



Waste Connections and Pratt Telephone Town Hall Community Meeting, February 15, 2017 Follow-up Questions and Answers

Below are the questions and answers from the telephone town hall on February 15, including questions that were still “in the queue” to be addressed at the end of the town hall, plus additional questions we’ve received since the meeting. In some cases, we’ve combined questions and answers to manage the length of the document or to provide additional context. If you’d like additional information or are interested in setting up a one-to-one meeting, please email us at communityrelations@crestonepr.com or call (720) 410-8537.

About the February 15, 2017 telephone town hall community meeting format

Q: Why not have a face-to-face community meeting? Didn’t the previous operator at these sites promise to have an in-person meeting for our entire neighborhood?

A: We decided to schedule a conference call-style meeting to make participation easier for neighbors and to improve our ability to address questions about our plans. At the last community meeting Crestone held, for our Woolley Becky Sosa and Morgan Hills sites, only four people attended. Because of this, we decided to try a different format. The telephone town hall community meeting allowed us to present information and answer questions, just as we would in a face-to-face meeting – while minimizing scheduling difficulties for neighbors.

We can’t speak to what was promised by the previous operator, but we will continue to share information about our operations and plans in a variety of ways, including individual in-person meetings upon request at our Erie office, via phone or email, and online.

Q: Who was invited to the meeting? Why were only portions of nearby neighborhoods invited?

A: Invitations were sent to 678 neighbors within a half mile of the Waste Connections and Pratt well pads, based on an address list pulled from the Weld County Accessors website. We believe approximately 19 neighbors participated in the community meeting.

We’re happy to set up one-on-one discussions either in person or via phone for anyone interested. Please email us at communityrelations@crestonepr.com and we can schedule a time to visit at our Erie office.



Q: How will Crestone address the issues impacting neighbors outside the half-mile radius, those that were not invited to the meeting?

A: No differently than how we will address questions from neighbors within our half-mile radius. Anyone can access the meeting materials and fact sheets available on our website, and can contact us with questions or issues, or to request a one-on-one meeting.

Q: Were questions “screened” during the Q&A portion of the telephone town hall? Why was there down time between the questions as part of the Q&A?

A: No, questions were not screened. All questions that we received via the conference line during the telephone town hall were addressed. Our objective with this town hall community meeting was to share information and answer questions related to our operations and plans for the Waste Connections and Pratt sites. Questions received via the conference line were passed directly from the operator to our group of experts on the call. Since our goal was providing information, our experts addressed questions only and not comments, but this doesn't mean we do not hear community concerns.

Here's how the process worked: As the operator mentioned at the top of the call, invitees with questions were asked to press *1 during the meeting, at which point they went into a queue with other callers. This is similar to waiting in line to speak in an in-person meeting. We had one operator making note of questions from invitees, then typing and forwarding questions to the Crestone team for response.

The telephone town hall was scheduled for one hour, but we extended it by several minutes in order to address several questions in the queue at the end. We discovered afterward that there were additional questions posed via the online chat function that were not received during the call, and we will address this issue in any future telephone town hall community meetings.

There were a couple of questions asked during the Q&A portion of the call that we were unable to answer at the time, based on the experts in the room. We have added those questions and answers within this document.

About sound mitigation

Q: What was the root cause of the previous noise issue or issues at the Pratt site? What has been done to correct those issues? How is this different than the approach taken by the previous operator?

A: While we cannot comment on or speculate about the operations of other companies, we're certainly aware of previous noise issues at the Pratt site. Since acquiring the site, we've been able to review data and research that points to multiple sources of the noise issue vs. any single cause.



We've taken a great deal of care in planning for noise mitigation, based on learnings from previous operations at this site. We're piloting our noise mitigation plan for the Waste Connections and Pratt sites now at the Woolley Becky Sosa and Morgan Hills locations.

