

**TEP Rocky Mountain LLC**  
**Proposed Waste Management Plan**  
**for the Federal RG 41-18-297 Pad**  
**March 2021**

**INTRODUCTION**

TEP Rocky Mountain LLC (“TEP”) is proposing to drill, complete, and operate sixteen (16) new wells from the existing RG 41-18-297 pad located on BLM surface in Rio Blanco County Colorado. The RG 41-18-297 pad is an existing well pad with one (1) producing well located on resource / range land in the in the NW¼NE¼ of Section 18, Township 2 South, Range 97 West, 6th P.M. Of the sixteen (16) proposed well, seven (7) would be directionally drilled into Federal Lease COC 003453, seven (7) would be directionally drilled into Federal Lease COC 057285, and two (2) would be directionally drilled into Federal Lease COC 070220. During completions, TEP will be sourcing recycled produced water through a third-party water transfer agreement per Rule 905.a.(3) and 905.c.(3). Drilling on the RG 41-18-297 pad commenced in February of 2021 and completions is scheduled to begin in May 2021. The following describes TEP’s Waste Management Plan for the potential wastes generated during construction, drilling, completion, and production operations associated with the development of the proposed wells on the RG 41-18-297 pad.

**DRILL FLUIDS MANAGEMENT**

A closed loop drilling system will be utilized to separate liquid and solids during drilling operations on the RG 41-18-297 pad. Drilling fluids will be re-used throughout the drilling process. Once drilling operations are complete, drilling fluids will be stored in tanks and recycled on the next drill pad.

**DRILL CUTTINGS MANAGEMENT**

Drill cuttings will be managed in a drilling pit along the north side of the pad. The drilling pit would be constructed with a capacity of seven thousand two hundred cubic yard (7,200cy) supporting storage / disposal of ninety percent (90%) of the estimated drill cuttings volume. The drilling pit will be contained within a two- and one-half foot (2.5’) high earthen perimeter berm. A drill cuttings management area approximately one hundred thirty feet (130’) in length by forty feet (40’) in width will be utilized for storage of the remaining eight hundred cubic yard (800cy) of drill cuttings. The proposed cuttings management area will be constructed with two- and one-half feet (2.5’) high earthen berms surrounding the management area. Drilling cuttings volume is estimated at five hundred cubic yard (500cy) per well, which totals approximately eight thousand cubic yards (8,000cy). Any excess drill cuttings not manageable within the proposed drilling pit or cuttings management area would be hauled to an approved third-party commercial disposal facility.

The general protocol for managing drill cuttings at the RG 41-18-297 is as follows: As drill cuttings are brought to the surface, they are separated from drilling fluids and temporarily placed into a designated storage cell that is close to the rig shaker assembly. Once the temporary storage cell becomes full, a loader will be used to move the cuttings from the temporary storage cell to the drilling pit. The moisture content of the drill cuttings will be kept as low as practicable to prevent accumulation of liquids. Once all drill cuttings are placed into the drilling pit, samples will be taken to determine if the cuttings meet COGCC 915-1 standards. Additional treatment or amendment of the cuttings may be needed to ensure that COGCC 915-1 standards are met prior to reclamation. If needed, clean fill material may be mixed with the cuttings to ensure that cleanup standards are met. Confirmation samples of the blended material will be collected and submitted to an approved analytical laboratory and analyzed for the full COGCC 915-1 list of organic, inorganic, and metal compounds (in soils) to ensure that these materials comply with COGCC cleanup standards. After all drill cuttings have been received and tested for compliance with COGCC 915-1 cleanup standards, the drill cuttings will be covered with approximately three feet (3’) of clean fill material during pad reclamation.

### THIRD-PARTY WATER TRANSFER, RECEIVING AND REUSE

#### *Purpose and Need*

This Transfer and Receiving Reuse Plan (the “Water Transfer Plan”) is hereby submitted to the Colorado Oil and Gas Conservation Commission (“COGCC”); along with the required Form 4 (sundry), for COGCC’s review and approval, which would allow for the transfer of produced water between TEP Rocky Mountain LLC (“TEP”) (Operator ID: 96850) and XTO Energy Inc. (“XTO”) (Operator ID: 100264) (collectively the “Parties”).

The Parties have entered into a Master Production Water Custody Transfer Agreement, effective January 1, 2021 and amended February 16, 2021 (the “Agreement”), under which, amongst other things, the Parties have agreed to transfer produced water from a transferring party, who has excess produced water, and would otherwise be storing or injecting such excess produced water into existing underground injection wells, to a receiving party, who has need for such produced water in their oil and gas well completions operations. The Agreement and First Amendment are attached in Appendix 1. TEP currently anticipates that it will require up to 4,000,000 barrels (bbls.) of water for exploration and production (“E&P”) operations in Rio Blanco County, Colorado, in 2021. TEP and XTO have recognized an opportunity in which TEP’s large water demand can be largely offset or even fully replaced by utilizing excess XTO produced water, which would otherwise be disposed into underground injection wells. This strategy and collaborative planning demonstrate responsible operatorship by both parties. The conservation of fresh water that would result from the execution of this Water Transfer Plan benefits the State of Colorado, its citizens, and the thousands of downstream users who rely on freshwater. Transfer and reuse of produced water is also consistent with COGCC’s objectives of resource conservation, waste minimization, and recycling and re-use of water. XTO wishes to transfer to TEP and TEP desires to accept such XTO produced water under the terms of the Agreement and in conformity with this Water Transfer Plan.

TEP operates wells in the Ryan Gulch fields located in Rio Blanco County, Colorado, located near XTO’s midstream and production operations. In fact, XTO has a non-operating working interest in the minerals that TEP will be developing with the excess produced water. Currently, produced water from XTO’s production operations in the Love Ranch field (ID: 51850) is gathered at Love Ranch Centralized E&P Waste Facility (CE&P Facility ID 149012, Pit ID 449807) located in Sec 9, T2S-R97W.

XTO desires to transfer excess produced water, that otherwise would be injected in its underground disposal infrastructure, for beneficial re-use in TEP’s E&P operations. The produced water to be transferred under this Water Transfer Plan is sourced from XTO operated wells in the Love Ranch field, which is stored at the Love Ranch Centralized E&P Waste Facility as shown in Exhibit A and attached hereto for reference.

Custody of the produced water will transfer at the Love Ranch Centralized E&P Waste Facility (CE&P Facility ID 149012, Pit ID 449807) located in Sec 9, T2S-R97W (the “Custody Transfer Point”). The lat/long for the Custody Transfer Point is approximately: Latitude 39.890589, Longitude -108.296274. TEP will assume regulatory responsibility upon entry of the water into a pump that TEP will operate at the Love Ranch Centralized E&P Waste Facility.

