June 29, 2016

Mr. Alex Fischer
Colorado Oil and Gas Conservation Commission
1120 Lincoln St, Suite 801
Denver, CO 80203

Re: Centralized E&P Waste Management Facility Request for Status Termination
Facility ID #149016
Lake Fox Water Storage Facility
Encana Oil and Gas (USA) Inc.

Dear Mr. Fischer:

This letter is to request a termination of Centralized E&P Waste Management Facility status for Encana's Lake Fox Water Storage Facility, Facility ID #149016. Since its construction, this facility has been used to store fresh water only. Encana does not intend to store produced water in this facility in the future. A history of the facility is provided below to explain our request.

Historical Narrative

In 2004, Encana was investigating numerous options to recycle produced water with the goal of finding an economic treatment process that would allow us to treat produced water from our Mamm Creek field to surface water discharge standards. Grass Mesa Holding Pit was chosen as the trial pit for the storage part of this process due to its proximity to Mamm Creek and its piped connection to Encana's Hunter Mesa Water Treatment Facility. Originally constructed for fresh water only, the pit was renamed "Lake Fox Water Storage Facility" when the conversion to a Centralized E&P Waste Management Facility was proposed.

Permits for Lake Fox Water Storage Facility were requested from Garfield County, the COGCC, the CDPHE Water Quality Control Division (WQCD) and the Colorado Division of Water Resources (DWR) to support the conversion to a treated, produced water holding facility.

However, by late 2005 it became apparent that Encana would not be able to comply with the rules mandated by all agencies for the construction details of Lake Fox; specifically, the Colorado DWR required that a spillway be in place for the facility and the COGCC and Garfield County required that the spillway be removed. Encana was unable to resolve this issue and therefore has only been allowed to use the facility for fresh water storage.

Encana is therefore applying to have the classification of the facility as a Centralized E&P Waste Management Facility terminated in order to more accurately reflect the historical and future operation of this facility.

Historical Timeline

A timeline of the agency interaction is as follows:

- 2003 – early 2004
  - Grass Mesa Holding Pit permitted for fresh water. Pit constructed with spillway, as mandated by Colorado DWR for a non-jurisdictional dam.
- September/October 2004
  - Name of facility changed to Lake Fox Water Storage Facility.
  - Special Use Permit submitted to Garfield County to request permission to hold treated produced water prior to discharge.
  - COGCC Form 28 submitted with closure bond of $50,000.
  - Request to amend CDPHE WQCD Discharge Certification submitted.
- December 2004
  - COGCC mandates that the spillway be removed from the facility prior to Form 28 approval.
- April 2005
  - CDPHE WQCD amended Discharge Certification approved.
- August 2005
  - Garfield County approves a Special Use Permit request with Condition of Approval (COA) to reduce dam height and remove spillway from facility.
  - Revised Notice of Intent to Construct a Non-Jurisdictional Dam sent to Colorado DWR.
- September 2005
  - Colorado DWR agrees that dam is still non-jurisdictional but mandates an emergency spillway, regardless of the water quality stored behind the dam.
  - List of contributing wells and water analysis from treated water pond submitted to COGCC.
  - Discharge Certification Amendment 2 received from CDPHE WQCD.
  - COGCC approves Form 28 with COA to comply with Garfield County spillway removal COA.
- October 2005
  - Encana abandons process to convert facility to a produced water holding pit / Centralized E&P Waste Management Facility.
- April 2009
  - Garfield County Special Use Permit issued.
- 2010
  - Closure cost estimate of $200,000 and increased bond provided to COGCC.

If you have any questions please contact me at 720-876-3761.

Sincerely,

Miracle Pfister
Western Operations Regulatory Manager
Encana Oil & Gas