

Dear Walter – we have discussed your email (below) among our citizen group. The apology is appreciated, but overshadowed by XTO's continued use of deceptive practices that have caused suffering and ongoing concerns for DWG citizens. Specific examples from 2014 include:

- An XTO representative appeared in our city hall to present drawings of a reconfigured pad site and failed to mention plans to construct a large, obtuse structure housing a loud, internal combustion, VOC emitting compressor. **These additions to the pad site, installed in recent months, are bad for our health, quality of life and property values.** They are not simply a “nuisance” as your email suggests. We were entitled to full disclosure of this permanent structure by XTO during this meeting and a prudent response from our city council that protected our city from further XTO induced degradation. Neither occurred which has reinforced our perception that XTO cannot be trusted and our city council is unable or unwilling to monitor and manage the company's activities in our city.
- In the April DWG City Council meeting a citizen asked the council to adopt a new ordinance that would require the use of electric powered gas lift compressors. We understand Mansfield has adopted such an ordinance. The citizen cited noise and air pollution as the rationale behind his proposal. Sadly, this citizen was mocked and laughed at by our council. They said their diesel trucks polluted the air more than XTO's gas lift compressor would. Then XTO's representative stated, *“There is no difference in the noise level of an internal combustion gas compressor”,* which is what XTO installed, *“and an electric powered one”*. Mayor Tedder and Mr. Snodgrass quickly acknowledged this statement as though it were true – which of course it isn't – and the discussion was terminated. XTO again got what they were seeking to the detriment of our city

Truth is electric powered compressors are cleaner, quieter and could allow for a less conspicuous enclosure structure. If our group were running this city, there would be an electric compressor or no compressor. We realize there would be a cost to XTO to have electricity run to the pad site as there does not appear to be any power there now, and suspect this cost explains why one is not there today. Regardless, an electric compressor is appropriate given the DWG pad site is in a city park and nature area, on a dam next to a lake, in a residential neighborhood and, most importantly, within a few hundred feet of an elementary school playground. You yourself referred to this pad site as a “sensitive” one in your email – we would ask that XTO start acting as though they believed and respected this characterization.

The most damaging perceived act of deception is the use of Pappy Elkins Lake as a source of frac water. Before Mayor Tedder led the effort to persuade citizens to engage with XTO, the company was interviewed by the city council. In this meeting, XTO was asked repeatedly by the city council where frac water would be sourced and each time the answer was the same: *“to be determined at a later time”*. No member of the DWG

city council pressed XTO on their reply to a critical question and we wonder if there was an “understanding” among the parties that would explain the council’s lack of diligence. It is difficult to believe that XTO had not identified a preferred water source before committing to leases in DWG that required millions of dollars of upfront payments and millions more in site development costs.

In addition, the DWG pad site required meticulous planning because of its small size, its proximity to a floodplain and the lack of available acreage on which to construct a frac pond. We believe that XTO intended to use Pappy Elkins Lake as the primary source of frac water all along and, with the help of our Mayor and city council, deceived our city of such intentions. The TCEQ permit limited the total water that could be removed from Pappy Elkins Lake to 3.2 million gallons or only 6% of the approximately 50 million gallons needed to frac wells in DWG. No evidence exists that an alternative source of water was identified by XTO and agreed to by the city council. To assert that the alternative source was water purchased from DWG delivered through fire hoses to 75+ frac trailers **without a written agreement** among the parties is inconsistent with XTO’s business acumen and not believable for reasons we explain below.

We further believe that XTO had no intention of limiting their diversion of water from Pappy Elkins Lake to the legal levels allowed by the permit XTO ultimately received from the TCEQ. We have researched this matter extensively and shared our findings with the TCEQ as part of their investigation. We have also studied carefully the data submitted by XTO and the city of DWG to the TCEQ and find such data to be factually questionable. As you know, this information was designed to show that, in 2010 and 2011, DWG supplied XTO with apx. 21 million gallons of water from water hydrants located near the pad site. These water hydrants are supplied with water purchased from Fort Worth. Here are just a few examples why we find the integrity of this data to be lacking:

- Over a three-day period in 2010, there is a 1.1 million gallon shortfall of water provided by DWG compared to water XTO reported consumed for fracing. This shortfall represents 35% of the reported water usage by XTO.
- On another day in 2010, with completely empty frac trailers (over 75 of them) – XTO claims to have consumed apx. 500,000 gallons of water for fracing. On the same day, DWG claims to have delivered apx. 500,000 gallons of water to the same frac trailers. It is impossible for water hydrants to keep up with the pace of frac equipment.
- In the summer of 2014, with only a single frac tank to fill (in our city park) that received water nonstop, it took over 10 weeks to frac four wells consuming 15.2 million gallons of water. The typical pattern was a half-day of fracing followed by three or four days of no fracing while the tank refilled to a workable level. It was a very slow process without the use of a high capacity “lake pump” moving 2,000 gallons of water per minute – a device XTO used while fracing in 2010 and 2011.
- Yet in Dec 2010 – Jan 2011, utilizing the same water delivery capability as 2014, DWG claims to have delivered 14.5 million gallons of water to 75+ frac trailers

(far more challenging than a single frac tank) **over only 17 days** – simply unbelievable. Our view is 10 million gallons of this water came from Pappy Elkins Lake.

