RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

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

Permit Nos: STF-0102,
P012254, P012255, P012256,
and P012493

STATELINE OILFLD WASTE DISP, LLC
PO BOX 64442
LUBBOCK TX 79464

Based on information contained in the original application received May 18, 2015, the amended application received May 26, 2016, and subsequent information received to date, you are hereby authorized to receive, store, handle, treat and dispose of certain non-hazardous oil and gas wastes as specified below at the following facility:

Stateline Commercial Oil and Gas Waste Separation and Disposal Facility
Stateline Commercial Disposal Facility (123 acres)
T&P R.R. Co. Survey, Block 55 T1, Section 1, A-92
Latitude, Longitude: 31.99591°, -103.71354°
Loving County, Texas
RRC District 08, Midland

NARRATIVE DESCRIPTION OF PROCESS:
Incoming oil and gas wastes are directed to the settling tank, the Receiving Pit, or the active Disposal Pit depending on the liquid content and composition of the waste. The settling tank and the Receiving Pit will passively separate solids, liquids, and oil.

The Washout Pit (P012255) will convey washout water from the Truck Wash Area to the settling tank for processing. Separated fluids from the settling tank will be pumped to a gun barrel fractionation tank for further separation and then stored in separate oil and water tanks. The recovered hydrocarbons will be stored in above ground tanks prior to being sold. The remaining fluids will be transported to the Collecting Pit (P012256) or to an off-site permitted Class II injection well for disposal. The accumulated solids from the settling tank and gun barrel will be transferred into the Receiving Pit or directed into the Disposal Pit.

The Receiving Pit (P012493) will be utilized to further separate and dry the solids before placement in the Disposal Pit (P012254). Solid wastes recovered from the Receiving Pit must pass a paint filter test before placement into the active Disposal Pit. Fluids recovered from the
Receiving Pit and contact storm water will be pumped or conveyed to the Collecting Pit then transported to an off-site Class II injection well for disposal.

Authority is granted by the Railroad Commission of Texas (RRC) to receive, store, handle, treat and dispose of certain nonhazardous oil and gas wastes in accordance with 16 Texas Administrative Code (TAC), Part 1, § 3.8 (Statewide Rule 8) and is subject to the following conditions:

I. GENERAL PERMIT CONDITIONS

A. The effective date of this permit is December 17, 2018 and expires on December 16, 2023.

B. The permittee may not receive, store, handle, or dispose of oil and gas wastes or fluids at the facility until financial security in the amount of $2,110,587.00 is provided and approved by the RRC for the referenced location. This amount provides financial security for the RRC permitted waste storage and treatment units as specified in this permit.

C. In accordance with 16 TAC § 3.78 the permittee shall maintain financial security in the amount of $2,110,587.00 until this facility and all the associated permits; Stationary Treatment Facility (STF-0102), Washout Pit (P012255), Receiving Pit (P012493), Collecting Pit (P012256), and Disposal Pit (P0122254), have been closed in accordance with this permit and all of the referenced equipment and storage tanks have been emptied and removed. Technical Permitting reserves the right to revise this amount, as necessary. Prior to any modification or expansion 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. No waste may be received at the referenced facility until a restrictive covenant is signed by a representative of the permittee, the landowner, and a representative of the RRC; and the signed document is filed in the Real Property Records Section of Loving County, Texas, and proof of the filing with Loving County is submitted to and approved by the RRC.

E. No waste may be received at the referenced facility until the groundwater monitoring wells required by Permit Conditions XI. have been completed, developed and sampled. The documentation required by Permit Conditions XI.A. and XI.B. must be provided to and approved by Technical Permitting within 30 days after installation of the groundwater monitoring wells.

F. 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.

G. The facility’s Stormwater Management Plan shall be maintained on-site and made available upon request of the RRC.
H. A discharge permit from the Environmental Protection Agency (EPA) may be required for non-contact storm water discharges. If required, the permit from the EPA must be in place prior to commencement of discharge operations.

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

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

K. The permittee shall implement a Dust Control Plan (Plan) for the facility roads, receiving pit and disposal pit areas. The Plan must include: (1) Proactive controls to reduce the amount of dust generated during operations, including the enforcement of low speed limits for vehicular traffic and the application of water to access/haul roads; (2) Use of airborne dust wet suppression systems during operating hours for all material handling activities; (3) Application of water spray/mist to work areas prior to beginning work that is supplemented as needed; and (4) Suspension of work under high wind conditions until the sustained wind speed is under 25 mph for at least 15 minutes. The water used for dust suppression shall not consist of waste or contact stormwater.

L. Technical Permitting in Austin and the appropriate 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 disposing of oil and gas waste until the appropriate 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.

M. Technical Permitting in Austin and the appropriate District Office must be notified in writing when construction of the facility is initiated and with the completion of the disposal pit and each waste management unit.

N. 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.

O. 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 (3) the construction, operation, and maintenance of the OSSF complies with all applicable local, county, and state requirements.

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

Q. Any soil additives, stabilizers, 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 or component proposed to be used in the treatment of waste at the facility. Use of the compound is contingent upon RRC approval. All chemicals must be stored according to the manufacturer’s specifications.

S. All chemical laboratory analyses required to be performed in accordance with this permit must be performed using appropriate Environmental Protection Agency (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 International) and certified by a Texas licensed Professional Engineer.

T. 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.

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

V. 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.

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.B., III.I., IV.O., VI.K., VII.K., VIII.N., X.J., XI.J., and XIV.H.