Water, drawn from the pit, will be transferred through temporary surface water supply lines to the FEDERAL RGU-62S97W 7NESW Pad (RGU 23-7-297 Pad, Loc ID 316408), located in the N½SW¼ of Sec. 7, T2S-R97W. The RGU 23-7-297 Pad (Loc ID 316408) will serve as a staging pad for hydraulic fracturing pumps and produced water frac tanks. Produced water will then be transferred from the RGU 23-7-297 Pad (Loc ID 316408) via TEP temporary surface frac lines to completions operations at the FEDERAL RG-62S97W /18NWNE Pad (RG 41-18-297 Pad, Loc ID 316591) located in the NW¼NE¼ of Sec. 18, T2S-R97W.

Transfer of produced water would begin upon the date of COGCC approval and terminate December 31, 2023.

### *Benefits*

Under this Water Transfer 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 potential benefits include:

- Decreased freshwater withdrawals from surface water sources;
- Decreased reliance on injection wells for disposal of production/flowback water;
- Reduced completions costs versus alternative sources;
- Increased operational efficiencies from reusing local supplies of production/flowback water to meet water demands for drilling, completion and workover activities.
- Reduced volume of truck traffic versus alternatives that could involve trucking of water from other sources.

### *Produced Fluid Pickup, Custody Transfer Point and Delivery Locations*

Water produced from XTO's Love Ranch field will be gathered at the Love Ranch Centralized E&P Waste Facility (CE&P Facility ID 149012, Pit ID 449807) located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec 9, T2S-R97W. The Custody Transfer Point will be at the point water is drawn from the pit and enters the TEP operated pump. The latitude/longitude for the Custody Transfer Point is approximately: Latitude 39.890589, Longitude -108.296274. TEP will assume regulatory responsibility for the produced water the instant the water enters the pump. The produced water will then be transferred through ~18,311 feet of a temporary ten inch (10") surface DR7 HDPE pipeline having a maximum design pressure of 335 psi to the FEDERAL RGU-62S97W 7NESW Pad (RGU 23-7-297 Pad, Loc ID 316408), located in Sec. 7, T2S-R97W. This ten-inch (10") pipeline will deliver into fifty (50) 500-bbl. temporary steel frac tanks, located on the RGU 23-7-297 Pad (Loc ID 316408). The maximum anticipated operating pressure for delivery of water from the Love Ranch Centralized E&P Waste Facility (CE&P Facility ID 149012, Pit ID 449807) is 250 psi, which is below maximum design pressure. A booster pump will be placed at the PICEANCE CREEK-62S97W 8SWSE (PC 8-1 Pad, Loc ID 316201) located in Lots 5, 6, 11, and 12 of Sec. 8, T2S-R97W, between the pit and completions location, to ensure maximum operating pressure is maintained. From the temporary frac tanks staged on the RGU 23-7-297 Pad (Loc ID 316408) the produced water will then be delivered to completions operations at the FEDERAL RG-62S97W /18NWNE Pad (RG 41-18-297 Pad, Loc ID 316591) located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$  of Sec. 18, T2S-R97W via five (5) separate temporary four and one half inch (4.5") 11.6# P-110 steel pipelines, each with a length of ~6,387 feet, having a maximum design pressure of 10,690 psi. The maximum anticipated operating pressure for delivery from the tanks on the RGU 23-7-297 Pad (Loc ID 316408) to the RG 41-18-297 Pad (Loc ID 316591) will be 9,500 psi in the four and one half inch (4.5") 11.6# P-110 steel pipelines.

TEP utilizes a certified/trained service provider for all poly pipe installation, which follows standards and protocols for fusing as required by the 1100 Series Rules. Containment, which is described below in more detail, will be built around the frac tanks and pumps at the destination locations. During active pumping, operators will monitor pressure at several points along the pipeline pathway, whether it be on-site or remotely using meters.

XTO shall maintain all regulatory responsibility, custody, and control for all water until such time as it is transferred to TEP at the Custody Transfer Point. Once the water enters the TEP pump at the Love Ranch Centralized E&P Waste Facility (CE&P Facility ID 149012, Pit ID 449807), TEP will assume regulatory responsibility, custody, and control of the water. See Exhibit A for additional detail on the Custody Transfer Point. All isolation valves on pipelines involved in the transfer are shown on Exhibit A.

## *Transfer*

The transferring activities will consist of the following:

The volume of fluid to be transferred is estimated at ~10,000 to 60,000 bbls./day, however, the total volume will not exceed 4,000,000 bbls. over the effective dates of this Water Transfer Plan. Actual received volumes will be tracked at the Custody Transfer Point.

TEP and XTO will maintain records with the following information:

- Changes to the approved Water Transfer Plan;
- Applicable training requirements for contractors (lock out/ tag out, job hazard analysis at the transfer location, etc.);
- Types and results of internal and contractor audits conducted;
- Tabulated water generator records, if required by Rule 905.b.(3) including:
  - Date of transport
  - Identity of water generator
  - Identity of water transporter
  - Location of the produced water pick up site
  - Type and Volume of water transported
  - Name and Location of receiving point
- Summary of spills, incidents or upsets;

Such records shall be made available for inspection by the Director of the COGCC during normal business hours, and copies thereof shall be furnished to the Director of the COGCC upon request.

Truck trips to haul water are not expected as a result of this agreement and water transfer and reuse plan. If any are deemed necessary, a sundry will be filed with additional details and said trips would occur on existing roads. If this is the case, tickets will be signed and maintained by the TEP.

## *Flowline Installation, Integrity Testing, and Monitoring*

### Four- and One-Half Inch (4.5”) Steel Transfer Lines

- Welded steel surface lines are installed by ASME certified welders and installers per TEP best management practices
- Initial in-service pressure test per 1100 series flowline rules
  - Lines will be pressure tested with fresh water to 9,500psi and pressure will be held and charted for four (4) hours. Personnel will control test area and walk lines to visually confirm no leaks are present before placing lines into service
  - Max operating pressure of 9,000psi will not be exceeded
  - Lines will be pressure tested before each frac stage
  - Visual inspection of lines during every pressure test
  - Shut off and containment valves and non-welded union and flange connections will be installed and will be annually inspected and certified by third party certified inspection
- When in service, pump rate and pressure will be continuously monitored in real time by wireless automation communication and by personnel throughout line route.
- When lines are not in service greater than 24 hours, lines will be pigged dry and will not be left with fluid when lines are unattended.



- The lines are temporarily used only during completions operations and do not cross any creek or water crossings.

