

APPENDIX A
BEST MANAGEMENT PRACTICES FOR PAD SITE LOCATIONS

1. Distance to Erie Building Units. For the Identified Well Pads, the minimum distance between a well or surface equipment, and the nearest exterior wall of an existing Erie Building Unit (as of the Effective Date) shall not be less than the following:

Oskarson	8,990 feet
Morgan Hill	2,190 feet
Woolley Beckey	
Sosa	1,010 feet
Woolley	2,450 feet
Erie Vessels	1,175 feet
Cosslett	1,150 feet
William Peltier	1,900 feet
Vessels Minerals	1,050 feet

Compliance with this requirement shall be determined from the actual as-built locations of the well or surface equipment. Nothing herein shall be construed to grant Encana any surface rights on property owned by the Town or another person. No Pad Site will be located on Town property without authorization by the Town Board of Trustees.

2. Noise mitigation. Encana will comply with the following noise mitigation requirements at all pad sites:

- (a) For db(A) scale noise, Encana will insure that the noise level from operations subject to the light industrial zone noise standard under COGCC Regulations 802.b and 604.c.(2)(A) does not exceed sixty (60) db(A) and that the noise level from operations subject to the industrial zone noise standard under COGCC Regulations 802.b and 604.c.(2)(A) is reduced at least five (5) db(A) below the maximum level permitted by those Regulations. For this purpose, the noise level shall be measured as set forth in COGCC Regulations 802.b & c, except no measurements shall be taken when traffic is passing the sound level meter, Encana shall be present during all measurements, and building units shall be limited to those units existing as of the Effective Date. As set forth in COGCC Regulation 802.b, the noise levels shall be subject to increase for a period not to exceed fifteen (15) minutes in any one (1) hour period and reduction for periodic, impulsive or shrill noises.
- (b) For db(C) scale noise, Encana shall comply with the requirements of COGCC Regulation 802, as such requirements may be amended during the term of this Agreement.

3. Central Hub. In an effort to reduce air emissions, Encana intends to construct a central gathering and storage facility at a location in 1N-68W-Section 21 (the "Hub") to receive liquids from the wells which are the subject of this Agreement. As a result, Encana will not install hydrocarbon storage tanks at these pad sites, which will eliminate potential sources of hydrocarbons from the sites. However, Encana will still install at the pad sites all other equipment and facilities necessary for the production of hydrocarbons, including wellhead equipment, separation equipment, electrical equipment, and temporary flowback equipment (including temporary storage tanks). In addition, this BMP is subject to Article IV, Sections 3 and 4 of the Agreement.

4. Well leak detection and repair

- (a) To identify leaks, Encana will perform audio, visual and olfactory inspections on a monthly basis at all of its new and existing wells and related facilities and equipment within Erie's Town Limits, provided that such related facilities and equipment are located on the pads for such wells, are part of adjacent tanks used for such pad sites, or are part of storage tanks for such pad sites authorized under Article IV, Section 4 of the Operator Agreement. Encana will also inspect each such well with an infra-red camera on a monthly basis. The initial baseline inspections will occur within sixty (60) calendar days after the Effective Date. After a well has produced for twelve (12) months, the frequency of such inspections shall decrease from monthly to quarterly. If Encana determines that any repairs are required based on these inspections, Encana will promptly initiate these repairs.
- (b) Encana will report to Erie on the inspection results and any associated repairs the month after the inspection or repair occurs. This information will be collectively reported on a monthly basis in the same format that Encana uses for reporting to the Air Pollution Control Division under Regulation 7, but that is specific to wells located within the Erie Town Limits. Erie will make this information publicly available.
- (c) This BMP will terminate five (5) years after the Effective Date, after which Encana will continue to comply with the leak detection, repair, and reporting requirements of Regulation 7, as such requirements may be amended.

