



Transferring Operator Water Reuse Plan

**WXP Energy Rocky Mountain, LLC and Piceance
Energy, LLC**

February 26, 2014

Purpose and Need

This water re-use plan is to be submitted to the Colorado Oil and Gas Conservation Commission (COGCC) with a Form 4 (sundry) to allow a temporary produced water transfer agreement between WPX Energy Rocky Mountain, LLC (WPX) and Piceance Energy, LLC (Piceance Energy).

Piceance Energy has a need for up to 250,000 barrels (bbls) of produced water for Exploration and Production operations in Garfield County, Colorado. WPX operates wells in the Rulison, Parachute and Grand Valley fields located in Garfield County, Colorado. Produced water is generated from WPX production operations in the Rulison, Parachute and Grand Valley fields and is piped or trucked to our Water Treatment Facilities for injection into approved SWD locations in the area or reused for drilling and completion activities. Water that cannot be reused or injected is sent to offsite disposal facilities.

WPX would like to transfer this produced water to Piceance Energy for beneficial re-use. If permitted to do so, water will be collected at WPX's approved Rulison Water Treatment Facility (Facility ID 149006, NWSW Sec. 20, T6S-R96W, 6th PM) and GV 88-1 Frac Pit (Facility ID 421196, NWSE Sec. 1, T7S-R95W, 6th PM) and trucked via existing roads used by WPX and Piceance Energy to frac tanks on Noble Energy's Savage 17L pad located in its Rulison field operating area, specifically Savage 17L pad (Noble Facility ID #413221, N/2SW/4 of Section 17, in Township 7 South, Range 94 West, 61^h P.M., Garfield County, Colorado). Water will be pumped from the Noble 17L pad to the Piceance Energy Savage 17-05 (Piceance Energy Facility ID #415655, SW/4SNW/4 of Section 17, Township 7 South, Range 94 West, Garfield County, Colorado) pad via pipeline. Piceance Energy will test and verify compatibility of the produced water provided by WPX. Transfer of produced water would begin upon COGCC approval and terminate after 90 days with an option for extension.

Benefits

Under this plan, each party shall use reasonable and available means to safely transfer production water, in sufficient volumes and quality, to meet the other party's transfer request, when mutually agreeable to do so. The benefits include:

- Less fresh water withdraws from surface water sources;
- Less reliance on injection wells for disposal of production/flowback water;
- Increased operational efficiencies from reusing local supplies of production/flowback water to meet water demands for drilling, completion and workover activities.

Produced Fluid Pickup and Transfer Location

Produced water will be collected at either of the two WPX identified collection locations and trucked to the Piceance Energy's identified delivery locations via existing access roads used by WPX and Piceance Energy. The transferring company (WPX) shall maintain all regulatory responsibility, custody and control for all water until such time it is transferred onto Noble Energy's Savage 17L pad; exact location of the Custody Transfer Point is latitude 39.436212 longitude -107.915613 for Facility #413221. Once the water trucks enter the boundaries of the Custody Transfer Point, the receiving company will

assume all regulatory responsibility, custody and control of the water. (See Exhibit A attached maps for additional detail on the custody transfer point). WPX will indemnify, defend and hold harmless Piceance Energy from any demand, loss, liability, judgment, damage, cost and expense resulting from claims, causes of action related to the delivery and transfer of water at the Noble Savage 17L pad prior to the water reaching the boundaries of the Custody Transfer Point.

From the custody transfer point, the Noble 17L pad, Piceance Energy will transport the water to the Piceance Energy Savage 17-05 pad with an HH225C self contained diesel pump via 2,500 feet of HDPE SDR 11 12 inch pipeline where the water will be beneficially reused for completions at the site listed below.

- a. Savage 17-05 Pad (Facility ID #415655, SWNW Section 17, Township 7S, Range 94 W, Garfield County, CO)

Transfer

WPX's transfer activities will consist of the following:

Transport water from WPX's GV 88-1 Frac Pit (Facility ID) or Rulison Water Treatment Facility (Facility ID 149006) to the Custody Transfer Point, the Noble 17L (Facility ID 413221) located in Garfield County, Colorado.

The volumes of fluid to be delivered will be up to 15,000 bbls/day; actual transferred volumes will be metered.