#### Ten Inch (10") HDPE Low Pressure Transfer Line

- Line installed by certified installer per TEP best management practices
- Initial in-service pressure test per 1100 series flowline rules
  - Line will be pressure tested with air to 275psi and pressure will be held and charted for four (4) hours.
  - Line will be visually inspected during test to confirm no leaks are present
- When in service, line will be monitored by personnel along route and at each pump station and receiving station.
  - All personnel will be in radio contact and will constantly monitor pressure and flow rate
- When line is not in service greater than twenty four (24) hours, line will be pigged dry and will not be left with fluid when lines are unattended.
- The lines are temporarily used only during completions operations and do not cross any creek or water crossings.

#### *Secondary Containment*

- RGU 23-7-297 Frac Pad – see Exhibit B: RGU 23-7-297 Remote Frac Pad Frac Equipment Layout
  - Fifty (50) – 500bbl frac tanks on location to supply the completions crew with produced water while pumping.
  - The tanks will be spotted on 40mil plastic containment with a twenty-four-inch (24") berm
  - The tanks will be manifolded together with eight inch (8") steel lines within the tank containment.
  - Tanks will be connected to manifold with hose and have shut off valve at tank connection and manifold connection.
- Love Ranch CWMF – see Exhibit C: Love Ranch CWMF Temporary Booster Pump Layout
  - Two (2) – 500bbl frac tanks and two (2) water transfer pumps will be placed in plastic lined secondary containment with 18" berm
- PC 8-1 Pad Booster Transfer Location – see Exhibit D: PC 8-1 Pad Temporary Booster Pump Layout
  - Two (2) – 500bbl frac tanks and two (2) water transfer pumps will be placed in plastic lined secondary containment with eighteen-inch (18") berm

#### *Spill Response and Cleanup Measures*

The locations for this water transfer and reuse plan do not fall within a Rule 411 area but fall within the Sensitive Wildlife Habitat (SWH) area. TEP has the following precautions in place for spill response and cleanup measures:

- Spill Prevention Control and Countermeasures Plan and Program: All TEP pads and facilities are covered under a Spill Prevention Control and Countermeasure Plan ("SPCC") and Program. The SPCC Program ensures that all facilities subject to SPCC requirements are designed and built to prevent spills of bulk liquids from being released to the environment, and to contain such spills, if and when they do occur. Additionally, all SPCC regulated facilities are routinely inspected to ensure that all preventative measures (secondary containment structures), systems, and BMPs are in place and functioning as designed. Records of all inspections and Site Facility Diagrams are kept up-to-date and are maintained in accordance with SPCC requirements.

- Spill Prevention and Response Program. TEP maintains and implements a comprehensive Spill Prevention and Response Program that is designed to comply with all elements of COGCC Rule 912, “Spills and Releases,” and Rule 913, “Site Investigation, Remediation, and Closure.” All operations are routinely inspected and monitored for any active spills or releases of all fluids that are being handled. In the event of a spill or release, the following measures are followed:
  - The source of the spill / release is immediately located and stopped;
  - Actions are taken immediately to contain and recover any spilled fluids and impacted media;
  - For any spill volume exceeding reportable thresholds, spill notifications and reports are made to the appropriate regulatory agencies (COGCC, BLM, CDPHE, etc.);
  - Samples are collected from impacted areas to determine if applicable COGCC 915-1 cleanup standards have been exceeded. If cleanup standards have been exceeded, impacted soils will be excavated and remediated as needed to ensure that all impacts have been successfully mitigated. Impacted soils exceeding cleanup standards are then taken to an approved waste treatment facility for further treatment and/or disposal as needed. Confirmation samples are collected post excavation / remediation to ensure that the materials comply with COGCC cleanup standards.
  - Additional mitigation and preventative measures are immediately implemented for any spill event that threatens an actual discharge or release to surface or ground water resources. Such measures include deployment of spill booms across drainages / waterways; Application of spill absorbent materials (saw dust, vermiculite, clean soil, etc.); Construction of basins / traps to collect spilled fluids / liquids; Collection of water samples (both up-gradient and down-gradient) from potentially impacted surface water bodies; Use of heavy-equipment (e.g., vac-trucks, back-hoes, excavators, etc.) to intercept and capture any contaminated liquids before impacting surface water resources.
  - TEP maintains multiple, dedicated spill response stations that are strategically located throughout our operations to provide a quick and ready source of additional spill response materials and supplies that may be needed to respond to an emergency spill event. A spill response station will be located at the RG 41-18-297 well pad to support the water share activities.
  - Nearest Surface Water Locations: Piceance Creek is the closest source of live water associated with this water share operation. The proposed transfer pump located at the Love Ranch CWMF is located approximately 900 feet west of Piceance Creek in the NW¼SW¼ of Section 9, T. 2 S., R. 97 W. From the location of the transfer pump, the pipeline climbs a high ridge to the west and traverses a ridgetop through the Sections 7 and 8 of T. 2 S., R. 97 W. for a distance of approximately 1 mile. This segment of the pipeline parallels Hog Lot Draw which is located approximately 1000 feet south of the pipeline alignment. Hog Lot Draw is an east-west trending, ephemeral (dry) drainage feature that is Tributary to Piceance Creek. There is no live surface water or wetland features present within Hog Lot Draw. The flowlines continue to follow ridgetops and natural contours through Sections 7 and 18 of T. 2 S., R. 97 W. The only “surface water” features present within these sections that could potentially be impacted from a spill or release of fluids from this water share operation are several dry, ephemeral un-named tributaries to Hog Lot Draw, and other un-named, dry ephemeral drainage features that are tributary to Ryan Gulch. In general, the entire alignment of the flowlines associated with this water share agreement are located on high ridgetops that are significantly elevated above and away from any dry ephemeral drainage features. The probability that a spill, leak, or release from this water share operation could ever impact live surface water is extremely low.

- Waste Management Program. All E&P wastes will be managed, handled, and disposed of in strict compliance with Rule 905, “Management of E&P Waste.” The most probable E&P waste material to be associated with this water transfer agreement will be soils impacted from spills, leaks, or releases of produced water that exceed COGCC cleanup standards. If impacted soils exceed COGCC cleanup standards as described above, impacted soils may be excavated and transported to an approved E&P waste management / disposal facility.
- Integrity testing of flowlines occurs annually and prior to commencing water sharing operations. This ensures that flowlines are ready and suitable to be placed into service. Any segment of flowlines deemed not suitable for use will be repaired or removed and replaced as appropriate.
- Temporary secondary containment (i.e., liner and berms) will be installed around frac tanks at the destination locations; and
- TEP operated pads have secondary containment around water and condensate tanks, tertiary containment around drilling and completions operations, and in most cases, quaternary containment around the base of the pad in the form of storm water berms, trenches, and catch basins.

