RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

PERMIT TO RECEIVE, STORE, HANDLE, TREAT AND RECLAIM CERTAIN
NONHAZARDOUS OIL AND GAS WASTES

Permit Nos: STF-0133,
R9 08-1804, P012670 and P012671

WM ENERGY SVCS OF TX LLC
5500 SOUTH QUEBEC ST SUITE 250
GREENWOOD VLG CO 80111

Based on information contained in the application, received on April 17, 2018, and subsequent information received to date, you are hereby authorized to receive, store, handle, treat and reclaim certain non-hazardous oil and gas wastes subject to the jurisdiction of the Railroad Commission of Texas (RRC) as specified below at the following facility:

WM ES TX Reeves Co SSWD
Section 288, Block 13, H. G. & G. N. RR Survey, A-5882
Latitude, Longitude: 30.976883°, -103.558775°
Reeves County, Texas
RRC District 08, Midland

NARRATIVE DESCRIPTION OF PROCESS:

Incoming oil and gas waste is received at the facility and evaluated for liquid, solid and oil fraction. Waste is unloaded at the Truck Bay Prep Area into the Washout Trench (P012671) and the Collecting Pit (P012670), which is gravity fed from the Washout Trench. Fluids and injectable solids are combined in the Collecting Pit and fluidized into an injectable solution. Produced water and waste with reclaimable hydrocarbons are transferred to the Tank Battery and Reclamation Area to be separated into solid, liquid and oil fractions. Produced water is injected at an on-site Class II injection well, and reclaimed oil is sold.

Solids are processed to reduce material size and to remove non-injectable solids by a shaker and mixing tank at the Mud Slurry Tank SBVB Area. Non-injectable solids are stored in a roll-off box located on the Materials Slab for off-site disposal at an authorized disposal facility. Injectable solids are transferred to the Collecting Pit for fluidization. The injectable slurry is transferred to the Mud Slurry SBVB Area and stored in five frac tanks before injection at an RRC-permitted on-site Class II injection well.

Authority is granted by the RRC to receive, store, handle, treat, reclaim and dispose of certain non-hazardous oil and gas wastes and reclaim oilfield hydrocarbons in accordance with 16 Texas Administrative Code (TAC) §3.8 (Statewide Rule 8) and §3.57 (Statewide Rule 57), and is subject to the following conditions:

I. GENERAL PERMIT CONDITIONS

A. The effective date of this permit is August 31, 2018 and expires on August 30, 2023.
B. The permittee may not receive, store, handle, treat or reclaim oil and gas wastes or fluids at the facility until financial security in the amount of $299,756.00 is provided and approved by the RRC for the referenced location. This amount provides financial security for all RRC permitted waste management and disposal pit permits allocated for this facility.

C. In accordance with 16 TAC § 3.78 the permittee shall maintain financial security in the amount of $299,756.00 until this facility 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 RRC prior to making that modification.

D. A copy of the site-specific Spill Control Plan that details means and methods of waste management and containment in the event of a release or discharge must be maintained on-site and made available to RRC staff for review and inspection upon request.

E. The facility’s Stormwater Management Plan shall be maintained on-site and made available upon request of the RRC.

F. Technical Permitting in Austin and the Midland District Office must be notified in writing when construction of the facility is to be initiated and upon completion of each waste management unit.

G. Technical Permitting in Austin and the Midland District Office must be notified in writing upon final completion of construction of the facility. The permittee may not begin receiving, storing, handling, treating or reclaiming oil and gas waste until the Midland District Office has performed an inspection of the completed facility and has verified that the facility is constructed in accordance with the application and this permit.

H. The permittee may not receive, store, handle, treat or reclaim oil and gas waste at the facility until all necessary air permits (if any) are obtained from the Texas Commission on Environmental Quality (TCEQ).

I. The “Application for Permit to Operate a Reclamation Plant” (Form R-9), which is attached and incorporated into this permit as Permit Appendix A, grants authority for the reclamation of oil field related hydrocarbons and does not cover reclamation of any refined products. Commingling or blending of refined products with crude is not permitted unless written authority is granted by the RRC’s Director of Field Operations following a formal written request for such blending by the Reclamation Plant operator. Any deliveries made containing products or crude blended with products must be clearly identified on the RRC Form R-2 as “Products” or “Crude Blended with Products”.

