RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

PERMIT TO MAINTAIN AND USE A PIT

Permit No. P011501

AMENDED/RENEWED/TRANSFERRED
Southwest Disposal Services, Inc (#806111) to Tervita LLC (#844072)
Supersedes permit dated March 7, 2012

TERVITA LLC
10613 W SAM HOUSTON PKWY STE300
HOUSTON TX 77064

Based on information contained in your application (Form H-11) dated September 24, 2008, July 25, 2011, the renewal request received August 8, 2014 and subsequent information received to date you are hereby authorized to maintain and use the pit designated herein:

Oil and Gas Waste Disposal Pit
Tervita Odessa Treatment, Recovery and Disposal Facility (TRD)
Disposal Pit #2 (5.2 acres)
T. & P. R.R. Co., Block 44, A-1215
Latitude/Longitude: 31.778589°, -102.536066°
Ector County, Texas
RRC District 08, Midland

Authority is granted to maintain and use the pit in accordance with Texas Administrative Code (TAC) Title 16, Part 1, Chapter 3.8 (Statewide Rule 8) and is subject to the following conditions:

I. GENERAL PERMIT CONDITIONS:
A. The effective date of this permit is May 28, 2015.
C. The capacity of the pit may not exceed 702,979 barrels.
D. The permittee shall maintain financial security in the amount of $578,400 until this pit has been closed in accordance with this permit. Technical Permitting reserves the right to revise this amount, as necessary. Prior to any modification of this facility that would require increased financial security, an updated closure cost estimate must be submitted to Technical Permitting in Austin, and any additional financial security must be filed with and approved by the Railroad Commission (RRC) prior to making that modification.
E. This permit is not transferable without the consent of the RRC. 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. When construction of the facility is completed, submit the as-built plans to be incorporated as part of the permit application.

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

I. An independent National Environmental Laboratory Accreditation Program (NELAP) certified laboratory neither owned nor operated by the permittee shall perform all laboratory analyses required by this permit using EPA methods or Standard Methods.

J. Any deviation from this permit must be approved by amendment from Technical Permitting in Austin before implementation.

K. The permittee shall submit a Monthly Report according to the following:
   1. The report shall contain applicable information as required in Conditions III.I. and IV.E. of this permit.
   2. All Monthly records must be submitted to Technical Permitting in Austin no later than the 28th day of the following month for each reporting period.
   3. Analytical results as specified Conditions III.I., IV.E., shall be included.
   4. The laboratory analytical reports and the corresponding chain of custody shall be provided for all chemical analyses performed.

L. The permittee shall submit a Quarterly Report according to the following:
   1. The report shall contain applicable information as required in Conditions III.J., IV.E. and V.H. of this permit.
   2. The quarterly reporting periods shall be January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31 of each year.
   3. The reports shall be submitted to Technical Permitting in Austin and the appropriate District Office no later than the 31st day of the month following each reporting period, or each April 30th, July 31st, October 31st, and January 31st, respectively.
   4. An Executive Summary shall be included that describes facility operations and relevant activities that occurred during the specific quarter.
   5. Data tables presenting volumes or amounts of treated waste shall be included.
   6. Analytical results as specified Conditions III.I., IV.D, and V.C., shall be included.
B. Before operations begin, the facility shall maintain security to prevent unauthorized access. Access shall be secured by a 24-hour attendant or a six foot high security fence and 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 a width of twelve feet. Slope of dike wall may not exceed 1:3 (height: width) ratio.

D. A liner anchor trench must be used to key the synthetic liner to the berm.

E. The floor of pit must have at least a 2% slope to allow fluids to drain to the sump located at the low end of the cell.

F. The pit must be constructed in accordance with the liner installation methods included in the application and consist of a 40-mil high-density polyethylene (HPDE) secondary (bottom) liner and a 60-mil HPDE (top) liner.

G. The pit must be equipped with a leachate collection system (LCS), which includes 18-inch perforated HDPE pipe installed vertically that is set at the bottom (minimum of a five inch interval), with a five inch drainage rock layer designed to convey the leachate to a sump pump. The design must be consistent with the details shown on “Pit Vertical Sump Detail” (Drawing 3) of the permit application drawings received on May 11, 2015 which is attached and incorporated as part of this permit as Permit Appendix B.

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

I. The leachate fluid must be sampled and analyzed Monthly for the following parameters:

1. Static water level.
2. Benzene
3. Total Petroleum Hydrocarbon (TPH)
4. Total Dissolved Solids (TDS)
5. Chlorides
6. Bromides
7. Sulfates
8. Nitrates
9. Carbonates
10. Calcium
11. Magnesium
12. Sodium
13. Potassium

J. All LCS records and report results must also be submitted within the Monthly Report required in Condition I.K. and within the Quarterly Report required in Condition I.L. of this permit. The physical record must be maintained by the permittee for the life of the pit. The physical record shall be filed with the RRC upon request.

K. The pit must be equipped with a leak detection system, including a HPDE 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.

L. The liners and the leak detection system must be installed in accordance with the liner manufacturer’s specifications and sound engineering practices.

M. A sign shall be posted at the pit that shows the pit permit number in numerals at least three inch in height.
IV. GENERAL OPERATING REQUIREMENTS:

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

B. A permanent boundary marker surrounding the disposal pit must be installed and maintained and must clearly identify the location of liner boundaries.

