RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

PERMIT TO STORE, HANDLE, AND TREAT CERTAIN NON-HAZARDOUS
OIL AND GAS WASTES

Permit No. STF-085
TRANSFERRED
Permit Effective September 6, 2016
Supersedes Permit Dated November 4, 2015

TERVITA, LLC
10613 W. SAM HOUSTON PKWY, SUITE 300
HOUSTON, TX  77064

Based on information contained in the original application received June 17, 2014, the transfer requested received August 31, 2016, and subsequent information received to date, you are hereby authorized to receive, store, handle, and treat certain oil and gas wastes as specified below at the following facility:

Reagan County Stationary Treatment Facility
Latitude, Longitude:  31.168958°, -101.354647°
Reagan County, Texas
RRC District 08, Midland

NARRATIVE DESCRIPTION OF PROCESS

Incoming oil and gas waste is transferred from vacuum trucks into a concrete unloading trench and settling box. Solids and liquids are separated by passive or gravity separation. Separated fluids are then pumped to receiving tanks and allowed to settle to displace more residual solids. Once these solids have settled, the liquid fraction is pumped to a gun barrel tank where it is further gravity separated into solids, brine water, and oily emulsion. The oily emulsion is transferred from the gun barrel tank to the concentrated oil tank. The brine water fraction is conveyed from the gun barrel tank to the solids settling tank and on to the brine distribution tank. Fluids in the brine distribution tank are recycled and used to clean trucks that contain heavy solids or disposed of in an authorized manner. Oil from the concentrated oil tank is reclaimed and sold to a Railroad Commission of Texas (RRC) authorized crude oil gatherer or reclamation facility. Solids that settle in the tanks and boxes on-site are disposed of at a RRC authorized waste disposal facility.

Authority is granted to stage and separate oil and gas waste in accordance with 16 TAC §3.8 (Statewide Rule 8) and is subject to the following conditions:
I. GENERAL PERMIT CONDITIONS

A. The effective date of this permit is **September 6, 2016**, and will expire on **November 3, 2020**.

B. No waste may be received at the referenced facility until financial security in the amount of $159,319.00 for Permit No. STF-085 is provided to and approved by the RRC for the referenced location as specified by 16 TAC §3.78 (Statewide Rule 78).

C. The permittee shall maintain financial security in the amount of $159,319.00 for Permit No. STF-085 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. The permittee may not receive, store, handle, or treat oil and gas waste at the facility until all necessary air permits (if any) are obtained from the Texas Commission on Environmental Quality (TCEQ).

E. Use of the facility is limited to the treatment, processing, or separation of the oil and gas wastes as specified in Permit Condition II.A.

F. 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 (Statewide Rule 57) must be submitted to and approved by Technical Permitting in Austin prior to any reclamation activities at the referenced facility. No free oil may be disposed of at the facility.

G. The permittee shall not accept waste from a waste hauler unless the waste hauler has a RRC issued waste hauler permit and is authorized to deposit waste at this facility.

H. This permit does not authorize the use of any pits or other storage areas. Any pits or buried tanks must be permitted in accordance with Statewide Rule 8.

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

J. Any soil, media, or other debris contaminated by a spill of waste or any other waste materials at the facility must be containerized immediately and processed through the facility or disposed of in an authorized manner.

K. Any soil additives, bio-accelerators, or treatment chemicals must be approved by Technical Permitting prior to use at the facility. They must be stored in vessels designed for the safe storage of the particular compound, and these vessels shall be maintained in a leak free condition.

L. Safety Data Sheets (SDS) must be submitted to Technical Permitting in Austin for any chemical or bio-accelerator proposed to be used in the treatment of waste at the facility. Use of the compound is contingent on RRC approval and must be used and stored according to the manufacturer’s recommendations.
M. 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) and certified by a Texas registered Professional Engineer.

N. 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 RRC if the OSSF waste is not commingled with any other oil and gas waste. The system must be designed by a Professional Engineer registered in the state of Texas or a sewage system installer licensed in the state of Texas. The construction, operation, and maintenance of the OSSF must also comply with all applicable local, county, and state requirements.

O. A copy of a site-specific Spill Prevention, Control and Countermeasure (SPCC) Plan must be maintained on-site and made available to RRC staff for review and inspection upon request.

P. The permittee must post a sign at the facility entrance, which must show the permit name and number in letters and numerals at least three inches in height.

