

EXHIBIT B

BEST MANAGEMENT PRACTICES FOR WELL SITES AND NEW WELLS AT WELLS SITES

Operator shall include those BMPs listed in this Exhibit B which are within the jurisdiction of the Colorado Oil and Gas Conservation Commission (“COGCC”) on all Applications for Permit-to-Drill, Form 2 (“Form 2”), and Oil and Gas Location Assessments, Form 2A (“Form 2A”), submitted to the Commission for a “New Well” on the Well Sites. Operator shall also add such BMPs to any Form 2 or Form 2A that is pending before the COGCC upon the effective date of the Oil and Gas Operator Agreement. For the purposes of this provision, “New Well” shall mean any Operator-operated well spudded during the term of this Agreement, and located on the Well Sites, including any production facilities directly associated with such well, and its associated Well Pad, insofar as it covers lands located in the City limits. The BMPs shall apply to all New Wells drilled by the Operator on the Well Sites.

1. *Definitions of Phases of Operation.* For purposes of this Agreement, the phases of operation at a Well Site shall be defined as follows:

“Construction Phase” shall mean the conducting of civil and earth work in connection with the construction and installation of drilling pads, visual mitigation measures, access routes, pipelines and launcher/receiver locations.

“Drilling Phase” shall mean the period in which a drilling rig is utilized to penetrate the surface of the earth with a drill bit and the installation of well casing and cement at one or more wells.

“Completion Phase” shall mean the period of hydraulic fracturing, coiling, workover, installation of tubing and flowback of one or more wells.

“Production Phase” shall mean the period in which one or more wells is capable of producing hydrocarbons that flow through permanent separator facilities and into the pipeline gathering system.

For the avoidance of doubt, it is possible for multiple phases of operation to be occurring at the same time with respect to a single Well Site. Notwithstanding the foregoing, Operator agrees that it will not conduct hydraulic fracturing and drilling operations simultaneously at a single Well Site.

2. *Quiet Technology.* The Operator agrees to use hydraulic fracturing equipment that incorporates sound reduction technology that reduces noise emissions to the maximum extent practicable during the completion of all New Wells.

3. *Use of Pipelines.* The Operator agrees to build pipelines for the transport of oil and gas from the Well Sites and to utilize such pipelines at the Well Sites before the Production Phase commences. During the Completion Phase, the Operator will use such pipelines for produced water for flowback to the maximum extent practicable. All fresh water shall be

transported to the Well Sites by temporary lay flat pipelines to the maximum extent practicable. The Operator's obligation to build and utilize such pipelines is subject to the City and Operator entering into all necessary license agreements for road right-of-way and the City issuing all necessary permits for work within Dacono right-of-way pursuant to Dacono Municipal Code Chapter 11. Operator shall be permitted to utilize temporary tanks during drilling, flowback, workover, completion, hydraulic fracturing and maintenance operations.

4. *Notification to the Public and Notification to the City Regarding Commencement of Operations.* Operator shall provide postcard notice to all property owners within ½ mile of each New Well Site and written notice to the City no less than twenty-one (21) days prior to the commencement of any of the following: Construction Phase (unless the Construction Phase commences within forty-five (45) days of the approval of the applicable Form 2 or Form 2A), Drilling Phase, Completion Phase, or any recompletion, re-drilling or plugging and abandonment of a New Well. Any notification provided by Operator to City pursuant to this Agreement may be used by the City for public notification.

5. *Inspections.* The City shall have the right to inspect the Well Sites, upon reasonable notice to the Operator and the Operator shall provide a safety escort to accompany the Inspector. If the Inspector believes that any conditions are out of compliance with the BMPs, then the Inspector may notify the Operator of such conditions. If the Operator agrees with the findings of the City inspection, then the Operator shall promptly address such conditions. If the Operator disagrees with the findings of the City inspection, then: if the findings involve BMPs 1 through 31, the City and Operator shall resolve the disagreement consistent with the mediation provisions set forth in Section 18 of the Operator Agreement; and if the findings involve BMPs 32 through 48, the City may refer its findings to the COGCC or APCD for investigation and enforcement.