5. Contact information. Encana shall include its contact information on both the mailed notice required by Article III, Section 8 and the posted notice required by Article III, Section 9. This information shall include both a telephone number for Encana and the address and hours of Encana's Erie community office. Members of the public with concerns or complaints regarding the oil and gas development covered by this Agreement may use this information to speak with Encana.

6. Steel-rim berms. Encana shall use steel rim berms or some other state of the art technology that will contain fluids and other material instead of sand or soil berms.

7. Closed-loop systems. Encana shall use closed-loop systems for drilling and completion operations.

8. Lighting. Encana will install down cast lighting or some other form of lighting that mitigates light pollution and spill-over onto adjacent properties; provided, however, that Encana may still use lighting that is necessary for public and occupational safety.

9. Class II underground injection control wells. Encana shall not develop any new Class II underground injection control wells within the Operator Agreement Area during the Term of this Agreement.

10. Recycling and reuse. Encana will recycle and reuse water at the pad sites and otherwise minimize waste water production to the extent that it determines such recycling, reuse, and waste water minimization is technically and economically feasible.

12. Town water supply. To reduce truck traffic, Erie and Encana will encourage the use of nearby water resources for the drilling and hydraulic fracturing of wells at the pad sites, including the use of Erie municipal water when determined technically feasible and economically practicable by Encana.

13. Traffic. Encana will implement the Traffic Management Plan required by Article III, Section 3, Subpart 10.

14. Road repairs.

(a) Erie and Encana recognize that truck traffic accessing the Identified Well Pads may cause damage to Erie roads and that road repairs may be needed to mitigate such damage. To this end, Encana will arrange for a qualified outside consultant to perform a road impact study for all Erie roads that are used to access an Identified Well Pad during the Term of this Agreement. The consultant will conduct the first part of the study prior to Encana's operations at such Well Pad and the second part of the study after Encana completes all drilling and hydraulic fracturing at such Well Pad. Encana and Erie will use these studies to determine the extent of any damage accruing to the road during the study period. Encana will then promptly pay Erie to repair such damage or else arrange and pay the cost of such repairs itself whichever Erie prefers.

(b) Encana shall maintain Financial Assurance to secure its road repair obligations under this Agreement. The amount of such Financial Assurance shall equal Erie's annual road maintenance budget as of the Effective Date multiplied by the percentage yielded by dividing the total number of Erie road miles as of the Effective Date into the number of such road miles that Encana will use to access the Identified Well Pads. Encana shall select the form of such Financial Assurance and shall maintain such Assurance until Encana fulfills its obligation to repair road damage under Subsection (a).

15. Access roads. Access roads to well and production facilities that connect to a street within Erie shall be improved from the point of connection to a street within Erie a minimum distance of two hundred (200) feet on the access road as specified by the then current requirements of the Code.

16. Fencing. Oil and gas well facilities (above ground) within the Erie Town Limits shall be fenced as specified by the then current requirements of the Code.

17. Operations conducted in accordance with plans. Encana shall conduct all operations in accordance with the plans discussed during the Conceptual Review Process as updated from time to time.

18. Hydraulic Fracturing Responsible Products Program. Encana has developed and implemented a company-wide Responsible Products Program to manage the fluid products used in its hydraulic fracturing operations. This Responsible Products Program helps Encana evaluate the hydraulic fracturing fluid products it uses in its operations for safety, effectiveness and potential public health and environmental impacts. As part of this program, Encana has informed all of its hydraulic fracturing fluid product suppliers that any products containing diesel fuels (as defined by EPA 816-R-12-004), 2-Butoxyethanol (2-BE), benzene or heavy metals (i.e. lead, mercury, arsenic, cadmium and chromium) cannot be used in hydraulic fracturing at Encana operations. Encana will continue to conduct its hydraulic fracturing operations within the Erie town limits in accordance with its Responsible Products Program.

19. Revision of best management practices. Upon the request of either party, the Parties may revise one or more of these BMPs if they mutually agree such revision would better avoid or mitigate impacts the BMP(s) is intended to address.