C. The leak detection system (LDS) must be monitored at least 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 shall include date of fluid level measuring, fluid level, volume of fluid removed and electric conductivity and the chloride concentration of the fluids removed and submitted in table form weekly to Technical Permitting until further notice.

D. The LDS must be sampled and analyzed Monthly for the following parameters;
   
   1. Static water level.
   2. Benzene
   3. Total Petroleum Hydrocarbon (TPH)
   4. Total Dissolved Solids (TDS)
   5. Chlorides
   6. Bromides
   7. Sulfates
   8. Nitrates
   9. Carbonates
   10. Calcium
   11. Magnesium
   12. Sodium
   13. Potassium

E. All LDS records and report results must also be submitted within the Monthly Report required in Condition I.K. and within the Quarterly Report required in Condition I.L. of this permit. The physical record must be maintained by the permittee for the life of the pit. The physical record shall be filed with the RRC upon request.

F. If the leak detection system indicates liner failure, the Midland District Office must be notified of that fact by phone or email within 24 hours of detection of liner failure. No additional waste shall be added to the pit in the event of a liner failure. After inspection, the liner must be replaced or repaired and re-inspected by RRC personnel before resuming use of the pit. Liner system failure is defined as any of the following:

   1. A leak rate from the primary liner greater than the Action Leakage Rate (ALR) of 520 gallons per day or 100 gallons per acre per day (GPAD).
   2. Any failure in the leak detection and return system or any component thereof.
   3. Any detected damage to or leakage from the secondary liner.

G. If a liner system failure is detected, the affected component must be inspected for deterioration and leaks within 7 days of detection of liner failure. After inspection, the affected component must be replaced or repaired and re-inspected by RRC personnel before use of the pit is resumed.

H. No oil may be allowed to accumulate on top of the water or wastes stored in the pit. Any oil on top of the liquids must be skimmed off and handled in accordance with RRC rules. A Skim Oil/Condensate Report (Form P-18) must be filed for every month in
which skim oil is recovered and then subsequently sold during the operation of this facility.

I. 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.

J. All waste received at the site which does not pass the paint filter test 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.

K. The liquid resulting from the dewatering process must be disposed of offsite in an authorized manner.

L. No freestanding fluids may accumulate in a disposal cell. 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) prior to disposal in a disposal cell. 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.L. of this permit.

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>Total Organic Halides (TOX)</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. 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 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.

E. The permittee shall not accept waste from a waste hauler unless the waste hauler has an RRC issued waste hauler permit and is authorized to deposit waste at this facility.
F. The permittee shall keep the following records for three years from the date the waste is received at the facility:

1. 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;

2. Transporter Name;

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

4. 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 are inspected and the results of each inspection. This record must be maintained by the permittee for the life of the pit, and, upon request of the RRC, the record shall be filed with the RRC.

H. A report of all records required by Condition V.F 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.L. of this permit.

VI. CLOSURE:

A. Technical Permitting and the Midland District Office must be notified in writing at least 45 days prior to commencement of final closure activities. Final closure of the pit must be accomplished in such a manner that rainfall will not collect at the pit location after pit closure.

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

C. The site must be monitored for a period of no less than five years after the final closure of the pit.

D. Post-closure care must include the quarterly inspections of the pit by a registered Professional Engineer currently registered in the State of Texas for signs of deterioration.

E. Since a disposal cell has achieved its capacity, the cell will be covered with a temporary soil cap and closed in accordance with description and construction details shown in "Pit 2 Grading Plan and Cross-Sections" (Drawing 1) and "Pit 2 Stormwater Grading Plan" (Drawing 2) of the permit application engineer’s drawings
received May 11, 2015 which is attached and incorporated as part of this permit as Permit Appendix C.

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

G. The leak detection systems and the leachate collection systems must be maintained and monitored quarterly. Any leachate detected shall be pumped out and disposed of in an authorized manner.

H. A summary of the results of the post-closure monitoring activity must be submitted to Technical Permitting in Austin as part of the 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, leachate collection system and the liner is inspected and the results of the 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.

APPROVED AND ISSUED ON May 28, 2015

[Signature]
Grant Chambless, P.G.
Manager
Environmental Permits & Support
Technical Permitting

cc:
RRC-District 08, Midland
RRC-Reporting Log, Austin

Notes;

The permit was renewed and amended to address design issues in the original construction and the exceedances of the ALR. At the time of renewal, the pit should be at the new permitted capacity with a temporary soil cap installed. The pit will operated and maintained as if it is still active with the possibility of increasing the capacity in the future.
1. The capacity of the pit was increased to create a 5% slope of waste. The additional 23,000 cubic yards of waste material was excavated from P011801 during the repair of the LDS and LCS.

2. A six inch temporary soil cap was installed over the pit to prevent fluid percolation through the waste material and create non-contact storm water run-off.

3. A leachate collection system was installed to pump fluids that are collected above the primary liner.

4. Removed the RCRA nonexempt waste acceptance procedures.
Permit Appendix A

“Facility Layout” (Figure 2)
Permit Appendix B

“Pit Vertical Sump Detail” (Drawing 3)
Permit Appendix C

“Pit 2 Grading Plan and Cross-Sections” (Drawing 1)

“Pit 2 Stormwater Grading Plan” (Drawing 2)