

OIL AND NATURAL GAS IN COLORADO

Erik Anglund, Rockies Water Manager

ERIK ANGLUND - ROCKIES WATER TEAM MANAGER

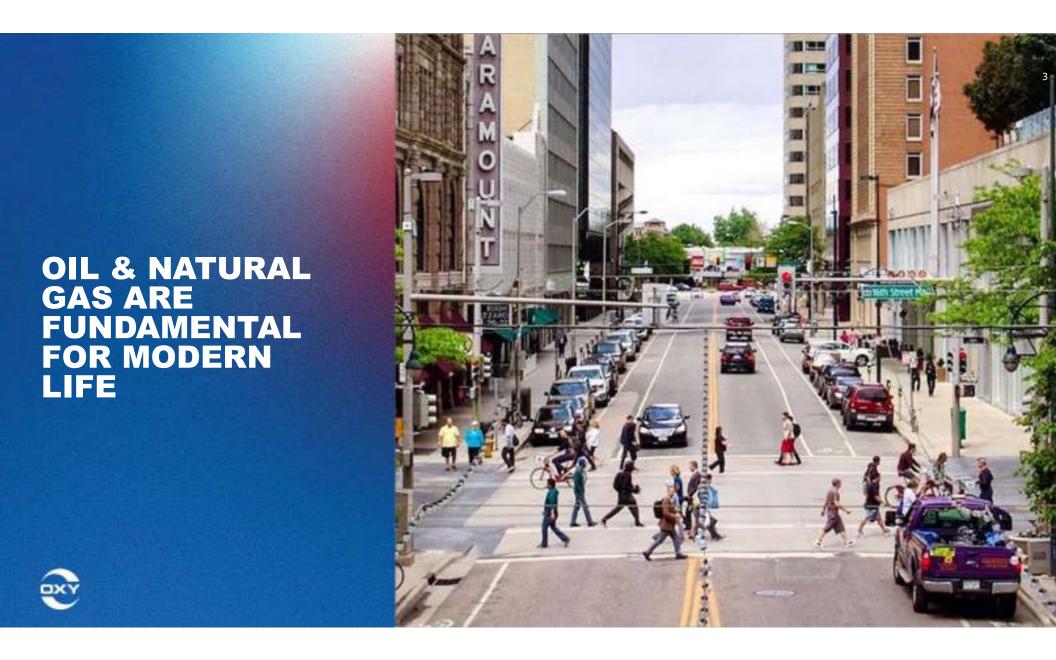
- <u>FARMER</u> Lifelong Longmont area family operations
- <u>STUDENT</u> Mechanical, agricultural, civil & petroleum engineering
- ENGINEER Water supply, quality, conservation, recycling, regulations
- FATHER Family, school, sports,
 4H
- EXPLORER Rockies region camping, hunting, hiking, skiing, climbing





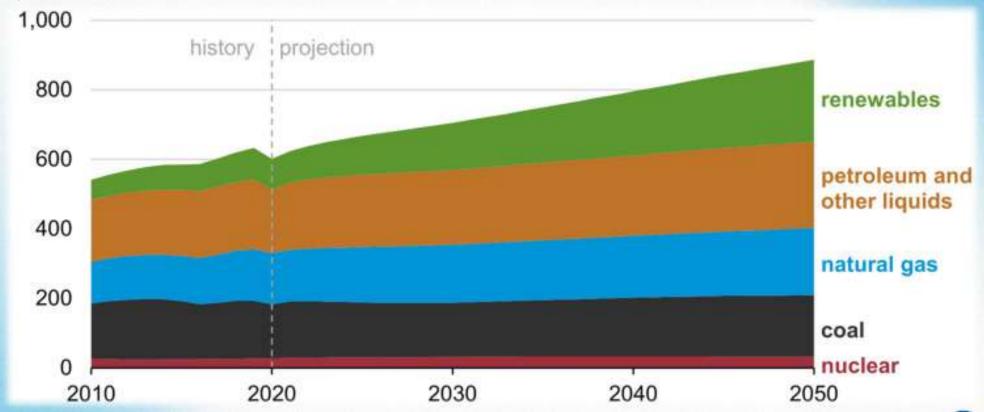






GLOBAL PRIMARY ENERGY CONSUMPTION BY ENERGY SOURCE (2010-2050)