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 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, corresponding chain of custody and other relevant data as specified in Permit Condition III.G.4. shall be included.
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 dispose of only the following oil and gas wastes:

1. Water-based drilling fluids and associated cuttings
2. Oil-based drilling fluids and associated cuttings
3. Iron sulfide, which has been fully oxidized
4. Contaminated soils from crude oil, pipeline, condensate, and saltwater spills
5. Solid waste generated from gas dehydration and sweetening (spent filters and filter media, molecular sieves, precipitated amine sludge, iron sponge, and hydrogen sulfide scrubber sludge) activities
6. Waste material from produced water collecting pits
7. Produced formation sand
8. Non-injectable waste waters (too many solids to directly inject into an injection well without pretreatment for solids removal)
9. Spent activated carbon and other oil and gas waste filtering and separation media
10. Inert wastes as defined by Statewide Rule 8 such as contaminated concrete or wood

B. RCRA non-exempt 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.F.

C. This permit does not authorize the active reclamation of crude oil from oil and gas waste. A request for authorization under 16 TAC §3.57 must be submitted to and approved by Technical Permitting in Austin prior to any active reclamation activities at the referenced facility. No free oil may be disposed of at the facility.

D. 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.

E. 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.

F. No other waste may be accepted at this facility.
G. All waste haulers received at the facility must be currently permitted RRC Oil and Gas Waste Haulers and must have the subject facility listed as an authorized 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 sample from each 50 cubic yards of waste material from each job (e.g., from each well, pit, spill location).

B. The permittee shall collect at least three random representative samples per month from separate incoming waste loads of oil-based drilling fluids and associated cuttings from New Mexico and have the samples analyzed for the parameters and limitations specified in Permit Condition III.F. The results from each test must be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Permit Condition I.W. and to Hanging H Ranch, Inc. Refer to the courtesy copy (cc) of this permit for Hanging H Ranch, Inc. contact information.

C. 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. All instrument calibration records must be maintained onsite and made available upon request. Any load with a reading of 50 microroentgens 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.

D. All waste shall pass a Paint Filter Test (EPA Method 9095) prior to interment into a disposal pit. Test results from each Paint Filter Test must be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Permit Condition I.W.

E. 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>(EPA Method 9020B)</td>
<td></td>
</tr>
<tr>
<td>or</td>
<td></td>
</tr>
<tr>
<td>Extractable Organic Halides (EOX)</td>
<td>100 mg/kg</td>
</tr>
<tr>
<td>(EPA Method 9023)</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.

F. 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.) (EPA Method 1110A, 9040C or equivalent)</td>
</tr>
<tr>
<td>Ignitability</td>
<td>Flash Point &lt; 60° C (EPA Method 1010A, 1020B, or 1030A)</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></td>
<td>(EPA Method 1311)</td>
</tr>
</tbody>
</table>

Metals: Toxic Characteristic Leaching Procedure (TCLP) (EPA Method 1311/6010/6020/7147A)

<table>
<thead>
<tr>
<th>Substance</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<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>
</tbody>
</table>

Benzene (EPA Method 1311/8260/8021B) < 0.5 mg/L
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., III.E. and III.F. 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 appropriate 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 summary of waste receipts;

2. The total volume of each type of waste material received during the specific quarter; and

3. Total volume of each type of waste that leaves the facility for disposal or final disposition during the quarter.

IV. GENERAL FACILITY DESIGN AND MAINTENANCE REQUIREMENTS

A. The general layout and arrangement of the facility shall be consistent with the “Facility Roads Diagram” (Sheet 5.2D) diagram received September 22, 2017, which is attached and incorporated into this permit as Permit Appendix A.

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

1. Tank Battery:
   a. One 750-bbl Gun Barrel Tank;
   b. One 500-bbl Settling Tank;
   c. Two 500-bbl Saltwater Storage Tanks; and
   d. Two 500-bbl Reclaimed Oil Tanks.

2. One Washout Pit (P012255):
   a. Two Truck Wash Bays;
   b. Settling Basin; and
   c. Sump Area.

3. One Receiving Pit (P012493):
   a. Waste Processing Area;
   b. Unloading Area; and
   c. Pit Access Ramp.

4. One Collecting Pit (P012256);

5. One Disposal Pit (P012254); and

6. One Non-Contact Stormwater Retention Pond.

D. No waste, treated or untreated, may be directly 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 or storage vessel reveals deterioration or leaks, the tank or vessel must be repaired before resuming its use.

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

G. 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.

H. A perimeter berm that surrounds the entire facility must be constructed and maintained to provide a physical barrier to prevent potential run-on and/or runoff of stormwater. The perimeter berm must be constructed to a minimum height of at least two feet above grade with a slope no steeper than a one to three (vertical to horizontal) ratio and meet the specifications listed in Permit Condition IV.I.

I. Berms 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 XII.

J. 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 or livestock access except through entrances with lockable gates.

K. The permittee shall install and maintain a hydrogen sulfide (H₂S) monitoring station
by the processing area near the Receiving Pit (P012493) and the Collecting Pit
(P012256). The monitoring station must have the ability to detect 10 parts per
million (ppm). Tests shall be made in accordance with 16 Texas Administrative
Code (TAC), Part 1, Rule §3.36 (c) (1) (A).

L. The permittee shall report all releases of H₂S greater than 10 ppm to the Midland
District Office H₂S coordinator and Hanging H Ranch, Inc. (refer to the courtesy
copy (cc) of this permit for contact information) via phone or email within 24 hours
of detection. The report must include: (1) the detected ppm, (2) the date, (3) the time,
and (4) the duration of time the concentration was greater than 10 ppm.