XTO has the following precautions in place for spill response and cleanup measures:

- XTO locations are covered under a comprehensive Spill Prevention Control and Countermeasure Plan (SPCC);
- XTO has spill response equipment bins located at the proposed produced water receiving locations;
- XTO maintains multiple fully loaded spill kit trailers on stand-by ready for deployment in the event of any incident; and
- All new-construction XTO operated pads have secondary containment around the equipment and the pad location has secondary containment built around the pad perimeter.

Transferring and Receiving Operator will implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines.

### *Analytical Data*

Approval of this Water Transfer Plan is contingent upon analytical laboratory results for representative samples of XTO water collected from the water sources identified above. Results will be submitted to the COGCC per Rule 909.j.(1) Produced Water Quality Analyses. Laboratory analysis shall include:

- A. pH;
- B. Specific conductance;
- C. Total dissolved and suspended solids (TDS and TSS);
- D. Alkalinity (total, bicarbonate, and carbonate as CaCO<sub>3</sub>);
- E. Major anions (bromide, chloride, fluoride, sulfate, nitrate and nitrite as N, and phosphorus);
- F. Major cations (calcium, iron, magnesium, manganese, potassium, and sodium);
- G. Other elements (barium, boron, selenium, and strontium);
- H. Naphthalene;
- I. Total petroleum hydrocarbons (“TPH”) as total volatile hydrocarbons (C6 to C10) and total extractable hydrocarbons (C10 to C36);
- J. BTEX compounds (benzene, toluene, ethylbenzene, and xylenes); and
- K. Radium (226Ra and 228Ra).

### *Operator Contact Information*

TEP Rocky Mountain LLC  
Attn: Brad Kesler  
1058 County 215  
Parachute, CO 81635  
Phone: 970.216.8703

XTO Energy Inc.  
Dave Bowers  
Operations Specialist – Piceance Field  
21459 County Rd 5  
Rifle, CO 81650  
Phone: 970.675.4019

### *Site Due Diligence*

Love Ranch Centralized E&P Waste Facility (CE&P Facility ID 149012, Pit ID 449807):

- Spills / Incidents for CE&P 149012 / Pit 449807:
  - One spill recorded on Doc. Number 400967392. Date of spill: 11/23/15. 8.3 bbls of produced water released onto pond bank. Spill closed by COGCC on 1/11/16.
  - No other spills noted in COGCC records.
- COGCC Inspections:
  - No inspection records found for Facility ID 149012 or 449807.
- Outstanding Corrective Actions:
  - No records of corrective actions found for Facility ID 149012 or 449807
- FIRRS:
  - No record of FIRRs found for Facility ID 149012 or 449807
- Complaints:
  - No record of complaints found for Facility ID 149012 or 449807
- NOAVs:
  - No NOAVs identified for Facility ID 149012 or 449807

PICEANCE CREEK-62S97W 8SWSE (PC 8-1 Pad, ID 316201):

- Spills / Incidents:
  - No spill records identified for Facility ID 316201
- COGCC Inspections:
  - Most recent inspection was conducted on 02/27/20 (doc no. 700400235)
  - No corrective actions associated with most recent inspection conducted for Facility ID 316201
- Outstanding Corrective Actions:
  - No outstanding corrective actions identified for Facility ID 316201
- FIRRS:
  - One FIRR of record approved from previous site inspection (doc no. 401823594)
- Complaints:
  - No complaints on record for Facility ID 316201
- NOAVs:
  - No NOAVs identified for Facility ID 316201

FEDERAL RGU-62S97W 7NESW Pad (RGU 23-7-297 Pad, ID 316408):

- Spills / Incidents:
  - No reportable spill events on record for Facility ID 316408
- COGCC Inspections:
  - Most recent inspection was conducted on 02/27/20 (doc no. 700400243)
  - No corrective actions associated with most recent inspection conducted for Facility ID 316408
- Outstanding Corrective Actions:
  - No outstanding corrective actions identified for Facility ID 316408
- FIRRS:
  - No outstanding / unresolved FIRRs identified for Facility ID 316408
- Complaints:
  - No complaints on record for Facility ID 316408
- NOAVs:
  - No NOAVs on record for Facility ID 316408

FEDERAL RG-62S97W /18NWNE Pad (RG 41-18-297 Pad, ID 316591):

- Spills / Incidents:
  - No reportable spill events on record for Facility ID 316591
- COGCC Inspections:
  - Most recent inspection was conducted on 03/16/20 (doc no. 700400504)
  - No corrective actions associated with most recent inspection conducted for Facility ID 316591
- Outstanding Corrective Actions:
  - No outstanding corrective actions identified for Facility ID 316591
- FIRRS:
  - No outstanding / unresolved FIRRs identified for Facility ID 316591
- Complaints:
  - No complaints on record for Facility ID 316591
- NOAVs:
  - No NOAVs on record for Facility ID 316591

### *Termination of Transfer*

Both XTO and TEP shall notify the COGCC via Sundry within thirty (30) days of the termination of activities under this Water Reuse Plan.

### *Annual Reporting*

XTO and TEP will each separately submit an annual report to the COGCC summarizing the transfer of production water (both as transferring and receiving operator) during the calendar year. The annual report shall be submitted on or before the anniversary of the first date of transfer.

### FLOWBACK

Returned stimulation fluids generated during flowback operations will be processed through four (4) phase separators to separate gas, water, condensate, and sand. Water will be reused during future well completion operations on the RG 41-18-297 pad or transported via pipelines as described in the Produced Water section

below. Spent filter socks generated during the completions / flowback process are collected and stored separately from garbage / trash. The filters have been sampled and profiled for disposal at an approved third-party commercial disposal facility that is permitted and authorized to accept waste filter socks for disposal.

#### SEWAGE

Chemical toilets will be used during construction, drilling, and completions operations on the RG 41-18-297 pad. Contents will be hauled to and disposed at an approved commercial disposal facility. Disposal of sewage will occur approximately once per week.

#### GARBAGE

All garbage and trash will be stored in enclosed bear proof trash containers. Disposal of garbage and trash will occur approximately once per week during drilling and completions operations. All garbage and trash will be transported to a permitted and controlled landfill within one (1) week following completion of drilling or completions operations. Garbage or trash will not be disposed of on location. The well site and access road will be kept free of trash and debris at all time during long-term production operations.

