

1000 West Avenue Austin, Texas 78701-2019 Office: (512) 478-3456 Toll Free: (800) 969-8877 Fax: (512) 478-3676 www.milconinc.com

December 1, 2017

Re: NOTICE OF APPLICATION FOR A DISPOSAL WELL PERMIT

To whom it may concern:

Enclosed is a copy of an application for a disposal well permit under the Railroad Commission's Statewide Rule 9 (16 Texas Administrative Code §3.9), relating to Disposal Wells. Gordy Oil Company, 100 Waugh Drive, Suite 400, Houston, Texas 77007 is applying to the Railroad Commission of Texas for a permit to dispose of produced saltwater or other oil and gas waste by well injection into a porous formation not productive of oil or gas. The applicant proposes to dispose of oil and gas waste into the Delaware Mountain Group, Bell Canyon, Cherry Canyon and Brushy Canyon Formations; BSC-SWD Lease, Well No. 1. The proposed disposal well is located approximately ±6 miles Northeast of Fort Stockton, Texas in the Wolfbone (Trend Area) Field in Pecos County. The water will be injected into strata in the subsurface depth interval from 4,645 to 6,600 feet. Attached is a copy of the application form and map identifying the location of the proposed well.

You are receiving this notice because you have been identified as a potentially affected person or local government to which 16 TAC §3.9 requires that the applicant for a disposal well permit provide notice.

If you have objections to the issuance of a disposal well permit for this well, you may submit a letter of protest. Protests to the application from local government or persons who object and can show that they may be adversely affected, or requests for further information concerning any aspect of the application, should be submitted in writing to the Director, Oil and Gas Division, Railroad Commission of Texas, 1701 North Congress Avenue, Austin, Texas 78711. Unless the Commission receives a protest to the application, the director may take final administrative action on the application (e.g., approve, deny, return, or refer to hearing) no fewer than 15 days after the date the application is filed with the Commission.

Please be advised that the Railroad Commission of Texas does not have jurisdiction over roads, traffic, property values, zoning, noise, odors, esthetics, leasing, pipeline easements, or royalty payments.

If you have any questions, please contact the operator's representative Bernice Lary at (713) 951-0100.

With best regards, I am

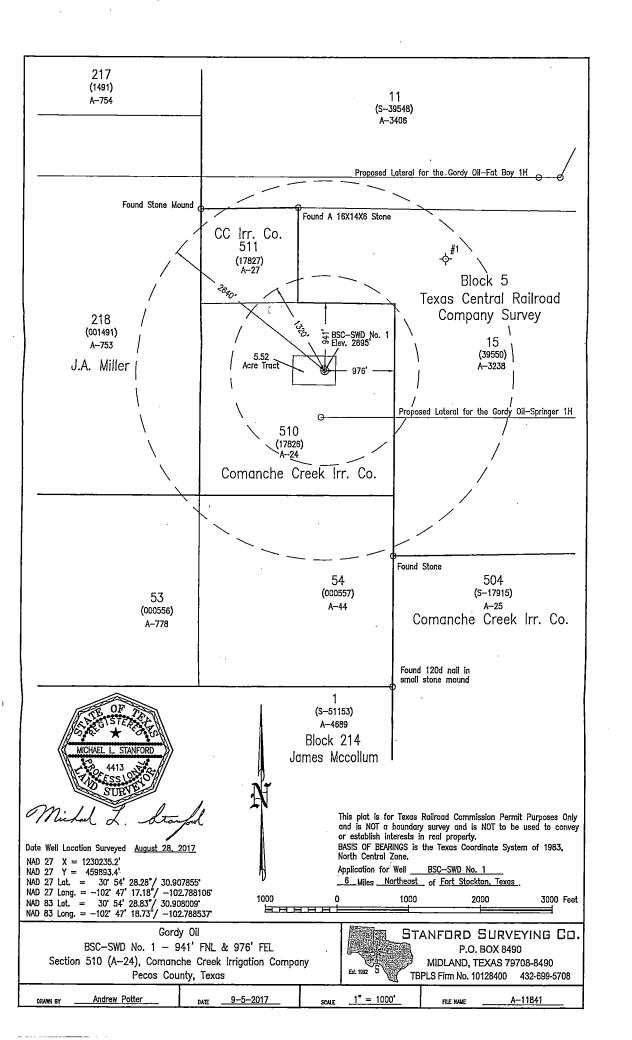
Sincerely,

Weldon Waters

Consultant for Gordy Oil Company

WW/ms

Enclosures:



RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

Form W-14

05/2004 MIL0205

APPLICATION TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A FORMATION NOT PRODUCTIVE OF OIL AND GAS

1. Operator Name Gordy Oil Company						2. C	perator P-5 No.	317150	
3. Operator Address: 100 Waugh Drive, Suite 400, Houston, TX 77007									
4. CountyPecos 6. Field Name Wolfbone (Trend Area) 8. Lease Name BSC-SWD							7. Field Number 98359800		
10. Well is ±6 miles in a NE direction from Fort Stockton (center of nearest town). 11. No. acres in lease 5.52									
12. Legal description of location including distance and direction from survey lines 941' FNL & 976' FEL, Sec. 510 CCI Co. Survey, A-24									
13. Latitude/Longitude, if known (Optional) Lat. 30.907855° Long102.788106° (NAD 27)									
14. New Permit: Yes 🗵 No 🗌 If no, amendment of Permit No.							UIC#		
15. Reason for amendment: Pressure 🗌 Volume 🔲 Interval 🔲 Commercial 🔲 Other (explain)									
16. Well No.	6. Well No. 17. API No. 18. Date Drilled To Be Drilled					19. Total Depth 20. Plug Date, if re-entry 6.600'			
Casing S	Size	Setting Depths	Hole Size	Casing Weight	Cement Class	Cement Sacks (#)	Top of cement	Top Determined by	
	9 5/8"	1,650'	12 1/4"	Weight	Ciass	420	Surface	Circulation	
22. Intermediate 23. Long String	7"	6,600'	8 1/2"			920	Surface	Circulation	
24. Liner 25. Other									
26. Depth to base of Deepest Freshwater Zone									
33. Injection Interval from 4,645 to 6,600 ft. 34. Name of Disposal Formation Bell Canyon, Cherry San Andres, Wolfcamp, 17,775 & deeper 34. Name of Disposal Formation Bell Canyon, Cherry Canyon, Brushy Canyon Devonian, Ellenburger									
36. Maximum Daily Injection Volume 15,000 bpd 37. Estimated Average Daily Injection Volume 10,000 bpd									
38. Maximum Surface Injection Pressure 2,272 psig 39. Estimated Average Surface Injection Pressure 1,000 psig									
40. Source of Fluids (Formation, depths and types): Wolfcamp @±8,000' Produced Salt Water									
40. Source of Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths and types): Voltearify (225,000 Floid account Fluids (Formation, depths account Fluids (Fo									
43. If commercial disposal, will non-hazardous oil and gas waste other than produced water be disposed of? Yes No No									
44. Type(s) of Injection Fluid: Salt Water Brackish Water Fresh Water CO ₂ N ₂ Air H ₂ S									
LPG NORM Natural Gas Polymer Other (explain) RCRA Exempt Waste (See Attached)									
CERTIFICATE I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to the best of my knowledge. FOR OFFICE USE ONLY REGISTER NO. Date Sprature Sprature Sprature Date Name of Person (type or print) Phone 13 95 0 0 0 Fax AMOUNT \$									