M. The permittee shall maintain the following records on each reported release of H₂S at
the facility for a period of three (3) years from the date of occurrence. Records must
be kept and maintained on-site and made available upon request.

N. 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) Letter:

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 facilities buying the oil to be moved.

f. Contact person, T-1 permit number, and P-5 Operator Number of the oil buyer.

g. A description of the source(s) of the oil at the facility.

O. Each month an inspection of the entire facility must be performed on all concrete slabs, processing equipment, containment berms, and aboveground storage tanks or vessels 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, firewalls 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 the monthly inspections of the silt fencing/rock filter dams or gabions installed to control and modulate run-off and indicate whether debris has been removed or maintenance performed.

V. CONSTRUCTION AND OPERATION OF THE TANK BATTERY

A. The concrete tank pad shall be constructed of reinforced concrete with a minimum thickness of 12 inches. The following equipment shall be located on the pad:

1. One 750-bbl Gun Barrel Tank;

2. One 500-bbl Settling Tank;

3. Two 500-bbl Saltwater Storage Tanks; and

4. Two 500-bbl Reclaimed Oil Tanks.

B. The concrete tank pad shall be surrounded by a concrete wall that is three feet in height and at least six inches wide and must maintain a volume inside the firewall as specified in Permit Condition V.C.

C. All the 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 Loving County is acceptable.

D. Spills within the secondary containment berms shall be containerized immediately and contact stormwater must be managed as a waste.

VI. CONSTRUCTION AND OPERATION OF WASHOUT PIT (P012255)

A. The general layout and arrangement of the Washout Pit shall consist of two truck wash bays, a settling basin, and a sump area, and must be consistent with the “Washout Pit Plan” (Sheet C8), and the “Washout Pit Cross Sections” (Sheet C9) schematics received September 22, 2017, which are attached and incorporated into this permit as Permit Appendix B.

B. The Washout Pit Area shall consist of an above grade structure that will have two washout bays that are approximately 20 feet wide by 50 feet long. The slab shall be constructed of reinforced concrete with a minimum thickness of 12 inches, underlain with a 40-mil high-density polyethylene (HDPE) liner. A concrete curb shall be constructed that is 12 inches in height by 6.5 feet wide that surrounds the truck wash unloading bays, settling basin, and sump area. The washout bays slope towards the settling basin and then gravity flows to the sump area.

C. Use of the pit is limited to the collection of oil and gas wastewater, rinsate and residual solids generated from the washout of trucks and frac tanks. No other oil field fluids or oil and gas wastes may be stored or staged in the pit.

D. A sign shall be posted identifying the Washout Pit (P012255) by name and permit number using letters and numerals at least three inches in height.

E. The floor of each bay shall have a minimum slope of 2% allowing for wash water to drain into the settling basin.

F. The usable capacity of the Washout Pit (P012255) must not exceed 528 barrels or 110 cubic yards.

G. Residual solid waste that accumulates at the bottom of the pit shall be removed regularly to maintain freeboard and shall be disposed of in an authorized manner.

H. At least two feet of freeboard must be maintained between the fluid level in the sump area and the top of the pit wall.

I. The liners must be installed and maintained in accordance with best management and sound engineering practices.

J. The area surrounding the pit must be graded such that all surfaces slope away from the pit to prevent surface flow storm water from entering the pit.

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

M. No oil may be allowed to accumulate on top of the water stored in the Washout Pit. Any oil on top of the water must be collected and reported in accordance with Permit Condition IV.N.

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

O. 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.

VII. CONSTRUCTION AND OPERATION OF THE RECEIVING PIT (P012493)

A. The Receiving Pit (P012493) must be constructed as shown on the “Collecting Pit (Receiving) Plan” (Sheet C4) and the “Collecting Pit (Receiving) Cross Sections” (Sheet C5), schematics received September 22, 2017, which are attached and incorporated into this permit as Permit Appendix C.

B. Use of the pit is limited to the collection of non-hazardous oil and gas wastes as specified in Permit Condition II.A. prior to disposal by injection into a Class II disposal well or placement in the on-site disposal pit. No other oil field fluids or oil and gas wastes may be stored or staged in the pit.

C. A sign shall be posted identifying the Receiving Pit (P012493) by name and permit number using letters and numerals at least three inches in height.

D. Receiving Pit (P012493) must have approximate dimensions in the waste staging area no greater than 86 feet by 76 feet by 9 feet. The usable capacity must not exceed 5,656 barrels or 1,176 cubic yards.

E. The Receiving Pit (P012493) must be constructed in accordance with the liner installation methods included in the application and consist of 12 inches of compacted subgrade, a 40-mil high-density polyethylene (HDPE) secondary liner, and a reinforced concrete primary liner with a minimum thickness of 12 inches. A concrete curb must surround the unloading area and the access ramp of the Receiving Pit. The curb must be 12-inches in height and 6.5-feet wide. Refer to the “Collecting Pit (Receiving) Plan” (Sheet C4) schematic provided in Permit Appendix C.

F. At least five feet of horizontal freeboard must be maintained between the bottom edge of the staged waste and the toe of the containment walls.

G. A concrete wall must be constructed that is at least 12 inches in height by one foot wide and surround the Receiving Pit Area.