WPX will maintain records with the following information:

- Changes to the approved plan;
- Applicable training requirements for WPX and its contractors (lock out/ tag out, job hazard analysis at the transfer location, etc.);
- Types and results of internal and contractor audits conducted;
- Tabulated waste generator records, if required by Rule 907.b.(2) including:
 - Date of transport
 - Identity of water generator
 - Identity of water transporter
 - Volume of water transported
 - Location of receiving point
(Transport tickets will be maintained for each load)
- Summary of spills, incidents or upsets;

Spill Response and Cleanup Measures

WPX's collection facilities are covered under a Spill Prevention Control and Countermeasure Plan (SPCC).

Piceance Energy's receiving points are also covered under a SPCC plan.

Analytical Data

An analysis representative of the water to be transferred to Piceance Energy will be included as Attachment A.

Operator Contact Information

WPX Energy Rocky Mountain LLC
Peggy Carter
Operations Engineer
1058 County 215
Parachute, CO 81635
970.274.3435 Mobile
970.285.9377 Office

Piceance Energy, LLC
Randy Natvig
Drilling & Completions Manager
1512 Larimer Street, Suite 1000
Denver, CO 80202
303.339.4403 Office

Summary

Origination of water – WPX’s Garfield County drilling and completion activities

Destination of water – Piceance Energy’s Savage 17-05 pad located in Garfield County, Colorado

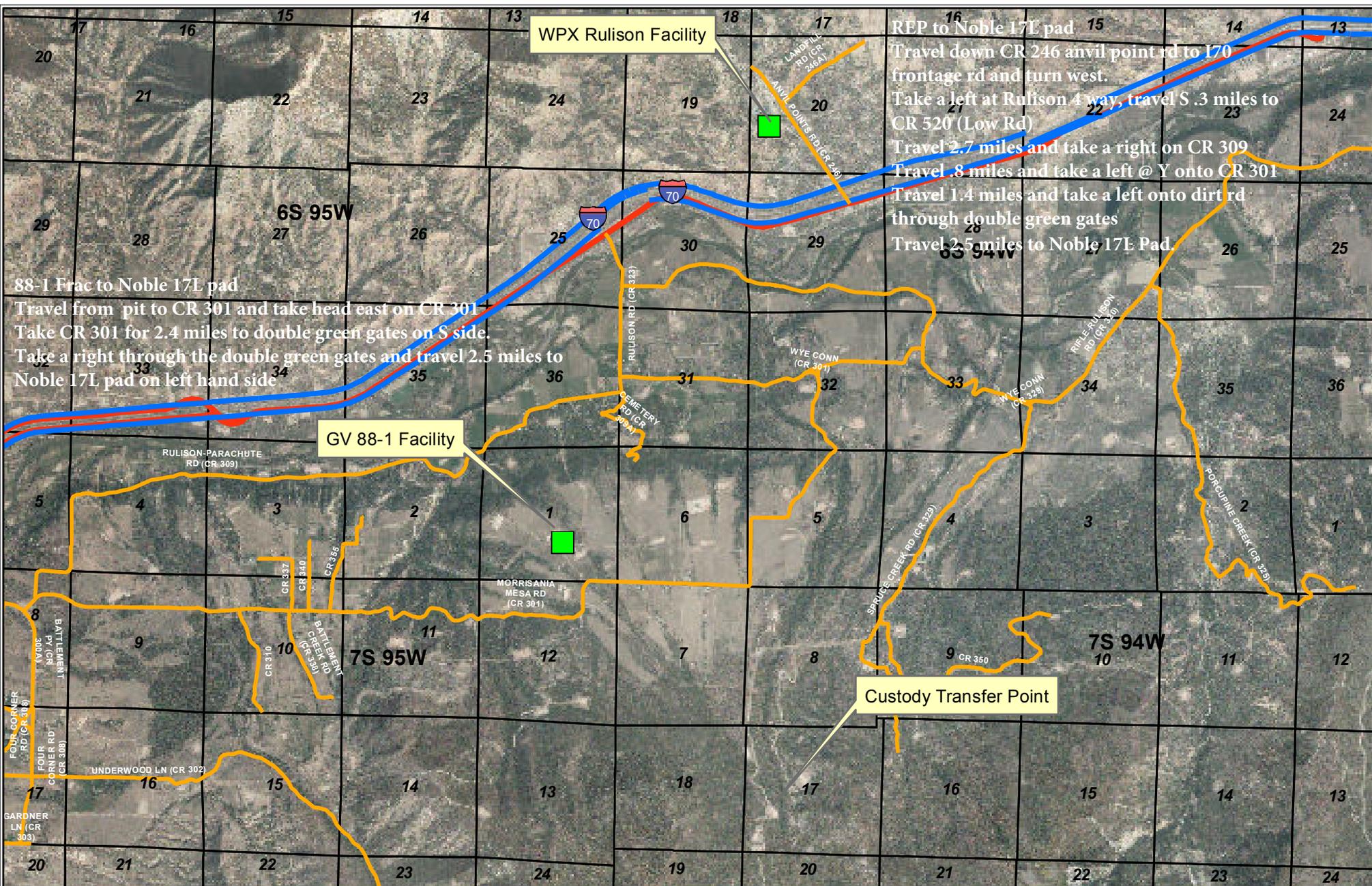
Water Transportation – All water transported to Piceance Energy will be trucked via existing roads used by WPX and Piceance Energy

