

# **Transferring Operator Water Reuse Plan**

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

**June 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).

Piceance Energy, LLC 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 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 water valve "can" to Piceance Energy's temporary pipeline. Encana's water valve (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W) will serve as the Custody Transfer Point. Once the water flows from the can located on the N9W pad, the water will be transferred via temporary waterline line up to Piceance's wellpad; Federal 31-01 well pad (Federal 66S93W/31NENE COGCC 335166 NENE, Sec. 31 T6S-R93W). Water at the Federal 31-01 pad location will be stored in a pit on private surface. From Piceance Energy's Federal 31-01 well pad, water will be delivered through Piceance's temporary water line up to the Federal 29-11. The Federal 29-11(FEDERAL-66S93W 29NESW, COGCC ID 10433, NESW Sec. 29 T6S-R93W) pad will serve as the final destination for water and completion operations of 5 federal wells. 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 water valve and transferred via Piceance Energy's temporary waterline to the identified Piceance Energy's Federal 31-01 and Federal 29-11 pads. Encana's water valve located on pad (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W) will serve as the Custody Transfer Point. The transferring company (Encana) shall maintain all regulatory responsibility, custody and control for all water until it is

transferred through Encana's water valve to Piceance Energy's temporary waterline. Piceance Energy II will assume all regulatory responsibility, custody and control of the water once the water enters their temporary waterline. (See attached map for additional detail on the custody transfer point).

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

1. Federal 31-01 well pad (Federal 66S93W/31NENE COGCC 335166 NENE, Sec. 31 T6S-R93W).
2. Federal 29-11(FEDERAL-66S93W 29NESW, COGCC ID 10433, NESW Sec. 29 T6S-R93W)

### **Transfer**

Piceance Energy II'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). Here the water valve located in Garfield County will serve as the Custody Transfer Point. 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. Once it passes through the transfer point to Piceance Energy's Federal 31-01 well pad (Federal 66S93W/31NENE COGCC 335166 NENE, Sec. 31 T6S-R93W) and Federal 29-11(FEDERAL-66S93W 29NESW, COGCC ID 10433, NESW Sec. 29 T6S-R93W) via temporary pipeline. Water will be staged at the Federal 31-01 in a completions pad before being sent via temporary line up to the Federal 29-11 for completion operations.

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**

Piceance Energy II, LLC  
Wayne P. Bankery  
Senior Reg. & Env. Coordinator  
601 28 1/4 Rd Suite D  
Grand Junction, CO 81506  
970.812.5310 Office  
970.985.5383 Mobile

ENCANA OIL & GAS (USA) Inc.  
Louie Gibson  
Trucking Supervisor: Western Operations- Water Management  
143 Diamond Ave.  
Parachute, CO 81635  
970.489.1749 Office  
970.989.0143 Mobile

### **Summary**

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

Custody Transfer Point- Encana's (GMR 67S-93W9NWNE COGCC ID 334766 NWNE, Sec. 09 T7S-R93W) (N9W)

Destination of water –

1. Federal 31-01 well pad (Federal 66S93W/31NENE COGCC 335166 NENE, Sec. 31 T6S-R93W).
2. Federal 29-11(FEDERAL-66S93W 29NESW, COGCC ID 10433, NESW Sec. 29 T6S-R93W)

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.