

**UNDERGROUND INJECTION CONTROL PROGRAM
PERMIT**

PREPARED: June 2016

Permit No. ND22328-10783

DRAFT

Class II Commercial Salt Water Disposal Well
New Town SWD #1
Mountrail County, North Dakota

Issued To
Newalta
1801 California Street
50th Floor
Denver, Colorado 80202

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Part I. AUTHORIZATION TO CONSTRUCT AND OPERATE

Under the authority of the Safe Drinking Water Act and Underground Injection Control (UIC) Program regulations of the U. S. Environmental Protection Agency (EPA) codified at Title 40 of the Code of Federal Regulations (40 CFR) Parts 2, 124, 144, 146, and 147, and according to the terms of this permit,

Newalta
1801 California Street
50th Floor
Denver, Colorado 80202

is authorized to construct and to operate the following Class II injection well or wells:

New Town SWD #1
2296 feet FNL, 1140 feet FEL, SENE S17, T152N, R91W
Mountrail County, North Dakota

EPA regulates the injection of fluids into injection wells so that injection does not endanger underground sources of drinking water (USDWs). EPA UIC Permit conditions are based on authorities set forth at 40 CFR Parts 144 and 146, and address potential impacts to USDWs.

Under 40 CFR Part 144, Subpart D, certain conditions apply to all UIC permits and may be incorporated either expressly or by reference. General permit conditions for which the content is mandatory and not subject to site-specific differences are not discussed in this document. Issuance of this Permit does not convey any property rights of any sort or any exclusive privilege, nor does it authorize injury to persons or property or invasion of other private rights, or any infringement of other federal, state or local laws or regulations. (40 CFR §144.35) An EPA UIC Permit may be issued for the operating life of the injection well or project unless terminated for reasonable cause under 40 CFR §144.39, 144.40 and 144.41, and may be reviewed at least once every five (5) years to determine if action is required under 40 CFR §144.36(a).

This permit is issued for the life of the well(s) unless modified, revoked and reissued, or terminated under 40 CFR §144.39 or 144.40. This EPA permit may be adopted, modified, revoked and reissued, or terminated if primary enforcement authority for a UIC Program is delegated to an Indian Tribe or State. Upon the effective date of delegation, reports, notifications, questions and other correspondence should be directed to the Indian Tribe or State Director.

Issue Date: DRAFT Effective Date DRAFT

 DRAFT
Darcy O'Connor
Acting Assistant Regional Administrator
Office of Partnerships and Regulatory Assistance

*NOTE: The person holding this title is referred to as the "Director" throughout this Permit.

PART II. SPECIFIC PERMIT CONDITIONS

Section A. WELL CONSTRUCTION REQUIREMENTS

These requirements represent the approved minimum construction standards for well casing and cement, injection tubing, and packer.

Details of the approved well construction plan are incorporated into this permit as APPENDIX A. Changes to the approved plan that may occur during construction must be approved by the Director prior to being physically incorporated.

1. Casing and Cement.

The well or wells shall be cased and cemented to prevent the movement of fluids into or between underground sources of drinking water. The well casing and cement shall be designed for the life expectancy of the well and of the grade and size shown in APPENDIX A. Remedial cementing may be required if shown to be inadequate by cement bond log or other attempted demonstration of Part II (External) mechanical integrity.

2. Injection Tubing and Packer.

Injection tubing is required, and shall be run and set with a packer at or below the depth indicated in APPENDIX A. The packer setting depth may be changed provided it remains below the depth indicated in APPENDIX A and the Permittee provides notice and obtains the Director's approval for the change.

3. Sampling and Monitoring Devices.

The Permittee shall install and maintain in good operating condition:

- (a) a "tap" at a conveniently accessible location on the injection flow line between the pump house or storage tanks and the injection well, isolated by shut-off valves, for collection of representative samples of the injected fluid; and
- (b) one-half (1/2) inch female iron pipe fitting, isolated by shut-off valves and located at the wellhead at a conveniently accessible location, for the attachment of a pressure gauge capable of monitoring pressures ranging from normal operating pressures up to the Maximum Allowable Injection Pressure specified in APPENDIX C:
 - (i) on the injection tubing; and
 - (ii) on the tubing-casing annulus (TCA); and
- (c) a pressure actuated shut-off device attached to the injection flow line set to shut-off the injection pump when or before the Maximum Allowable Injection Pressure (MAIP) specified in APPENDIX C is reached at the wellhead; and
- (d) a non-resettable cumulative volume recorder attached to the injection line.