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

R. 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. *If there are any changes to the facility design during construction, they must be included on the “as-built” drawing(s), to be filed with Technical Permitting in Austin upon completion.*

S. Any deviation from this permit must be approved by amendment from the RRC before implementation.

T. This permit (STF-085) 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.

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

V. Failure to comply with any provision of this permit may result in modification, suspension, termination or cancellation of this permit if Technical Permitting determines that the permittee is in violation of RRC rules.
II. INCOMING AND OUTGOING WASTES

A. AUTHORIZED WASTES

1. Only oil and gas wastes subject to the jurisdiction of the RRC that are non-hazardous or exempt from Resource Conservation and Recovery Act (RCRA), Subtitle C may be received. You may receive, store, handle, treat and process only the following non-hazardous oil and gas wastes:
   a. Water-based drilling fluid and associated cuttings.
   b. Oil-based drilling fluid and associated cuttings.
   c. Hydraulic fracturing flow back water.
   d. Formation sands and other solids from saltwater storage tanks or vessels.
   e. Soils contaminated with produced water, crude oil, or condensate.
   f. Pigging wastes from gathering lines.
   g. Hydrocarbon, solids, sands, and emulsion generated from separators, fluid treatment vessels, and production impoundments.
   h. Spent filters, filter media, and back wash from produced water.
   i. Contaminated soil liners from reserve and washout pits.
   j. Fluids and associated solids including sand from flowback of oil and gas wells.
   k. Tank bottoms.
   l. Other hydrocarbon wastes, as defined by Statewide Rule 57 (b) (2).

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

3. 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 to process or treat oil and gas NORM waste may be received at this facility.

B. TESTING REQUIREMENTS FOR INCOMING WASTES

1. The operator of the satellite facility must conduct a shakeout test on all tank bottoms or other hydrocarbon wastes upon receipt from any producing lease storage tank, pipeline storage tank, or other production facility storage vessel, to determine the crude oil content.

2. The shakeout test shall be conducted in accordance with the most current American Petroleum Institute (API) or ASTM method.
3. 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. 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 Radium-226 combined with Radium-228, and 150 picocuries per gram of any other radionuclide.

C. RECORDKEEPING REQUIREMENTS

1. The permittee must maintain the following records on each load of waste received at the facility for a period of three years from the date of receipt:
   a. Description of the site where the waste was generated, including:
      i. Generator name.
      ii. Lease Name, Lease Number and Well Number, or Gas I.D. Number, or API Well Number.
      iii. County.
   b. Name and RRC permit number of the transporter.
   c. Date the waste is received.
   d. Volume of waste material received (specify units).
   e. Type and description of waste.

2. 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:
   a. Date waste is removed and hauled to a disposal facility.
   b. Name and RRC permit number of the transporter.
   c. Volume of each shipment of waste hauled to a disposal facility.
   d. Type of waste (basic sediment, water, water-based mud, etc.).
   e. Name and RRC permit number of the facility to which the waste was hauled to for disposal.

III. CONSTRUCTION AND GENERAL OPERATION

A. The general layout and arrangement of the facility must be consistent with the “Site Plan - Reagan County Stationary Treatment Facility” diagram received September 2, 2016, which is attached to and incorporated into this permit as Permit Appendix A.

B. The facility is limited to having no more than 10,180 barrels (bbl) or 2,118 cubic yards (cy) of unprocessed and processed oil and gas waste and 20 cy of solids resulting from handling, separation, and treatment on-site at any given time.
C. The facility must consist of the following storage vessels:
   1. Two 340-bbl Receiving Tanks.
   2. Five 1,000-bbl Storage Tanks.
   3. One 500-bbl Brine Tank.
   4. Two 500-bbl Oil Tanks.
   5. One 500-bbl Fresh Water Tank.
   6. One 500-bbl HWSB Tank.
   7. Four 500-bbl Frac Tanks.
   8. One 20-cy Solids Roll-Off Box.

D. 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 for review.

E. All equipment at the facility shall be kept on a metal tank pad and shall be surrounded on all sides by metal berms at least two feet above the base of the pad.

F. No waste, treated or untreated, may be placed on the ground, or on a metal pad. All untreated and treated waste must be stored in steel tanks or in steel water-tight roll-off boxes.

G. Berms or containment structures must be constructed around all waste management units and must be compacted or constructed of material that meets or exceeds 95% Standard Proctor (ASTM D698) or 90-92% Modified Proctor (ASTM D1557) density. Each berm shall maintain a slope no steeper than a three to one (horizontal to vertical) ratio, unless constructed of concrete or equivalent material (firewalls). These structures must be used to divert non-contact stormwater around the waste management areas and contain and isolate stormwater within the waste management units.

H. All the storage tanks containing fluid waste shall be contained within dikes. Secondary containment consisting of 120% total capacity is recommended, however a minimum capacity consistent with the EPA rules governing SPCC Plans, that will capture 100% capacity of the largest storage unit plus the volume of a 25-year / 24-hour rainfall event (for Reagan County) is acceptable.

I. All solid wastes generated by the separation process shall be disposed of in an authorized manner.

J. Liquid wastes, brine water or produced water, must be recycled for reuse or disposed of in an authorized manner.

K. Any waste, treated or untreated, received at the facility must leave the facility within 90 days of receipt for disposal at a RRC authorized oil and gas waste disposal facility.