We're doing three things differently:

- First, we're using an electric drilling rig vs. the diesel drilling rig previously used.
- Second, the sound walls will be higher than the ones previously used – 40 feet vs. 32 feet.
- Third, we'll use sound blankets and interior sound walls (point source mitigation) for sound absorption around equipment identified as potential noise sources.

Monitoring sound level data is an important part of our operations plan. As we prepare for operations in a new area, we establish ambient sound conditions. Sound-level data are collected during multiple time periods over the course of several weeks to establish our baseline ambient sound levels. Data collection at the Waste Connections and Pratt sites began in January, before any equipment arrived on site, and continues now as a way to compare our activity against projected sound levels for each phase. Sound monitoring and data collection will continue throughout our operations.

Q: How does sound monitoring work and how does this shape operations?

A: Once we've established baseline ambient sound levels, they are used as part of our noise impact modeling. Noise impact modeling utilizes typical ambient sound levels at a location, and takes into account the actual sound coming from the electric rig and factors like ground cover, topography, temperature, wind speed and direction, specific to each location.

With that data, we are able to determine how the location should be set up – for example, what equipment goes where and what type of noise control tactics will be used. These predictions for the Waste Connections and Pratt sites are used to ensure compliance with the COGCC rules for A and C scale noise.

We have noise monitoring systems in place, 24 hours a day, 7 days a week. Our team has the ability to pull up the sound monitoring system remotely at any time to ensure we are in compliance. If we see an increase in noise related to our operations, we will deploy a team to investigate the issue and establish a solution as quickly as possible. Often times this will mean understanding what is happening on site and working to determine how adjustments in sound mitigation or operations can be made.

We're committed to operating in a way that minimizes impacts on our neighbors, and that means making adjustments if issues arise.



Q: What sound materials will be used at the Pratt site?

A: There are two types of materials typically used in sound walls. Based on modeling for the Waste Connections and Pratt sites, we will use a sound-absorbing material (or “blankets”) that is most effective in absorbing C-scale or low frequency sound. In other drilling operations, we may use a sound-reflecting material to direct sound waves away from, for example, a neighborhood.

Q: What type of sound should we expect from the various phases of your operations? What decibel levels can we expect at the site?

A: Typically, a diesel drilling rig is used and emits a low, rumbling sound. As noted, we’ve selected an electric rig for the Waste Connections and Pratt sites, to minimize those sounds. We encourage anyone who wants to hear what an electric rig sounds like to drive past our Woolley Becky Sosa site to hear the very low noise levels of an electric rig in action.

We’re required to maintain sound levels within 65 decibels of the ambient level on the C-scale frequency. This takes into account some of the sound sensitivity factors impacting the scale – for example, wind blowing and increasing the ambient level. So, on a very windy day, we will maintain sound levels somewhere between the ambient level and 65 though there may be short periods where noise from the location is more obvious because of these factors.

To see the detailed noise control regulation from the COGCC that we must adhere to, please visit the [Rules and Regulations](#) page on their website and the [800 Series Rules](#).

Q: What contingency plans are in place to address sound issues at the Pratt location? Will operations cease if issues arise and for how long?

A: We always operate with contingency plans to proactively address situations in which our operations may not meet regulatory standards. If issues arise, our experienced team works quickly to identify a solution.

We feel confident that the noise mitigation plans we are piloting at the Woolley Becky Sosa and Morgan Hills sites will result in a better outcome at the Pratt location. The topography at Woolley Becky Sosa is similar to Pratt and in some respects even more challenging, but we’ve maintained regulatory compliance throughout our operations there.

Our goal is to operate safely and efficiently, as good stewards of the environment and as a good neighbor to the community. We do not anticipate any issues that would cause operations to cease, but we’re committed to consistently monitoring and addressing issues swiftly.



About previous issues at other locations

Q: What is being done to address issues with the previous landfill and IBM waste found during drilling?