4. Well Logging and Testing.

Well logging and testing requirements are found in APPENDIX B. The Permittee shall ensure the log and test requirements are performed within the time frames specified in APPENDIX B. Well logs and tests shall be performed according to current EPA-approved procedures. Well log and test results shall be submitted to the Director within sixty (60) days of completion of the logging or testing activity, and shall include a report describing the methods used during logging or testing and an interpretation of the test or log results.

5. Postponement of Construction or Conversion.

The Permittee shall complete well construction within one year of the Effective Date of the permit, or in the case of an Area Permit within one year of Authorization of the additional well. Authorization to construct and operate shall expire if the well has not been constructed within one year of the Effective Date of the permit or Authorization and the Permit may be terminated under 40 CFR 144.40, unless the Permittee has notified the Director and requested an extension prior to expiration. Notification shall be in writing, and shall state the reasons for the delay and provide an estimated completion date. Once Authorization has expired under this part, the complete permit process including opportunity for public comment may be required before Authorization to construct and operate may be reissued.

6. Workovers and Alterations.

Workovers and alterations shall meet all conditions of the permit. Prior to beginning any addition or physical alteration to an injection well that may significantly affect the tubing, packer or casing, the Permittee shall give advance notice to the Director and obtain the Director's approval. The Permittee shall record all changes to well construction on a Well Rework Record (EPA Form 7520-12), and shall provide this and any other record of well workover, logging, or test data to EPA within sixty (60) days of completion of the activity.

A successful demonstration of Part I MI is required following the completion of any well workover or alteration which affects the casing, tubing, or packer. Injection operations shall not be resumed until the well has successfully demonstrated mechanical integrity and the Director has provided written approval to resume injection.

Section B. MECHANICAL INTEGRITY

The Permittee is required to ensure each injection well maintains mechanical integrity at all times. The Director, by written notice, may require the Permittee to comply with a schedule describing when mechanical integrity demonstrations shall be made.

An injection well has mechanical integrity if:

- (a) There is no significant leak in the casing, tubing, or packer (Part I); and
- (b) There is no significant fluid movement into an underground source of drinking water through vertical channels adjacent to the injection well bore (Part II).

1. Demonstration of Mechanical Integrity (MI).

The Permittee shall demonstrate MI prior to commencing injection and periodically thereafter. Well-specific conditions dictate the methods and the frequency for demonstrating MI and are discussed in the Statement of Basis. The logs and tests are designed to demonstrate both internal (Part I) and external (Part II) MI as described above. The conditions present at this well site warrant the methods and frequency required in Appendix B of this permit.

In addition to these regularly scheduled demonstrations of MI, the Permittee shall demonstrate internal (Part I) MI after any workover which affects the tubing, packer or casing.

The Director may require additional or alternative tests if the results presented by the Permittee are not satisfactory to the Director to demonstrate there is no movement of fluid into or between USDWs resulting from injection activity. Results of MI tests shall be submitted to the Director as soon as possible but no later than sixty (60) days after the test is complete.

2. Mechanical Integrity Test Methods and Criteria.

EPA-approved methods shall be used to demonstrate mechanical integrity. Ground Water Section Guidance No. 34 "Cement Bond Logging Techniques and Interpretation", Ground Water Section Guidance No. 37, "Demonstrating Part II (External) Mechanical Integrity for a Class II injection well permit", and Ground Water Section Guidance No. 39, "Pressure Testing Injection Wells for Part I (Internal) Mechanical Integrity" are available from EPA and will be provided upon request.

The Director may stipulate specific test methods and criteria best suited for a specific well construction and injection operation.

3. Notification Prior to Testing.

The Permittee shall notify the Director at least seven calendar days prior to any mechanical integrity test unless the mechanical integrity test is conducted after a well construction, well conversion, or a well rework, in which case any prior notice is sufficient. The Director may allow a shorter notification period if it would be sufficient to enable EPA to witness the mechanical integrity test. Notification may be in the form of a yearly or quarterly schedule of planned mechanical integrity tests, or it may be on an individual basis.

4. Loss of Mechanical Integrity.

If the well fails to demonstrate mechanical integrity during a test, or a loss of mechanical integrity becomes evident during operation (such as presence of pressure in the TCA, water flowing at the surface, etc.), the Permittee shall notify the Director within 24 hours (see Part III Section E Paragraph 11(e) of this permit) and the well shall be shut-in within 48 hours unless the Director requires immediate shut-in.

Within five days, the Permittee shall submit a follow-up written report that documents test results, repairs undertaken or a proposed remedial action plan.

Injection operations shall not be resumed until after the well has successfully been repaired and demonstrated mechanical integrity, and the Director has provided approval to resume injection.

Section C. WELL OPERATION

Injection between the outermost casing protecting underground sources of drinking water and the well bore is prohibited.

Injection is approved under the following conditions:

1. Requirements Prior to Commencing Injection.

Well injection, including for new wells authorized by an Area Permit under 40 CFR 144.33 (c), may commence only after all well construction and pre-injection requirements herein have been met and approved. The Permittee may not commence injection until construction is complete, and

- (a) The Permittee has submitted to the Director a notice of completion of construction and a completed EPA Form 7520-10 or 7520-12; all applicable logging and testing requirements of this permit (see APPENDIX B) have been fulfilled and the records submitted to the Director; mechanical integrity pursuant to 40 CFR 146.8 and Part II Section B of this permit has been demonstrated; and
 - (i) The Director has inspected or otherwise reviewed the new injection well and finds it is in compliance with the conditions of the Permit; or
 - (ii) The Permittee has not received notice from the Director of his or her intent to inspect or otherwise review the new injection well within 13 days of the date of the notice in Paragraph 1a, in which case prior inspection or review is waived and the Permittee may commence injection.

2. Injection Interval.

Injection is permitted only within the approved injection interval, listed in APPENDIX C. Additional individual injection perforations may be added provided that they remain within the approved injection interval and the Permittee provides notice to the Director in accordance with Part II, Section A, Paragraph 6.

3. Injection Pressure Limitation.

- (a) The permitted Maximum Allowable Injection Pressure (MAIP), measured at the wellhead, is found in APPENDIX C. Injection pressure shall not exceed the amount the Director determines is appropriate to ensure that injection does not initiate new fractures or propagate existing fractures in the confining zone adjacent to USDWs. In no case shall injection pressure cause the movement of injection or formation fluids into a USDW.
- (b) The Permittee may request a change of the MAIP, or the MAIP may be increased or decreased by the Director in order to ensure that the requirements in Paragraph (a) above are fulfilled. The Permittee may be required to conduct a step rate injection test or other suitable test to provide information for determining the fracture pressure of the injection zone. Change of the permitted MAIP by the Director shall be by modification of this permit and APPENDIX C.

4. Injection Volume Limitation.

Injection volume is limited to the total volume specified in APPENDIX C.

5. Injection Fluid Limitation.

Injected fluids are limited to those which are brought to the surface in connection with conventional oil or natural gas production and may be commingled with waste waters from gas plants which are an integral part of production operations unless those waters are classified as a hazardous waste at the time of injection, pursuant to 40 CFR 144.6(b). The Permittee shall provide an annual listing of sources of injected fluids in accordance with the reporting requirements in Part II Section D Paragraph 4 and APPENDIX D of this permit.

- (a) The well may be used to inject Class II wastes brought to the surface such as drilling fluids and spent well completion, treatment and stimulation fluids. Non-exempt wastes, including unused fracturing fluids or acids, gas plant cooling tower cleaning wastes, service wastes and vacuum truck wastes, are NOT approved.
- (b) Initially, the well is permitted to accept fluid from the following sources:

Regardless of the method of conveyance to the Permittee's commercial injection well the Permittee is to ensure that the fluids meet the requirements as a Class II approved fluid and follows the requirements indicated in Appendix G of this permit.

Fluid sources will consist of produced water from hydrocarbon producing wells, water produced during flowback, water produced during workovers, and water captured during drilling activities. Wells within a 50 mile radius will be the likely sources of injection water from the Bakken and Three Forks Formations the primary hydrocarbon producing zone within the Williston Basin.

- (c) Additional sources of fluids may be accepted, provided that they meet the requirements listed in Paragraphs 5 and 5(a) above. Within thirty (30) days after accepting fluid from a new source, the Permittee shall:
 - (i) notify the Director, in writing, identifying the new source by well name(s), field name(s), or facility name(s); and,
 - (ii) submit a fluid analysis for the additional fluids to the Director. The fluid shall be analyzed for TDS, Specific Gravity, Specific Conductivity, and pH.

6. Tubing-Casing Annulus (TCA).

The tubing-casing annulus (TCA) shall be filled with water treated with a corrosion inhibitor, or other fluid approved by the Director. The TCA valve shall remain closed during normal operating conditions and the TCA pressure shall be maintained at zero (0) psi.

If TCA pressure cannot be maintained at zero (0) psi, the Permittee shall follow the procedures in Ground Water Section Guidance No. 35 "Procedures to follow when excessive annular pressure is observed on a well."

Section D. MONITORING, RECORDKEEPING, AND REPORTING OF RESULTS

1. Monitoring Parameters, Frequency, Records and Reports.

Monitoring parameters are specified in APPENDIX D. Pressure monitoring recordings shall be taken at the wellhead. The listed parameters are to be monitored, recorded and reported at the frequency indicated in APPENDIX D even during periods when the well is not operating.

Monitoring records must include:

- (a) the date, time, exact place and the results of the observation, sampling, measurement, or analysis, and;
- (b) the name of the individual(s) who performed the observation, sampling, measurement, or analysis, and;
- (c) the analytical techniques or methods used for analysis.

2. Monitoring Methods.

- (a) Monitoring observations, measurements, samples, etc. taken for the purpose of complying with these requirements shall be representative of the activity or condition being monitored.
- (b) Methods used to monitor the nature of the injected fluids must comply with analytical methods cited and described in Table 1 of 40 CFR 136.3 or Appendix III of 40 CFR 261, or by other methods that have been approved in writing by the Director.
- (c) Injection pressure, annulus pressure, injection rate, and cumulative injected volumes shall be observed and recorded at the wellhead under normal operating conditions, and all parameters shall be observed simultaneously to provide a clear depiction of well operation.
- (d) Pressures are to be measured in pounds per square inch (psi).
- (e) Fluid volumes are to be measured in standard oil field barrels (bbl).
- (f) Fluid rates are to be measured in barrels per day (bbl/day).

3. Records Retention.

- (a) Records of calibration and maintenance, and all original strip chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit shall be retained for a period of AT LEAST THREE (3) YEARS from the date of the sample, measurement, report, or application. This period may be extended anytime prior to its expiration by request of the Director.

- (b) Records of the nature and composition of all injected fluids must be retained until three (3) years after the completion of any plugging and abandonment (P&A) procedures specified under 40 CFR 144.52(a)(6) or under Part 146 Subpart G, as appropriate. The Director may require the Permittee to deliver the records to the Director at the conclusion of the retention period. The Permittee shall continue to retain the records after the three (3) year retention period unless the Permittee delivers the records to the Director or obtains written approval from the Director to discard the records.

4. Annual Reports.

Whether the well is operating or not, the Permittee shall submit an Annual Report to the Director that summarizes the results of the monitoring required by Part II Section D and APPENDIX D. The report of all sources of the fluids injected during the year must identify each source by the generator's name and the well name and location, and the field name or facility name.

The first Annual Report shall cover the period from the effective date of the permit through December 31 of that year. Subsequent Annual Reports shall cover the period from January 1 through December 31 of the reporting year. Annual Reports shall be submitted by February 15 of the year following data collection. EPA Form 7520-11 may be copied and shall be used to submit the Annual Report, however, the monitoring requirements specified in this permit are mandatory even if EPA Form 7520-11 indicates otherwise.

Section E. PLUGGING AND ABANDONMENT

1. Notification of Well Abandonment, Conversion or Closure.

The Permittee shall notify the Director in writing at least forty-five (45) days prior to: 1) plugging and abandoning an injection well, 2) converting to a non-injection well, and 3) in the case of an Area permit, before closure of the project.

2. Well Plugging Requirements.

Prior to abandonment, the injection well shall be plugged with cement in a manner which isolates the injection zone and prevents the movement of fluids into or between underground sources of drinking water, and in accordance with 40 CFR 146.10 and other applicable federal, state or local law or regulations. Tubing, packer and other downhole apparatus shall be removed. Cement with additives such as accelerators and retarders that control or enhance cement properties may be used for plugs; however, volume-extending additives and gel cements are not approved for plug use. Plug placement shall be verified by tagging. Plugging gel of at least 9.2 lb/gal shall be placed between all plugs. A minimum 50 ft surface plug shall be set inside and outside of the surface casing to seal pathways for fluid migration into the subsurface. The Plugging Record must be certified as accurate and complete by the person responsible for the plugging operation. Prior to placement of the cement plug(s) the well shall be in a state of static equilibrium with the mud weight equalized top to bottom, either by circulating the mud in the well at least once or by a comparable method prescribed by the Director.

3. *Approved Plugging and Abandonment Plan.*

The approved plugging and abandonment plan is incorporated into this permit as APPENDIX E. Changes to the approved plugging and abandonment plan must be approved by the Director prior to beginning plugging operations. The Director also may require revision of the approved plugging and abandonment plan at any time prior to plugging the well.

4. *Forty Five (45) Day Notice of Plugging and Abandonment.*

The Permittee shall notify the Director at least forty-five (45) days prior to plugging and abandoning a well and provide notice of any anticipated change to the approved plugging and abandonment plan.

5. *Plugging and Abandonment Report.*

Within sixty (60) days after plugging a well, the Permittee shall submit a report (EPA Form 7520-13) to the Director. The plugging report shall be certified as accurate by the person who performed the plugging operation. Such report shall consist of either:

- (a) A statement that the well was plugged in accordance with the approved plugging and abandonment plan; or
- (b) Where actual plugging differed from the approved plugging and abandonment plan, an updated version of the plan, on the form supplied by the Director, specifying the differences.

6. *Inactive Wells.*

After any period of two years during which there is no injection the Permittee shall plug and abandon the well in accordance with Part II Section E Paragraph 2 of this Permit unless the Permittee:

- (a) Provides written notice to the Director;
- (b) Describes the actions or procedures the Permittee will take to ensure that the well will not endanger USDWs during the period of inactivity. These actions and procedures shall include compliance with mechanical integrity demonstration, Financial Responsibility and all other permit requirements designed to protect USDWs; and
- (c) Receives written notice by the Director temporarily waiving plugging and abandonment requirements.

PART III. CONDITIONS APPLICABLE TO ALL PERMITS

Section A. EFFECT OF PERMIT

The Permittee is allowed to engage in underground injection in accordance with the conditions of this Permit. The Permittee shall not construct, operate, maintain, convert, plug, abandon, or conduct any other activity in a manner that allows the movement of fluid containing any contaminant into underground sources of drinking water, if the presence of that contaminant may cause a violation of any primary drinking water regulation under 40 CFR 142 or may otherwise adversely affect the health of persons. Any underground injection activity not authorized by this permit or by rule is prohibited. Issuance of this permit does not convey property rights of any sort or any exclusive privilege; nor does it authorize any injury to persons or property, any invasion of other private rights, or any infringement of any other federal, state or local law or regulations. Compliance with the terms of this permit does not constitute a defense to any enforcement action brought under the provisions of Section 1431 of the Safe Drinking Water Act (SDWA) or any other law governing protection of public health or the environment, for any imminent and substantial endangerment to human health or the environment, nor does it serve as a shield to the Permittee's independent obligation to comply with all UIC regulations. Nothing in this permit relieves the Permittee of any duties under applicable regulations.

Section B. CHANGES TO PERMIT CONDITIONS

1. Modification, Reissuance, or Termination.

The Director may, for cause or upon a request from the Permittee, modify, revoke and reissue, or terminate this permit in accordance with 40 CFR 124.5, 144.12, 144.39, and 144.40. Also, this permit is subject to minor modification for causes as specified in 40 CFR 144.41. The filing of a request for modification, revocation and reissuance, termination, or the notification of planned changes or anticipated noncompliance on the part of the Permittee does not stay the applicability or enforceability of any condition of this permit.

2. Conversions.

The Director may, for cause or upon a written request from the Permittee, allow conversion of the well from a Class II injection well to a non-Class II well. Conversion may not proceed until the Permittee receives written approval from the Director. Conditions of such conversion may include but are not limited to, approval of the proposed well rework, follow up demonstration of mechanical integrity, well-specific monitoring and reporting following the conversion, and demonstration of practical use of the converted configuration.

3. Transfer of Permit.

Under 40 CFR 144.38, this permit is transferable provided the current Permittee notifies the Director at least thirty (30) days in advance of the proposed transfer date (EPA Form 7520-7) and provides a written agreement between the existing and new Permittees containing a specific date for transfer of permit responsibility, coverage and liability between them. The notice shall adequately demonstrate that the financial responsibility requirements of 40 CFR 144.52(a)(7) will be met by the new Permittee. The Director may require modification or revocation and reissuance of the permit to change the name of the Permittee and incorporate such other requirements as may be necessary under the Safe Drinking Water Act; in some cases, modification or revocation and reissuance is mandatory.

4. Permittee Change of Address.

Upon the Permittee's change of address, or whenever the Permittee changes the address where monitoring records are kept, the Permittee must provide written notice to the Director within 30 days.

5. Construction Changes, Workovers, Logging and Testing Data

The Permittee shall give advance notice to the Director, and shall obtain the Director's written approval prior to any physical alterations or additions to the permitted facility. Alterations or workovers shall meet all conditions as set forth in this permit. The Permittee shall record any changes to the well construction on a Well Rework Record (EPA Form 7520-12), and shall provide this and any other record of well workovers, logging, or test data to EPA within sixty (60) days of completion of the activity.

Following the completion of any well workovers or alterations which affect the casing, tubing, or packer, a successful demonstration of mechanical integrity (Part III, Section F of this permit) shall be made, and written authorization from the Director received, prior to resuming injection activities.

Section C. SEVERABILITY

The Provisions of this Permit are severable, and if any provision of this permit or the application of any provision of this permit to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this permit shall not be affected thereby.

Section D. CONFIDENTIALITY

In accordance with 40 CFR Part 2 and 40 CFR 144.5, information submitted to EPA pursuant to this permit may be claimed as confidential by the submitter. Any such claim must be asserted at the time of submission by stamping the words "confidential business information" on each page containing such information. If no claim is made at the time of submission, EPA may make the information available to the public without further notice. If a claim is asserted, the validity of the claim will be assessed in accordance with the procedures in 40 CFR Part 2 (Public Information). Claims of confidentiality for the following information will be denied:

- The name and address of the Permittee, and
- information which deals with the existence, absence or level of contaminants in drinking water.

Section E. GENERAL PERMIT REQUIREMENTS

1. Duty to Comply.

The Permittee must comply with all conditions of this permit. Any noncompliance constitutes a violation of the Safe Drinking Water Act (SDWA) and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or for denial of a permit renewal application; except that the Permittee need not comply with the provisions of this permit to the extent and for the duration such noncompliance is authorized in an emergency permit under 40 CFR 144.34. All violations of the SDWA may subject the Permittee to penalties and/or criminal prosecution as specified in Section 1423 of the SDWA.

2. Duty to Reapply.

If the Permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, under 40 CFR 144.37 the Permittee must apply for a new permit prior to the expiration date.

3. Need to Halt or Reduce Activity Not a Defense.

It shall not be a defense for a Permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this Permit.

4. Duty to Mitigate.

The Permittee shall take all reasonable steps to minimize or correct any adverse impact on the environment resulting from noncompliance with this Permit.

5. Proper Operation and Maintenance.

The Permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the Permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance includes effective performance, adequate funding, adequate Permittee staffing and training, and adequate laboratory and process controls, including appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of this permit.

6. Permit Actions.

This permit may be modified, revoked and reissued or terminated for cause. The filing of a request by the Permittee for a permit modification, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.

7. Property Rights.

This Permit does not convey any property rights of any sort, or any exclusive privilege.

8. Duty to Provide Information.

The Permittee shall furnish to the Director, within a time specified, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. The Permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit. The Permittee is required to submit any information required by this permit or by the Director to the mailing address designated in writing by the Director.

9. Inspection and Entry.

The Permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

- (a) Enter upon the Permittee's premises where a regulated facility or activity is located or conducted, or where records must be kept under the conditions of this permit;

- (b) Have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit;
- (c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and,
- (d) Sample or monitor at reasonable times, for the purpose of assuring permit compliance or as otherwise authorized by the SDWA, any substances or parameters at any location.

10. Signatory Requirements.

All applications, reports or other information submitted to the Director shall be signed and certified according to 40 CFR 144.32. This section explains the requirements for persons duly authorized to sign documents, and provides wording for required certification.

11. Reporting Requirements.

- (a) Planned changes. The Permittee shall give notice to the Director as soon as possible of any planned changes, physical alterations or additions to the permitted facility, and prior to commencing such changes.
- (b) Anticipated noncompliance. The Permittee shall give advance notice to the Director of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- (c) Monitoring Reports. Monitoring results shall be reported at the intervals specified in this permit.
- (d) Compliance schedules. Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of this permit shall be submitted no later than 30 days following each schedule date.
- (e) Twenty-four hour reporting. The Permittee shall report to the Director any noncompliance which may endanger human health or the environment, including:
 - (i) Any monitoring or other information which indicates that any contaminant may cause endangerment to a USDW; or
 - (ii) Any noncompliance with a permit condition or malfunction of the injection system which may cause fluid migration into or between USDWs.

Information shall be provided, either directly or by leaving a message, within twenty-four (24) hours from the time the Permittee becomes aware of the circumstances by telephoning (800) 227-8917 and requesting EPA Region VIII UIC Program Compliance and Technical Enforcement Director, or by contacting the EPA Region VIII Emergency Operations Center at (303) 293-1788.

In addition, a follow up written report shall be provided to the Director within five (5) days of the time the Permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause, the period of noncompliance including exact dates and times, and if the noncompliance has not been corrected the anticipated time it is expected to continue; and the steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

- (f) Oil Spill and Chemical Release Reporting: The Permittee shall comply with all reporting requirements related to the occurrence of oil spills and chemical releases by contacting the National Response Center (NRC) at (800) 424-8802, (202) 267-2675, or through the NRC website <http://www.nrc.uscg.mil/index.htm>.
- (g) Other Noncompliance. The Permittee shall report all instances of noncompliance not reported under paragraphs Part III, Section E Paragraph 11(b) or Section E, Paragraph 11(e) at the time the monitoring reports are submitted. The reports shall contain the information listed in Paragraph 11(e) of this Section.
- (h) Other information. Where the Permittee becomes aware that it failed to submit any relevant facts in the permit application, or submitted incorrect information in a permit application or in any report to the Director, the Permittee shall promptly submit such facts or information to the Director.

Section F. FINANCIAL RESPONSIBILITY

1. Method of Providing Financial Responsibility.

The Permittee shall maintain continuous compliance with the requirement to maintain financial responsibility and resources to close, plug, and abandon the underground injection well(s). No substitution of a demonstration of financial responsibility shall become effective until the Permittee receives written notification from the Director that the alternative demonstration of financial responsibility is acceptable. The Director may, on a periodic basis, require the holder of a permit to revise the estimate of the resources needed to plug and abandon the well to reflect changes in such costs and may require the Permittee to provide a revised demonstration of financial responsibility.

2. Insolvency.

In the event of:

- (a) the bankruptcy of the trustee or issuing institution of the financial mechanism; or
- (b) suspension or revocation of the authority of the trustee institution to act as trustee;
or

- (c) the institution issuing the financial mechanism losing its authority to issue such an instrument

the Permittee must notify the Director in writing, within ten (10) business days, and the Permittee must establish other financial assurance or liability coverage acceptable to the Director within sixty (60) days after any event specified in (a), (b), or (c) above.

The Permittee must also notify the Director by certified mail of the commencement of voluntary or involuntary proceedings under Title 11 (Bankruptcy), U.S. Code naming the owner or Permittee as debtor, within ten (10) business days after the commencement of the proceeding. A guarantor, if named as debtor of a corporate guarantee, must make such a notification as required under the terms of the guarantee.

APPENDIX A

WELL CONSTRUCTION REQUIREMENTS

See diagram.

General:

The New Town SWD #1 commercial injection well will be drilled as a vertical injection well to a total vertical depth (TVD) of 5,300 feet.

FORMATION DATA:

*Confining Zone:

Upper Confining Zone:

The upper confining zone is a regionally continuous interval that contains low porosity gray to dark gray shales with some bentonite of the Green horn, Belle Fourche and Mowry Shale formations. The top of this sequence of these relatively impermeable units is expected to be at 4,060 feet total vertical depth(TVD) (KB). The base of the upper confining zone is expected to be at 4,802 feet TVD (KB) or about 742 feet thick

Lower Confining Zone:

The lower confining zone consists of interbedded shale, siltstone and sandstone with evaporites and limestone in the lower portion of the Swift, Rierdon and Piper Formations. The top of the lower confining layer is expected to be about at 5,188 feet TVD (KB). The base of the lower confining zone is about at 6,340 feet TVD or about 1,152 feet thick.

Injection Zone: The Inyan-Kara Formation(Dakota Group) consisting of sandstones and shale is expected to be encountered from 4,802 – 5,188 feet TVD.

The oil and gas producing horizons typically occur at below 9,200 feet TVD in the Bakken and Three Forks Formations or more than 4,000 feet below the base of the lower confining zone.