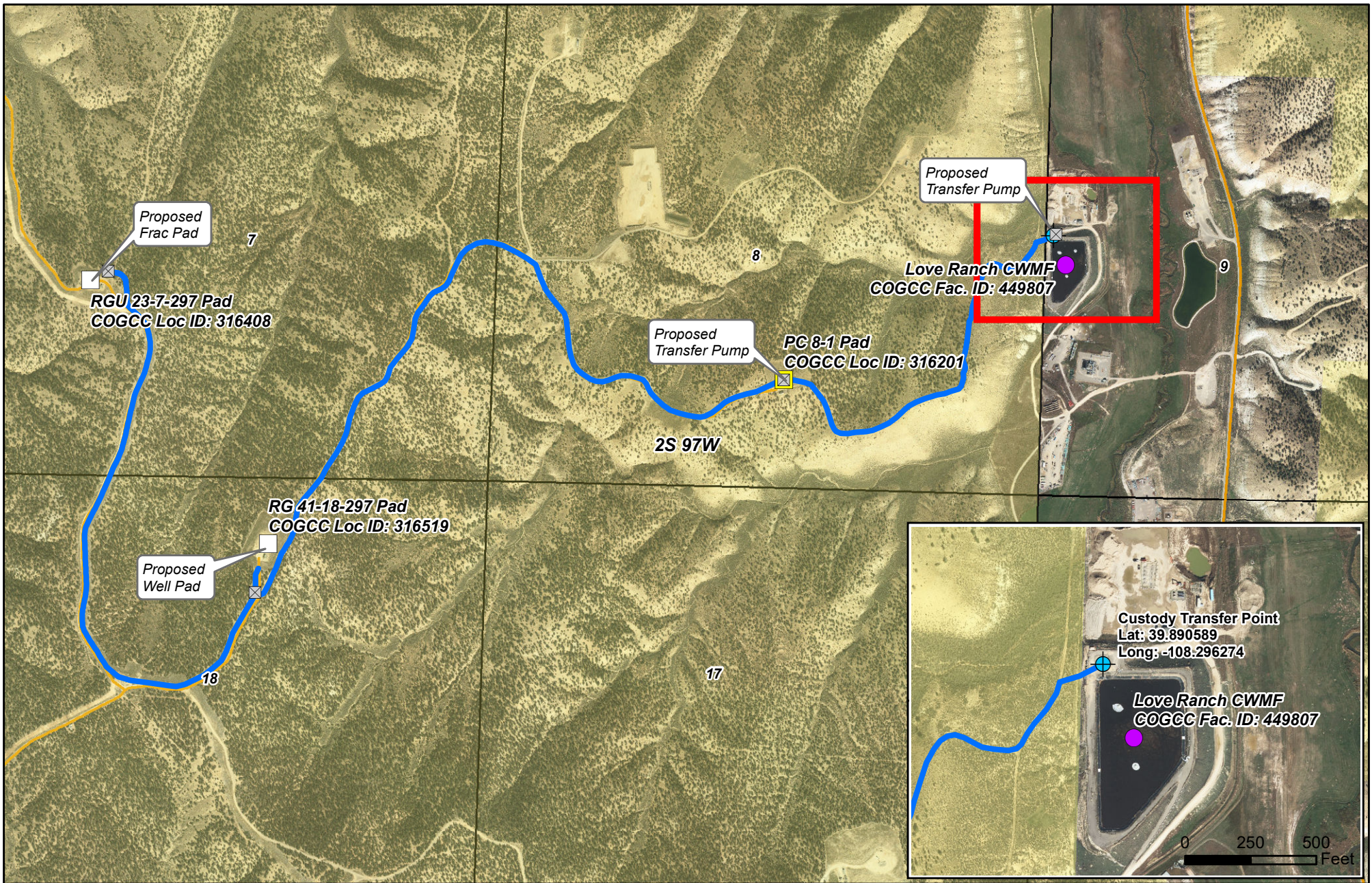
#### PRODUCED WATER

Produced water, water produced from the wells after the wells are turned over to production, will be transported through existing water infrastructure and the proposed six-inch (6") water pipeline to the existing RGU 23-6-297 pad for temporary storage. Produced water will then be pumped through TEP's existing pipeline infrastructure to the one of TEP existing water management facilities for treatment, reuse, or disposal. Produced water will be treated with biocide at the water management facility. Produced water will also be treated with biocide prior to disposal if necessary.

Produced water is disposed of through: (1) natural evaporation at the evaporation ponds, (2) delivered and injected in to one of the approved TEP operated UIC facilities, (3) re-used in hydraulic fracturing operations, or (4) hauled to an approved third party, commercial disposal facility including: Owl SWD Operating LLC, Harley Dome #1 SWD, Greenleaf Environmental Services, White River Dome, or PBR Disposal.

## **Exhibit A**





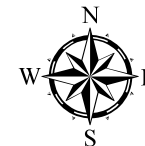
**Legend**

- |  |                           |  |   |
|--|---------------------------|--|---|
|  | Custody Transfer Point    |  | Surface Produced Water Pipeline (1-10"; 18544") |
|  | Isolation Valve           |  | Existing Road                                   |
|  | Love Ranch CWMF           |  | BLM Surface                                     |
|  | Existing XTO Pad Location |  |   |
|  | Existing TEP Pad Location |  |   |