A: The previous waste issues occurred when the former operator installed a pipeline connecting the Pratt location to The Hub. Before we acquired these assets, this issue was resolved with the Colorado Department of Public Health and Environment (CDPHE). No more work is needed in that area and we have no plans to go near where this issue occurred.

Q: Why does the Woolley Becky Sosa site have the most complaints in the state with the Colorado Oil and Gas Conservation Commission?

A: Anyone may file a complaint with the COGCC at any time, for any reason or no reason. It's important to point out that out of the approximately 80 complaints received on the Woolley Becky Sosa site, not a single violation has been found by the COGCC or CDPHE. Of the approximately 80 complaints received, nearly half of them were made by the same two individuals.

Q: Is it true that The Hub is just 60 percent complete and will require additional construction? What modifications will need to be made to the Waste Connections and Pratt operations if it's not complete?

A: The Waste Connections and Pratt locations will likely begin producing oil and gas by the end of 2017. The Hub will be fully operating by the middle of this year. We will not modify the approved permits for permanent production equipment at these sites.

Q: What direction are the wells running from each location? Do the wells go under neighborhoods?

A: The directional plans for both pads run north approximately 1.5 to 2 miles, so we will not drill under any neighborhoods.

About safety

Q: Are there seismic impacts associated with your operations? Is there reason to be concerned about the foundation of our homes, for example?

A: The rare occasions of increased seismic activity related to operations have been attributed to the injection of waste water into deep disposal wells, not drilling or hydraulic fracturing.

Homeowners do not need to be concerned about the foundation of their homes as it relates to oil and gas activity.

Q: Colorado has experienced warm, dry and windy conditions in recent weeks, presenting prime conditions for wildfires. What would happen if a wildfire approached the Waste Connections or Pratt sites?



A: We actively monitor conditions during times of high fire danger and have safety plans in place if a wildfire were to come near our operations. In the event of a wildfire at our sites, we would cease drilling and take steps to secure the site. If a wildfire poses a risk to a producing well, we would fully shut in the well so that it's no longer producing oil or gas for the duration of the incident.

We design site-specific wildfire risk assessments and assign mitigation strategies to manage risks on an ongoing basis.

We also maintain close contact with local fire departments to ensure we're able to respond collaboratively and quickly. In fact, we hold frequent, hands-on training with local fire departments to ensure our safety plans are effective.

About the regulatory structure and community relations function

Q: What is the minimum distance required between the Pratt site and nearby homes? Has that distance changed since the previous operator?

A: When we assumed these sites from the previous operator, we also assumed the permits for operations – no changes have been made to the permitted locations. The minimum distance between the well pad and the nearest home, per the COGCC, is 500 feet and 1000 feet from a High Occupancy Building (e.g. hospital, school).

Q: How do we share our concerns? Should we go directly to COGCC, or start with Crestone?

A: Our hope is that any neighbors with questions or concerns will contact Crestone first, so we can investigate and take action as needed. Of course, anyone is free to contact the COGCC at any time. More information on how to submit a complaint and how issues are resolved can be found on their website.

Q: What ensures pipelines will not leak or explode?

A: Assuring flowline integrity is a multi-prong commitment starting with the design and construction of the flowline and followed by maintenance and monitoring programs over the lifetime of the system.

The piping materials and construction methods specified and purchased for the produced oil and water flowlines are compliant to industry standards. The contractors installing the production flowlines were selected on the basis of significant experience with similar projects in the DJ Basin and a proven track record with area operators.

Crestone's operating, maintenance, and monitoring program will exceed industry requirements; with routine and frequent clean out activities, treatment programs, corrosion testing, and visual inspection.



About our Pratt and Waste Connections timelines

Q: Why are you drilling at Waste Connections first?

A: We decided to drill at the Waste Connections site first due to location factors, but also because it offers us another opportunity to fine-tune our mitigation strategies before moving to the Pratt site. We know the Pratt location has a history of challenges. We believe our noise-mitigation plan addresses these, and drilling at Waste Connections first adds another layer of preparation in an environment with similar topography.