H. The Receiving Pit must be equipped with a sump that is approximately 5 feet by 5 by 2 feet deep. Fluids that collect in the sump shall be transferred to the Collecting Pit for by pump or vacuum truck.
I. The liners must be installed and maintained in accordance with the application, best management and sound engineering practices.

J. The area surrounding the pit must be graded such that all surfaces slope away from the pit to prevent surface flow storm water from entering the pit.

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

L. 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.

M. No oil may be allowed to accumulate on top of the waste water stored in the Receiving Pit. Any oil on top of the water must be collected and reported in accordance with Permit Condition IV.N.

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

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

VIII. CONSTRUCTION AND OPERATION OF THE COLLECTING PIT (P012256)

A. The Contact Stormwater Collecting Pit (P012256) must be constructed as shown on the “Contact Stormwater Collecting (Evaporative) Pit Plan” (Sheet C6) and the “Contact Stormwater Collecting (Evaporative) Cross Section” (Sheet C7) schematics received September 22, 2017, which are attached and incorporated into this permit as Permit Appendix D.

B. Use of the pit is limited to the collection of non-hazardous oil and gas wastes and contact stormwater prior to disposal by injection in a Class II disposal well. No other oil field fluids or oil and gas wastes may be stored or staged in the pit.

C. A sign shall be posted identifying the Collecting Pit (P012256) by name and permit number using letters and numerals at least three inches in height.

D. The Collecting Pit (P012256) must have approximate dimensions of 450 feet by 330 feet by 4 feet. The usable capacity must not exceed 46,449 barrels or 9,660 cubic yards.

E. At least four feet of freeboard must be maintained between the fluid level in the pit and the top of the pit berms (at least two feet below the ground surface).
F. The Collecting Pit shall be designed and constructed to contain all contact stormwater over the waste processing areas that may be generated during a 25-year, 24-hour storm event in Loving County, while maintaining a minimum four-feet of freeboard.

G. Berms must be constructed to surround the pit where there is not a drainage swale. The slope of each berm wall may not exceed a one to three (vertical to horizontal) ratio and must meet compaction criteria specified in Permit Condition IV.I.

H. The area surrounding the pit must be graded such that all surfaces slope away from the pit, to prevent surface flow storm water from entering the pit.

I. The pit must be constructed in accordance with the liner installation methods included in the application and consist of 12 inches of compacted subgrade, a Geosynthetic Clay Liner (GCL) liner, a 60-mil high-density polyethylene (HDPE) secondary liner, a 200-mil Geocomposite drainage layer, and a 60-mil high-density polyethylene (HDPE) primary liner.

J. The pit must be equipped with a leak detection system, which will consist of a HDPE drainage net with a thickness of at least 200-mil placed between the primary and secondary liners, along with a leak detection sump and riser. Design and installation must be consistent with the details shown on the “Contact Stormwater Collecting (Evaporative) Cross Section” (Sheet C7) schematic in Permit Appendix D.

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

L. The floor of the pit must have at least a 1% slope to allow fluids to drain to the leak detection sump.

M. The leak detection system must be monitored at least weekly and the highest volume removed from the leak detection system during the seven-day period must be reported. 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:

1. Date of fluid level measuring;
2. Fluid level or volume;
3. Volume of fluid removed;
4. Electrical conductivity; and
5. Chloride concentration of the fluids removed.

N. A summary of all records required by Permit Condition VIII.M, above must be submitted in table form within the Quarterly Report required by Permit Condition I.W. 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.

O. If the leak detection system indicates a possible liner system failure, it must be inspected for deterioration and leaks within five days of the initial detection of the failure. The appropriate District Office must be notified by phone or email within 24 hours of detection of the liner system failure. No additional waste shall be added to
the pit in the event of a failure. After inspection, the identified failed component must be replaced or repaired and re-inspected by RRC personnel before resuming use of the pit.

P. A liner system failure for Collecting Pit (P012256) is defined as any of the following:
1. A volume withdrawn from the leak detection system that is greater than 2,911 gallons per day or 1,000 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.

Q. No oil may be allowed to accumulate on top of the water stored in the Collecting Pit. Any oil on top of the water must be collected and reported in accordance with Permit Condition IV.N.

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

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

IX. CONSTRUCTION OF DISPOSAL PIT (P012254)

A. The Disposal Pit (P012254) must be constructed and arranged as shown on the “Disposal Pit Plan” (Sheet C1), the “Disposal Pit Plan for Berm Cross Sections” (Sheet C1A), the “Disposal Pit Berm Cross Sections” (Sheet C1B), the “Disposal Pit Cross Sections” (Sheet C2), and the “Disposal Pit Details” (Sheet C3) diagrams received September 22, 2017, which are attached and incorporated into this permit as Permit Appendix E.

B. Technical Permitting in Austin and the Midland District Office must be notified in accordance with Permit Condition I.L. upon final completion of construction of the Disposal Pit. The permittee may not begin using the pit until the District Office has completed an inspection of the pit and provided verification that the pit is constructed in accordance with the application and this permit.

C. Use of the pit is limited to the collection of non-hazardous oil and gas wastes as specified in Permit Condition II.A. and that have passed the Paint Filter Test as specified in Permit Condition III.D.

D. A sign must be posted identifying the Disposal Pit by name and permit number using letters and numerals at least three inches in height.

E. The Disposal Pit (P012254) must have approximate dimensions of 490 feet by 900 feet by 28 feet. The usable capacity must not exceed 1,380,935 barrels or 287,182 cubic yards.
F. Berms must be constructed and maintained on all sides of the Disposal Pit with a slope no steeper than a one to three (vertical to horizontal) ratio and meet compaction criteria specified in Permit Condition IV.I.

