RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

June 18, 2013

TERVITA, LLC
C/O LARRY E. CARLISLE
1108 PAGEDALE DRIVE
CEDAR PARK TX 78613-5810

Re: Permit to Maintain and Use a Pit (Form H-11)
Odessa TRD Facility
Disposal Pit #7
Ector County, Texas
Permit No. P011801

Find enclosed the referenced permit covering the operations of Disposal Pit #7 (Permit No. P011801) at the Odessa TRD Facility. The effective date of the permit is June 18, 2013.

Based on recent discussions with the Midland District Office and review of other available information, it is our understanding that the referenced pit is already in use, and has been since as early as January 2013. Use of a disposal pit without first obtaining the necessary permit is a violation of Statewide Rule 3.8(d)(1) and will result in enforcement action.

Within 21 days of the date of this letter, provide the following information:

- The date on which the use of Disposal Pit #7 commenced.
- Waste receipt records in accordance with Condition V of Permit No. P011801 for all waste that has been placed in Disposal Pit #7 to date.

Should you have any questions, you may contact me at (512) 463-5405.

Sincerely,

Michael Sims, P.E., Manager
Environmental Permits & Support
Technical Permitting

cc: RRC – Midland/08
TERVITA, LLC
ATTN CHAD WILLIAMS
3300 N. A STREET
BLDG. 1 SUITE 232
MIDLAND, TX 79705

TERVITA, LLC
ATTN ALLISON DENBY
500, 140 10th AVENUE SE
CALGARY, AB T2G OR1
CANADA
TERVITA, LLC  
C/O LARRY E. CARLISLE  
1108 PAGENALE DRIVE  
CEDAR PARK TX 78613-5810

Based on information contained in your application (Form H-11) dated April 25, 2012 and subsequent information received to date, you are hereby authorized to maintain and use the pit designated herein:

Oil and Gas Waste Disposal Pit  
Odessa TRD Facility (formerly Ector County Facility)  
1728.3 feet FSL and 855.5 feet FEL of Section 38,  
Block 44, T. & P. R.R. Co., T-2-S Survey  
Ector County, Texas

Authority is granted to maintain and use the pit in accordance with Statewide Rule 8 and is subject to the following conditions:

I. GENERAL PERMIT CONDITIONS:

A. Technical Permitting in Austin and the Midland District Office must be notified in writing upon final completion of construction of the pit. The permittee may not begin using the pit until the District Office has completed an inspection of the pit and verified that the pit is constructed in accordance with the application and permit.

B. The effective date of this permit is June 18, 2013.

C. This permit expires June 17, 2018.

D. The capacity of the pit may not exceed 2,687,005 barrels.

E. This permit is not transferable without the consent of the Commission. Any request for permit transfer should be filed with Technical Permitting in Austin.
F. This permit does not authorize the discharge of any oil and gas waste from the pit.

G. Unless otherwise required by the conditions of this permit, construction, use, maintenance, and closure of the pit shall be in accordance with the information represented on the application (Form H-11) and the attachments thereto.

H. Failure to comply with any provision of this permit shall be cause for modification, suspension or termination of this permit.

I. All laboratory analyses required to be performed by Conditions V.B., V.C., and V.D. shall be performed by an independent laboratory neither owned nor operated by the permittee.

J. The permittee shall submit a Quarterly Report containing the applicable information required in Conditions V.E. and V.F of this permit.

The first Quarterly Report shall cover the period beginning on the effective date of the permit and ending September 30, 2013. The reporting periods shall thenceforth be January 1 through March 31, April 1 through June 31, July 1 through September 30, and October 1 through December 31 of each year.

The Quarterly Reports shall be submitted to Technical Permitting in Austin no later than the 30th day of the month following each reporting period, or each January 30, April 30, July 30, and October 30, respectively.

II. AUTHORIZED WASTES:

A. Only RCRA exempt and/or non-hazardous wastes subject to the jurisdiction of the Railroad Commission of Texas may be received or disposed of in this pit. This permit authorizes the receipt and disposal of only the following oil and gas wastes:

a. Water based drilling fluids and associated cuttings;

b. Cuttings generated from the use of oil based drilling fluid;

c. Iron sulfide, which has been fully oxidized;

d. Contaminated soils from crude oil spills, pipeline and saltwater spills;

e. Absorbent pads from crude oil spills;

f. Formation sands and other solids from saltwater storage tanks or vessels and saltwater pits;

g. Solid waste from gas dehydration and sweetening (spent filters and filter media, molecular sieves, precipitated amine sludge, iron sponge, and hydrogen sulfide scrubber sludge);
h. Production tank bottoms which do not exceed 7% in oil content as
determined by a Standard API Shakeout;
i. Waste solids resulting from crude oil reclamation;
j. Liners from reserve pits.