J. The removal of tank bottoms or other hydrocarbon wastes from the facility for which a monthly report (Form R-2) is not filed with the RRC must be authorized in writing by the RRC prior to such removal. A written request for such authorization must be sent to Technical Permitting in Austin and must detail the location, description, estimated volume and specific origin of the material removed, as well as the name of the reclaimer and intended destination of the material.

K. The receipt of any tank bottoms or other hydrocarbon wastes from outside the State of Texas must be authorized in writing by the RRC prior to such receipt. Written approval from the RRC is not required if another regulatory agency indicated, in the appropriate monthly report, a corresponding delivery of the same material.
L. An On-Site Sewage Facility (OSSF) may be constructed, operated, and maintained within the boundaries of the subject facility without an additional permit from the Commission if: (1) the OSSF waste is not commingled with any other oil and gas waste; (2) the system is designed by a Professional Engineer registered in the state of Texas or a sewage system installer licensed in the state of Texas; and the construction, operation, and (3) maintenance of the OSSF complies with all applicable local, county, and state requirements.

M. Unless otherwise required by conditions of this permit, construction, use, and maintenance of the facility must be in accordance with the information represented in the permit application and attachments thereto. When construction of the facility is completed, submit the "as-built" plans to be incorporated as part of the permit application.

N. Prior to beginning operations, the facility shall have procedures in place to prevent unauthorized access. The entire facility shall be surrounded by a security fence. Access shall be maintained by a locked gate when the facility is unattended.

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

P. This permit does not authorize discharge from the facility of any oil and gas waste, including contaminated or contact storm water.

Q. Any soil additives, bioaccelerators or treatment chemicals must be approved by Technical Permitting prior to use at the facility.

R. Safety Data Sheets (SDS) must be submitted to Technical Permitting in Austin for any chemical proposed to be used in the treatment of waste at the facility. Use of the compound is contingent upon RRC approval.

S. All chemical laboratory analyses required to be performed in accordance with this permit must be performed using appropriate EPA Methods or Standard Methods by an independent National Environmental Laboratory Accreditation Program (NELAP) certified laboratory neither owned nor operated by the permittee. Any sample collected for laboratory analysis must be collected and preserved in a manner appropriate for that analytical method as specified by 40 CFR, Part 136. All geotechnical testing is to be performed utilizing tests standardized by the American Society for Testing and Materials (ASTM) and certified by a Texas licensed Professional Engineer.

T. This permit may be considered for administrative renewal upon review by the RRC. Any application for renewal should be received at least 60 days prior to the permit expiration date.

U. This permit is nontransferable without consent of the RRC. Any request for permit transfer must be filed with Technical Permitting in Austin at least 60 days before the permittee wishes the transfer to take place.

V. The permittee must make all records required by this permit available for review and/or copying during normal business hours upon request of RRC personnel.

W. The permittee shall submit a Quarterly Report according to the following:

1. The report shall contain applicable information as required in Permit Conditions III.I, IV.N., V.D. and VI.E.

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 Midland District Office no later than the 30th day of the month following each reporting period, or each April 30th, July 30th, October 30th, and January 30th, 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. Laboratory analytical results and corresponding chain of custody must be included for all chemical analyses performed.

X. Failure to comply with any provision of this permit shall be cause for modification, suspension, termination or cancellation of this permit if Technical Permitting determines that the permittee is in violation of Statewide Rule 8 (d)(6) (E).

II. AUTHORIZED WASTES

A. Only oil and gas wastes subject to the jurisdiction of the RRC that are non-hazardous according to Subtitle C (Resource Conservation and Recovery Act (RCRA)), may be received. You may receive, store, handle, treat, process, and reclaim only the following oil and gas wastes:

1. Water-based drilling fluids and associated cuttings

2. Oil-based drilling fluids and associated cuttings

3. Produced Water

4. Other injectable fluids and solids

5. Non-injectable waste waters (too many solids to directly inject into an injection well without pretreatment for solids removal)

6. Production tank bottoms

B. RCRA non-exempt fluid wastes under the jurisdiction of the RRC may be accepted and processed at the facility if analytical results demonstrate that the waste is characteristically non-hazardous. See Permit Condition III.E.

C. No oil and gas Naturally Occurring Radioactive Material (NORM) waste as defined in 16 TAC §4,603 (Oil and Gas NORM) or waste from a facility that is licensed by the Texas Department of State Health Services (DSHS) to process or treat oil and gas NORM waste may be received at the facility.