6. *Closed-Loop Pit-less Systems for the Containment and/or Recycling of Drilling Fluids.* Wells shall be drilled, completed and operated using closed-loop pit-less systems for containment and/or reuse of all drilling, completion, flowback and produced fluids. Operator shall reuse fluids to the maximum extent practicable, with the understanding that Operator is limited in its ability to recycle all fluids, as doing so would necessitate the use of permanent tanks, which is otherwise prohibited by the terms of the Agreement. Other than for irrigating landscape material, Operator shall not use City water for any of its oil and gas operations. Operator shall not store waste onsite for periods longer than thirty (30) days.

7. *Burning.* No open burning shall occur on the site of any oil and gas operation.

8. *Chains.* Traction chains from heavy equipment shall be removed before entering a City street.

9. *Chemical Disclosure and Storage.* Prior to bringing hydraulic fracturing chemicals onto a New Well Site, Operator shall make available to the City the name of the chemicals that the Operator has previously used to hydraulically fracture similar wells in the Denver Julesburg Basin. Following the hydraulic fracturing of a New Well, the Operator shall

provide the City with a copy of the hydraulic fracturing report that the Operator submits to the FracFocus website under COGCC Rule 205A. The Operator shall not permanently store fracturing chemicals, flowback from hydraulic fracturing, or produced water in the City limits. Operator shall remove all hydraulic fracturing chemicals at a Well Site within thirty (30) days following the completing of hydraulic fracturing at that Well Site.

The following chemicals will not be added to the hydraulic fracturing fluids used at the Well Sites:

Ingredient Name	CAS #
Benzene	71-43-2
Lead	7439-92-1
Mercury	7439-97-6
Arsenic	740-38-2
Cadmium	7440-43-9
Chromium	7440-47-3
Ethylbenzene	100-41-4
Xylenesf	1330-20-7
1,3,5-trimethylbenzene	108-67-8
1,4-dioxane	123-91-1
1-butanol	71-36-3
2-butoxyethanol	111-76-2
N,N-dimethylformamide	68-12-2
2-ethylhexanol	104-76-7
2-mercaptoethanol	60-24-2
Benzene, 1,1'-oxybis-, tetrapropylene derivatives, sulfonated, sodium salts (BOTS)	119345-04-9
Butyl glycidyl ether	8-6-2426
Polysorbate 80	9005-65-6
Quaternary ammonium compounds, dicoco alkyl dimethyl, chlorides (QAC)	61789-77-3
Bis hexamethylene triamine penta methylene phosphonic acid (BMPA)	35657-77-3
Diethylenetriamine penta (methylene-phosphonic acid) (DMPA)	15827-60-8
FD&C blue no. 1	3844-45-9
Tetrakis(triethanolamino) zirconium(IV) (TTZ)	101033-44-7

10. *Color and Visual Quality.* Permanent facilities shall be painted in a uniform, non-contrasting, non-reflective color, to blend with the surrounding landscape and, with colors that match the land rather than the sky, consistent with COGCC Rule 804. If the City desires a specific color or colors, it shall notify Operator of such color or colors prior to the Pad Construction of a Well Site and Operator shall utilize such color or colors.

11. *Vegetation Preservation and Siting.* The operation should be constructed in a manner to minimize the removal of and damage to existing trees and vegetation. If the operation requires clearing trees or vegetation, the edges of the cleared vegetation should

be feathered and thinned and the vegetation should be mowed or brush-hogged while leaving root structure intact, instead of scraping the surface. The operation shall be sited away from prominent natural features and visual, scenic and environmental resources such as distinctive rock and land forms, rivers and streams, and distinctive vegetative patterns. To the maximum extent practicable, the Well Site will use low profile tanks or less intrusive equipment.

12. *Discharge Valves.* Open-ended discharge valves on all storage tanks, pipelines and other containers within the Well Site shall be secured and shall not be accessible to the general public. Open-ended discharge valves within the Well Site shall be placed within the interior of the secondary containment area.

13. *Fugitive Dust Suppression.* Dust associated with on-site activities and traffic on access roads shall be minimized throughout construction, drilling and operational activities such that there are no visible dust emissions from access roads or the Well Sites to the extent practicable given wind conditions. No untreated produced water or other process fluids shall be used for dust suppression. On-site sand, silica, or similar material must be stored in covered containers. Safety Data Sheets (SDS) for any chemical-based dust suppressant, other than magnesium chloride, shall be submitted to the City prior to use.