Estimated volume of water transferred – up to 15,000 bbls/day, for up to 90 days, with the possibility for extension via sundry notice

The transporting operator shall implement the following:

- APPROVAL OF THIS PLAN IS CONTINGENT UPON ANALYTICAL LABORATORY RESULTS FOR REPRESENTATIVE SAMPLES OF WPX WATER FROM LOCATION IDs: 149006 and 421196. RESULTS SHALL BE SUBMITTED TO THE COGCC WITHIN 45 DAYS OF APPROVAL OF THIS PLAN. ANALYTICAL LABORATORY ANALYSIS SHALL INCLUDE:
 - o VOLATILE ORGANIC COMPOUNDS EPA METHOD 624 (GC/MS)
 - o SEMI-VOLATILE ORGANIC COMPOUNDS EPA METHOD 625 (GC/MS)
 - o DISSOLVED METALS EPA METHOD 200.7 (ICP)
 - o DISSOLVED INORGANICS (NON-METALS) EPA METHOD 300.0 (IC)
 - Br,Cl,F,Nitrate/Nitrite, Sulfate
 - o 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
 - o GROSS ALPHA AND BETA RADIOACTIVITY EPA METHOD 900.1
- OPERATOR MUST IMPLEMENT BEST MANAGEMENT PRACTICES TO CONTAIN ANY UNINTENTIONAL RELEASE OF FLUIDS, INCLUDING ANY FLUIDS CONVEYED VIA TEMPORARY SURFACE PIPELINES.

- TERMINATION OF ACITIVITES: BOTH PICEANCE ENERGY AND WPX SHALL NOTIFY THE COGCC VIA SUNDRY IMMEDIATELY UPON TERMINATION OF ACTIVITIES.
- PICEANCE ENERGY 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. THE ANNUAL REPORT SHALL BE SUBMITTED ON OR BEFORE THE ANNIVERSAY OF THE FIRST DATE OF TRANSFER.



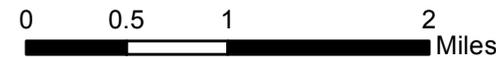
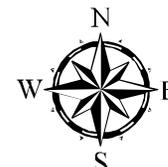
Legend

- WPX Water Facility
- Road (from Garfield County)
- Interstate
- Highway

Temporary Water Sharing Agreement

WPX Energy and Piceance Energy

Exhibit A



Authorization and Point of Contact

This Water Transfer Agreement for water reuse and recycling between Piceance Energy, LLC (Piceance Energy) and WPX Energy Rocky Mountain, LLC (WPX) is hereby authorized for implementation by the following persons:



Mr. Chad Odegard
Vice President Piceance Basin
WPX Energy Rocky Mountain, LLC

2-27-14

Date



Mr. Robert G. Hea
Executive Vice President and COO
Piceance Energy, LLC

2/25/14

Date

The point of contact representing WPX:

Ms. Peggy Carter
Operations Engineer
1058 CR 215
Parachute, CO 81635
O: 970.285.9377

The point of contact representing Piceance Energy:

Mr. Randy Natvig
Drilling and Completions Manager
Denver, CO 80202
O: 303.339.4337