D. No asbestos-containing material regulated under the Clean Air Act or polychlorinated biphenyls (PCB) material regulated under the Toxic Substances Control Act may be accepted for processing at this facility.

E. No other waste may be accepted at this facility.

F. All waste haulers received at the facility must be currently permitted Oil and Gas Waste Haulers and must have the subject facility listed as an approved disposal facility on their “Oil and Gas Waste Hauler’s Authority to use Approved Disposal/Injection System”, (Form WH-3).

III. WASTE TESTING AND RECORD KEEPING REQUIREMENTS

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

B. Each load of incoming waste, other than water-based drilling fluids and associated cuttings, or oil-based drilling fluid and associated cuttings, must be scanned for the presence of NORM using a scintillation meter with a sodium iodide detector or other equivalent devices that
comply with 25 TAC 289.259, Texas Regulations for Control of Radiation (TRCR Part 46). Manufacturer's specifications must be submitted to Technical Permitting for equivalent devices used for NORM detection. Any load with a reading of 50 microreentgens per hour or greater 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 of Radium-226 combined with Radium-228, or 150 picocuries per gram of any other radionuclide.

C. The operator of the Reclamation Plant (R9 08-1804) must conduct a shakeout test on all tank bottoms or other hydrocarbon wastes upon removal from any producing lease tank, pipeline storage tank, or other storage vessel from a production facility to determine crude oil content and lease condensate thereof.

D. Prior to receipt at the site, representative samples of waste from commercial oil and gas facilities and reclamation plants must be analyzed for either of the parameters listed below and may not exceed the limitation for the respective parameters:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Organic Halides (TOX)</td>
<td>100 mg/l</td>
</tr>
<tr>
<td><em>(EPA Method 9020B)</em></td>
<td></td>
</tr>
<tr>
<td><em>or</em></td>
<td></td>
</tr>
<tr>
<td>Extractable Organic Halides (EOX)</td>
<td>100 mg/kg</td>
</tr>
<tr>
<td><em>(EPA Method 9023)</em></td>
<td></td>
</tr>
</tbody>
</table>

Special authorization for disposal of waste with a TOX/EOX > 100 ppm may be considered. Authority must be obtained from Technical Permitting in Austin prior to acceptance of that waste.

E. Prior to acceptance at the site, representative samples of incoming RCRA non-exempt waste must be analyzed for the following parameters and may not exceed the specified limitations:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrosivity</td>
<td>pH 2.0-12.5 standard units (s.u.)</td>
</tr>
<tr>
<td><em>(EPA Method 1110A, 9040C or equivalent)</em></td>
<td></td>
</tr>
<tr>
<td>Ignitability</td>
<td>Flash Point &lt; 60°C</td>
</tr>
<tr>
<td><em>(EPA Method 1010A, 1020B, or 1030A)</em></td>
<td></td>
</tr>
<tr>
<td>Reactivity</td>
<td>No materials exhibiting the characteristic of reactivity as defined by RCRA</td>
</tr>
<tr>
<td>Toxicity</td>
<td>No materials exhibiting the characteristic of toxicity as defined by RCRA</td>
</tr>
<tr>
<td><em>(EPA Method 1311)</em></td>
<td></td>
</tr>
<tr>
<td>Metals: ToxicCharacteristic Leaching Procedure (TCLP) <em>(EPA Method 1311/6010/6020/7147A)</em></td>
<td></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>PARAMETER</td>
<td>LIMITATION</td>
</tr>
<tr>
<td>----------------</td>
<td>------------</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>

(EPA Method 1311/8260/8021B)

F. Details of receipts, deliveries for incoming waste to be processed at the Reclamation Plant (R9 08-1804) and the stock on hand (available for re-sale) must be reported monthly on the Form R-2, “Monthly Report for Reclaiming and Treating Plants”. Submit the original of the Form R-2 report directly to Technical Permitting in Austin and a copy of the report to the Midland District Office by the 15th day of the calendar month following the month of the report. Form R-2 shall be completed in accordance with Statewide Rule 57.

G. The permittee must maintain the following records on each load of waste received at the facility for a period of three (3) years from the date of receipt:

1. Description of the site where the waste was generated, including:
   i. Generator name;
   ii. Lease name and number and well number(s), or gas ID number(s), or American Petroleum Institute (API) well number(s); or latitude and longitude coordinates in decimal degrees if waste was not generated on a lease; and
   iii. County;

2. Name and RRC permit number of the transporter;

3. Volume of waste material (specify units); and

4. Detailed description of the type of waste, including any analysis required by Permit Conditions III.B., III.C., III.D., and III.E. above.