**TEP Rocky Mountain LLC**

**XTO Engery Water Share  
Water Transfer Exhibit**

**June 15, 2020**



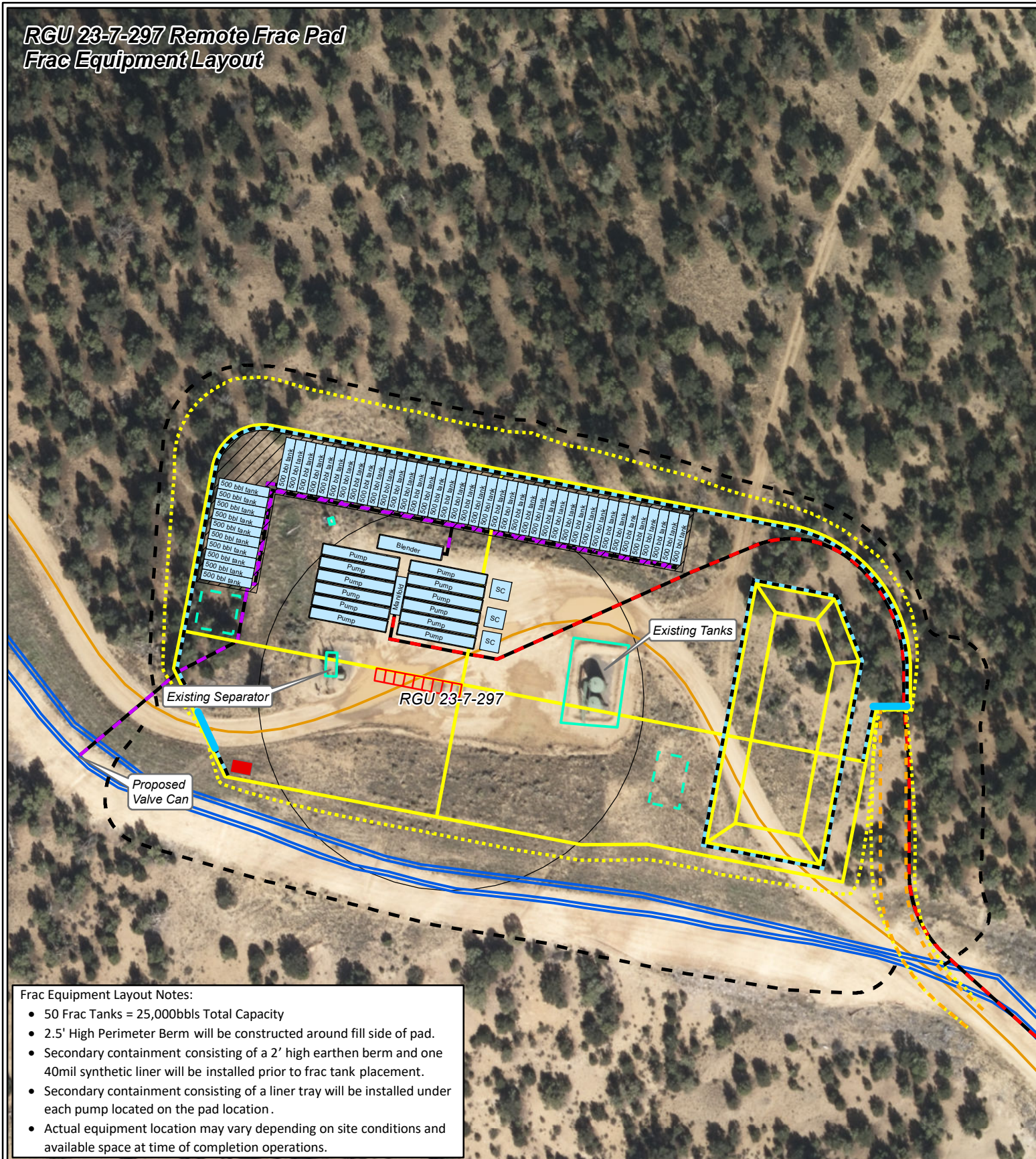
0 0.125 0.25 0.5  
Miles





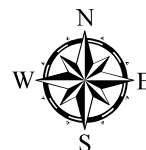
## **Exhibit B**

## RGU 23-7-297 Remote Frac Pad Frac Equipment Layout



### Legend

- Production Gas Well      — Proposed Cellar      — Existing Water Pipeline  
— Surface Frac Lines      — Proposed Pad or Pit      — Existing Road  
— Surface Water Supply Lines      --- Proposed Daylight Line       Existing Pad  
— Proposed Berm (2.5' High)      — Proposed Limit of Disturbance  
— Drive Over Berm (2.5' High)      — Proposed Production Equipment  
 Frac Equipment      — Existing Production Equipment  
 Secondary Containment      — Proposed Road  
■ Spill Response Trailer



## **Exhibit C**





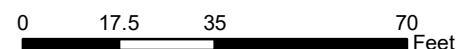
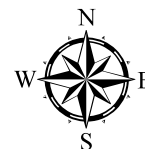
# **Legend**

- Proposed Water Supply Line
- Edge of Production Pit
- Proposed Temporary Frac Tank
- = Secondary Containment
- Proposed Temporary Pump
- Approx. Limit of Disturbance
- Existing Production Equipment
- Existing Gate
- x Existing Fence

**TEP Rocky Mountain LLC**

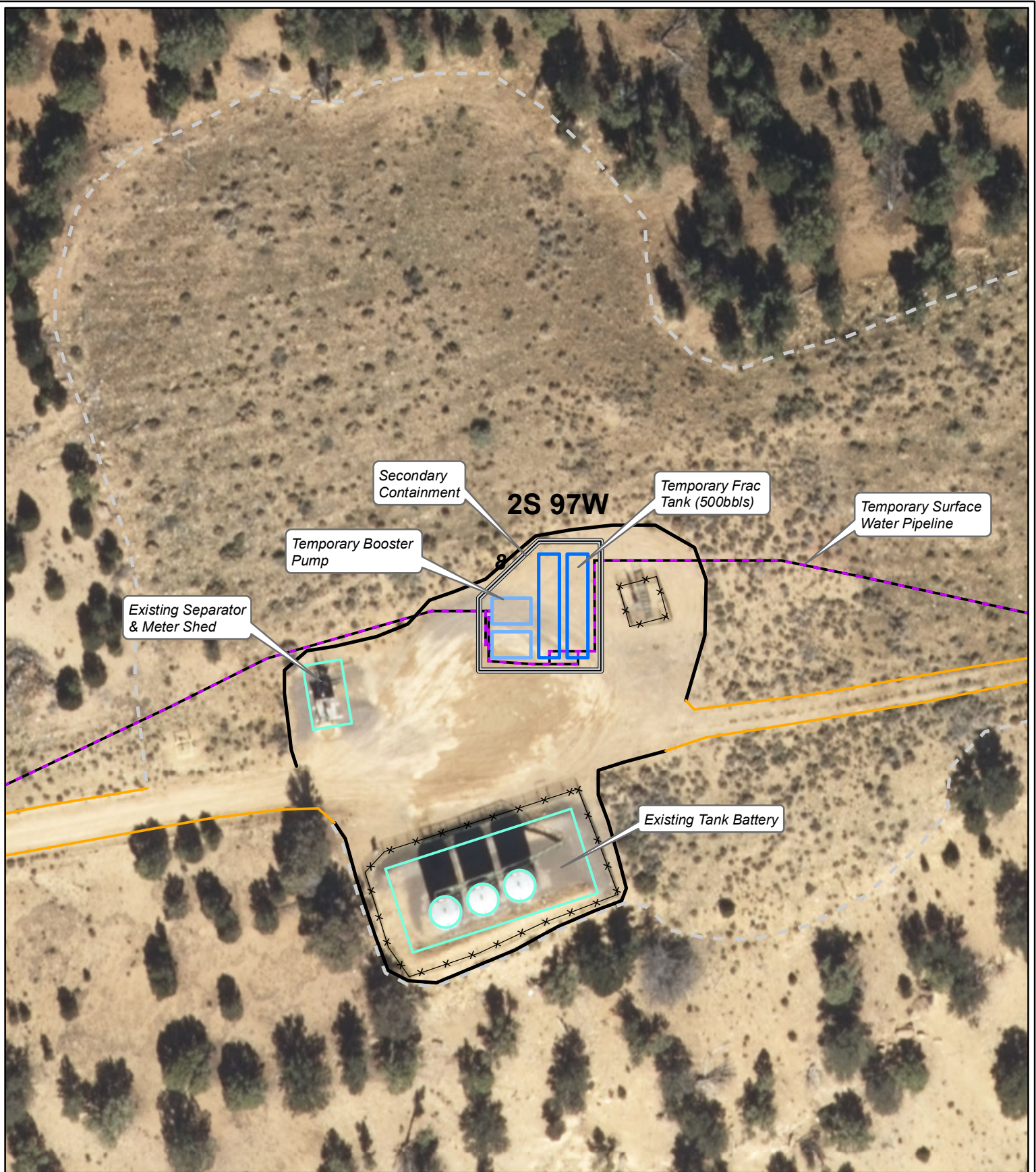
## **XTO Energy - Love Ranch CWMF Temporary Booster Pump Layout**