G. The berms that separate the Disposal Pit from the non-contact stormwater interior ditch must be at least four feet in height and must have a distance of at least 15 feet from the Stormwater Retention Pond.

H. The Disposal Pit (P012254) must be equipped with a leak detection system, including a HDPE 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.

I. The Disposal Pit (P012254) must be equipped with a leachate collection system consisting of a 200-mil geocomposite leachate collection drainage layer and a perforated leachate collection pipe that conveys leachate to the collection sump. Leachate collected in the leachate collection sump must be removed through the respective leachate removal pipes and disposed of in an authorized manner.

J. The liners, leachate collection system and the leak detection system must be installed in accordance with the application, the liner manufacturer’s specifications and sound engineering practices.

K. The floor of the pit must have at least a 2 % slope to allow fluids to freely drain to the collection trenches and associated sumps located at the low end of each cell.

L. The area surrounding the pit must be graded such that all surfaces slope away from the pit to prevent surface flow storm water from entering the pit.

M. The Disposal Pit must be constructed in accordance with the liner installation methods included in the application and from the pit base consist of 12 inches of subgrade, a Geosynthetic Clay Liner (GCL), a 60-mil HDPE secondary liner, a 200-mil Geocomposite leak detection drainage layer, a 60-mil HDPE primary liner, a 200-mil Geocomposite leachate collection drainage layer, and 24 inches of a protective soil layer that is not composed of waste. The Disposal Pit liner system must be extended beneath the Vehicle Maneuvering Pad, so that the liners can be incorporated into the final capping system.

N. The Disposal Pit shall include a Vehicle Maneuvering Pad on the northern portion of the pit as detailed in Permit Appendix E. The Pad shall be used to aid in vehicle traffic when disposing of waste in the Disposal Pit. The dimensions of the Pad shall be approximately 490 feet by 112 feet.

O. The Vehicle Maneuvering Pad must be constructed in accordance with the liner installation methods included in the application and from the base consist of 12 inches of subgrade, a Geosynthetic Clay Liner (GCL), a 60-mil HDPE liner, a 200-mil Geocomposite leak detection drainage layer, a 60-mil HDPE primary liner, a 200-mil Geocomposite leachate collection drainage layer, 12 inches of protective soil cover, and a reinforced concrete pad with a minimum thickness of 12 inches.

P. A liner anchor trench must be used to key the synthetic liner into the berm.
Q. A permanent boundary marker must be installed and maintained on each side of the pit to clearly identify the location of the liner boundaries at the land surface.

X. OPERATION OF DISPOSAL PIT (P012254)

A. The pit shall be designed and constructed to include a dedicated contact stormwater collection area to separate and contain all contact stormwater that may be generated during a 25-year, 24-hour storm event in Loving County and contact stormwater received inside the pit, while maintaining a minimum two-feet of freeboard (buffer), as shown on the "Disposal Pit Cross Sections" (Sheet C2) diagram included in Permit Appendix E.

B. The contact stormwater collection area must remain free of waste during operations of the Disposal Pit. Once the Disposal Pit has reached the approximate total capacity, the collection area will be filled with clean soil from the stockpile area, and the soil compacted and stabilized, and then the Disposal Pit must be capped and closed according to the criteria specified in the application and Permit Condition XII.K.

C. The pit must be operated in accordance with the application and the "Disposal Pit Fill Process" (Sheet C3A) schematic received September 22, 2017, which is attached to and incorporated into this permit as Permit Appendix F.

D. Once the Disposal Cell begins to accept waste above grade, the waste collected in that Disposal Cell must be stabilized, compacted and maintained to prevent collapse of the structure and must not have a slope steeper than a one to four (vertical to horizontal) ratio.

E. Once the Disposal Cell begins to accept waste above grade, the Disposal Pit Cell must maintain a two-foot horizontal freeboard (buffer) between the pit dikes and the edge of the waste.

F. The permittee must not construct or use the Disposal Pit in a manner that could exceed the financial security required by Permit Condition I.B.

G. No oil may be allowed to accumulate on top of the water stored in the Disposal Pit. Any oil on top of the water must be collected and reported in accordance with Permit Condition IV.N.

H. No freestanding fluids other than what is specified in Permit Condition X.A. may accumulate in the Disposal Pit. Any other fluids must be removed within 72 hours of discovery and disposed of in an authorized manner.

I. The leak detection system must be monitored at least weekly and the highest volume removed from the leak detection system during the seven-day period must be reported. 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;

1. Date of fluid level measuring;
2. Fluid level or volume;
3. Volume of fluid removed;
4. Electrical conductivity; and
5. Chloride concentration of the fluids removed.

J. Records of leak detection system monitoring required by Permit Condition X.I. must be submitted in table form within the Quarterly Report required in Permit Condition I.W. of this permit. The physical record must be maintained by the permittee for the life of the pit and shall be filed with the RRC upon request.

K. If the leak detection system indicates a possible liner system failure, the liner system must be inspected for deterioration and leaks within five days of the initial detection of the failure. The Midland District Office must be notified by phone or email within 24 hours of the detection of a liner system failure. No additional waste shall be added to the pit in the event of a failure. After inspection, the identified failed component must be replaced or repaired and re-inspected by RRC personnel before resuming use of the pit. A liner system failure for Disposal Pit is defined as any of the following:

1. A volume withdrawn from the leak detection system that is greater than of 1,012 gallons or 100 gallons per acre per day (GPAD).
2. Any failure in the leak detection system or any component thereof.
3. Any detected damage to or leakage from the secondary liner.