- In early January 2011, a DWG citizen sent an email to XTO complaining of a pump that was removing water **that day** from Pappy Elkins Lake and leaking fluid into the lake. This email included a photo of the actual pump. This pump remained connected to dozens of frac trailers for the entire time fracking took place in Dec 2010 – Jan 2011. Problem is, XTO's permit had expired in December 2010. More disturbing, the data XTO and DWG supplied to the TCEQ claims no water was taken from Pappy Elkins Lake after the expiration of XTO's permit.

These are just some of the anomalies we have identified in the data XTO and DWG provided the TCEQ. **We are extremely disappointed and disturbed by the role our city has played in XTO's attempt to conceal the truth from the TCEQ and the citizenry of DWG.** Despite our difficulties believing the spoken words of XTO's representatives, it is our sincere desire to establish a new relationship – one where we communicate with the company directly.

We also note that our city council seems to share our challenged view of XTO's transparency as, in the last DWG council meeting, the entire DWG council expressed their surprise at the size and noise level of the compressor, the size of the green structure housing it and their regret that they did not insist on the use of compressors that were electrically powered. One member of the council even thought the compressor would be underground and hidden! You may listen to their comments here where they describe XTO's "deception": [https://www.youtube.com/watch?v=LIHZ1i2Y8\\_M](https://www.youtube.com/watch?v=LIHZ1i2Y8_M)

We regret the complete lack of diligence on this matter from Mayor Tedder and each councilman. Allowing the installation of a destructive piece of equipment and a grotesque permanent green structure is inexplicable and only highlights that they seem more focused on accommodating XTO than protecting the quality of life within their city. Unfettered access to our Pappy Elkins Lake water by Mayor Tedder (far more than was permitted) and his "oversight" of not hiring an inspector for over 4 years are self evident. This council, by their own admission, is uninformed about matters at the XTO pad site. We are somewhat informed and want to be more so. We believe a direct citizen relationship with XTO is needed — one that is built on transparency with the goal of achieving trust.

In closing, we want to point out that it is the last sentence of your email that is the most concerning. It reads in part: *"we intend to operate this pad site in a manner that meets your expectations and requirements"*. This sentence would be welcomed if addressed to DWG's citizens instead of Mayor Tedder. From the beginning, XTO has operated in line with our city leader's expectations – leaders who have been absent, uninformed and neglectful. We say no longer! We ask that you conduct your activities in recognition of the site's "sensitive" qualities in a residential neighborhood where property values have

been destroyed but need help from ExxonMobil to have any chance of recovery.

With this backdrop we ask XTO to consider replacing the gas compressor with an electric powered compressor with a hidden containment structure or move the gas compressor to another location. As part of the redo of the pad site this past summer, XTO lowered the water tanks and separators only to build a new eyesore for our community with the green structure. This makes no sense. We had a quiet and pristine neighborhood before XTO arrived. We ask that XTO be "sensitive" to this fact and do what the company can to minimize its impact on our quality of life.

Walter, we are a group that cares about our families, homes and community. We can no longer rely upon the current sitting council to act in our best interests. We ask that XTO please consider our request and agree to meet with our neighborhood group as a way to begin a relationship where we can peacefully coexist.

Sincerely,

Pappy Elkins Restoration Group

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Mayor Tedder:

XTO is finalizing some completion operations at the Elkins padsite. We currently have a 24 hour manned operation and are using a temporary rental gas lift compressor to assist the last well to flow on its own. We expect this well to flow without assistance late next week when we will disconnect and remove the rental compressor. We will also release the 24 hour flowback equipment, personnel and all lights from the location. Once the temporary compressor is removed we expect the noise level from the padsite to noticeably decrease.

Our construction activities are completed and all but one of the wells are flowing to sales. We are aware of the extended period of time that our completion and construction activities have taken place at this sensitive site. We expected much of this work and activity to be completed in September but certain aspects of the installation of modern equipment and the reluctance of some wells to flow significantly delayed our earlier goals. We apologize for the nuisances we created and we appreciate your patience during this phase of our operations and we intend to operate this padsite in a manner that meets your expectations and requirements.

Walter Dueease

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