**March 1, 2021**



## **Exhibit D**





#### Legend

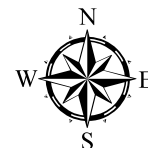
- × Existing Fence
- Existing Pad
- Proposed Temporary Frac Tank
- Existing Road
- Secondary Containment
- Proposed Temporary Pump
- Approx. Limit of Disturbance
- Existing Production Equipment
- Proposed Water Supply Line

### TEP Rocky Mountain LLC

### XTO Energy - PC 8-1 Pad

### Temporary Booster Pump Layout

March 1, 2021



0 25 50 100 Feet

## **Appendix 1**



## **MEMORANDUM OF MASTER PRODUCTION WATER CUSTODY TRANSFER AGREEMENT**

This MEMORANDUM OF MASTER PRODUCTION WATER CUSTODY TRANSFER AGREEMENT ("Memorandum") is made effective January 1, 2021 ("Effective Date"), by and between XTO Energy Inc. ("XTO" or "Supplier/Shipper"), and TEP Rocky Mountain LLC ("TEP" or "Receiver"), sometimes referred to collectively as "Parties" or singularly as "Party".

### **RECITALS**

- A. The Parties entered into that certain Master Production Water Custody Transfer Agreement made effective January 1, 2021, pursuant to which the Parties set forth the terms and conditions for possible transfers of water from either company's operations in the Piceance Basin of Colorado. Actual transfers of water shall be also subject to the specific terms and conditions of Records of Transfer. The Master Production Water Custody Transfer Agreement together with executed Records of Transfer, if any, shall be referred to as the "Water Transfer Agreement" or "Agreement."
- B. The water subject to transfer under the Water Transfer Agreement consists primarily of produced water from XTO's non-tributary, non-coalbed methane wells and flowback water from XTO's completion operations (collectively "Production Water").
- C. Transfer of Production Water between the Parties is expected to significantly reduce water disposal volumes, wastes, haul distances and truck traffic and monetary costs, in addition to being consistent with State of Colorado regulatory agencies' objectives of resource conservation, waste minimization and recycling and re-use of water.
- D. The Parties desire to include this Memorandum as an Appendix to their respective Production Water Reuse and Waste Minimization Plans to give notice of the existence of the Water Transfer Agreement and the legal responsibility for Production Water transferred between the Parties.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the covenants and conditions contained herein and in the Water Transfer Agreement, XTO and TEP agree as follows:

- 1. Defined Terms. The defined terms used in this Memorandum shall have the meaning given them in the Water Transfer Agreement.
- 2. Notice. Notice is hereby given of the existence of the Water Transfer Agreement and certain provisions contained therein are described below. Authorized representatives of Colorado Oil and Gas Conservation Commission ("COGCC") or other third parties with a legal right to know may contact either Party to schedule a review of an executed copy of the Water Transfer Agreement in its entirety, or any records that are required to be maintained under applicable law or promulgated regulations concerning the Water Transfer Agreement or related to transfers of Production Water between the Parties.
- 3. No Amendment. This Memorandum is executed and recorded solely for the purpose of giving notice and shall not amend nor modify the Water Transfer Agreement in any way. In the event of any conflict or discrepancy between the terms and conditions set forth in this Memorandum and the Water Transfer Agreement, the terms and conditions of the Water Transfer Agreement shall control.



4. Term. The initial term of the Water Transfer agreement shall be for a term of three (3) years and shall commence on the Effective Date. At the end of the initial three (3) year term, either Party shall have the option to propose an additional three (3) year extended term upon giving thirty (30) days' notice prior to the end of the initial three (3) year term, which such extended term shall be subject to all the same terms and conditions herein contained. During either the initial or extended term, either Party may, at its sole option and without penalty, terminate the Master Production Water Custody Transfer Agreement without cause, by providing the other Party with sixty (60) days written notice.
5. Custody Transfer. It is agreed that the transferring company ("Supplier/Shipper") shall maintain all legal and regulatory responsibility, custody and control for any Production Water that is transferred under this Agreement until such time as it is Delivered to the receiving company ("Receiver") or its designee at which point the Receiver will assume all legal and regulatory responsibility, custody and control for the Production Water. For purposes of this Agreement, "Delivered" or "Delivery" shall mean the instant the water leaves the water truck(s) or water pipeline(s) at the mutually agreed upon Transfer Location of the Transferee. The Party having legal custody of the Production Water, as described in this Paragraph, shall be the Party with primary responsibility for any spills or releases of Production Water, including notifications and clean-up, if and as applicable, unless otherwise amended between the Parties. At no time following the transfer will Receiver cause or permit return flows of transferred Production Water to be disposed of or treated by the Supplier/Shipper, and the Receiver has the sole obligation to dispose of the Production Water once Delivered.
6. Quality. The Supplier/Shipper is responsible for documenting the quality of its Production Water (at a frequency required by Colorado Oil and Gas Conservation Commission {"COGCC"}) and volumes transferred in accordance with applicable laws and regulations, including maintaining laboratory analytical results for water samples that are representative of its Production Water quality to the extent required by COGCC. Either Party receiving water from the other Party has the obligation to determine if the Production Water meets the requirements for such Party's intended use of the Production Water.
7. Record Keeping and Reporting. The Supplier/Shipper shall be the primary Party to maintain records of its Production Water and all transfers of Production Water between the Parties in accordance with applicable laws and promulgated regulations. The Supplier/Shipper shall provide copies of its Record of Transfer within 30 days of completing the transfer. Each Party shall be responsible for preparing and submitting an Annual Report to the COGCC which summarizes its respective Production Water transfers for the previous calendar year. The Annual Report will include a spreadsheet that summarizes the information contained in the Record(s) of Transfer. The annual report for the previous calendar year will be submitted to the COGCC by February 15 of the following year. For Production Water originating from Wells located on federal oil and gas leasehold, prior to transfer the Supplier/Shipper shall provide the BLM with a Sundry Notice, as required by the BLM. In addition, the Supplier/Shipper will prepare and submit an annual report as required by the BLM for the previous year's transfers.
8. Usage. The Supplier/Shipper warrants and represents that it has the right to use and consume all of the Production Water to be delivered to the Receiver and that such Production Water will come from non-coalbed methane wells determined to be "non-tributary" in accordance with applicable laws and regulations. In addition, the Supplier/Shipper warrants and represents that it has complied with all water permitting and related other legal requirements concerning its Production Water, including but not limited to any requirements from the Colorado State Engineer's office.
9. Compliance. Each Party shall comply with all applicable laws and promulgated regulations of governmental entities having jurisdiction over the Production Water, the Transfer Location, or the transfer process including without limitation: a) maintaining an approved plan for the management of its Production Water and its reuse of Production Water; b) timely notifying and reporting reportable spills or releases of

