STATE OF COLORADO

Noto - DNR, John <john.noto@state.co.us>

Bolton TY Locations - Production Facility Explanation

Kelsi Welch <Kelsi.Welch@pdce.com>   Thu, Feb 12, 2015 at 11:26
To: "Noto - DNR, John" <john.noto@state.co.us>

Hi John,

Thank you for your comments and feedback. In addition to the prior explanation I provided, please see supplementary reasoning below that I hope will satisfy the COGCC's 2A explanation requirements for a production within 1000' of a building unit.

The map above shows our lease for this particular location in yellow. The stars indicate building units within our lease and the white/green area around the stars is the 1000' buffer zones for these building units (Please note that there should be a star in the middle of the buffer that is in the middle of the lease behind where the wellbores are labeled but the view was obstructed by the text). Please use this map as a reference for our reasoning.

As you can see, PDC's options for placement of a production facility outside of buffer zones are limited to the remaining yellow area. The area to the north was not suitable for our production facility for a few of reasons. Firstly, the surface owners of the area would not allow us to place any wellheads or facilities on their property. Secondly, per geology, the topography of the lease area outside of buffer zones limits us from placing the production facility there. In addition, placing the production facility in the north would require that we install much longer flow lines from the well heads to the facility which would be much less economical than the flow lines required by the current placement.

PDC also considered the yellow areas outside of buffer zones in the center and south of the lease. However, we determined that placing the production facility within either of those areas was not feasible. Per geology, there is a fault running through the W2SW that prevents us from putting the production facility in the yellow center area and in the west of the yellow area outside of buffer zones in the south. Also, because County Road 34 (road boarding the south of the lease) has high volumes of traffic, we want to make sure our access to the wellheads and facilities is from County Road 3 (road boarding the east of the lease), which experiences a significantly less volume of traffic. Furthermore, placing the production facility in either of these locations would require that we install longer flow lines from the well heads to the facility which would be less economical than the flow lines required by the current placement.

Ultimately, PDC chose the current placement of the production facility over the area to the west of the yellow area in the south outside of any buffer zones. We did this largely due to surface owner preference (surface owners, David and Sherry Bolton's, house is indicated by the easternmost star within the south half of the lease). Moving the production facility any further west increases the damage to the Bolton's agricultural operations and causes more permanent surface disturbance than necessary for them. Additionally, moving the production facility further west would require either access from County Road 34 or additional surface disturbance to construct an access road between the wellhead access on County Road 3 and the production facility.

For these reasons, PDC has determined that the current placement of the production facility is the best for this location. PDC has met with both building unit owners within the buffer zone (the Sullivans and the Boltons) and both are aware of and consent to the production facility location we have chosen.

Thank you for your patience and consideration. Please let me know if you require any additional explanation, detail or documentation.

Best,

Kelsi Welch

From: Noto - DNR, John [mailto:john.noto@state.co.us]
Sent: Friday, February 06, 2015 3:58 PM
To: Kelsi Welch
Cc: Greg Deranleau - DNR; Rebecca Treitz - DNR
Subject: Re: Bolton TY Locations - Production Facility Explanation

Kelsi,

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