H. The permittee shall maintain the following records on each load of waste removed from the facility for a period of three (3) years from the date of receipt:

1. Date waste is removed and hauled to a disposal facility;

2. Name and RRC permit number of the transporter;

3. Volume (specify units) of each shipment of waste hauled to a disposal facility;

4. Type of waste (basic sediment, water, water-based mud, etc.); and

5. Name and permit number of the facility to which the waste was hauled to for disposal.

I. A report must be submitted to Technical Permitting in Austin and the Midland District Office as part of the Quarterly Report required in Permit Condition I.W. and shall include the following information:

1. All records required by Permit Conditions III.G., and III.H. above, as well as a table summary of waste receipts;

2. The total volume of each type of waste material received during the specific quarter as detailed in Permit Condition III.G; and
3. Total volume of each type of waste that leaves the facility for disposal or final disposition during the quarter as detailed in Permit Condition III.H.

IV. GENERAL FACILITY DESIGN/MAINTENANCE REQUIREMENTS

A. The general layout and arrangement of the facility shall be consistent with the “SITE LAYOUT PLAN” (Drawing No. CS-100) diagram and the unnamed diagram, received July 2, 2018, which are attached and incorporated into this permit as Permit Appendix B.

B. The entire facility shall consist of, and is defined by, the following waste management unit designations:

1. Truck Bay Prep Area:
   a. One (1) 300-bbl Washout Trench (P012671)
   b. One (1) 3,624-bbl Collecting Pit (P012670)
   c. Eight (8) Unloading Bays

2. Materials Slab and Mud Slurry Tank SBVB Area:
   a. One (1) 400-bbl Solids Roll-off Box
   b. One (1) 500-bbl Shaker Tank
   c. Five (5) 400-bbl Agitation Tanks

3. Tank Battery and Reclamation Area:
   a. Two (2) 500-bbl Oil Tanks
   b. Two (2) 750-bbl Surge Tanks
   c. One (1) 750-bbl De-sanding Tank
   d. One (1) 1000-bbl HWSB Tank
   e. Six (6) 750-bbl Processed Water Tanks

C. A sign must be posted at each entrance to the facility. The sign must be readily visible and show the operator name, facility name, and permit number in letters and numerals at least three inches in height.

D. No waste, treated or untreated, may be placed on the ground.

E. All storage tanks, equipment and roll-off boxes must be maintained in a leak-free condition. If inspection of a tank reveals deterioration or leaks, the tank must be repaired before resuming use of the tank.

F. No additional equipment may be added without prior written approval by Technical Permitting. A request for any additional equipment must be submitted in writing to Technical Permitting.

G. Any spill of waste, chemicals, or any other waste related material must be collected and containerized within 24 hours and processed through the treatment process or disposed of in an authorized manner.

H. Any chemical used in the treatment process shall be stored in vessels designed for the safe storage of that particular compound and these vessels shall be maintained in a leak free condition.
I. The earthen apron surrounding the facility must be graded such that all surfaces slope away from the concrete areas to prevent surface flow storm water from entering the waste management units.

J. Berm or containment structures must be constructed around all waste management units and must be compacted or constructed of material that meets 95% Standard Proctor (ASTM D698) or 90-92% Modified Proctor (ASTM D1557) density and meet a permeability of \(1 \times 10^{-7}\) cm/sec or less when compacted. During construction, successive lifts should not exceed nine inches in thickness, and the surface between lifts should be scarified to achieve a good seal. Each berm shall maintain a slope no steeper than a one to three (vertical to horizontal) ratio, unless constructed of concrete or equivalent material (firewalls). These structures must be used to divert non-contact storm water around the waste management areas and contain and isolate contact storm water within the waste management units. Refer to the stormwater management requirements specified in Permit Condition VII.

K. All storage tanks containing fluid waste or fuel shall be contained within dikes or berms. Secondary containment of 120% total storage capacity is recommended, however a firewall capacity that will capture 100% of the volume of the largest tank plus the volume of a 25 year/24-hour rainfall event for Reeves County is acceptable.

