



Morgan County

An Introduction to Water Disposal

September 2017



EXPEDITION OVERVIEW

Expedition is a leading oilfield wastewater disposal infrastructure company with an expansive footprint in the DJ Basin of Colorado and the Powder River Basin of Wyoming. Expedition has a track-record of best-in-class HSE and outstanding community and neighborhood relationships.

Extensive Management Experience

- Jim Goddard (President and Founder) – Foremost SWD expert in the DJ Basin with over 20 years of relevant management experience. Jim has constructed over 15 disposal wells, and has supervised over 40 wells in his career
- Zach Neal (CFO) – Significant SWD project development experience, as well as energy investment banking, private equity, insurance and midstream development experience
- Over 100 years of Colorado management experience. Key personnel include HSE Manager, Finance and Business Development Manager, Controller, Director of Field Operations, and Facilities Managers.

Company Characteristics

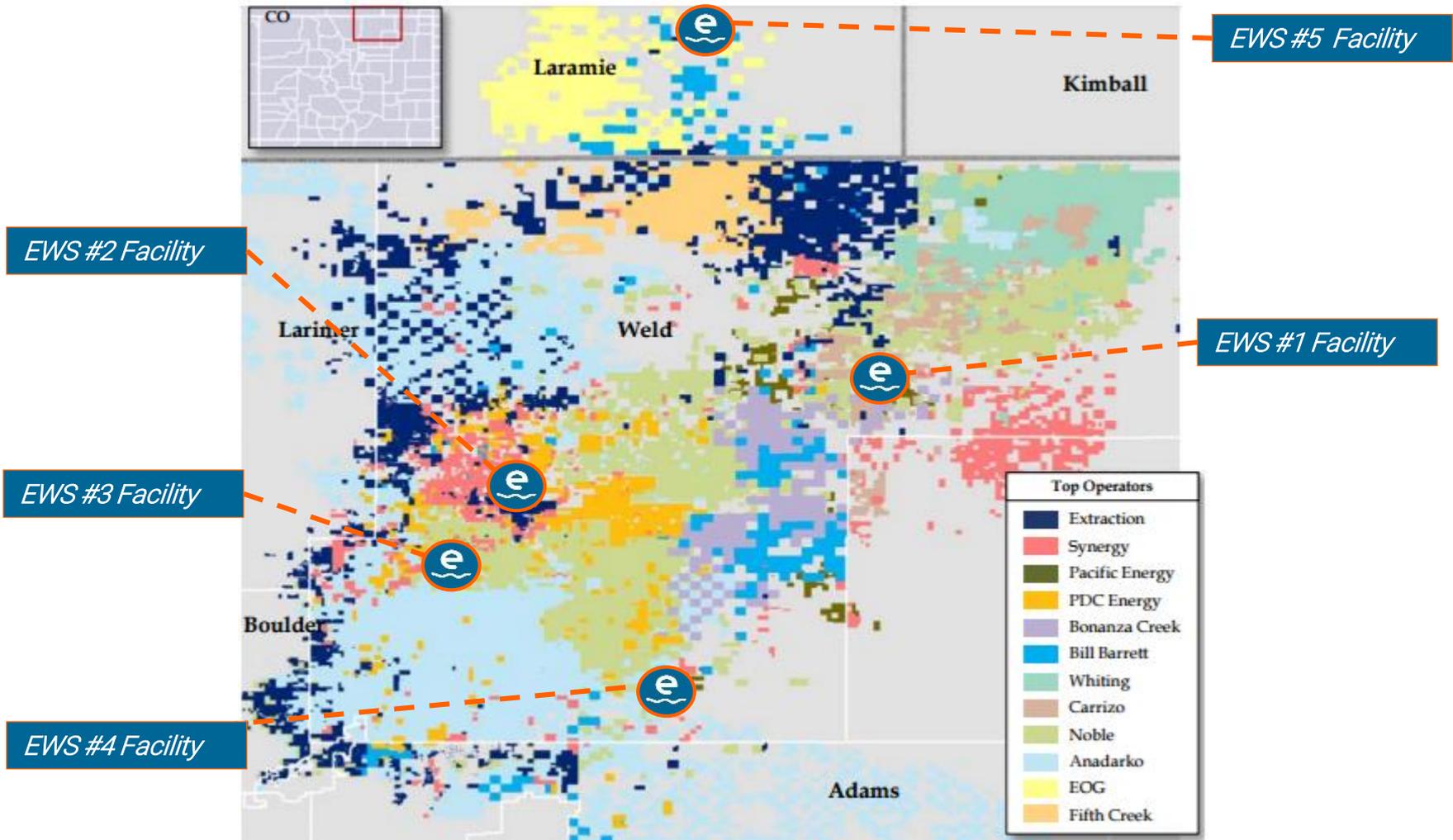
- 50 employees, most of which are employed in Northern Colorado
- Track record of superior operational performance, growing from start-up company in 2014 to ~30% market share today
- Second largest SWD operator in the DJ Basin of Colorado, with seven wells in the basin
- Largest third party SWD operator in the PRB of Wyoming, with four wells in the basin
- Four industrial facilities in Weld County, Colorado. Offices in Lone Tree and Greeley

HSE Record

- Expedition has a superb record of health, safety and environmental (HSE) stewardship
- Sophisticated seismic and groundwater monitoring systems
- Rated Platinum by Independent Energy Standards (“IES”)
 - IES is a third party independent health, safety and environmental (“HSE”) oilfield rating agency
 - The Platinum rating indicates that Expedition is operating in the top 10% of SWDs on an HSE basis



