



May 31, 2012

Alex Fischer, P.G.
Environmental Supervisor
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Re: WPX and Oxy Transferring Operator COA Response (Doc #2224707)

Dear Mr. Fischer,

For your review and approval, please note the COA response from WPX Energy Rocky Mountain, LLC detailed below :

COA- APPROVAL OF THIS PLAN IS CONTINGENT UPON ANALYTICAL LABORATORY RESULTS FOR REPRESENTATIVE SAMPLES OF OXY USA A WTP LP (Oxy) FLOWBACK WATER FROM LOCATION IDs: 414404; 414403 and 414402 and WPX Location IDs 422272 and 422267

RESULTS SHALL BE SUBMITTED TO THE COGCC WITHIN 45 DAYS OF APPROVAL OF THIS PLAN.

ANALYTICAL LABORATORY ANALYSIS SHALL INCLUDE:

VOLATILE ORGANIC COMPOUNDS	EPA METHOD 624 (GC/MS)
SEMI-VOLATILE ORGANIC COMPOUNDS	EPA METHOD 625 (GC/MS)
DISSOLVED METALS	EPA METHOD 200.7 (ICP)
DISSOLVED INORGANICS (NON-METALS)	EPA METHOD 300.0 (IC)
Br,Cl,F,Nitrate/Nitrite, Sulfate	
GENERAL WATER QUALITY PARAMETERS	
SPECIFIC CONDUCTANCE	EPA METHOD 300.0 (IC)
HARDNESS	EPA METHOD 130.1
TOTAL DISSOLVED SOLIDS	EPA METHOD 160.1
pH	EPA METHOD 150.2
ALKALINITY	EPA METHOD 310.1
GROSS ALPHA AND BETA RADIOACTIVITY	EPA METHOD 900.1

WPX Energy Rocky Mountain, LLC will provide the required analytical results within 45 days of the initial water transfer

COA – IF LOCATIONS ARE IN A SENSITIVE AREA BECAUSE OF ITS PROXIMITY TO SURFACE WATER OPERATOR MUST ENSURE 110 PERCENT SECONDARY CONTAINMENT FOR ANY VOLUME OF FLUIDS CONTAINED AT THE WATER HANDLING FACILITY SITE DURING NATURAL GAS DEVELOPMENT ACTIVITIES AND OPERATIONS; INCLUDING, BUT NOT LIMITED TO, CONSTRUCTION OF A BERM OR DIVERSION DIKE, DIVERSION/COLLECTION TRENCHES WITHIN AND/OR OUTSIDE OF BERMS/DIKES, SITE GRADING, OR OTHER COMPARABLE MEASURES (I.E., BEST MANAGEMENT PRACTICES (BMPS) ASSOCIATED WITH STORMWATER MANAGEMENT) SUFFICIENTLY PROTECTIVE OF NEARBY SURFACE WATER. ANY BERM

CONSTRUCTED AT THE WELL PAD LOCATION WILL BE STABILIZED, INSPECTED AT REGULAR INTERVALS (AT LEAST EVERY 14 DAYS), AND MAINTAINED IN GOOD CONDITION.

The Starkey facility (COGCC # 422267) is managed and inspected in accordance with the most current Starkey Gulch Completion Fluids Facility Response Plan (SPCC) and Grand Valley field Stormwater Plan # COR 038544. The custody transfer point location will be managed and inspected in accordance with the Trail Ridge Stormwater Plan # COR 03A116.

COA - OPERATOR MUST IMPLEMENT BEST MANAGEMENT PRACTICES TO CONTAIN ANY UNINTENTIONAL RELEASE OF FLUIDS, INCLUDING ANY FLUIDS CONVEYED VIA TEMPORARY SURFACE PIPELINES.

The Starkey facility (COGCC # 422267) is managed and inspected in accordance with the most current Starkey Gulch Completion Fluids Facility Response Plan (SPCC) and Grand Valley field Stormwater Plan # COR 038544. The custody transfer point location will be managed and inspected in accordance with the Trail Ridge Stormwater Plan # COR 03A116.

The only temporary surface pipeline that is currently in use for this project is located at the custody point of transfer; drip pans will be placed at that location to contain any release of fluids.

COA - OPERATOR SHALL PROVIDE OVERFLOW PROTECTION FOR EACH TANK PROPOSED IN THE FACILITY PLANS, IF TANKS ARE USED.

No tanks will be utilized as part of the approved water transfer plan

COA- PROVIDE THE ANTICIPATED DURATION OF DELIVERY OF FLUIDS BY OXY AND WPX BY JUNE 1, 2012.

The anticipated duration of delivery of fluids will be 90 days from the initial transfer date.

COA - SHOULD THE OPERATION OF THIS FACILITY CONTINUE MORE THAN ONE YEAR, A FORM 28 SHALL BE SUBMITTED AND APPROVED BEFORE THE ONE-YEAR ANNIVERSARY DATE OF THE FIRST USE OF THE TRANSFER FACILITY/LOCATION.