L. 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 to prevent vehicle or livestock access. Fencing shall be required unless terrain or vegetation prevents truck or livestock access except through entrances with lockable gates.

M. No oil may be allowed to accumulate on top of the water or wastes stored in the pits. Any oil on top of any waste liquids must be skimmed off and handled in accordance with RRC rules. Any recovered oil must be recorded and filed as either a “Skim Oil/Condensate Report” (Form P-18) or a “Letter of Authority Request for Oil Movement” (Form T-1):

1. A “Skim Oil/Condensate Report” (Form P-18) must be filed with the RRC every month to record skim oil volumes recovered and sold during the operation of this facility. If no skim oil is recovered for a given month, a (Form P-18) should still be filed with the RRC.

OR

2. An original signed “Letter of Authority Request for Oil Movement” (Form T-1) must initially be submitted on letterhead to Field Operations, Austin, TX, Oil and Gas Division, for every event in which sellable skim oil is recovered and intended to be sold during the operation of this facility. Filing frequency requirements may be redefined after the initial oil movement request has been processed. The request must include:
   a. The time period for which oil movement authority is requested.
   b. The name of the applicant requesting to move the oil.
   c. Volume (barrels) of oil to be moved.
   d. Name and location of the facility which oil will be moved.
   e. Name, address, telephone, and fax number of facility buying the oil to be moved.
   f. Contact person, T-1 permit number, and P-5 Operator Number of the oil buyer.
N. Each month an inspection of the entire facility must be performed on all concrete slabs, processing equipment, containment berms, and aboveground storage tanks for deterioration, leaks and spills. The records of each inspection must be kept on-site and maintained for a period of three (3) years from the date of the inspection. The following must be included in the inspection report and submitted as part of the Quarterly Report required by Permit Condition I.W.:

1. The results of the monthly inspection of concrete slabs within the facility for evidence of deterioration, leakage, or storm water run-on, and a description of corrective action taken, if any.

2. The results of the monthly inspection of process equipment, tanks, roll-off boxes or containment berms for evidence of deterioration or leakage, and a description of corrective action taken, if any.

3. The results of the monthly inspection of waste levels within the storage areas, tanks, and roll-off boxes, and a description of corrective action taken, if any.

4. The results of monthly inspections of the silt fencing / rock filter dams installed to control and manage run-off to surface waters. Indicate whether debris has been removed.

V. CONSTRUCTION AND OPERATION OF TRUCK BAY PREP AREA

A. The general layout and arrangement of the Truck Bay Prep Area shall consist of eight Washout and Unloading Bays and a Washout Trench (P012671) that gravity feeds to a Collecting Pit (P012670). The Truck Bay Prep Area must be consistent with the schematic diagrams provided in Permit Appendix B, and the "MATERIALS PIT PLAN AND SECTIONS" (Drawing No. SS-130) diagram, received on July 16, 2018, which is attached and incorporated into this permit as Permit Appendix C.

B. The Truck Bay Prep Area shall consist of an above grade, covered structure that will have eight bays and will be approximately 78 feet wide by 136 feet long. The slab shall be constructed of reinforced concrete with a minimum thickness of 12 inches. The Washout and Unloading bays must slope towards the Washout Trench (P012671) located in the middle and collect wastes that then gravity flow to the Collecting Pit (P012670).

1. Use of the Washout Trench is limited to the collection of water-based drilling fluids, oil-based drilling fluids, produced water, waste water, rinsate and residual solids generated from the unloading and washout of trucks and frac tanks. No other oil field fluids or oil and gas wastes may be stored or staged in the pit.

2. The floor of each bay shall have a minimum slope of 1% allowing for wash water to drain into the grated Washout Trench (P012671). The Washout Trench shall consist of a channel that is 136 feet long, 4.5 feet wide and 2.75 feet deep, extending the full width of the unloading bays and will gravity drain into the Washout Trench.

3. The usable capacity of the Washout Trench must not exceed 300 barrels.

4. A sign shall be posted identifying the Washout Trench by name and permit number using letters and numerals at least three inches in height.

C. The Collecting Pit (P012670) contains an internal weir to passively separate incoming fluids and waste and an unloading ramp used to dump materials directly to the pit.