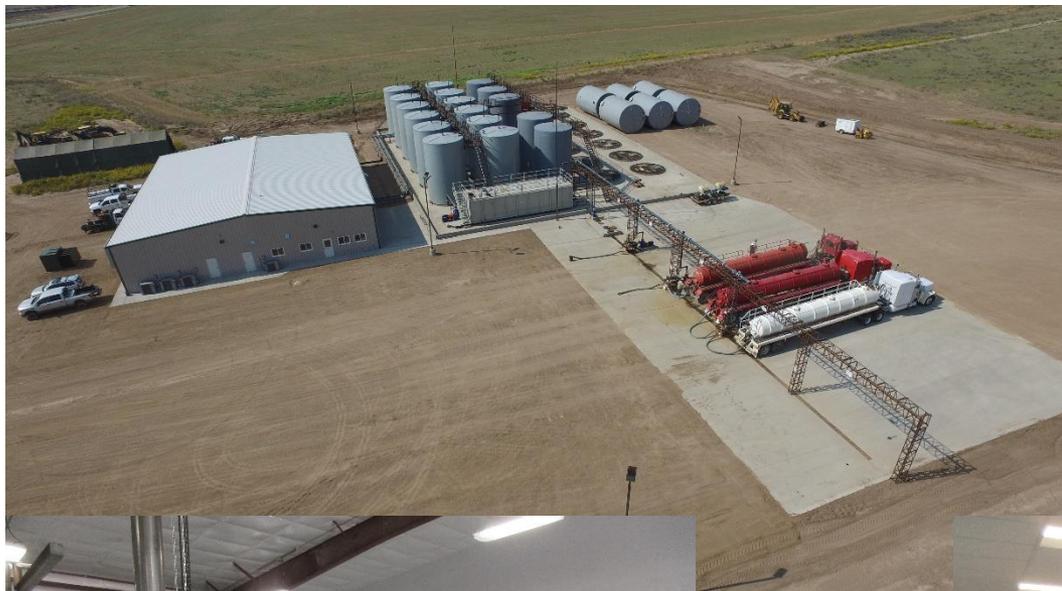
DJ BASIN ASSET OVERVIEW



Note: Acreage shown on a net basis.



EWS #4 DISPOSAL WELL - KEENESBURG





EWS #1 DISPOSAL WELL – NEW RAYMER



- All DJ Basin facilities are new-builds with nearly identical designs
- Utilize green, self-cleaning filtration, filtering water to 28 micron
- Sophisticated seismic and groundwater monitoring systems
- Minimal light, noise, and dust impact
- Rated **Platinum** by Independent Energy Standards (“IES”)
 - IES is a third party independent health, safety and environmental (“HSE”) oilfield rating agency
 - The Platinum rating indicates that Expedition is operating in the **top 10% of SWDs on an HSE basis**



SALTWATER DISPOSAL OVERVIEW



WHAT IS SALTWATER DISPOSAL?

- **Necessity:**

- Saltwater is native to geologic formations bearing oil and gas
 - On average, for every barrel of oil produced in the United States, six barrels of saltwater are produced as a waste byproduct
 - The DJ Basin of Colorado has significantly less water than the national average, with closer to 0.2 barrels of saltwater to every barrel of oil produced
- This saltwater is called brine, and it is roughly 2x as salty as ocean water
- There is no economic re-use for the water given the dissolved and suspended solids content and the hydrocarbon content
- In order to drill oil wells, oil and gas producers must dispose of their produced saltwater at saltwater disposal facilities
- Saltwater disposal facilities are essential to the development of oil and gas. Every oil well needs a home for its saltwater

- **Process:**

- Expedition receives water from producers at the saltwater disposal facility via truck or pipe
- Once received, Expedition removes all hydrocarbons, filters water to 28 microns, and applies a biocide, with an end-product of nearly pure saltwater
- Expedition then injects the filtered saltwater into saltwater aquifers, 8,000-10,000' deep
- The COGCC thoroughly regulates all downhole activities, from well design to daily injection

- **Impact:**

- Since all water must be disposed of somewhere, having more saltwater disposal facilities reduces truck traffic as more frequent disposal facilities reduce the total number of miles traveled by trucks
- More frequent saltwater disposal wells reduces transportation costs for oil and gas companies, materially lowering well costs and spurring development



BENEFITS TO COMMUNITY

CONFIDENTIAL

Stimulated local economy

- Each facility employs ten people, most of whom would likely live close by
 - Expedition provides competitive wages and full healthcare benefits to employees
- Since saltwater disposal facilities make oil and gas development cheaper, more oil and gas wells would be drilled
- With enhanced oil and gas development, other high-paying oilfield jobs would be available in Morgan County, stimulating the local economy
 - Several oil and gas companies have expressed that allowing SWD in Morgan County would increase oil and gas drilling activity in the County

Increased tax base

- A Morgan County facility would pay Morgan County taxes

Increased control

- A Morgan County facility would be under Morgan County jurisdiction as opposed to a neighboring jurisdiction, thus increasing local control

References

- Significant interactions with Weld County through operations and the USR process. Great relations with Weld County
- Recently annexed one facility into Keenesburg. Great relations with Keenesburg
- Excellent neighbor relations from both residential and commercial