L. All reclaimed oil must be stored in steel tanks and transported to the Andrews Reclamation Facility (R9 08-3828) for further processing. Details of receipts, deliveries and stock on hand must be reported monthly on the Form R-2, Monthly
Report for Reclaiming and Treating Plants, associated with Permit No. R9 08-3828. Submit the original of the Form R-2 report directly to Technical Permitting in Austin and a copy of the report to the appropriate District Office by the 15th day of the calendar month following the month by the report. Form R-2 shall be completed in accordance with Statewide Rule 57.

M. The facility must maintain security and prevent unauthorized access. The entire property must be surrounded by a security fence. Access must be secured by a locked gate when the facility is unattended.

N. 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.

O. Each month an inspection of the entire facility must be performed on all concrete slabs, processing equipment, berms, and aboveground storage tanks for deterioration, leaks and spills. Records of each inspection must be kept on-site and maintained by the permittee. The permittee must maintain the following records for a period of three years from the date of the inspections:

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, and roll-off boxes 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.

P. The permittee must submit a Quarterly Report containing the applicable information required in Permit Condition III.O. to Technical Permitting in Austin no later than the 30th day of the month following each reporting period (January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31), or each January 30, April 30, July 30, and October 30.

IV. STORMWATER CONTROL

A. The facility must be designed and constructed to contain contact stormwater and prevent run-on of non-contact stormwater.

B. 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.

C. Contact stormwater shall be prevented from migrating outside of the waste processing and storage areas. The facility shall be sloped to facilitate the separation of contact and non-contact stormwater.
D. Non-contact stormwater shall be prevented from entering the waste processing and storage areas. Areas outside of the bermed waste processing and storage areas shall be sloped to prevent non-contact stormwater from contacting waste.

E. Contact stormwater must be collected within 24 hours of accessibility and disposed of in an authorized manner.

F. This permit does not authorize the discharge of any oil and gas waste or any stormwater that has come into contact with oil and gas waste.

V. FACILITY CLOSURE

A. Technical Permitting in Austin and the appropriate RRC District Office must be notified in writing 60 days prior to commencement of closure activities.

B. All waste, chemicals, or associated materials must be processed and removed from the facility for authorized reuse, or disposed of in an authorized manner.

C. All waste processing equipment, aboveground storage tanks, piping, and any other equipment and storage vessels must be removed from the facility.

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

E. After waste removal and site excavations are completed, a minimum of two representative soil samples per acre must be taken to characterize the scope of contamination (if any) at the facility. Samples must be taken from around the perimeter berms, storage tanks, processing equipment areas and from underneath the concrete pads if demolished. Those samples must be analyzed for the following parameters and not exceed the specified constituent limitations:

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH <em>EPA Method 9045C or equivalent</em></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 Hydrocarbons (TPH) <em>EPA Method 5035A/TX1005</em></td>
<td>≤ 10,000 mg/kg or 1% by weight</td>
</tr>
<tr>
<td>Total Benzene, Toluene, Ethylbenzene, Xylenes (BTEX) <em>EPA Method 5035A/8021/8260B</em></td>
<td>≤ 30 mg/kg</td>
</tr>
<tr>
<td>Metals (Total) <em>EPA Method 6010/6020/7471A</em></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>
</tbody>
</table>

¹ LA Dept. of Natural Resources Lab Procedures for Analysis of Exploration & Production Waste, or equivalent
<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<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>
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</tbody>
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F. A summary of the soil sampling required by Permit Condition V.E. must include:
   a. A map drawn to scale with coordinates of the sampling locations.
   b. A table indicating the results of the parameters sampled.
   c. The date of sampling.
   d. The approximate depth of the sample below land surface.
   e. Copies of the laboratory analytical reports and chain of custody.

G. Any soil sample that exceeds the Parameter Limitations specified in Permit Condition V.E. is considered waste and must be disposed of at a RRC authorized disposal facility.

H. When acceptable constituent levels have been verified in writing by Technical Permitting, all berms and tank pads must be leveled, and the site must be backfilled with clean fill and restored to natural grade. Topsoil must be contoured and seeded with appropriate vegetation.

I. Final grading of the storage and processing areas must be accomplished in such a manner that rainfall will not collect in the former waste processing and storage area locations after closure. Upon final closure, the appropriate RRC 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 **September 6, 2015**.

[Signature]

Grant Chambless, P.G.
Manager, Environmental Permits and Support
Technical Permitting
Attachments: Permit Appendix A

cc: RRC District 08, Midland
   RRC Production Audit, Austin
   RRC EPS Reporting Log, Austin
PERMIT APPENDIX A

Site Plan
Reagan County Stationary Treatment Facility