Q: We've heard that the previous operator agreed to handle the bulk of operations during daylight or business hours and only during the winter. Is that true? During what hours will Crestone drill? What about hydraulic fracturing?

A: We can't speak to what the previous operator agreed to, but drilling only in the winter has never been a part of our plans. Our approach is to begin operations once the site is prepared and after our drilling efforts are complete at nearby sites, like the Woolley Becky Sosa or the Morgan Hills locations.

As for operating only during daylight hours, that is not a common practice and is not something we're planning. While we're drilling and completing (including hydraulic fracturing) these sites, our plan is to operate 24 hours a day, 7 days a week, in order to minimize the amount of time we need to be operating on site and to limit the duration of impacts from our activities. We believe the noise mitigation plan we're piloting at Woolley Becky Sosa and Morgan Hills sites right now, including the use of an electric drilling rig, will minimize impacts around the clock, including during the overnight hours. We're committed to operating safely and in compliance with regulatory requirements.

Q: What will Crestone do to ensure a better outcome using an electric rig?

A: Operations at the Woolley Becky Sosa site offer a solid indication of what we can expect at the Waste Connections and Pratt sites – to date, operations have gone very well. Based on feedback from the COGCC and CDPHE, we have maintained compliance with all regulatory requirements, and we believe this puts us in very good position to operate similarly at the Waste Connections and Pratt sites.

Q: Does drilling using an electric rig take more time or less time than using a diesel rig?

A: Based on our current operations using an electric drilling rig at the Woolley Becky Sosa site, we're not experiencing any difference in speed. The electric rig has performed just as well as the diesel rig – the only difference is that it's much quieter because it runs off electric power rather than a diesel engine.

Q: How will Crestone ensure the electric rig will not put additional strain on the local grid?

A: Working with our partner United Power, we have performed several detailed capacity studies of the power distribution system in this area. Using real data from the electric rig



already connected to the power grid and considering energy consumption of the Vista Ridge and Vista Point neighborhoods, United Power is confident we can run the electric rig at the Waste Connections and Pratt sites without having any effect on homes and businesses in the Erie community.

Q: Is it true that Crestone will have to drill preliminary wells at the Pratt site without problems before drilling deep enough for oil?

A: The operations plans and mitigation strategies that we will use at the Waste Connections and Pratt sites are currently being piloted at the Woolley Becky Sosa site – meaning the same equipment and mitigation strategies are being tested.

It is not operationally feasible to drill a test well before drilling a producing well and this is not a requirement.

Misc. questions

Q: Can you share the project site locations on a map?

A: Of course. The complete presentation deck, along with maps and fact sheets, can be found at www.crestonepeakresources.com/communitymeeting.

Q: What level of vehicle traffic can be expected?

A: The highest level of traffic activity typically occurs when we deliver drilling equipment and sand delivery for fracking operations.

We will adhere to the traffic plans assigned to us by the Town of Erie. Our primary route for both project sites is Weld County Rd. 5 to Erie Parkway. Per an ordinance from the Town of Erie, we'll limit deliveries via this route between 6:30 a.m. to 8:30 a.m. and from 2 p.m. to 4 p.m. during the school year to minimize the impact on, for example, morning commuters and school bus routes.

It's also important to note that construction of The Hub and the single temporary completions area for Waste Connections and Pratt will further minimize the impact of traffic on our neighbors in Vista Ridge and Vista Pointe.

Q: Where can the community find a summary of all planned operations?

A: Crestone has a page on the Town of Erie's website, where we post information related to our activity including our operator agreement, monthly reports and activity maps.

For more information, visit: <http://www.erieco.gov/1207/Crestone-Peak-Resources>

Additionally, we utilize an online tool called Blackboard Connect that allows us to effectively communicate in a variety of ways, including text, email or voice message. You can sign up for this on our website as well.

Lastly, our Community Relations page on the Crestone website is another resource for more general additional background on oil and gas operations.