1. Use of the Collecting Pit is limited to the collection of oil and gas wastes specified in Permit Condition II.A. prior to reclamation or disposal at an authorized Class II injection well. No other oil field fluids or oil and gas wastes may be stored or staged in the pit.
2. The Collecting Pit must be approximately of 53 feet long, 32 feet wide and 14 feet deep. The pit must be lined with reinforced concrete with a minimum thickness of 12 inches. The usable capacity for the pit must not exceed 3,624 barrels.

3. A sign shall be posted identifying the Collecting Pit name and permit number using letters and numerals at least three inches in height.

4. At least two feet of freeboard must be maintained between the fluid level in Collecting Pit and the top of the pit wall.

5. The concrete liner must be installed and maintained in accordance with best management and sound engineering practices.

D. Each pit must be emptied and visually inspected annually for deterioration and leaks. A record of this inspection and photographs of the interior of each pit must be maintained and shall be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Permit Condition I.W. The Midland District Office must be notified by phone or email at least 48 hours before emptying the pit for inspection.

E. The concrete liner must be inspected whenever evidence of liner leakage arises. If inspection of the concrete liner reveals a leak or other loss of integrity, the liner must be replaced or repaired and re-inspected by RRC personnel before resuming use of the pit.

F. This permit does not authorize the discharge of waste from the pits to the ground surface or to surface water.

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

VI. CONSTRUCTION AND OPERATION OF THE MATERIALS SLAB AND MUD SLURRY SBVB AREA

A. The general layout and arrangement of the Materials Slab and Mud Slurry SBVB Area shall consist of two connected concrete slabs and must be consistent with the "SITE LAYOUT PLAN" (Drawing No. CS-100) schematic provided in Permit Appendix B.

B. The concrete Materials Slab and Mud Slurry SBVB Area shall be constructed of reinforced concrete with a minimum thickness of 12 inches. The Mud Slurry SBVB Area must be surrounded by a reinforced concrete firewall at least two feet in height.

C. The Materials Slab may receive non-injectable solid waste from the shaker area, excavated from the Collecting Pit (P012670) or from the Storage Tanks. Waste will be received in an open-top solids roll-off box to be transported and disposed of at an authorized facility. No waste will be placed or stored directly on the floor of the Materials Slab.

D. The Mud Slurry SBVB Area may receive injectable wastes from the Collecting Pit (P012670) prior to disposal at the on-site Class II injection well.

E. The Materials Slab and Mud Slurry SBVB Area must be emptied and visually inspected annually for deterioration and leaks. A record of this inspection and photographs of the interior of the Materials Slab and Mud Slurry SBVB Area must be maintained and shall be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Permit Condition I.W. The Midland District Office must be notified by phone or email at least 48 hours before emptying the Materials Slab and Mud Slurry SBVB Area for inspection.
VII. STORM WATER MANAGEMENT

A. A perimeter berm that surrounds the facility on three sides must be constructed and maintained to provide a physical barrier to prevent potential commingling of contact and non-contact stormwater. The perimeter berm must be constructed to a minimum height of at least four feet with a slope no steeper than a one to three (vertical to horizontal) ratio. Construction must be consistent with the application and the "SITE GRADING PLAN" (Drawing No. CS-102) and the "DRAINAGE AREA MAP & SPILL CONTAINMENT LAYOUT" (Drawing No. CS-101) schematics, received on July 2, 2018, which are attached and incorporated into this permit as Permit Appendix D.

B. Berms and other containment structures must be constructed around all waste management units and waste storage areas. These structures must be used to divert non-contact storm water around the waste management areas, and isolate and contain contact storm water within the waste management units. Construction of all stormwater management area structures must be consistent with the schematics provided in Permit Appendix D.

C. In the event that contact storm water enters the Storm Water Retention Pond the permittee must submit a written report detailing the event to Technical Permitting in Austin before disposing of the contents of the pond. Contact storm water must be removed and disposed of in an authorized manner.

D. Contact storm water must be contained within the waste management units. Contact storm water must be removed and disposed of in an authorized manner.

E. All above ground tanks must be diked. Dikes must be constructed and maintained to contain the largest tank’s maximum capacity, plus freeboard to contain a 25-year, 24-hour storm event volume for Reeves County as specified in Permit Conditions IV.I and IV.J. respectively.

F. Non-contact storm water within the facility must be conveyed away from the waste management units and directed to the Storm Water Retention Pond using a series of ditches, culverts and slides gates. The slide gates must be located at the entrance of the culverts that are used to convey non-contact storm water to the Storm Water Retention Pond. The Storm Water Retention Pond must be constructed to contain storm water generated from a 100-year, 24-hour storm event volume for Reeves County, while maintaining the required two (2) foot of freeboard.