FORM W-14 INSTRUCTIONS

- 1. File the original application, including all attachments, with Environmental Services, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967. File one copy of the application and all attachments with the appropriate district office.
- 2. Include with the original application a non-refundable fee of \$100 payable to the *Railroad Commission of Texas*. Submit an additional \$150 fee for each request for an exception to Statewide Rule 9(9) relating to Special Equipment.
- 3. Provide the current field name (Item 6) and field number (Item 7) designated in Commission records for an existing well. If the application is for a new well, provide the nearest producing field name and number.
- 4. Check in Item 14 the appropriate box for a new permit or an amendment of an existing permit. If an amendment, check the applicable boxes in Item 15 to indicate the reason for amendment and provide a brief explanation if "other" is checked.
- 5. If the application is for a new permit, attach a complete electrical log of the well or the log of a nearby well.
- 6. Attach a letter from the Texas Commission on Environmental Quality (TCEQ) or its predecessor or successor agency stating that the well will not endanger usable quality water strata and that the formation and stratum to be used for disposal does not contain usable quality water. To obtain the TCEQ letter, submit two copies of the Form W-14, a plat with surveys marked, and a representative electrical log to the TCEQ, MC 151, P.O. Box 13087, Austin, Texas 78711-3087. NOTE: If the application is for an amendment, a new TCEQ letter is required only if the amendment is for a change in the disposal interval.
- 7. Attach a map showing the location of all wells of public record within one-half (1/2) mile radius of the proposed disposal well. On the map show each Commission-designated operator of each well within one-half (1/2) mile of the proposed disposal well. NOTE: For a commercial disposal well application, the map shall also show the ownership of the proposed disposal well tract and the surface tracts that adjoin the proposed disposal well tract.
- 8. Attach a table of all wells of public record that penetrate the disposal interval and that are within one-quarter (1/4) mile radius of the proposed disposal well. The table shall include the well identification, date drilled, depth, current status, and the plugging dates of those wells that are plugged. Identify any wells that appear to be or that you may know are unplugged or improperly plugged and penetrate the proposed injection interval. Alternatively, an applicant may request a variance under Rule 9(7)(B). NOTE: If the application is for an amendment, a table of wells within a one-quarter (1/4) mile radius is required only if the current permit was issued before April 1, 1982, or if the amendment is for a shallower disposal depth.
- 9. Attach a list of the names and mailing or physical addresses of affected persons who were notified of the application and when the notification was mailed or delivered. Include a signed statement attesting to the notification of the listed affected persons. Notice shall be provided by sending or delivering a copy of the front and back of the application to the surface owner of record of the surface tract where the well is located, each Commission-designated operator of any well located within one-half (1/2) mile of the proposed well, the county clerk, and the city clerk, or other city official, if the proposed well is located within municipal boundaries. In addition, notice of a commercial disposal well also shall be provided to surface owners of record of each surface tract that adjoins the surface tract where the proposed well will be located. NOTE: If the application is for an amendment, notification of the county clerk and city clerk are required only if the amendment is for disposal interval or for commercial status.
- 10. Attach an affidavit of publication signed by the publisher that the notice of publication has been published in a newspaper of general circulation in the county where the disposal well will be located. Attach a newspaper clipping of the published notice. If the application is for a commercial disposal well, that fact must be stated in the published notice. NOTE: If the application is for amendment, notification by publication is required only if the amendment is for disposal interval or commercial status.
- 11. Attach any other technical information that you believe will facilitate the review of this application. Such information may include a cement bond log, a cementing record, or a well bore sketch.

Additional information is available in the *Underground Injection Control Manual*, which is available on the Railroad Commission's website: www.rrc.state.tx.us

No public hearing will be held on this application unless an affected person or local government protests the application, or the Commission administratively denies the application. Any protest shall be in writhing and contain (1) the name, mailing address, and phone number of the person making the protest; and (2) a brief description of how the protestant would be adversely affected by the activity sought to be permitted. If the Commission or its delegate determines that a valid protest has been received, or that a public hearing is in the public interest, a hearing will be held upon written request by the applicant. The permit may be administratively issued in a minimum of 15 days after receipt of the application, published notice, or notification of affected persons, whichever is later, if no protest is received.

LIST OF E&P WASTES: EXEMPT AND NON EXEMPT

The lists below are not complete lists of exempt wastes and non exempt wastes. Additional wastes may be discovered during your day-to-day E&P operations. It is important to remember that a material that is unique to E&P operations must be used in primary field operations to gain exemption as a waste. Chapter 3 of this manual and the references cited in Chapter 3 can provide guidance in determining the waste's regulatory status. Please note, however, the Commission or the EPA should be contacted for guidance in the event the regulatory status of a waste is in doubt.

EXEMPT WASTES

Activated charcoal filter media

Basic sediment and water (BS&W) - see Tank bottoms

Caustics, if used as drilling fluid additives or for gas treatment

Condensate

Cooling tower blowdown

Debris, crude oil soaked

Debris, crude oil stained

Deposits removed from piping and equipment prior to transportation (i.e., pipe scale, hydrocarbon solids, hydrates, and other deposits)

Drilling cuttings/solids

Drilling fluids

Drilling fluids and cuttings from offshore operations disposed of onshore

Gas dehydration wastes:

- a. Glycol-based compounds
- b. Glycol filters (see process filters), filter media, and backwash
- c. Molecular sieves

Gas plant sweetening wastes for sulfur removal:

- a. Amines (including amine reclaimer bottoms)
- b. Amine filters (see process filters), amine filter media and backwash
- c. Amine sludge, precipitated
- d. Iron sponge (and iron sulfide scale)
- e. Hydrogen sulfide scrubber liquid and sludge

Gases removed from the production stream (i.e., H₂S, CO₂, and VOCs)

Liquid hydrocarbons removed from the production stream but not from oil refining

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Oil, weathered

Paraffin

Pigging wastes from producer operated gathering lines

Pit sludges and contaminated bottoms from storage or disposal of exempt wastes

Process filters

EXEMPT WASTES (Continued)

Produced sand

Produced water

Produced water constituents removed before disposal (injection or other disposal)

Produced water filters (see Process filters)

Rigwash

Slop oil (waste crude oil from primary field operations and production)

Soils, crude oil-contaminated

Sulfacheck/Chemsweet waste

Tank bottoms and basic sediment and water (BS&W) from: storage facilities that hold product and exempt waste (including accumulated materials such as hydrocarbons, solids, sand, and emulsion from production separators, fluid treating vessels, and production impoundments).

VOCs from exempt wastes in reserve pits or impoundments or production equipment

Well completion, treatment, and stimulation, and packing fluids

Workover wastes (i.e., blowdown, swabbing and bailing wastes

QUESTIONABLE STATUS WASTES

These wastes were not specifically listed by EPA as exempt; however, they do appear to be exempt based on the Regulatory Determination and Clarification provided by EPA.

Cement slurry returns from the well and cement cuttings (unused cement slurries would be nonexempt)

Gas plant sweetening unit catalyst

Natural gas gathering line hydrotest water

Produced-water-contaminated soil

Sulfur recovery unit wastes

SPECIAL CATEGORY WASTES

Special category wastes are subject to waste specific regulations.

Naturally occurring radioactive materials (NORM):

The possession, use, transfer, transport, and/or storage of NORM or the recycling of certain NORM-contaminated materials is regulated by the Texas Department of Health (TDH). Disposal of oil and gas NORM waste and operations incidental to disposal are regulated by the Railroad Commission. Disposal of all other NORM is regulated by the TNRCC.

Polychlorinated biphenols (PCBs) and PCB-contaminated soils:

Regulated under the federal Toxic Substances Control Act (TSCA). At the state level, oil and gas wastes contaminated by PCBs are regulated by the Railroad Commission.

Asbestos:

Regulated under the National Emissions Standards for Hazardous Air Pollutants (NESHAP). At the state level, asbestos waste from oil and gas operations is regulated by the Railroad Commission of Texas (regarding oil and gas waste), the Texas Department of Health (regarding NESHAPS), and the Texas Natural Resource Conservation Commission (regarding disposal in landfills).

LIST OF EXPLORATION AND PRODUCTION WASTE

Produced Water

Drilling Fluids

Drill Cuttings

Rigwash

Workover Wastes

Cooling tower blowdown

Packer Fluids

Produced Sands

Hydrocarbon-bearing soil

Pigging wastes from gathering lines

Drilling fluids and cuttings from offshore operations disposed of onshore

Well completion, treatment, and stimulation fluids

Basic sediment and water and other tank bottoms from storage facilities that hold product and oil and gas waste

Accumulated materials such as hydrocarbons, solids, sand, and emulsion from production separators, fluid treating vessels, and production impoundments

Pit sludges and contaminated bottoms from storage or disposal of oil and gas wastes

Gas plant dehydration wastes, including glycol-based compounds, glycol filters, filter media, backwash, and molecular sieves

Spent oil and gas filters, filter media, and backwash

Pipe scale, hydrocarbon solids, hydrates, and other deposits removed from piping and equipment prior to transportation

Wastes from subsurface gas storage and retrieval

Constituents removed from produced water before it is injected or otherwise disposed of

Liquid hydrocarbons removed from the production stream but not from oil refining

Materials ejected from a producing well during the process known as blowdown

Waste crude oil from primary field operations and production

Light organics volatilized from oil and gas wastes in reserve pits or impoundments or production equipment

and

Other exploration and production wastes

FILED FOR RECORD
AT_ID_O'CLOCK_H_M.

DEC 4 2017

PAT THOMSON

COUNTY CLERK FISHER COUNTY, TEXAS

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