Quadrillion British thermal units



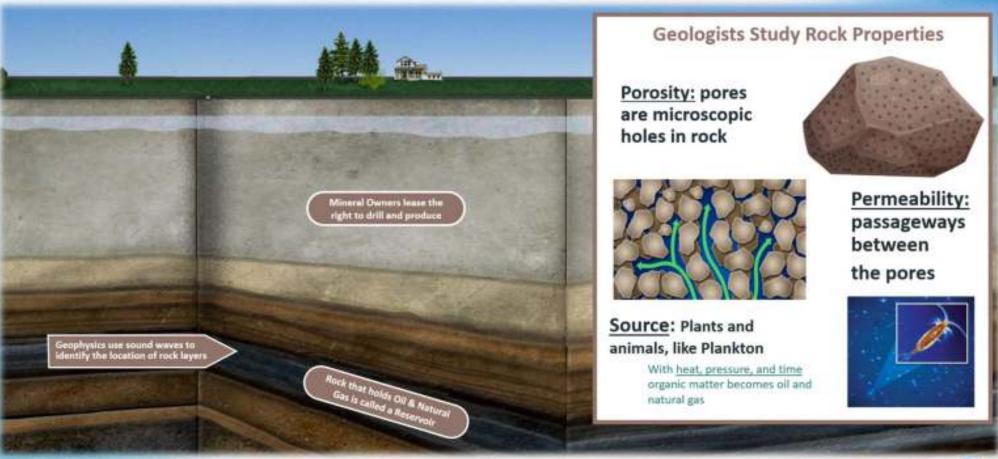


HOW DO WE PRODUCE OIL & NATURAL GAS?



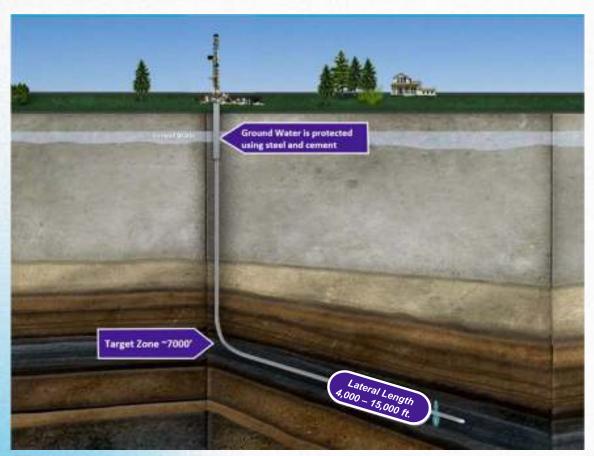


PLANNING HORIZONTAL WELLS



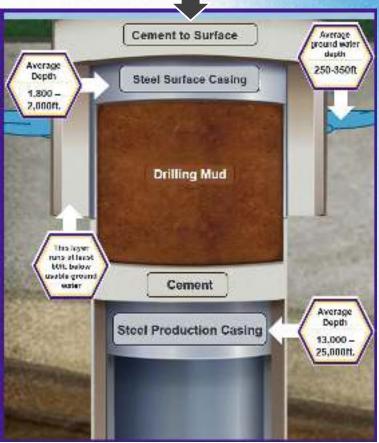


DRILLING HORIZONTAL WELLS



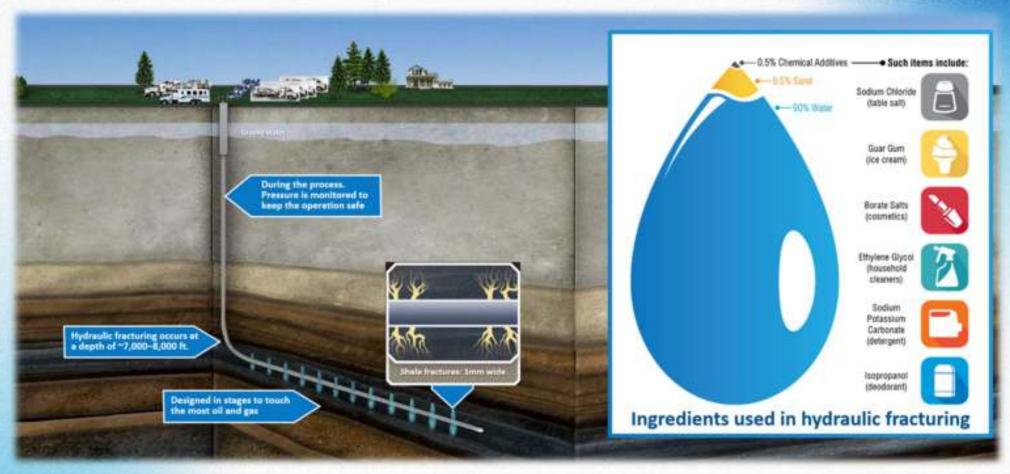
Proper Well Construction Protects Groundwater