L. This permit does not authorize the discharge of any oil and gas waste from the Disposal Pit.

M. Unless otherwise required by conditions of this permit, construction, use, and maintenance of the Disposal Pit must be in accordance with the information represented on the applications (Form H-11’s) and attachments thereto.

XI. GROUNDWATER MONITORING

A. At least three (3) monitor wells must be installed at the facility prior to receiving waste deliveries. The monitor must be installed at the locations designated on the “Site Facility Diagram” (Sheet 5.2) diagram received October 18, 2018, which is attached and incorporated into this permit as Permit Appendix G.

1. The wells must be completed by a certified water well driller in accordance with 16 TAC Part 4, Chapter 76 (Water Well Drillers and Water Well Pump Installers).
2. The wells must be completed to penetrate the shallowest groundwater zone, and the completion must isolate that zone from any deeper groundwater zone.
3. The screened interval of the wells must be designed to intercept at least five feet of groundwater.
4. Provision must be made to protect the well heads from damage by vehicles and heavy equipment.
5. The wells must be water tight at the surface and fitted with a lockable water tight expansion cap.
6. The groundwater monitoring wells must be able to provide a representative sample of groundwater underlying the site for the duration of facility operations. If a groundwater monitoring well is not capable of providing a representative sample, the permittee must notify Technical Permitting in Austin and install a replacement monitor well that is acceptable to Technical Permitting.

7. The following information must be submitted after the wells are completed:
   a. A soil boring lithologic log for the well, with the soils described using the Unified Soil Classification System (equivalent to ASTM D 2487 and 2488). The log must also include the method of drilling, well specifications, slot size, riser and screen length, bentonite and cement intervals, total depth, and the top of the first encountered water or saturated soils. The sand pack size should be compatible with well screen slot size, as well as the local lithology.
   b. A well installation diagram for each well detailing construction specifications, including riser and screen length, screen slot size, bentonite and cement intervals. The sand pack size should be compatible with the well screen slot size and the local lithology.
   c. A survey elevation for each well head reference point (top of casing) relative to a real or arbitrary on-site benchmark and relative to mean sea level.
   d. A potentiometric contour map showing static water levels and the estimated direction of groundwater flow and the calculated gradient.

B. The groundwater monitor wells must be sampled and monitored for the following parameters after installation and monthly thereafter:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Static Water Level</td>
<td>Feet (ft)</td>
</tr>
<tr>
<td>Total Depth</td>
<td>ft</td>
</tr>
<tr>
<td>Benzene (EPA Method 8260/8021B or equivalent)</td>
<td>mg/L</td>
</tr>
<tr>
<td>Total Petroleum Hydrocarbon (TPH)</td>
<td>mg/L</td>
</tr>
<tr>
<td>(Method TX1005)</td>
<td></td>
</tr>
<tr>
<td>Total Dissolved Solids (TDS)</td>
<td>mg/L</td>
</tr>
<tr>
<td>(Standard Method 160.1 or equivalent)</td>
<td></td>
</tr>
<tr>
<td>pH (EPA Method 150.1 or equivalent)</td>
<td>s.u.</td>
</tr>
<tr>
<td>Soluble Cations:</td>
<td></td>
</tr>
<tr>
<td>Calcium, Magnesium, Potassium, and Sodium</td>
<td>mg/L</td>
</tr>
<tr>
<td>(EPA Method 6020 or equivalent)</td>
<td></td>
</tr>
</tbody>
</table>
J. The groundwater quality sampling results required by Permit Condition XI.B. must be filed with Technical Permitting as part of the Quarterly Report required by Permit Condition I.W. and to Hanging H Ranch, Inc. Refer to the courtesy copy (cc) section of this permit for Hanging H Ranch, Inc. contact information. The laboratory analytical reports and the corresponding chain of custody shall be provided for all chemical analyses performed.

C. The permittee will not be allowed to reduce the groundwater monitoring frequency due to negotiations with the Hanging H Ranch, Inc.

XII. STORMWATER MANAGEMENT

A. A perimeter berm that surrounds each Waste Management Unit and the Storm Water Retention Pond 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 two feet with a slope no steeper than a one to three (vertical to horizontal) ratio. It must include a rip rap rock lined drainage swale in the perimeter ditch that extends at least two feet up the interior side of the perimeter berm and the access road to prevent erosion. Refer to the “Facility Roads Diagram” (Sheet 5.2D) schematic included in Permit Appendix A and the “Storm Water Map” (Sheet 7.9) schematic diagram received September 22, 2017, which is attached to and incorporated into this permit as Permit Appendix H.

B. Berms, ditches, flumes and related features that convey contact stormwater must be lined with cement stabilized fill, concrete, or similar low permeability material, as represented the “Storm Water Map” (Sheet 7.9) schematic included in Permit Appendix H.

C. Berms and other containment structures must be constructed around all Waste Management Units and 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. Placement and construction must be consistent with the “Facility Roads Diagram” (Sheet 5.2D) schematic included in Permit Appendix A and the “Storm Water Map” (Sheet 7.9) schematic included in Permit Appendix H.

D. Water collected in the sump located outside of the northwest berm of the Collecting Pit (P012256) must be collected and disposed of into the Collecting Pit and may not be disposed of into the Non-Contact Stormwater Retention Pond.
E. Contact stormwater must be contained within the Waste Management Units. Contact storm water must be removed and disposed of in an authorized manner.

