



October 13, 2016

**VIA E-MAIL**

Peter Hays  
Colorado Division of Reclamation, Mining and Safety  
1313 Sherman Street, Rm 215  
Denver, CO 80203  
[peter.hays@state.co.us](mailto:peter.hays@state.co.us)

**NOTICE OF MINERAL INTERESTS AND OIL AND GAS LEASEHOLD  
INTERESTS OWNED BY ANADARKO LAND CORP., ANADARKO E&P  
ONSHORE LLC AND KERR-McGEE OIL & GAS ONSHORE LP AND  
OBJECTION**

Re: M2016-030 – Valley’s Edge Resource Regular Operation 112 Mining Permit  
Application  
Brannan Sand and Gravel Company, LLC - Property Owner or “Applicant”  
Township 1 North, Range 66 West  
Section 20: (“Application Property”)  
Weld County, Colorado

Mr. Hays:

This objection and notice letter is submitted to CO Division of Reclamation, Mining and Safety (“Division”) on behalf of Anadarko Land Corp. (“Anadarko Land”), Anadarko E&P Onshore LLC (“Anadarko E&P”), and Kerr-McGee Oil & Gas Onshore LP (“Kerr-McGee”) with respect to the Regular Operation 112 Mining Permit Application for the Valley’s Edge Resource mine that has been submitted by Brannan Sand and Gravel Company, LLC (“Applicant”) that includes property in Section 20, Township 1 North, Range 66 West in Weld County.

Anadarko Land and Anadarko E&P (the “Anadarko entities”) together own the minerals that underlie the property located in Section 20 (“Property”). Kerr-McGee owns oil and gas leasehold interests in the Property.

The Anadarko entities and Kerr-McGee wish to give notice to the Division of the mineral interests and oil and gas leasehold interests they own under the Property and make the Division aware that the approval of the application may significantly impact the prospective development of the minerals and oil and gas interests that underlie the Property. The Anadarko Entities and Kerr-McGee object to the approval of the application for

development until agreements on surface use are reached among the Anadarko entities, Kerr-McGee and the Applicant covering the Property.

The following are comments in support of this Notice and Objection:

1. The Mineral Resources Owned by Anadarko Land Corp.

Anadarko Land owns all of the hard rock minerals, including the coal, that underlies the Property. Anadarko Land has reviewed the Property for coal resource potential and determined that the Property is underlain with Laramie Formation coals that are approximately 8.3 feet thick and lie at a depth starting at approximately 728 feet. Laramie Formation coals have a high BTU of approximately 8,900 to 9,800 btu/lb and a low sulfur content of between .3 and .8 percent. Anadarko Land estimates that there may be over 9.3 million tons of Laramie Formation coal in Section 20.

2. The Oil and Gas Resources Owned by the Anadarko Entities.

The Anadarko entities together own all of the oil and gas that underlies the Property, and Kerr-McGee owns oil and gas leasehold interests for the Property.

3. There is Clear Statutory Authority and Direction for the Division to Take Into Account the Rights of Mineral Interest Owners in Its Consideration of Applications for Development.

The State of Colorado recognizes the important rights of mineral owners and lessees in C.R.S. § 30-28-133(10) which states and acknowledges that both the mineral estate and the surface estate are interests in land and that the two interests are “separate and distinct.” The subsection specifically recognizes that the owners of subsurface mineral interests and their lessees have “the same rights and privileges as surface owners.”

4. Owners of Split Estates Must Exercise Their Rights in a Way that Gives Due Regard to the Rights of the Other.

Colorado law provides that the mineral owner has the right of reasonable access to and use of the surface estate to extract minerals and that the mineral estate owner and the surface estate owner are to give due regard to the rights of the other and reasonably accommodate each other’s rights.

5. The Anadarko Entities and Kerr-McGee Have Entered into Many Agreements with Developers With Respect to the Disposition of the Minerals at the Time that the Developer Proposes to Develop the Surface Estate, and the Public Interest is Served by the Parties Entering into Such an Agreement.

The mineral assets have significant value and consequently the Anadarko entities and Kerr-McGee are concerned that the approval by the Division of an application for

development of the Property and the subsequent build-out of the Property may impair their ability to develop their minerals and oil and gas interests.

Any future surface development plans approved by the Division should incorporate and designate lands to be set aside for oil and gas development and expressly provide protection for future wells, pipelines, gathering lines and related oil and gas facilities and equipment. Approval of any surface development plan that forecloses the rights of mineral and leasehold owners may be a compensable taking.

The Anadarko entities and Kerr-McGee have extensive mineral and oil and gas leasehold interests throughout the State of Colorado and have successfully worked with many parties who wish to develop the surface estate in order to assure the compatible development of the surface estate and the oil and gas estate or some other disposition of the minerals.

The practice of the Anadarko entities and Kerr-McGee is to meet with surface owners to reach a mutually acceptable surface agreement and agreement for the disposition of the hard rock mineral interests. The Anadarko entities and Kerr-McGee have been in discussions with the Applicant on this matter; however, no agreement has been reached to date. Because no agreement has been reached between the parties that covers the Property, and in order to protect their mineral and oil and gas interests and private property rights, the Anadarko entities and Kerr-McGee object to the application and request that the Division make any approval of a final application for development of the Property conditioned upon an agreement among the Anadarko entities, Kerr-McGee and the Applicant.

Please contact me at 720-929-6671 if you have any questions or comments about this matter. The Anadarko entities and Kerr-McGee hope to conclude a mutually acceptable agreement with the surface owner of the property, and we look forward to working with the Division to accomplish its land use planning goals.

Sincerely,  
ANADARKO PETROLEUM CORPORATION



*On behalf of*

Katherine Rushing  
Landman

cc: Jeff Fiske, Lead Counsel  
Ron Olsen  
Don Ballard  
Justin Shoulders  
Paul Ratliff  
Alex Schatz (aschatz@brannan1.com)