G. A discharge permit from the EPA may be required for non-contact stormwater discharges. If required, the permit from the EPA must be in place prior to commencement of discharge operations.

VIII. FACILITY CLOSURE

A. Technical Permitting and the Midland District Office must be notified in writing at least 45 days prior to commencement of closure activities. The permittee must submit a closure plan to Technical Permitting in Austin to be reviewed and approved prior to beginning closure activities.

B. At facility closure, all waste, chemicals and waste related materials must be processed through the facility and removed from the facility for authorized reuse or disposed of in an authorized manner.

C. Waste processing equipment, aboveground storage tanks, and any other equipment not associated with the maintenance of the facility storage must be removed.

D. Provisions must be taken to prevent erosion both during and following closure.
E. The entire facility must be backfilled as necessary, contoured to original grade and re-vegetated.

F. Closure of the Truck Bay Prep Area, Materials Slab and Mud Slurry SBVB Area and Tank Battery and Reclamation Area shall be as follows:

1. The contents of all tanks, vessels, or other containers must be disposed of in an authorized manner.

2. All non-maintenance related equipment must be removed and salvaged, if possible, or disposed of in an authorized manner.

3. The concrete unloading bays, Washout Trench (P012671), Collecting Pit (P012670), concrete pads and access roads shall be cleaned, demolished and the concrete rubble and wash-water must be disposed of in an authorized manner.

4. The Washout Trench and Collecting Pit must be dewatered, emptied, backfilled, compacted, and properly closed. All wastes, including the liners, must be removed and disposed of in an authorized manner.

5. Twelve inches of soil from beneath the concrete unloading bays, concrete liners, concrete aprons, and all visually contaminated soils from beneath the synthetic pit liners shall be excavated and removed. The contaminated soil must be disposed of in an authorized manner.

6. Once waste removal is completed, a soil sampling plan must be submitted to Technical Permitting to characterize the scope of any contamination at the facility. After the removal of wastes, composite soil samples must be taken comprised of a minimum of four representative soil samples per acre. Samples must be taken from around and underneath the Truck Bay Prep Area, the Materials Slab and Mud Slurry SBVB Area, and the Tank Battery and Reclamation Area.

7. Soil samples required by Permit Condition VIII.F. must be analyzed for the Parameters listed in Permit Condition VIII.G., and those Parameter Limitations shall not be exceeded. If soil parameter limitations are exceeded, the waste must be disposed of in an authorized manner.

G. Soil samples required by Permit Conditions VIII.F. must be analyzed for the following Parameters and shall not exceed the specified Limitations:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH (EPA Method 9045C or equivalent)</td>
<td>6 to 10 standard units</td>
</tr>
<tr>
<td>Electrical Conductivity (EC) ¹</td>
<td>≤ 4.0 mmhos/cm</td>
</tr>
<tr>
<td>Total Petroleum Hydrocarbon (TPH) (EPA Method 5035A/TX1005)</td>
<td>≤ 10,000 mg/kg or 1 % by weight</td>
</tr>
<tr>
<td>Total Benzene, Toluene, Ethylbenzene, Xylenes (BTEX) (EPA Method 5035A/8021/8260B)</td>
<td>≤ 30 mg/kg</td>
</tr>
<tr>
<td>Metals (Total) (EPA Method 6010/6020/7471A)</td>
<td>≤ 10 mg/kg</td>
</tr>
<tr>
<td>Arsenic</td>
<td>≤ 10,000 mg/kg</td>
</tr>
<tr>
<td>Barium</td>
<td></td>
</tr>
<tr>
<td>PARAMETER</td>
<td>LIMITATION</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Cadmium</td>
<td>≤ 10 mg/kg</td>
</tr>
<tr>
<td>Chromium</td>
<td>≤ 100 mg/kg</td>
</tr>
<tr>
<td>Lead</td>
<td>≤ 200 mg/kg</td>
</tr>
<tr>
<td>Mercury</td>
<td>≤ 10 mg/kg</td>
</tr>
<tr>
<td>Selenium</td>
<td>≤ 10 mg/kg</td>
</tr>
<tr>
<td>Silver</td>
<td>≤ 200 mg/kg</td>
</tr>
</tbody>
</table>

1 Louisiana Department Natural Resources (LDNR) Lab Procedures for Extraction and Analysis of Exploration and Production (E&P) Waste or equivalent

H. A summary of the soil sampling required by Permit Conditions VIII.F. must include:
   1. A map drawn to scale with coordinates of the sampling locations;
   2. A table indicating the results of the parameters sampled;
   3. The date of sampling;
   4. The approximate depth of the sample below land surface;
   5. Copies of the laboratory analytical reports and chain of custody.