An Example of a Typical Well Design



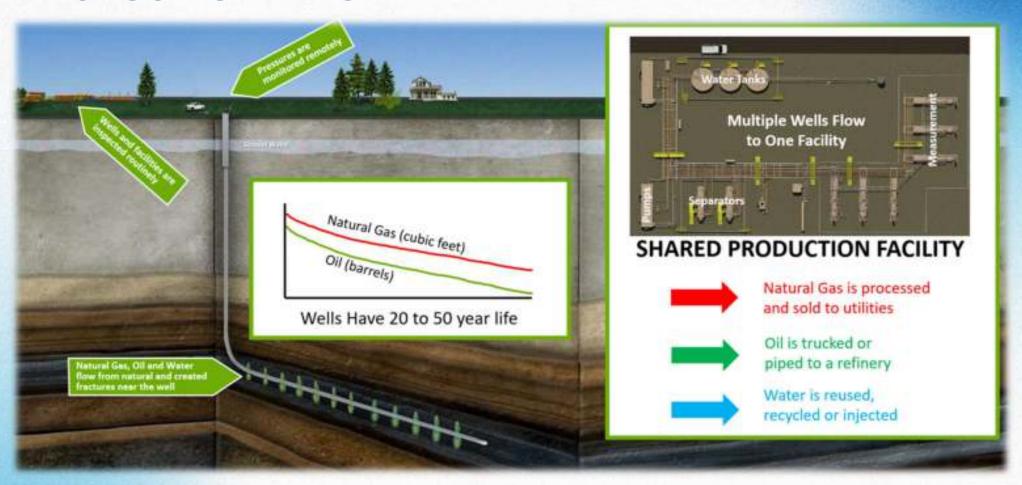


HYDRAULIC FRACTURING WELLS





PRODUCING WELLS





WATER-ENERGY NEXUS

The water-energy nexus It takes energy to pro-duce drinkable water It takes water to produce energy Nuclear power plant: Desalination: The process that 75,000-450,000 liters/MWh removes sait and minerals from sea water, is a heat energy and electricity intensive process. Natural gas: 570-1.100 liters/MWh Wind and solar photovoltaic: 2-100 liters/MWh Unconventional production: Use 100-10,000 Desalination produces times more water than conventional 24 billion cubic meters production. of drinkable water yearly or 0.6% of global water supply. Sources: IEA World Energy Outlook 2012. IRENA Desafination technology brief (2012).

- Energy and water considerations
- State priority
 - Groundwater Protection Council (GWPC)
 - Intestate Oil and Gas Council (IOGCC)
 - Texas, Colorado, Utah, Wyoming
- Federal priority
 - Funding
 - Regulations that impede the use of water
- Industry priority
 - Energy Water Initiative (22 companies)
 - Water treatment technologies
 - Water infrastructure