14. *Electric Equipment.* The City believes that the use of electricity for drilling operations is the best mitigation technique to reduce local emissions and mitigate noise. Accordingly, Operator shall, to the maximum extent practicable, use electricity for the drilling rig(s) used during the Drilling Phase and all permanent production equipment, such as compressors, motors and pump jacks, and shall utilize electric line power in order to mitigate noise and to reduce emissions if such power is available and feasible.

15. *Emergency Response Plan.* The Operator is required to complete a detailed Emergency Plan in accordance with the provisions of this Section, and Operator agrees to notify and work with Mountain View Fire Rescue to prepare for an emergency, if requested by them to do so. In case of an emergency, the Operator will have appropriate response foam on-hand to respond to emergencies on the Well Sites. The City and the Mountain View Fire Rescue must approve of the Emergency Plan before the Drilling Phase commences. As long as all requirements of this Section are met, the City and the Mountain View Fire Rescue shall not unreasonably withhold approval and shall approve the Emergency Plan within thirty (30) days of submittal.

The Emergency Plan shall be filed with the City and the Mountain View Fire Rescue and updated on an annual basis or as conditions change (responsible field personnel change, ownership changes, *etc.*). As part of the evacuation plan, Emergency Responders will notify surrounding residents.

The Emergency Plan shall consist of at least the following information:

- A. Name, address and phone number, including twenty-four (24)-hour emergency numbers for at least two persons responsible for emergency field

operations as well as the contact information for any subcontractor of Operator engaged for well-control emergencies.

B. An as-built facilities map, to be provided after the facilities are placed in service, in a format suitable for input into a GIS system depicting the locations, type of above ground facilities and associated equipment for emergency response and management purposes. The information concerning flowlines and isolation valves shall be held confidentially by the City and shall only be disclosed in the event of an emergency or to emergency responders or for the training of emergency responders. The City shall deny the right of inspection of the as-built facilities maps to the public pursuant to C.R.S. § 24-72-204.

C. A detailed plan for response to emergencies that may include any or all of the following: explosions, fires, gas, oil or water pipeline leaks or ruptures. A provision that any spill outside of the containment area, that has the potential to leave the facility or to threaten waters of the state, or as required by the City-approved Emergency Plan shall be reported to the LGD and the COGCC Director in accordance with COGCC regulations.

D. Detailed information identifying access or evacuation routes, and health care facilities anticipated to be used.

E. A statement and detailed information indicating that the Operator has adequate personnel, supplies, and training to implement the Emergency Plan immediately at all times during construction and operations.

F. The Operator shall have current Safety Data Sheets (SDS) for all chemicals available upon request. The SDS sheets shall be provided immediately upon request to City officials, a public safety officer, or a health professional as required by COGCC Rule 205. The contractors of the operator are responsible for management of their own SDS sheets and are available upon request.

G. All walk throughs associated with the Emergency Plan shall be coordinated with the City or the Mountain View Fire Rescue, upon their request.

H. A provision obligating the Operator to reimburse the appropriate emergency agencies for their expenses resulting from the Operator's operations, to the extent required by Colorado State Statutes.

I. Operator shall provide the City with its emergency shutdown protocols and promptly notify the City of any emergency shut downs related to onsite upset conditions that would have an impact to any area beyond the confines of the Well Site.

16. *Air Quality.* In order to minimize degradation to air quality, Operator agrees to the provisions set forth in this Section. Operator must eliminate, capture, or minimize all potentially harmful emissions and minimize dust associated with onsite activities and traffic on access roads pursuant to the terms of this Agreement. Operator shall comply

with all applicable state and federal regulations including regulations promulgated by CDPHE, COGCC and US EPA.