I. Any soil sample that exceeds the Parameter Limitations specified in Permit Condition VIII.G. is considered waste and must be disposed of at an authorized disposal facility.

J. Once the results of the closure activities have been approved by the RRC, all pits must be dewatered, emptied, backfilled, and compacted within 120 days of final cessation of use of each pit. Final surface grading of the pits and the storage tank battery areas must be accomplished in such a manner that rainfall will not collect at these former locations. Upon final closure, the Midland District Office and Technical Permitting in Austin shall be notified in writing.

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

APPROVED AND ISSUED ON August 31, 2018

Tiffany Humberson, Manager
Environmental Permits and Support
Technical Permitting

Attachments:

1. Permit Appendices A through D

cc: RRC – RRC District 08, Midland
    RRC - Production Audit Austin
Permit Appendix A

Application for Permit to Operate a Reclamation Plant
(Form R-9)
RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

APPLICATION FOR PERMIT TO OPERATE
A RECLAMATION PLANT

1. OPERATOR NAME, exactly as shown on P-5, Organization Report
WM ENERGY SVCs OF TX, LLC

5. OPERATOR ADDRESS, including city, state, and zip code
5500 SOUTH QUEBEC ST, SUITE 3500
GREENWOOD VLG, CO 80111

6. PURPOSE OF FILING
□ New permit for new facility. Estimated completion date:
□ New permit for existing facility. Name of previous operator:
□ One-time renewal of existing permit
□ Serial/registration (R-9) no.

7. TYPE OF FACILITY
XX Permanent
□ Portable

8. Driving directions from the nearest town (identify town):
6.6 MILES SOUTHEAST OF SARAGOSA, ON THE NORTH SIDE OF I-10.

Hydrocarbon wastes and tank bottoms will be received at the site. Water, solids and oil will be separated by gravity, chemicals, and heat. Waste water and waste solids will be disposed in authorized facilities. Oil will be reclaimed or disposed in an authorized manner.

10. Material transported to plant in: (see list, No. 8)
□ vehicles owned by applicant
□ for-hire vehicles
XX both applicant's and for-hire vehicles

11. Identify all oil and/or gas-related facilities located within 100 yards of facility, (example: well, pipeline, subwater disposal facility, tank battery, etc.)

TO BE COMPLETED BY RAILROAD COMMISSION PERSONNEL

This permit is valid until cancellation under either of the following conditions:
1. The above named operator requests cancellation in writing.
2. The commission cancels the permit after notice and opportunity for hearing because:
   a. The permit facility has been inactive for 12 months, or
   b. There has been a violation or a violation is threatened of any provision of the permit, the conservation laws of the state, or rules or orders of the Commission.
This permit is non-transferable. The financial assurance filed in support of this application shall be renewed and continued in effect until its conditions have been met or released is authorized by the Commission. The facility schematic diagram is to be kept with this permit.

Serial/registration no. R9 08-1804

□ Issued/renewed effective
August 31, 2018

8. Signature of ABCP Representative
Name (type or print)
Phone No.

RECEIVED
RRC OF TEXAS
APR 17 2018
O & G
AUSTIN, TX

ALL WASTES GENERATED BY RECLAIMING OPERATIONS SHALL BE DISPOSED OF IN ACCORDANCE WITH STATEWIDE RULES, 8, 9, AND 46 (RELATING TO WATER PROTECTION, DISPOSAL WELLS, AND FLUID INJECTION)

Facility Name = Reeves Co - Saragosa Reclamation Facility
*Associated w/ CN-0133, CN-012476, CN-012471, CN-012472.
Permit Appendix B

Site Layout Plan
(Drawing No. CS-100)
Permit Appendix C

Materials Pit Plan and Sections
(Drawing No. SS-130)
Permit Appendix D

Site Grading Plan
(Drawing No. CS-102)

Drainage Area Map & Spill Containment Layout
(Drawing No. CS-101)