F. Non-contact stormwater within the facility must be conveyed away from the Waste Management Units and directed to the Non-Contact Storm Water Retention Pond using a series of ditches and slides gates located on the perimeter of the Disposal Pit. The slide gates must be located at the entrance(s) of the discharge point from the non-contact stormwater ditches to the Storm Water Retention Pond. The Storm Water Retention Pond must be constructed to contain the storm water volume generated from a 25-year, 24-hour storm event for Loving County, while maintaining the required two (2) foot of freeboard.

G. A slide gate must be installed at the entrance of the culvert that connects the ditches on the exterior of the Disposal Pit to the Non-Contact Stormwater Retention Pond. Spills and releases into the exterior ditches must be collected and containerized immediately to prevent mixing with noncontact stormwater.

H. In the event that contact storm water enters the Non-Contact Stormwater 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.

I. 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.

XIII. 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 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 must be removed.

D. Provisions must be taken to prevent erosion both during and following closure.

E. Excluding the Disposal Pit and the Non-Contact Stormwater Retention Pond, the entire facility must be backfilled as necessary, contoured to original grade and re-vegetated as appropriate for the geographic region.

F. Closure of the Tank Battery, the Washout Pit, the Receiving Pit, and the Collecting Pit 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 Washout Pit, the Receiving Pit, Vehicle Maneuvering Pad, all 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 Pit, Receiving Pit, and Collecting Pit must be dewatered, emptied, demolished, 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, concrete pads, 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 from the waste handling areas, a soil sampling plan must be submitted to Technical Permitting to characterize the scope of any residual 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 former Washout Pit, Receiving Pit, and Collecting Pit Areas.

7. Soil samples required by Permit Condition XIII.F.6. must be analyzed for the Parameters listed in Permit Condition XIII.G., and those Parameter Limitations shall not be exceeded. If any Parameter Limitations are exceeded, additional waste must be removed from that location, and the area resampled and the process repeated until the analytical results meet criteria.

G. Soil samples required by Permit Conditions XIII.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)</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>
</tbody>
</table>

1 Louisiana Department Natural Resources (LDNR) Lab Procedures for Extraction and Analysis of Exploration and Production (E&P) Waste or equivalent
<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals (Total)</td>
<td></td>
</tr>
<tr>
<td>(EPA Method 6010/6020/7471A)</td>
<td></td>
</tr>
<tr>
<td>Arsenic</td>
<td>≤ 10 mg/kg</td>
</tr>
<tr>
<td>Barium</td>
<td>≤ 10,000 mg/kg</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>

H. A summary of the soil sampling required by Permit Conditions XIII.F.6. 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; and
5. Copies of the laboratory analytical reports and chain of custody.

I. Any soil sample that exceeds the Parameter Limitations specified in Permit Condition XIII.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, excluding the Disposal Pit and Non-Contact Stormwater Retention Pond, must be dewatered, emptied, demolished, 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 appropriate District Office and Technical Permitting in Austin shall be notified in writing.

K. Closure of the Disposal Pit **P012254** must be as follows:

1. Unless otherwise required by conditions of this permit, final closure of the Disposal Pit must be consistent with the application and details provided on the “Disposal Pit Capping Plan” (Sheet C10), and the “Disposal Pit Capping Cross Sections” (Sheet C11) diagrams received September 22, 2017, which are attached to and incorporated into this permit as **Permit Appendix I**.

2. The Vehicle Maneuvering Pad concrete liner must be cleaned, demolished and the concrete rubble and wash-water must be disposed of in an authorized manner.

3. Once demolition of the concrete liner of the Vehicle Maneuvering Pad is complete, the HDPE liners must be inspected for damage, and repaired prior to capping the disposal pit if necessary.
4. Waste material in the Disposal Pit must be compacted and stabilized, so that the structure will not fail or erode;

5. Waste material in the Disposal Pit must be graded so that rainwater will not collect on top of the pit;

6. The compacted waste must be covered with a cap that must consist of a liner subgrade layer at least 12 inches thick that is compacted to at least 95% Standard Proctor (ASTM D698) or 90-92% Modified Proctor (ASTM D1557) density, overlain by at least six (6) inches of a fine subgrade fill layer consisting of soils that have a permeability of 1.0 x 10⁻⁷ cm/sec or less, overlain by a HDPE liner with a thickness of at least 60-mil, overlain by a layer of vegetative soil that is at least 24 inches thick, and seeded with appropriate vegetation for the geographic region.

XIV. POST-CLOSURE CARE AND MONITORING

A. In accordance with 16 TAC § 3.78 the permittee shall maintain financial security in the amount of **$250,000.00** after the facility has been closed for the post-closure period monitoring requirements in accordance with this permit. Technical Permitting reserves the right to revise this amount, as necessary. Prior to closure, an updated post-closure period 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 the operating period financial security referenced in Permit Condition I.B. being released.

B. The site will be monitored for a period of no less than five years after closure of the facility.

C. Post-closure care must include quarterly inspections of the entire facility by a Texas registered Professional Engineer for signs of deterioration and erosion.

D. Any areas showing signs of erosion or instability must be repaired, contoured, backfilled, and reseeded as necessary.

E. Once the facility is no longer in operation, the stormwater must be handled in a manner that is consistent with the information submitted with the application.

F. All groundwater monitoring wells must remain operational, and monitoring requirements must continue as specified in Permit Conditions XI. until written approval from Technical Permitting in Austin is granted for plugging and abandoning the wells.