A. Minimization of Emissions.

To protect air quality, the following will be required:

1. The use of electric equipment and line power to the maximum extent practicable, as detailed in Section 14.
2. The use of Tier 2 and liquefied natural gas dual fuel hydraulic fracturing pumps. If Tier 4 fracturing pumps become commonly available, Operator will begin using Tier 4 fracturing pumps. The use of diesel and natural gas co-fired Tier 2 or Tier 3 engines and natural gas fired spark ignition engines.
3. Comply with traffic provisions set forth in Section 40. Limitations on truck traffic to and from the site.
4. The utilization of pipelines pursuant to Section 3.
5. Manufacture test or other data demonstrating hydrocarbon destruction or control efficiency that complies with a design destruction efficiency of 98% or better. This does not require a determination by the APCD that the design destruction efficiency is 98%.
6. Any flare, auto ignition system, recorder, vapor recovery device or other equipment used to meet the hydrocarbon destruction or control efficiency requirement shall be installed, calibrated, operated, and maintained in accordance with the manufacturer's recommendations, instructions, and operating manuals.
7. No use of glycol dehydrators.
8. No use of desiccant gas processing dehydrators.
9. Year-round compliance with odor standards pursuant to COGCC and CDPHE regulations.
10. Reduction or elimination of emissions of associated gas from hybrid gas-oil wells (*i.e.*, gas that is co-produced from a well that primarily produces oil), including prohibition of uncontrolled venting.
11. Best management practices during liquids unloading (*i.e.*, maintenance activities to remove liquids from existing wells that are inhibiting production), including at least 90% emissions reduction when utilizing combustion and the installation of artificial lift or unloading through the separator where feasible.

12. Reduction or elimination of emissions from oil and gas pipeline maintenance activities such as pigging or blowdowns. If any maintenance activity will involve the intentional venting of gas from a well tank, compressor or pipeline, beyond routine pipeline maintenance activity and pigging, the operator shall provide forty-eight (48) hour advance written notice to the City of such proposed venting. Such notice shall identify the duration and nature of the venting event, a description as to why venting is necessary, a description of what vapors will likely be vented, what steps will be taken to limit the duration of venting, and what steps the operator proposes to undertake to minimize similar events in the future. If emergency venting is required, or if accidental venting occurs, the operator shall provide such notice to the City of such event as soon as possible, but in no event longer than 24 hours from the time of the event, with the information listed above and with an explanation as to the cause and how the event will be avoided in the future.
13. Compliance with dust suppression techniques set forth in Section 17.
14. Compliance with odor requirements set forth in Section 46.
15. Consolidation of product treatment and storage facilities within a Well Site.
16. Centralization of compression facilities within a Well Site.
17. Telemetric control and monitoring systems, including surveillance monitors to detect when pilot lights on control devices are extinguished.
18. Operator will comply with all CDPHE air permits, if any, and will comply with all OSHA work practice requirements with respect to benzene.
19. Flaring shall be eliminated or minimized to the maximum extent practicable.
20. Exhaust from all engines, motors, coolers, and all other equipment must be vented up and away from nearest residences.
21. Operator agrees to participate in Natural Gas STAR program or other voluntary programs to encourage innovation in pollution control at well sites.
22. Use of a pressure-suitable separator and/or vapor recovery unit (VRU) where applicable.
23. Flowline infrastructure will be constructed prior to the Production Phase.

24. Use of acoustically insulated housing or covers to enclose the motor or engine.
25. Hydrocarbon control of 98% or better for crude oil, condensate, and produced water tanks with uncontrolled actual emissions of VOCs greater than two (2) TPY VOC's.
26. Routing of emissions from rod-packing and other components on reciprocating compressors to vapor collection systems or flare.
27. No open vents to atmosphere unless specifically approved by City after Operator proves to City that such venting is necessary for safety.
28. Shutdown protocols, approved by the City, with notification and inspection provisions to ensure safe shut-down and timely notification to local communities.

B. *Leak Detection and Repair.* Operator shall develop and maintain an acceptable leak detection and repair ("LDAR") program as required by CDPHE using modern leak detection technologies such as infra-red cameras for equipment used on the Well Sites. IR camera monitoring will occur on a monthly frequency at well sites. The first inspection will occur within thirty (30) days of the facility commencing production. The Operator will maintain records of all leaks found, date the leaks were repaired and the date the location is re-screened to verify that the leak has been repaired. Such records must be maintained for two years and must be made available to the City upon request. Except when an emergency circumstance would necessitate an immediate repair, Operator must repair leaks as quickly as practicable. If more than five (5) days repair time is needed after a leak is discovered, an explanation of why more time is required must be submitted to the City. At least once per year, the Operator shall notify the City five (5) business days prior to an LDAR inspection of its facilities to provide the City the opportunity to observe the inspection.

C. *Ambient Air Sampling.* The Operator shall conduct, as approved by the City, a specific ambient air quality test that includes:

1. Pre-construction baseline air quality testing shall be completed within one thousand (1,000) feet of the Well Sites provided that approval from surrounding surface owners can be obtained.
2. The monitoring shall be conducted by a consultant mutually agreed to by both the Operator and the City and paid for by the Operator.
3. In addition, the City may require the Operator to conduct additional air monitoring as needed to respond to emergency events such as spills, process upsets, or accidental releases.

4. Operator shall provide access to the Well Sites to the City's third-party inspector to allow air sampling to occur.

D. *Air Quality Action Days.* The Operator shall respond to air quality Action Day advisories posted by the Colorado Department of Public Health and Environment for the Front Range Area by implementing their suggested air emission reduction measures as feasible. Emission reduction measures shall be implemented for the duration of an air quality Action Day advisory and may to the maximum extent practicable include measures such as:

1. Minimize vehicle and engine idling;
2. Reduce truck traffic and worker traffic;
3. Delay vehicle refueling;
4. Suspend or delay use of fossil fuel powered ancillary equipment; and
5. Postpone construction activities, to the maximum extent practicable.

E. *Compliance.* The Operator must submit annual reports to the City certifying (a) compliance with these air quality requirements and documenting any periods of material non-compliance, including the date and duration of each such deviation and a compliance plan and schedule to achieve compliance, (b) that the equipment at the Well Sites continues to operate within its design parameters, and if not, what steps will be taken to modify the equipment to enable the equipment to operate within its design parameters. The annual report must contain a certification as to the truth, accuracy and completeness of the reports, signed by a responsible corporate official. The Operator may satisfy this reporting obligation in whole or in part by submitting its AQCC Regulations No. 7 annual reports for the prior calendar year to the City. The Operator will also provide the City with a copy of any self-reporting submissions that Operator provides to the CDPHE due to any incidence of non-compliance with any CDPHE air quality rules or regulations at the Well Sites.

17. *Fencing.* Permanent perimeter fencing shall be installed around production equipment unless such fencing is not required by the Visual Mitigation Plan for a Well Site, and shall be secured. The main purpose of the fencing is to deter entrance by unauthorized people and a Well Site shall be properly secured prior to the commencement of drilling at the Well Site. For security purposes, all such facilities and equipment used in the operation of a completed well shall be surrounded by a fence up to eight (8) feet in height, all facilities shall be fenced with wrought iron fencing or Ameristar Impasse or Stronghold fencing or approved equivalent as determined by the Community Development Director. The fencing color shall be bronze or black. All fences walls shall be equipped with at least one (1) gate. Landscaping may be used for screening as approved by the City of Dacono.

18. *Landscaping.* Operator shall implement the Visual Mitigation Plan for a Well Site approved during the application process for such Well Site.

19. *Lighting.* The intent of this provision is to minimize light spillage beyond the perimeter of the Well Sites and for the Operator to take appropriate steps in order to achieve this. All permanent lighting or lighting higher than a perimeter wall must be downward facing. All bulbs must be fully shielded to prevent light emissions above a horizontal plane drawn from the bottom of the fixture. Prior to installation of permanent lighting on any facility, the Operator agrees to submit to the City a lighting plan and the City shall communicate with Operator any modifications to the plan that it deems appropriate and Operator shall make such modifications if reasonable or required by law. The lighting plan shall indicate the location of all outdoor lighting on the site and any structures, and include cut sheets (manufacturer's specifications with picture or diagram) of all proposed fixtures.

20. *Maintenance of Machinery.* Routine field maintenance of vehicles or mobile machinery shall not be performed within three hundred (300) feet of any water body. All fueling must occur over impervious material.

21. *Mud Tracking.* The Operator shall take all practicable measures to ensure that vehicles do not track mud or debris onto City streets. Operator also agrees that for any gravel or dirt access road, the first two hundred (200) feet shall be improved pursuant to Section 41 to alleviate mud tracking onto City streets. If mud or debris is nonetheless deposited on City streets, in excess of *de minimus* levels, the streets shall be cleaned immediately by the Operator. If for some reason this cannot be done, or needs to be postponed, the City shall be notified of the Operator's plan for mud removal.

22. *Noise Mitigation.* Operator will conduct an Ambient noise survey for each Well Site at baseline and will place noise meters near Well Sites to monitor ongoing noise levels until the commencement of the Production Phase. The Operator will complete a baseline noise mitigation study at each Well Site that demonstrates that noise is expected to be mitigated to the maximum extent practicable and a copy will be provided to the City. Noise mitigation measures shall be constructed as necessary to mitigate noise to nearby residential development. The noise mitigation measures shall use the most current equipment to minimize noise impact during the Drilling and Completion Phases, including those measures set forth in Sections 2 and 18. The Operator shall not unload pipe between 8:00 p.m. and 7:00 a.m. The Operator shall address C scale noise/vibration through berming and other associated BMPs. During the Drilling and Completion Phases, the operator shall construct a perimeter wall to mitigate noise, as required by the City. If Operator uses any engines that are not electrically operated, Operator shall use quiet design mufflers (also referred to as hospital grade or dual dissipative) or equivalent and shall use acoustically insulated housing or covers to enclose the engines.

Crestone and Dacono agree that the maximum permissible noise levels shall be, other than during pad construction at the Well Sites, the greater of:

- A. 5 db(A) greater than levels set forth in the zone "Commercial" under the COGCC Rule 802 taken at five hundred (500) feet from the perimeter wall or

edge of pad disturbance. Interdependent of windspeed at the time of measurement.

Or

- B. 5 db(A) higher than baseline ambient sound, with the measurement taken from one thousand (1,000) feet from perimeter wall. Baseline measurement taken at a time that both Crestone and Dacono agree upon.

During pad construction, Crestone agrees that the sound not exceed sound that is produced by a typical residential or commercial development. All measurement for compliance shall be taken by a third-party contractor using industry standard equipment set forth by COGCC Rule 802.c (2) (3) (4) (5) at the sole cost of the operator. Dacono shall have full access and use of the collected data. All noise mitigation measures, including the Ambient Noise Survey and the Noise Mitigation studies shall be paid for by the Operator.

23. *Removal of Debris.* All construction-related debris shall be removed from the site for proper disposal in a timely manner. The site shall be maintained free of debris and excess materials at all times during operation. Operator shall not burn or bury debris at any time on the Well Sites. Operator shall also not stockpile materials or debris at the Well Sites.

24. *Removal of Equipment.* All equipment used for drilling, re-completion and maintenance of the facility shall be removed from the site within thirty (30) days of completion of the work, weather condition permitting, unless otherwise agreed to by the surface owner. Permanent storage of removable equipment on Well Sites shall not be allowed.

25. *Trailers.* A construction trailer(s) is permitted as an accessory use during active drilling and well completion or workover operations only. No permanent residential trailers shall be permitted at the Well Sites; provided, however, that until ninety (90) days following the end of the Completion Phase on a Well Site, temporary residential and/or security trailers are permitted, as needed for on-site operations, for exclusive use by the Operator's personnel and the personnel of its subcontractors on a temporary basis.

26. *Transportation and Circulation.* The Operator will submit a traffic management plan for the City to review and, if acceptable, approve that includes detailed descriptions of all proposed access routes for equipment, water, sand, waste fluids, waste solids, mixed waste, and all other material to be hauled on the public streets and roads of the City during all phases of well development and operations. The Operator will obtain necessary access permits. The traffic plan shall include the following:

- A. Estimated weights of vehicles when loaded, a description of the vehicles, including the number of wheels and axles of such vehicles and trips per day.
- B. Detail of access locations for each well site including sight distance, turning radius of vehicles and a template indicating this is feasible, sight distance, turning volumes in and out of each site for an average day and what to expect during the peak hour.

C. Truck traffic volumes converted to equivalent single axle loads and compared with existing volumes. Trucks anticipated on roadways that are being accessed to equivalent single axle loads using existing volumes and proposed with extraction activities.

D. Core drilled samples of City roads to be used and determined the adequacy of the existing roadway structure and determined that the roadway section is adequate for extraction activities.

E. Truck routing map and truck turning radius templates with a listing of required and determined that certain improvements are necessary at intersections along the route.

F. Complete traffic report, determining operational changes and geometric modifications necessary as a result of extraction activities.

G. Identification of need for any additional traffic lanes, which would be subject to the final approval of the City's engineer.

H. Restriction of non-essential traffic to and from Well Sites to periods outside of peak am and pm traffic periods and during school hours (generally 7-9 am and 3-6 pm).

27. *Access Roads.* Access points to public roads shall be located, improved and maintained to assure adequate capacity for efficient movement of existing and projected traffic volumes and to minimize traffic hazards. Access roads shall be improved a minimum distance of two hundred (200) on the access road from the point of connection to a public road. The access road shall be improved as a hard surface (concrete or asphalt) for the first one hundred (100) feet from the public road and then improved as a crushed surface (concrete or asphalt) for one hundred (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 trail or walk, the Operator shall pave the access road as a hard surface (concrete or asphalt) a distance of one hundred (100) feet either side of the trail or walk and if necessary, replace the trail or walk to address the weight load requirements of the vehicles accessing the well and production facilities. Temporary access roads associated with the operation shall be reclaimed and revegetated to the original state within sixty (60) days after discontinued use of the temporary access roads.

28. *Road Repairs.* Core drilled samples of City roads to be used and determined the adequacy of the existing roadway structure and determined that the roadway section is adequate for extraction activities. The City and Operator recognize that truck traffic accessing the Well Sites may cause damage to the City's roads and that road repairs may be needed to mitigate such damage. To this end, Operator will arrange for a qualified outside consultant to perform a road impact study, which will be reviewed, and if found acceptable, approved by the City Engineer, that will cover all of the City's roads that are used to access the Well Sites during the Term of this Agreement. The consultant will conduct the first part of the study prior to the Operator's operations at such Well Sites and

the second part of the study after the Operator completes all drilling and hydraulic fracturing at such Well Sites. The Operator and the City will use these studies to determine the extent of any damage accruing to the road during the study period. The Operator will then promptly pay the City to repair such damage or else arrange and pay the cost of such repairs itself whichever the City prefers.

29. *Wastewater and Waste Management.* Operator must submit a waste management plan to the City that complies with the following:

- A. All fluids shall be contained and there shall be no discharge of fluids.
- B. Waste shall be stored in tanks, transported by tanker trucks and/or pipelines, and disposed of at licensed disposal or recycling sites.
- C. The plan shall incorporate secondary containment and stormwater measures consistent with Sections 8 and 37.
- D. No land treatment of oil impacted or contaminated drill cuttings are permitted.
- E. A copy of the Operator's Spill Prevention, Control, and Countermeasure Plan (SPCC) will be given to the City, which describes spill prevention and mitigation practices.
- F. The Operator shall not dispose of any wastewater within the City.
- G. All other waste shall be disposed of in accordance with state regulations.

30. *Water Supply.* The Parties recognize that Operator intends to rely upon a third-party water provider. The Operator agrees to comply with applicable State of Colorado, Department of Natural Resources and other applicable State regulations concerning the source(s) of water used in the Drilling Phase and Completions Phase. The Operator shall notify the City, upon its request, of the source(s) of water to be used at Well Sites during the Drilling Phase and Completion Phase and will provide the City with an estimate of the volumes of water to be utilized, with such estimates subject to change. All water volumes used by Operator shall be reported by the Operator to the State of Colorado in accordance with its regulations.

31. *Noxious Weed Control.* The Operator shall be responsible for ongoing noxious weed (as defined under State law) control at the Well Sites and along access roads per City or other applicable agency regulations.

32. *Injection Wells.* The Operator shall drill no injection wells in Dacono.