Due to the duration stipulated above, this COA does not apply to the current approved water transfer plan. However in the event that Oxy and WPX elect to pursue a longer term water transfer agreement, we would like to discuss this Condition of Approval at that time.

COA-TERMINATION OF ACTIVITIES: BOTH OXY AND WPX SHALL NOTIFY THE COGCC VIA SUNDRY IMMEDIATELY UPON TERMINATION OF ACTIVITIES.

WPX Energy Rocky Mountain LLC will provide the required Sundry Notice upon termination of water transfer activities

COA-OXY AND WPX WILL EACH SEPERATELY SUBMIT AN ANNUAL REPORT TO THE COGCC SUMMARIZING THE TRANSFER OF PRODUCTION WATER (BOTH AS TRANSFER AND RECEIVING OPERATOR) DURING THE CALENDAR YEAR AND INCLUDING LABORATORY ANALYTICAL RESULTS FOR REPRESENTATIVE SAMPLE(S) OF THE PRODUCTION WATER PROVIDED AS THE TRANSFER/RECIEVER.

THE ANNUAL REPORT SHALL BE SUBMITTED ON OR BEFORE THE ANNIVERSARY OF THE FIRST DATE OF TRANSFER.

An annual report will be provided as stipulated above

COA- PROVIDE MAPS OF THE PIPELINE DISTRIBUTION SYSTEM(S) FROM WPX Location IDs 422272 and 422267 AND TO LOCATIONS 335643 AND 423240 BY JUNE 1, 2012.

See attached map showing the WPX pit locations, water line routes and custody transfer point

COA- PROVIDE A DESCRIPTION OF THE MANIFOLD BETWEEN OXY AND WPX CUSTODY TRANSFER POINT AND WHAT SAFE GUARDS ARE IN PLACE TO PREVENT BACKFLOW OR DISCHARGE INTO THE WRONG DISTRIBUTION SYSTEM BY JUNE 1, 2012.

Since the custody transfer point is located on Oxy surface, the receiving operator will be constructing the manifold. Please refer to Oxy's COA response for detail on the manifold to be utilized at the custody transfer point.

Backflow will be prevented as follows:

WPX Energy will be utilizing Western Pump & Dredge to transport water from the Starkey Pond & Trail Ridge Pond to the Custody Transfer Point.

- WP&D will continuously man valve sets at the Ponds and the Custody Transfer Point any time water is being transferred.
- WP&D will also have personnel stationed at the final receiving pond during water transfer operations
- Personnel stationed at the Ponds and the Custody Transfer Point will be in communication via cell phone or 2-way radio as needed.
- Line pressure will be continuously monitored at the Ponds and the Custody Transfer Point
- Valves will be locked when not in use

Water will not be transported simultaneously from the Starkey and Trail Ridge Ponds. This should prevent water from one of the Ponds from being discharged into the other Pond in error. This will also ensure that any backflows (if occurring) will be adequately contained since the only place for water from either of the ponds could go would be back into that same pond.

COA- PROVIDE PRECAUTIONS/SECONDARY CONTAINMENT THAT WILL BE IN PLACE FOR BOTH BELOW GRADE AND ABOVE GRADE PIPELINES AS THEY CROSS STREAMS, SENSITIVE AREAS, OR ALONG SENSITIVE AREAS. INCLUDE SPECIFIC BMPs BY JUNE 1, 2012.

Currently WPX does not have any pipelines that are crossing streams. All of the pipelines that are currently being used for this project are buried with exception of one temporary surface line which connects WPX and Oxy manifolds (custody transfer point). The custody transfer point is not located in a sensitive area as the closest surface water feature is located ~2760' away, the closest groundwater well is located ~5500' away. However drip pans will be placed by the risers to contain any potential release.

COA-PROVIDE FREQUENCY OF PIPELINE INTERGRITY TESTING FOR BOTH BELOW GRADE AND ABOVE GRADE PIPELINES BY JUNE 1, 2012.

- A riser and valve set have been installed in WPX's water line at the Custody Transfer Point. Oxy has installed the above-grade manifold connecting WPX's riser to Oxy's buried water line. Please refer to Oxy's COA response for detail on the pressure testing procedures beyond WPX's riser and valve set.
- Due to proximity to Oxy's operations and ease of transport, the primary water supply source for this Water Transfer Agreement will be the Trail Ridge pond (Facility ID 422272). The water line running from the Trail Ridge pond to the Custody Transfer Point was pressure tested to 500 psi for 30 minutes. This line tested adequately and was placed into service after testing.
- In the event that additional water is needed to accommodate Oxy's completions activities, water will be pulled from the Starkey pond (Facility ID 422267) as a secondary option. Prior to pumping water from the Starkey Pond to the Custody Transfer Point, the water line will be pressure tested to a minimum of 1800 psi for 30 minutes.

Thank you for your assistance in the approval of the WPX Energy Rocky Mountain, LLC and OXY USA WTP LP Water Transfer Plan. Please do not hesitate to contact me with any questions or concerns regarding our responses to the COAs.

Regards,

Lisa Dee
Regulatory Specialist
970-263-2738