Production Water; c) maintaining laboratory analytical results of representative samples of its Production Water and waste generator/transfer records; d) conducting and maintaining records of environmental, health and safety training of personnel and procedures, and e) submitting electronically an annual report to COGCC summarizing produced water transfers for the previous calendar year by February 15 of the following year. Each Party shall also comply with all written environmental, health and safety policies and procedures provided to it by the other Party pertaining to the Transfer Location or the transfer process.

10. Relationship of the Parties. Neither Party is the partner, agent or legal representative of the other, and there is no fiduciary relationship between them.

11. No Third Party Beneficiary Rights. This Memorandum and the Water Transfer Agreement shall be construed to benefit the Parties and their respective successors and assigns only, and shall not be construed to create third party beneficiary rights.


12. Entire Agreement; Successors and Assigns. This Memorandum and the Water Transfer Agreement contain the entire understanding of the Parties and supersede all prior agreements and understandings between the Parties relating to the subject matter hereof. This Memorandum and the Water Transfer Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties.


13. Additional Terms. The Water Transfer Agreement contains additional provisions, terms and conditions, all of which are by this reference incorporated herein including without limitation those provided in one or more Records of Transfer in the form attached hereto as Exhibit A for fee and state leasehold, and the form attached hereto as Exhibit B for BLM leasehold.

**IN WITNESS WHEREOF,** the Parties have executed this Memorandum of Water Transfer Agreement effective as of the date first above written.

**XTO ENERGY INC.**

**TEP ROCKY MOUNTAIN LLC**

By:   
Name: David Bowers  
Title: Operations Specialist – Piceance Field  
Date: 10/5/20

By:   
Name: BJ Reynolds  
Title: Vice President of Operations  
Date: 10/14/20



**RECORD OF PRODUCTION WATER TRANSFER**

<b>–Proposed Transfer/Transport Date(s):</b>	Pickup Time:
<b>Actual Transfer/Transport Date(s):</b>	Delivery Time:

SUPPLIER/SHIPPER		RECEIVER	
Company: XTO Energy Inc		Company:	
Representative: Printed Name: David S. Bowers Signature:		Representative: Printed Name: Signature:	
Phone: (970) 675-4019		Phone:	
Source Location Name/ID: Lov Ranch Centralized E&P Waste Facility Facility ID 149012		Transfer Location Name/ID: Lov Ranch Centralized E&P Waste Facility Facility ID 149012	

**Point of Custody Transfer:** At the Transfer Location unless otherwise specified below or by attachment(s).

**Volume Transferred:** Proposed Volume \_\_\_\_\_ bbls

Actual Volume bbls

**Name & Contact Information of Trucking/Transfer Company:**

**Water Transfer and Volume Records:** Attach haul tickets or other volume documentation. The Shipper is responsible for maintaining laboratory analytical results for a representative sample of the Production Water being transferred.

**Record Retention:** Upon completion of transfer, ensure that both Shipper and Receiver receive a completed copy of this finalized form together with such volume and other records as necessary to meet COGCC recordkeeping requirements.

**Record Retention Period:** 5 years from Actual Transfer/Transport Date unless otherwise specified below or by attachment(s).

**Special Instructions:** None unless otherwise specified below or by attachment(s)

**FIRST AMENDMENT OF MASTER PRODUCTION WATER CUSTODY TRANSFER  
AGREEMENT**

This FIRST AMENDMENT OF MASTER PRODUCTION WATER CUSTODY TRANSFER AGREEMENT ("Amendment") is made effective the 16<sup>th</sup> day February, 2021 between XTO Energy Inc. ("XTO" or "Supplier/Shipper"), and TEP Rocky Mountain LLC ("TEP" or "Receiver"), sometimes referred to collectively as "Parties" or singularly as "Party".

**WHEREAS**, XTO Energy Inc. and TEP Rocky Mountain LLC entered into a Master Production Water Custody Transfer Agreement ("Agreement") effective January 1, 2021, having a Memorandum of Master Production Water Custody Transfer Agreement recorded at Reception #321185 in the official records of Rio Blanco County, Colorado; and,

**WHEREAS**, it is the desire of the Parties to amend the term from sixty (60) days to twelve (12) months in Paragraph 12. Term. to the Agreement.

**NOW THEREFORE**, in consideration of the premises stated herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Parties hereto, it is agreed:

1. Paragraph 12 is hereby amended to read as follows:

12. Term. The initial term of the Water Transfer agreement shall be for a term of three (3) years and shall commence on the Effective Date. At the end of the initial three (3) year term, either Party shall have the option to propose an additional three (3) year extended term upon giving thirty (30) days' notice prior to the end of the initial three (3) year term, which such extended term shall be subject to all the same terms and conditions herein contained. During either the initial or extended term, either Party may, at its sole option and without penalty, terminate the Master Production Water Custody Transfer Agreement without cause, by providing the other Party with twelve (12) months written notice.

Except as amended herein, all other terms and conditions of the Master Production Water Custody Transfer Agreement remain unaltered and said Agreement is ratified and adopted and in full force and effect between the Parties.

This Amendment shall be binding on any and all successors and assigns of the Parties.

**IN WITNESS WHEREOF**, the Parties hereto have executed this First Amendment of Master Production Water Custody Transfer Agreement on the 16<sup>th</sup> day of February, 2021.

**XTO ENERGY INC.**

By: 

Name: David Bowers

Title: Operations Specialist – Piceance Field

Date:

**TEP ROCKY MOUNTAIN LLC**

By: 

Name: BJ Reynolds

Title: Vice President of Operations

Date: