

April 18, 2016

City of Mansfield
1200 E. Broad Street
Mansfield, TX 76063
Attn: David Nicholson



RE: Request for Extension
Woodlands Estate East and West Padsites
Tarrant County, Texas

Gentlemen:

EagleRidge Energy, LLC, operated by EagleRidge Operating, LLC ("EagleRidge"), is requesting an extension of time for use of temporary gas operated lift compressors until EagleRidge completes its feasibility and cost analysis study for the use of lift compressors at the Woodlands Estate Padsites. The deadline, as defined by the City, is May 9, 2016, and July 7, 2016, respectively. In addition, there will be additional compressors that will face the same permanent classification status before the study is completed by EagleRidge. This request for an extension is due to the potential high cost of the conversions and the commercial nature of the conversions.

On November 9, 2015, EagleRidge began investigating the causes for the significant drop in production at the Woodlands Estates padsites. Production from the 15 wells had dropped significantly from 8 million to 2.5 million cubic feet per day. Based on our review, reduced production has become a significant issue with hundreds of wells in the southeast portion of Tarrant County. Low-volume wells will be unable to sustain commercial production if operating costs increase or become excessive.

Prior to installing the first lift compressor, EagleRidge determined, based on engineering analyses, that the gas lift pressure provided by the Summit Midstream Compressor Station (the "Station") was too low to effectively gas lift all of the wells. In addition, the compression provided by the Station was at a higher cost. The low pressures provided by the Station are ineffective at lifting water and are causing the wells to continue to load which reduces and impairs commercial production. The configuration and setup of these compressors will not allow them to provide pressures sufficient to lift water at a commercially reasonable cost.

EagleRidge's solution (which was untested at the time) was to install smaller, gas-operated lift compressors which: (1) are easy and inexpensive to move and set up; (2) are available under low-cost, short-term leases; (3) have a much smaller foot print; (4) operate at a significantly lower cost; and, (5) are small enough to place behind existing walls around the wellheads, thereby preventing noise from affecting the surrounding areas and limiting the need for further construction and the accompanying disturbances. All of the lift compressors have been tested either meet or exceed the Texas Commission on Environmental Quality (TCEQ) permit by rule emission guide and the Environmental Protection Agency (EPA) guide under 40CFR40, Subpart JJJJ, (Results of those tests are attached). Electric compressors, by contrast, would result in

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significant additional costs for each pad site including, but not limited to, costs: (i) to provide new electric service; (ii) to provide buildings for sound proofing; (iii) for long-term leases (two to three years) of the compressors; and (iv) to change out gas lift valves to operate at the higher pressures. Such additional costs are simply not commercially feasible for low-volume wells.

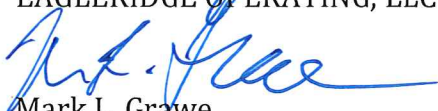
EagleRidge has installed three lift compressors to serve six of the 15 wells which need the increased pressures provided by the lift compressors. Production from the six wells has increased from 2.5 million to 5 million cubic feet per day and continues to improve. EagleRidge is working on two additional wells to improve production. The increased pressures have started to unload water thereby further increasing production. However, EagleRidge still has nine wells to convert to lift compression. EagleRidge estimates that it will take another 4 months based on our schedule to workover and convert the remaining 9 wells and an additional 3 months of evaluation of all of the wells. EagleRidge estimates that it will take until December 1, 2016 to evaluate all of our options and evaluate the commercial options available to EagleRidge and make a decision as to the installation of permanent lift compressors. EagleRidge estimates that if all of the conversions are successful, that it will require 2 compressors with 700 horsepower each to maintain optimum pressures for effective lift compression.

The number of wells that will require lift compression is yet to be determined, however, one of the factors to consider as wells return to production is water production (initially 200-300 barrels per day). Water production will begin to drop off after 2-3 months, and as water production drops off, another lifting method known as "plunger lift" may become commercially and mechanically effective depending on the extent of the water production. This method involves installing a plunger in the tubing that lifts the water and is operated by the pressure of the well itself without compression. However, plungers do not operate effectively on higher water volume wells. If the water production is reduced and a plunger lift is installed, the need for lift compression could be reduced to one 700 horsepower compressor or less.

EagleRidge's goal is to lift water thereby increasing production for low-volume wells at an affordable cost that effectively reduces the need for lift compressors and ultimately further reduces emissions and other related costs. At this time, the installation of large electric compressors is not commercially feasible, and will cause excessive operation costs and transportation activity into the area, thus potentially resulting in greater emissions. Our goal is to assess the success of the well conversions to determine the size and number of electric lift compressors that will be required.

Should you need any other information or have any questions please call me at 817-946-2873 or contact me by email at mgrawe@eagleridgeenergy.com.

Very truly yours,
EAGLERIDGE OPERATING, LLC



Mark L. Grawe
Executive Vice President and COO

Attach:

ENGINE EMISSIONS REPORT

EAGLERIDGE ENERGY, LLC

CATERPILLAR, 3306 NA, UNIT #351, SERIAL #G6X03418

Test Period:		Qtr 2 - 2015		Air Permit Number:		40 CFR 60 JJJJ	
Location:				Unit Number:		351	
Date:		April 22, 2015		Suction Pressure (psi):		62	
Project Number:		er-15-dfw-tx-eng#1		Discharge Pressure (psi):		890	
Engine Manufacturer:		Caterpillar		Stack Exhaust Temperature (°F):		--	
Engine Model:		3306 NA		Rated Horsepower (hp):		145	
Engine Serial Number:		G6X03418		Brake Horsepower (bhp):		134	
Analyzer Manufacturers:		TECO(NOx), TECO(CO), SERV(O2), VIG(VOC)		Engine Fuel Flow (Fuel Consump.) (Btu/hp*hr):		7,775	
Analyzer Model Numbers:		42i-HL, 48i, 1440, 210		Specific Gravity:		0.6571	
Date Analyzers Calibrated:		April 22, 2015		Fuel Heating Value [HHV] (Btu/SCF):		1,119	
Test Results and Calculations:		Appendix A		BSFC (Btu/hp*hr):		8,596	
Emission Data Records:		Appendix B		Annual Hours Allowed to Operate:		8,760	
Calibration Gas Certifications:		Appendix C		Engine Speed (rpm):		1,685	
Quality Assurance and QC Data:		Appendix D		Air Manifold Temp (°F):		--	
Fuel Analysis Records:		Appendix E		Air Manifold Pressure (psi):		-2	
Ambient Temperature (°F):		65.3		Operating Hours (hours):		--	
Barometric Pressure (in. Hg):		29.92		Available Horsepower (hp _a):		136	
Relative Humidity (%):		90		Rated Engine Speed (rpm):		1,800	
Emission Test Results							
Pollutant (units)		Stack Test Results		Federal Limits		Passing	
O ₂ (%)		0.07		--		--	
NOx (ppmvd)		72.27		--		--	
CO (ppmvd)		37.10		--		--	
VOC (ppmvd)		4.14		--		--	
NOx (ppmvd@15%O ₂)		20.46		82.00		YES	
CO (ppmvd@15%O ₂)		10.50		270.00		YES	
VOC (ppmvd@15%O ₂)		1.17		60.00		YES	
NOx (g/hp*hr)		0.26		1.00		YES	
CO (g/hp*hr)		0.08		2.00		YES	
VOC (g/hp*hr)		0.01		0.70		YES	
All testing conducted according to United States Environmental Protection Agency (EPA), Methods: 1, 3a, 7e, 10, 19 and 18/25a.							
Tested By: Air Hygiene International, Inc. Tester(s) / Test Unit(s): N. Arthur							

ENGINE EMISSIONS REPORT

EAGLERIDGE ENERGY, LLC

CATERPILLAR, 3306TA, UNIT #355, SERIAL #G6X05243

Test Period:		Qtr 2 - 2015		Air Permit Number:		40 CFR 60 Subpart JJJJ	
Location:				Unit Number:		355	
Date:		June 24, 2015		Suction Pressure (psi):		50	
Project Number:		er-15-dfw-tx-eng#2		Discharge Pressure (psi):		380	
Engine Manufacturer:		Caterpillar		Stack Exhaust Temperature (°F):		--	
Engine Model:		3306TA		Rated Horsepower (hp):		203	
Engine Serial Number:		G6X05243		Brake Horsepower (bhp):		185	
Analyzer Manufacturers:		TECO(NOx), TECO(CO), SERV(O2), MKS(THC, CH ₄ , C ₃ H ₈)		Engine Fuel Flow (Fuel Consump.) (Btu/hp*hr):		8,098	
Analyzer Model Numbers:		42C, 48C, 1440, 2030		Specific Gravity:		0.6571	
Date Analyzers Calibrated:		June 24, 2015		Fuel Heating Value [HHV] (Btu/SCF):		1,119	
Test Results and Calculations:		Appendix A		BSFC (Btu/hp*hr):		8,953	
Emission Data Records:		Appendix B		Annual Hours Allowed to Operate:		8,760	
Calibration Gas Certifications:		Appendix C		Engine Speed (rpm):		1,645	
Quality Assurance and QC Data:		Appendix D		Air Manifold Temp (°F):		--	
Fuel Analysis Records:		Appendix E		Air Manifold Pressure (psi):		--	
Ambient Temperature (°F):		93.7		Operating Hours (hours):		45,105	
Barometric Pressure (in. Hg):		29.14		Available Horsepower (hp):		185	
Relative Humidity (%):		43		Rated Engine Speed (rpm):		1,800	

Emission Test Results				
Pollutant (units)	Stack Test Results	State Limits	Federal Limits	Passing
O ₂ (%)	0.00	--	--	--
NOx (ppmvd)	183.36	--	--	--
CO (ppmvd)	104.24	--	--	--
VOC (ppmvd)	6.79	--	--	--
NOx (ppmvd@15%O ₂)	51.76	--	--	--
CO (ppmvd@15%O ₂)	29.43	--	82.00	YES
VOC (ppmvd@15%O ₂)	1.92	--	270.00	YES
NOx (g/hp*hr)	0.70	--	60.00	YES
CO (g/hp*hr)	0.24	--	1.00	YES
VOC (g/hp*hr)	0.02	--	2.00	YES
		--	0.70	YES

-Brake horsepower based on available horsepower multiplied by load.
 -Available horsepower based on the engine speed ratio (actual vs rated), see Engine Spec Sheet, Appendix B.
 -Load assumed as 100% due to lack of air manifold pressure and/or control panel information.

Tested By: Air Hygiene International, Inc.
 Tester(s) / Test Unit(s): M. Barry/J. McCormick

All testing conducted according to United States Environmental Protection Agency (EPA), Methods: 1, 3a, 7e, 10, 19, and 320.