G. The leak detection system and the leachate collection system for the Disposal Pit must be maintained and monitored quarterly. Any leachate detected must be removed and disposed of in an authorized manner, and the volume reported within the appropriate quarterly report as specified in Permit Condition X.I.

H. A summary of the results of the post-closure monitoring activities specified in permit Conditions XIV. F. and XIV.G. must be submitted to Technical Permitting in Austin as part of a Quarterly Report required in Permit Condition I.W.
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 December 17, 2018

Tiffany Humberson, Manager
Environmental Permits & Support
Technical Permitting

Attachments: Permit Appendices A through I.

Notes:
1. The applicant did not provide an updated Closure Cost Estimate to Technical Permitting with the final submission received September 22, 2017. The estimate of $2,110,587.00 is calculated by Technical Permitting staff, based on the provided information in the application. This estimate may not be modified prior to permitting without approval from Technical Permitting.

cc:
RRC - Midland/08
RRC - Production Audit Austin

Via email
Christopher Hotchkiss chotchkiss@nealelaw.com
Attorneys at Law
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Via U.S. Mail
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Hanging H Rach, Inc.
P.O. Box 568
Pecos, Tx 79772
PERMIT APPENDIX A

FACILITY ROADS DIAGRAM
(SHEET 5.2D)
PERMIT APPENDIX B

WASHOUT PIT PLAN
(SHEET C8)

WASHOUT PIT CROSS SECTIONS
(SHEET C9)
PERMIT APPENDIX C

COLLECTING PIT (RECEIVING) PLAN
(SHEET C4)

COLLECTING PIT (RECEIVING) CROSS SECTIONS (SHEET C5)
LEGEND
3148.1 - SPOT ELEVATION

NOTE: CROSS SECTIONS A-A', B-B', C-C', AND D-D' ARE FOUND ON SHEET C5.
PERMIT APPENDIX D

CONTACT STORMWATER COLLECTING (EVAPORATIVE) PIT PLAN
(SHEET C6)

CONTACT STORMWATER COLLECTING (EVAPORATIVE) CROSS SECTION
(SHEET C7)
NOTES:
1. CROSS SECTIONS A-A' AND B-B' ARE FOUND ON SHEET C7.
2. OUTSIDE BERM WALL CONTINUES AT THE 3:1 SLOPE UNTIL IT MEETS THE NATURAL GROUND ELEVATION (SEE SHEET E1 FOR THE GRADING PLAN)

LEGEND

3138.0 SPOT ELEVATION

12" A-2000 PVC PERFORATED LEAK DETECTION PIPE W/ SOLID PIPE RISER, PER ASTM F949 (SEE DETAIL ON SHEET C7)

27" x 21" x 2" SUMP W/ 3:1 SIDE SLOPES (SEE DETAIL ON SHEET C7)

330' TOP OF BERM (INSIDE)

438'

450'

TOP OF BERM (INSIDE)

2' BELOW TOP OF BERM
PERMIT APPENDIX E

DISPOSAL PIT PLAN
   (SHEET C1)
DISPOSAL PIT PLAN FOR BERM CROSS SECTIONS (SHEET C1A)
DISPOSAL PIT BERM CROSS SECTIONS (SHEET C1B)
DISPOSAL PIT CROSS SECTIONS (SHEET C2)
DISPOSAL PIT DETAILS (SHEET C3)
NOTES:
1. CROSS SECTIONS A-A' AND B-B' ARE FOUND ON SHEET C2.
2. OUTSIDE BERM WALL CONTINUES AT THE 3:1 SLOPE UNTIL IT MEETS THE NATURAL GROUND ELEVATION (SEE SHEET E1 FOR THE GRADING PLAN)
3. NO WASTE WILL BE UNLOADED ON THE VEHICLE MANEUVERING APRON.

LEGEND
3139.0 SPOT ELEVATION

SCALE: 1" = 80'
NOTES:
1. CROSS SECTIONS A-A', B-B', C-C', AND D-D' ARE FOUND ON SHEET C1B.
2. OUTSIDE BERM WALL CONTINUES AT THE 3:1 SLOPE UNTIL IT MEETS THE
   NATURAL GROUND ELEVATION (SEE SHEET E1 FOR THE GRADING PLAN)
3. NO WASTE WILL BE UNLOADED ON THE VEHICLE MANEUVERING APRON.

LEGEND
39 ELEVATION (3139)
FLOW DIRECTION

SCALE: 1" = 80'
NOTES:
1. DISPOSAL PIT DETAILS ARE FOUND ON SHEET C3.
2. NO WASTE WILL BE UNLOADED ON THE VEHICLE MANEUVERING APRON.
PERMIT APPENDIX F

DISPOSAL PIT FILL PROCESS
(SHEET C3A)
Permit Appendix G
SITE FACILITY DIAGRAM (Sheet 5.2)
Permit Appendix H

STORM WATER MAP (Sheet 7.9)
Permit Appendix I

DISPOSAL PIT CAPPING PLAN (Sheet C10), and

DISPOSAL PIT CAPPING CROSS SECTIONS (Sheet C11)
NOTES:
1. CROSS SECTIONS A'-A", B'-B", AND C'-C" ARE FOUND ON SHEET C11.
2. EXISTING ELEVATION CONTOUR NUMBERS HAVE BEEN ABBREVIATED (EX. 35 = 3135)

LEGEND:
- 35 - EXISTING CONTOURS
- 3135 - PROPOSED CONTOURS
+ 3116.8 - SPOT ELEVATION