33. *Odor.* Operator will prevent odors by capturing, and routing to closed loop systems, emissions to the maximum extent practicable. Odor emitting from Well Sites must be controlled immediately. Operator must minimize odors by proactively addressing and resolving, to the maximum extent practicable, citizen concerns within 24 hours.

Operator must use filtration system or additives to the drilling and completions fluids to prevent or minimize odors, but cannot mask odors. In order to meet the provisions of this section, Operator may be required to implement one or more of the following measures:

- A. Utilizing mud chiller which will keep mud colder and, therefore, reduce odors.
- B. Tent enclosures on all shale shakers, which will contain the associated fumes produced by the exposed mud.
- C. Wiping down the drill pipe each time that the drilling operation “trips” out of the hole.
- D. Using an emission control device (ECD) to burn off all accumulated fumes from the closed loop pit system.

34. *Fires and Explosions.* Any accident or natural event involving a fire, explosion or detonation shall be reported to the City within 24 hours. The Operator may satisfy this requirement by providing the City with a copy of the notice and any subsequent accident report provided to the COGCC under COGCC Rule 602.b.

35. *Spills.* Operator must notify the City of any spill of any material on permeable ground on the Well Sites that has a reportable spill quantity under any law. The Operator will also provide the City with a copy of any self-reporting submissions that Operator provides to the COGCC due to any spills at the Well Sites.

36. *Minor Exceptions to Strict Application of BMP Standards.* Operator may request a minor exception to strict application of the BMPS, by making a written request to the City. The request must include the justifiable rationale supporting the request. As part of a granted exception request, the City may require alternative mitigation measures to ensure compliance with the goals of the applicable BMPs.

COGCC BEST MANAGEMENT PRACTICES

1. *Containment Berms.* The Operator shall utilize steel-rim berms and shall maintain containment areas and devices as required by COGCC Rules 603.h.(2).C, 604.c.(2).G, and 604.c.(3).B.

2. *Anchoring.* All New Well equipment and all existing equipment at the Well Sites shall be anchored as required by COGCC Rules 603.g, 603.h.(2).B, and 604.c.(2).Q and by applicable Federal Emergency Management Agency (FEMA) (as administered by this City) rules and regulations.

3. *Flaring.* Operator shall minimize flaring as required by COGCC Rule 915.

4. *Exhaust.* The exhaust from all engines, motors, coolers and other mechanized equipment shall be vented as required by COGCC Rule 802.e.

5. *Flammable Material.* Operator shall manage flammable material as required by COGCC Rule 606A.
6. *Flares and Combustion Devices.* To the extent flares, thermal oxidizers, or combustion devices are utilized, all such equipment shall satisfy the requirements of APCC Regulation 7.
7. *Water Quality Monitoring Plan.* The Parties recognize that the Dacono City residents near to the proposed New Wells and New Well Sites use treated City water and are not on domestic water wells. However, the Parties also recognize that certain residents near the proposed New Wells and New Well Sites are located in unincorporated Weld County and are on domestic water wells. The testing of water wells as required by this provision will be applicable to the nearby unincorporated Weld County residents. For this purpose, the Operator shall implement a water quality and well testing plan that satisfies COGCC Rule 609.
8. *Flowlines.* Operator shall comply with the requirements for flowlines set forth in COGCC Rules 1101 through 1105.
9. *Recordation of Flowlines.* All new flowlines shall be recorded as required by COGCC Rule 1101.
10. *Plugged and Decommissioned Well Testing.* Prior to and following the fracturing of any New Well, the Operator commits to provide a copy of any required inventory and well report it sends to the COGCC or conditions or requirements it receives from the COGCC pursuant to the COGCC's DJ Basin Horizontal Offset Policy dated June 20, 2013 and revised December 17, 2013.
11. *Stormwater Control.* Operator shall control stormwater at the Well Sites as required by COGCC Rule 1102(f).
12. *General Maintenance.* Operator shall maintain equipment as required by COGCC Rule 605.d.
13. *Reclamation.* Operator must reclaim Well Sites as required by COGCC Rules 1003 and 1004.
14. *Spills.* Operator must notify the City of spills at the Well Sites as required by COGCC Rule 906.b.(2). The Operator will also provide the City with a copy of any self-reporting submissions that Operator provides to the COGCC due to any spills at the Well Sites.