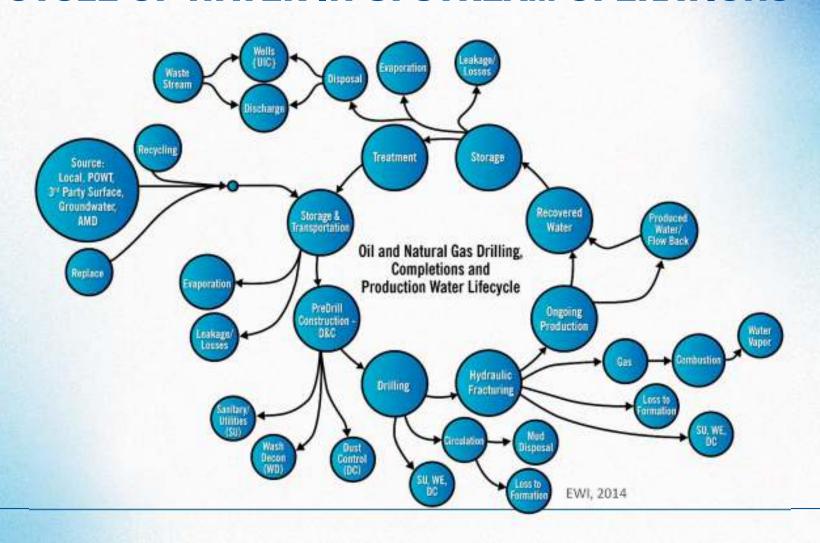








LIFE CYCLE OF WATER IN UPSTREAM OPERATIONS



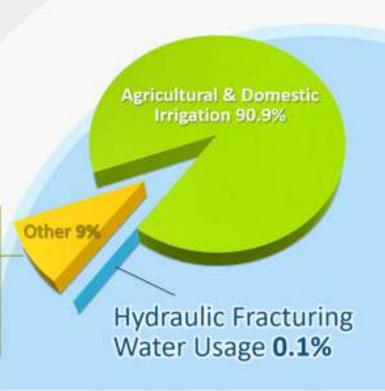


RESPONSIBLY MANAGING WATER

Our Approach to Water Sourcing in Colorado

- Non-Potable Supplies (Effluent)
- · Commercial and Industrial Water
- Recycling and Re-using Fully Consumable Supplies
- Avoid Competition with Municipal and Agricultural Users

Public-supply
Domestic
Industrial
Livestock
Mining
Recreation
Thermo-electric



Source: International Gas Union



WATER OPERATIONS



Water Sourcing



Water Transportation







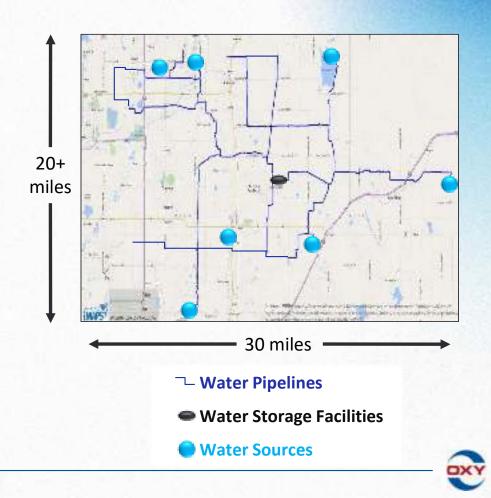
Water Treatment





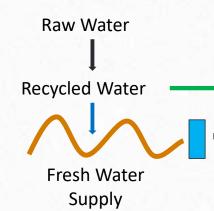
WATER ON DEMAND SYSTEM

- Over <u>180</u> miles of permanent pipeline
- Serving 4 frac crews simultaneously
- Up to <u>10</u> different water sources
- Eliminating 1,500+ truck trips per day
- Delivered 400,000,000 barrels to-date
- Reduced well pad water storage tanks
 - (from 100+ to ~ 20)

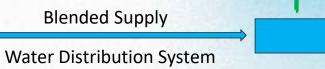


WATER RECYCLING





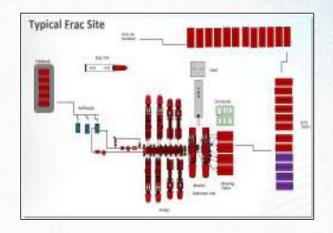
- 1. Recycle and return to pad (Mobile)
- 2. Recycle and discharge to stream (Discharge)



Well Pad









ADDITIONAL WATER SERVICES

Drilling



Cooling



Fire Suppression



3rd Party Operators



Road/Pad Construction



Additional Regional Needs





REGIONAL BENEFITS THROUGH PARTNERSHIPS



- Short-term Oxy diversion
- Long-term irrigation company diversion
- Designed to irrigation company specifications
- Through Oxy collaboration and funding



- Enhancement of critical river section
- Increase in agricultural irrigator supply
- Beneficial use of commercial water
- Through Oxy collaboration and funding