No hazardous waste or industrial waste may be received or disposed of at the
facility. No produced water or free oil may be disposed of at the facility.

No iron sulfide waste may be received or disposed of at the facility unless the
waste has been fully oxidized.

No oil and gas NORM (Naturally Occurring Radioactive Material) waste defined
in 16 TAC §4.603 or waste from a facility that is licensed by the Texas
Department of Health to process or treat oil and gas NORM waste may be
received at this facility.

III. GENERAL SITE CONSTRUCTION:

A. The general layout and arrangement of the facility shall be consistent with the site
plan attached to and incorporated as part of this permit as Permit Appendix A. Pit
P011801 is labeled as “Proposed Pit” in Appendix A.

B. Before operations begin, the facility shall have security to prevent unauthorized
access. Access shall be secured by a 24-hour attendant or a fence locked gate
when unattended. Fencing shall be required unless terrain or vegetation prevents
truck access except through entrances with lockable gates.

C. Dikes must be constructed to completely surround the pit to a height of two feet
and width at the base of four feet.

D. The pit must be constructed with and a 60-mil high-density polyethylene primary
(top) liner and a 60-mil high-density polyethylene secondary (bottom) liner.

E. The pit must be equipped with a leachate collection system, including a high-density
polyethylene drainage net with a thickness of at least 200 mils that covers the entire
pit on top of the primary liner, to collect any rainwater that falls within the pit
footprint and leachate that percolates through the waste contained therein.

F. Leachate collected in the leachate collection sump must be removed through the
pump system and disposed of in an authorized manner.

G. The pit must be equipped with a leak detection system, including a high-density
polyethylene drainage net with a thickness of at least 200 mils that covers the entire
pit between the primary and secondary liners, to collect any leakage from the
primary liner.
H. The liners and the leak detection system must be installed in accordance with the liner manufacturer’s specifications and sound engineering practices.

I. The pit must be equipped with a level alarm or visual device to alert the attendant and the waste haulers using the pit that the waste level in the pit has reached the maximum level allowed by this permit.

J. A sign shall be posted at the pit that shows the pit permit number in numerals at least one inch in height.

IV. GENERAL OPERATING REQUIREMENTS:

A. At least two (2) feet of freeboard must be maintained at all times between the level of waste in the pit and the top of design grade (as represented in the application).

B. If the leak detection system indicates liner failure, the District Office must be notified of that fact within 24 hours of detection of liner failure. Liner system failure is defined as any of the following:
   a. A leak rate from the primary liner greater than 301 gallons per day.
   b. Any failure in the leak detection and return system or any component thereof.
   c. Any detected damage to or leakage from the secondary liner.

C. If the leak detection system indicates liner failure, disposal into the pit must cease immediately and the liner must be inspected for deterioration and leaks within five (5) days. The liner must be repaired before use of the pit may resume.

D. The leak detection system shall be checked weekly and the permittee must maintain a record of when the liner and the leak detection system are inspected and the results of each inspection. This record must be maintained by the permittee for the life of the facility, and upon request of the Commission, the record shall be filed with the Commission.

E. No free oil may be allowed to accumulate on top of the waste stored in the pit. Any free oil on top of the waste must be skimmed off.

F. Any spill of waste, treating chemicals, or any other material shall be promptly cleaned up and the resulting waste disposed of in an authorized manner.

G. All waste received at the site must be processed through the on-site dewatering equipment (i.e.: centrifuges, shakers, mechanical spreaders, and collecting pits)
prior to its placement in the referenced disposal pit. The liquid resulting from the
dewatering process must be disposed of offsite in an authorized manner.

H. No freestanding fluids may accumulate in the pit. Any fluids must be removed
within 72 hours of discovery and disposed of in an authorized manner.

V. RECORD KEEPING AND TESTING REQUIREMENTS:

A. For the purposes of this permit, a representative sample of incoming waste is
defined as a composite sample composed of one grab sample from each 50 cubic
yards of waste material from each job (e.g., from each pit, spill location).

B. All waste shall pass the Paint Filter Test (EPA Method 9095) and shall not exceed
any EPA Hazardous Waste Criteria as defined in 40 CFR Part 261 prior to disposal
in the referenced pit. Test results from each Paint Filter Test must be submitted to
Technical Permitting in Austin as part of the Quarterly Report required in Condition
I.K.

