

Transferring Operator Water Reuse Plan

Piceance Energy, LLC and Encana Oil & Gas (USA) Inc.

May 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 Encana Oil & Gas (USA) Inc (COGCC 100185) and Piceance Energy, LLC (COGCC #10433).

Encana has a need for up to 450,000 barrels (bbls) of produced water for Exploration and Production operations in Garfield County, Colorado. Piceance Energy operates wells in the Mamm Creek field located in Garfield County, Colorado.

Piceance Energy, LLC would like to receive water for completions operations. If permitted to do so, water will be collected from Encana's (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W) pad located inside the Hunter Mesa Unit (Unit ID: COC55972X) and transferred via can to Piceance Energy's temporary pipeline to Piceance Energy's wellpad Beaver Creek Ranch 08-13 (COGCC ID 414294, SWSW Sec 08, T7S-R93W). A can on Encana's N9W (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) pad will serve as the Custody Transfer Point. All wells are located in Garfield County, Colorado, and water will be delivered via temporary waterline. Piceance Energy will test and verify compatibility of the produced water provided by Encana. Transfer of produced water would begin upon COGCC approval and terminate after one year 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 from Encana's (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W) pad through a can and transferred via Piceance Energy's temporary waterline to the identified Piceance Energy's Beaver Creek location. The transferring company (Encana) shall maintain all regulatory responsibility, custody and control for all water until it is transferred through Ecana's can to Piceance Energy's temporary waterline. Piceance Energy will send water through the temporary pipeline to well pad, Beaver Creek Ranch 08-13 (COGCC ID 414294, SWSW Sec 08, T7S-R93W). Encana's can located on pad (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W) will serve as the Custody Transfer Point. Laramie will assume all regulatory responsibility, custody and control of the water. (See attached map for additional detail on the custody transfer point).

From the custody transfer point, Laramie will reuse the transferred water at the following location:

Beaver Creek Ranch 08-13 well pad (COGCC ID 414294, SWSW Sec 08, T7S-R93W).

Transfer

Laramie's transfer activities will consist of the following:

Transport water from Encana's (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W) can will serve as the transfer point to Piceance Energy's Beaver Creek Ranch 08-13 (COGCC ID 414294, SWSW Sec 08, T7S-R93W) via temporary pipeline. Custody Transfer Point is located in Garfield County, Colorado. Encana will assume responsibility of the water from its point of origin, (Hunter Mesa Facility COGCC ID: 149011 Sec. 1 T7S-R93W) to Encana's N9W well pad.

The volumes of fluid to be delivered will be up to 450,000 bbls; actual transferred volumes will be metered.

Piceance Energy will maintain records with the following information:

- Changes to the approved plan;
- Applicable training requirements for Piceance Energy 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

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

Encana'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 B prior to transfer of water.

Operator Contact Information

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Summary

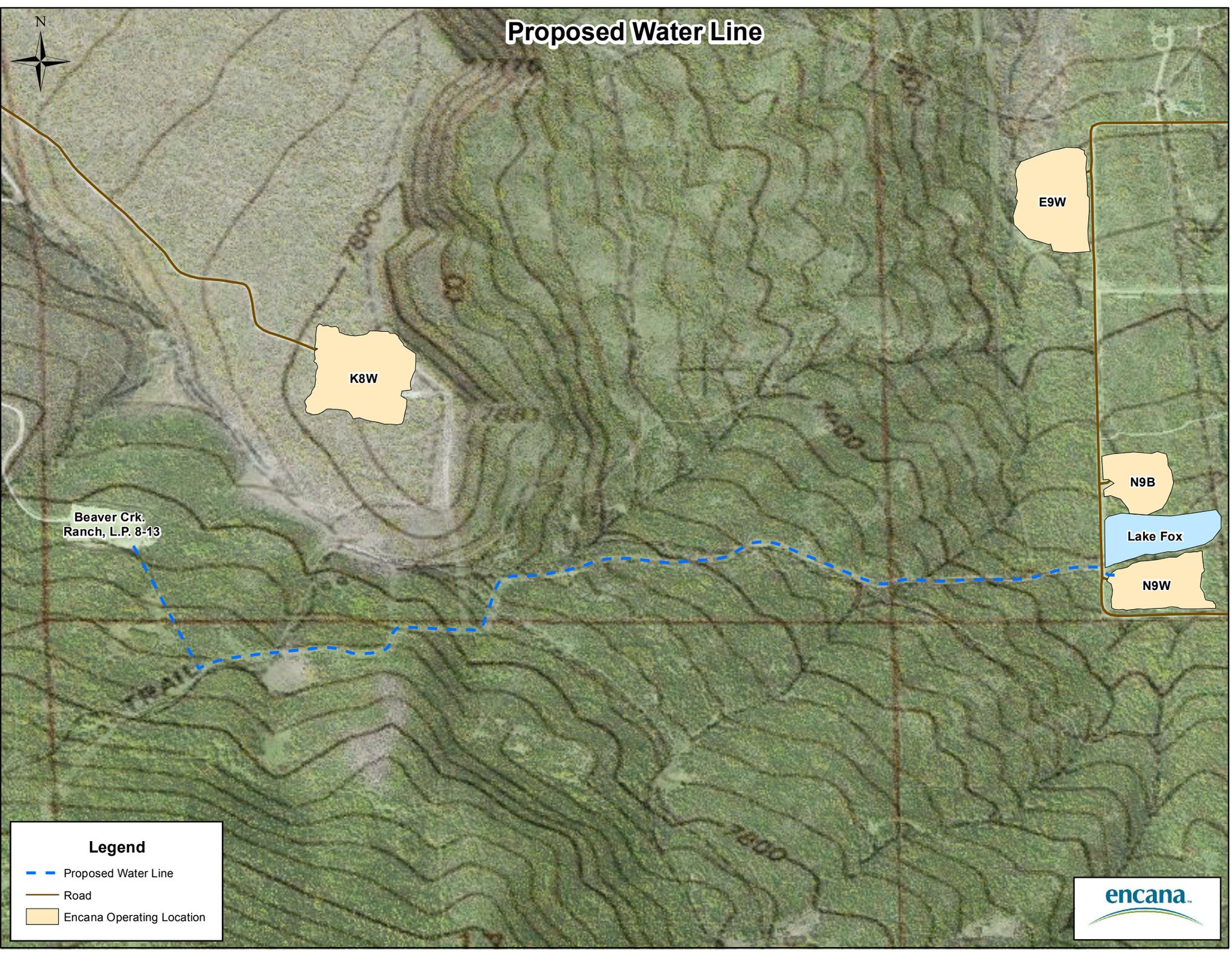
Origination of water – Encana’s Hunter Mesa Facility (COGCC ID: 149011 Sec. 1 T7S-R93W) Located in Garfield County, Colorado.

Destination of water – Piceance’s produced water storage tanks located Beaver Creek Ranch 08-13 (COGCC ID 414294, SWSW Sec 08, T7S-R93W) located in Garfield County, Colorado.

Water Transportation – All water transported to Piceance Energy will be delivered via temporary waterline used by Piceance Energy, LLC.

Estimated volume of water transferred – up to 450,000 bbls.

Proposed Water Line



Beaver Crk.
Ranch, L.P. 8-13

K8W

E9W

N9B

Lake Fox

N9W

Legend

-  Proposed Water Line
-  Road
-  Encana Operating Location

