

February 12, 2013

Below are the conditions of approval that the Town of Mead and Encana Oil & Gas (USA) Inc have agreed may be added to that State SENE 1D-16H-3-68 pad.

- a. The permit holder is responsible for the drilling, completion, operation, and abandonment of the well and appurtenant facilities and the restoration of the site in accordance with the regulations of the Colorado Oil and Gas Commission.
- b. Building permits. Building permits will be obtained from Weld County for all aboveground structures as required. All structures subject to a building permit shall be charged the appropriate local use tax as provided by law.
- c. Production facilities.
  - i. Production facilities location and landscaping plan shall be provided and discussed with the Town before final placement.
  - ii. The wellhead, the tank battery and separators will be painted a beige/tan color (NORTHERN CLIMB C14-2 DUTCH BOY) to blend into the surrounding area and vegetation.
  - iii. Landscaping shall be installed not less than 180 days (weather permitting) following the installation of the production facilities.
- d. Notice required for installation of additional equipment. If changes are made to the equipment previously approved on the COGCC permit that require approval, a copy of the sundry document submitted to the COGCC will be provided to the Town upon submission.
- e. Transportation route for drilling equipment, E&P waste products and produced fluids. If the transportation route will include any Town streets or Roads, the operator shall submit a proposed traffic plan to the Town of Mead for approval.
- f. Access roads. All private roads used to provide access to the tank batteries or the Wells site shall be improved and maintained according to the standards contained in Section 16-10-111 *Mead Municipal Code*. Access to the well site is subject to a separate Town of Mead Street, Driveway, and Culvert Permit. The well site access road shall be improved from the point of connection to a street for a minimum distance of 200 feet on the access road. During drilling and completions operations the access road will be improved as crushed surface (concrete or asphalt) to the well pad location. Within 90 days after completion operations of the last well (weather permitting) the access road shall be improved as a hard surface (concrete or asphalt) for the first 100 feet from the street, and then improved as a crushed surface (concrete or asphalt) for 100 feet past the hard surface in the appropriate depth to support the weight load requirements of the vehicles accessing the well and production facilities. If an access road intersects with a pedestrian trailer walk, the access road shall be paved, as a hard surface (concrete or asphalt) for 100 feet either side of the trail or walk, and, if necessary, replace the trailer walk to address the weight load requirements of the vehicles accessing the well and production facilities.
- g. Dust abatement on transportation route and access roads. The operator shall apply a 5% Magnesium Chloride solution to the graveled portions of the transportation route and access road, as a dust control measure before the commencement of drilling operations.

Application methods and rates shall be at the direction of the Town. Additional applications of Magnesium Chloride shall be made at the direction of the Town.

- h. Maintenance of transportation route and access roads. The operator shall monitor and maintain (dust control and grading to eliminate ruts and wash boarding) of the gravel portions the transportation route and access road, during the preparation for drilling, the well drilling and completion phases, and during the plugging and abandonment phases, of the well, all to the satisfaction of the Town.
- i. Oversized or overweight vehicle or load permit. An oversize or overweight vehicle or load permit shall be required for all oversize or overweight vehicles or loads as defined in Sections 42-4-501 through 42-4-511, C.R.S., which use Town streets. Said permit, if required, shall be obtained from the Town prior to such use. The applicant shall comply with all Town and state regulations regarding weight limitations on streets within the Town, and the applicant shall minimize oversize or overweight vehicle traffic on streets within the Town. This permit may be submitted by contractor.
- j. Pitless (closed loop) systems. Notwithstanding any regulations of the Colorado Oil & Gas Conservation Commission (COGCC) to the contrary, no natural or man-made depressions in the ground shall be used to hold fluids or muds during drilling, reworking or production operations. All fluids, muds and gas brought to the surface shall be contained in enclosed, impervious steel, fiberglass or concrete tanks (sumps) as a "closed loop system." Such tanks (sumps) and their contents shall be removed from the premises and the drilling site within sixty (60) days after completion of the well and disposed of at a permitted off-site disposal area approved by the COGCC, in accordance with COGCC regulations. During production, E & P waste shall be stored in impervious steel, fiberglass or concrete tanks (sumps) and removed and disposed of at a permitted off-site disposal area approved by the COGCC, in accordance with the COGCC regulations.
- k. Timing Operations. The operator shall provide a schedule to the Town of Mead and pledge their best efforts to not schedule rig moves and to minimize drilling activities high traffic and high impact activities on Thanksgiving Day and the day after Thanksgiving and the day before Christmas and Christmas Day.
- l. Fencing requirements. At the time of initial installation, all pumps, pits, wellheads, and production facilities shall be adequately fenced to restrict access by unauthorized persons. For security purposes, all such facilities and equipment used in the operation of a completed well shall be surrounded by wrought iron fencing, or Ameristar Impasse, or Stronghold fencing, or an approved equivalent. The fencing color shall be black or bronze, six (6) feet in height, constructed in conformance with local written standards. The gate shall be compatible with the fence and shall be provided with a combination catch and locking attachment device for a padlock, and shall be kept locked except when being used for access to the site. The operator will provide the Chief of the Mountain View Fire Protection District with a Knox Padlock or Knox Box with a key, to access the well site in case of an emergency if a special lock is needed.
- m. Emergency response costs. The operator shall reimburse the Town or the fire protection district for any emergency response costs incurred by the Town or the fire district in connection with activity at the well site or production site, except that the operator shall not be required to pay for emergency response costs where the response was precipitated by the mistake of the Town.
- n. Compliance with state environmental requirements. The approval of an oil and gas permit shall not relieve the operators from complying with all current applicable state and federal regulations and standards concerning air quality, water quality and waste disposal.

- o. Geologic hazard, floodplain, floodway location restrictions. All equipment at well sites and production sites in geological hazard and floodplain areas shall be anchored to the extent necessary to resist flotation, collapse, lateral movement or subsidence and to the extent necessary to comply with the Federal Emergency Management Act.
- p. Wildlife impact mitigation.
  - 1. Wildlife. When a well site or production site is located within or adjacent to a wildlife or natural area, the applicant shall consult with the State Division of Wildlife to obtain recommendations for appropriate site specific and cumulative impact mitigation procedures. The operator shall implement such mitigation procedures as are recommended by State Division of Wildlife after consultation with the Town. The operator shall file a mitigation plan with the Town.
  - ii. Endangered species. The applicant shall not engage in activities which, in the opinion of the State Division of Wildlife, threaten endangered species.
  - iii. Nesting Raptors. The applicant shall not engage in activities which, in the opinion of the State Division of Wildlife, disturb raptors during critical nesting times.
- q. Lighting. The site lighting shall be directed downward and internally during drilling and post-drilling operations so as to avoid glare on public roads and building units within seven (700) hundred feet.
- r. Sound mitigation. Oil and gas operations at the well site and production facility shall comply with COGCC Rule 802, noise abatement regulations. The temporary use of stacked hay/straw bales or other engineered mitigation measures for sound abatement is required during the drilling process. If stacked hay/straw bales are used they will be treated with fire retardant. Said mitigation to be removed within 30 days following first sales of the last well on the pad.
- s. Emission Control equipment shall conform with noise standards set by COGCC.
- t. As built drawings. Within thirty (30) days after the last well on the pad flows to 1<sup>st</sup> sales, the applicant shall provide to the Town "as built" drawings showing all facilities, pipelines, flow lines and gathering lines which the applicant has placed on the land subject to this permit .