C. Prior to receipt at the site, representative samples of waste from commercial oil
and gas facilities and reclamation plants must be analyzed and may not exceed the
limit on the following parameter:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOX (Total Organic Halides)</td>
<td>100 mg/kg</td>
</tr>
</tbody>
</table>

Special authorization for disposal of waste with a TOX >100 mg/kg may be
considered. Authority must be obtained from Technical Permitting in Austin.

D. Prior to receipt at the site, representative samples of incoming RCRA non-exempt
waste must be analyzed for the following parameters and may not exceed the
following levels:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>METALS</td>
<td>TCLP</td>
</tr>
<tr>
<td>Arsenic (As)</td>
<td>&lt; 5.0 mg/l</td>
</tr>
<tr>
<td>Barium (Ba)</td>
<td>&lt; 100.0 mg/l</td>
</tr>
<tr>
<td>Cadmium (Cd)</td>
<td>&lt; 1.0 mg/l</td>
</tr>
<tr>
<td>Chromium (Cr)</td>
<td>&lt; 5.0 mg/l</td>
</tr>
<tr>
<td>Lead (Pb)</td>
<td>&lt; 5.0 mg/l</td>
</tr>
<tr>
<td>Mercury (Hg)</td>
<td>&lt; 0.2 mg/l</td>
</tr>
<tr>
<td>Selenium (Se)</td>
<td>&lt; 1.0 mg/l</td>
</tr>
<tr>
<td>Silver (Ag)</td>
<td>&lt; 5.0 mg/l</td>
</tr>
<tr>
<td>Benzene</td>
<td>&lt; 0.5 mg/l</td>
</tr>
</tbody>
</table>
E. Each load of incoming waste, other than water base drilling fluid and the associated cuttings, or oil base drilling fluid and the associated cuttings, must be scanned for the presence of naturally occurring radioactive material (NORM) using a scintillation meter with a sodium iodide detector. Any load with a maximum reading of 50 microroentgens per hour or more may not be unloaded or processed at the facility unless further analysis of the waste demonstrates that the waste does not exceed 30 picocuries per gram Radium-226 or Radium-228 or 150 picocuries per gram of any other radionuclide.

F. The permittee shall keep the following records for three (3) years from the date the waste is received at the facility:

a. Description of the site where the waste was generated, including:
   a. Generator name;
   b. Lease name and number or gas ID or API Well Number;
   c. County;

b. Transporter Name;

c. Amount of waste material received (specify units);

d. Description of the waste material, including:
   a. Fluid-to-solid ratio; and
   b. Detailed description of the type of waste including any analyses required by V.B., V.C., V.D., or V.E. above.

G. The permittee must maintain a record of when the leak detection system and the liner is inspected and the results of each inspection. This record must be maintained by the permittee for the life of the liner, and, upon request of the Commission, the record shall be filed with the Commission.

H. A report of all records required by Condition V.B. above, as well as a summary of waste receipts including the volume of each type of waste received on a monthly basis shall be submitted to Technical Permitting as part of the Quarterly Report required in Condition I.K of this permit.

VI. CLOSURE:

A. All vessels, tanks, or other containers and their contents shall be disposed of in an authorized manner.

B. Upon final cessation of use the pit, the pit must be closed in accordance with the Commission approved closure plan that is on file with the Commission at the time of closure. Any request to modify the closure plan must be filed with Technical Permitting. Upon final closure, Technical Permitting in Austin and the District Office shall be notified in writing.
D. The site will be monitored for a period of no less than five years after closure of the facility.

E. Post-closure care shall include the quarterly inspections of the entire facility by a registered professional engineer for signs of deterioration.

F. Any areas showing signs of erosion shall be contoured and backfilled or reseeded.

G. The leak detection systems shall be maintained and monitored quarterly.

H. A summary of the results of the post-closure monitoring activity shall be submitted to Technical Permitting in Austin as part of an Annual Report, which must be submitted annually for five years after the pit has been closed. The Annual Report shall consist of a record of when the leak detection system and the liner is inspected and the results of each inspection.

I. The permittee must request in writing permission to cease post-closure monitoring. Post-closure monitoring requirements may be extended by Technical Permitting based on the monitoring results.

This authorization is granted subject to review and cancellation should investigation show that such authorization is being abused.

Michael Sims, P.E., Manager
Environmental Permits and Support
Technical Permitting

cc: RRC Midland/ 08

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APPENDIX A
Tervita, LLC
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