschutz will submit eight federal Applications for Permit to Drill (APDs) for the planned wells on the Mohee Fed 0297-17 Pad. These wells will be added to Anschutz's BLM Blanket Bond, which, upon establishment of the BLM's Fluid Mineral Leases and Leasing Process Rulemaking RIN 1004-AE80, will likely increase significantly. Anschutz's ECMC Financial Assurance Plan has been approved and, if the ECMC Forms 2 for the eight wells on the Mohee Fed 0297-17 Pad are approved, Anschutz will add these wells to its bond rider if any amounts are due after deducting the federal financial component per Rule 702.a.

d. Granting the requested variance will not result in an adverse impact to public health, safety, welfare, the environment, or wildlife resources.

Anschutz has determined the requested variance will not result in any adverse impacts to PHSWE. The variance will benefit PHSWE by allowing Anschutz to drill and complete more wells during the operation window thereby shortening the time associated with overall drilling operations and reducing net impacts.

Anschutz will comply with Rules 1002.f. (stormwater best management practices), 1003.a. (debris, equipment, and waste management), and 1003.f. (weed control) while the Mohee Fed 0297-17 Pad is under construction and thereafter. Moreover, the protections provided by the cementing and safety standards of Rule 406.e.(1)-(3) are *per se* protective of PHSWE and the extension of such safety standards through the variance period will continue to protect PHSWE. On the other hand, to require interim reclamation at the location, and potentially final reclamation, which will then be re-disturbed when operations are re-commenced at the location, will result in additional and unnecessary land disturbance and truck traffic and a net increase in impacts. The requested variance avoids any net increase in impacts.

e. The Rule 406.e.(1)-(3) safety standards and Anschutz's monitoring will continue to provide protections to avoid, minimize, or mitigate adverse impacts to public health, safety, welfare, the environment, and wildlife resources following approval of the variance request.

The requested variance contains reasonable mitigation measures to avoid, minimize, or mitigate adverse impacts to PHSWE. During the variance period, Anschutz will enclose the conductors with grade cover and fence them off with cattle panels to protect wildlife. In addition, the continuation of the Rule 406.e.(1)-(3) cementing and safety standards and postponement of Rule 1003.b. interim reclamation through the variance period combined with Anschutz's monthly monitoring of the location as to the conductors and condition of the location will continue to provide protections to avoid, minimize, or mitigate adverse impacts to PHSWE. Accordingly, no conditions of approval or additional mitigation measures beyond those requested in this variance are necessary to avoid minimize or mitigate adverse impacts to PHSWE.

5. Anschutz certifies that copies of this Application and the Notice of Hearing will be served on each interested party as required by Rule 504.a., and Rule 504.b.(7).

6. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at C.R.S. §§ 34-60-101 et seq., and the Commission Rules.

7. Anschutz requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

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WHEREFORE, Anschutz Exploration Corporation respectfully requests that, pursuant to Rule 502.b., the Director recommend that the Commission grant a variance to Rules 406.e.(4) and 1003.b. as set forth herein and grant Anschutz such further relief as the Commission deems just and proper.

Dated this 19th day of October, 2023.

Respectfully submitted,

WELBORN SUULIVAN MECK & TOOLEY, P.C.

By: 
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Denver, CO 80202

VERIFICATION

Holly Hill, Member/Owner of Fielding Hill, LLC, as Regulatory Consultant on behalf of and for Anschutz Exploration Corporation, states that she has read the foregoing Application and that the statements contained therein are true to the best of her knowledge, information and belief.



Holly Hill, Regulatory Consultant
Fielding Hill, LLC
On behalf of Anschutz Exploration Corporation



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

COGCC Operator Rule 1003 Tolling Agreement

Operator Name and No. (“Operator”): Anschutz Exploration Corporation (Operator No. 3104)

Interim Reclamation Variance Request Doc. No.: _____

Date of Submission of Interim Reclamation Variance Request: _____

Location Nos. Impacted by the Variance Request (“Impacted Locations”): 1

This Agreement is offered by COGCC so that the Operator has an opportunity to come into compliance in accordance with its Interim Reclamation Variance Request.

If the Interim Reclamation Variance Request referenced above is approved (“Approved Variance”), COGCC agrees not to issue a Notice of Alleged Violation (“NOAV”) for a violation of Rule 1003 at the Impacted Locations before the expiration of the Approved Variance. In exchange, the Operator agrees to the following:

The Oil and Gas Conservation Act’s statute of limitations, §34-60-115, C.R.S., is tolled for any existing or potential claims related to interim reclamation at the Impacted Locations from the submission date of the approved Variance until the Operator successfully completes interim reclamation in accordance with Rule 1003 or until the expiration of the Approved Variance, whichever occurs first.

COGCC reserves the right to issue an NOAV for a violation of Rule 1003 if the Operator does not comply with the Approved Variance or its conditions of approval.

AGREED TO AND ACCEPTED:

COGCC
Date: _____

Operator
Date: _____

Signature



Signature of Authorized Operator Representative

Print Signatory Name and Title

Holly Hill - Principal Agent

Print Signatory Name and Title