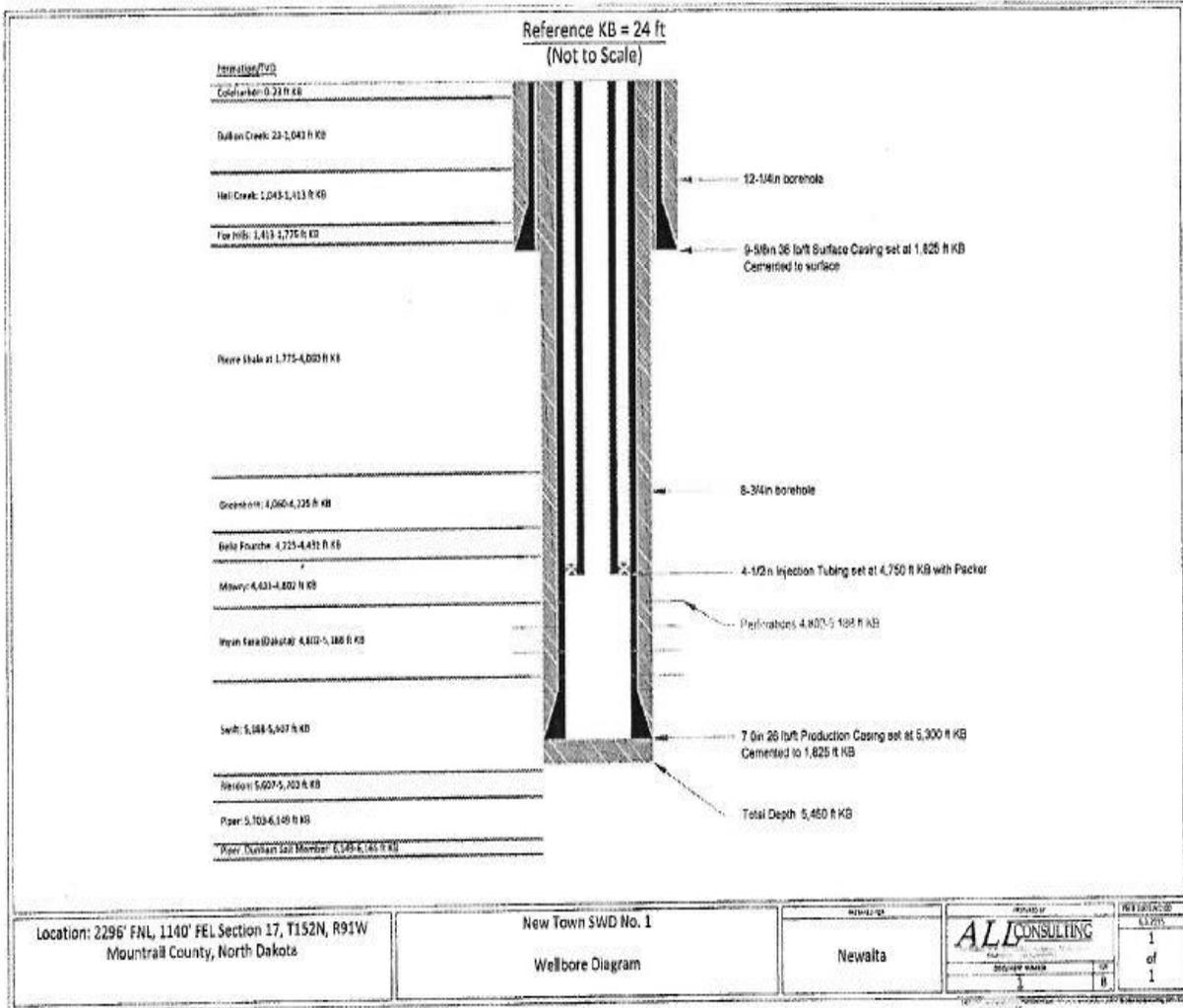
WELL CONSTRUCTION:

Surface Casing: 9.625" diameter, Grade ARJ-55, 36 lbs/ft, Depth from 0-1,825 feet (MD).
Long String Casing: 7" diameter, Grade J-55, 26lbs/ft, Depth from 0 – 5,300 feet (MD).
Surface casing is cemented from 1,825' (MD) to surface to seal off any USDWs that are anticipated to be below the base of the Fox Hills Formation at about 1,775' (BGS) that is the deepest USDW in the area. The Long String casing to be cemented from 5,300 feet to surface to overlap the surface casing cemented zone.

Injection Tubing: 4.5" diameter, Grade J-55, Depth from 0-4,750 feet (MD) with the packer near 4,750 feet.

Perforations: between 4,800 – 5,190 feet.

Tubing and packer will be installed no higher than 100 feet from the top open perforation.



APPENDIX B

LOGGING AND TESTING REQUIREMENTS

Logs.

Logs will be conducted according to current UIC guidance. It is the responsibility of the Permittee to obtain and use guidance prior to conducting any well logging required as a condition of this permit.

WELL NAME: New Town SWD #1

TYPE OF LOG

Sonic
Deviation Check (for any pilot hole)
SP
TEMP

Gamma Ray
Caliper
Resistivity
N-Density
CBL/VDL/GAMMA RAY
Porosity
RATS

DATE DUE

Prior to receiving authorization to inject
Prior to receiving authorization to inject
Prior to receiving authorization to inject
A baseline is required prior to injection. Immediately after the installation and cementing of the surface casing and long string casing.

Open Hole
Open Hole
Open Hole
Open Hole
Prior to receiving authorization to inject
Prior to receiving authorization to inject
If CBL does not show Part II MI, RATS is required prior to authorization to inject (unless a limited authorization to inject is obtained in order to produce a valid test) and at least once every 5 years after the last successful demonstration of Part II MI

Tests.

Tests will be conducted according to current UIC guidance. It is the responsibility of the Permittee to obtain and use guidance prior to conducting any well test required as a condition of this permit.

WELL NAME: New Town SWD #1

TYPE OF TEST	DATE DUE
Bradenhead Pressure	Prior to authorization to commence injection and weekly thereafter. Pressure data to be collected from the annulus on the backside of production casing. Any variance from baseline will be investigated and reported to EPA in 36 hours.
Radioactive Tracer Survey (1)	(RATS) Prior to Authorization to inject if adequate cement is not verified by CBL.
Temperature Log	Prior to authorization to inject if CBL and RATs do not indicate adequate cement behind longstring casing.
Pressure Fall-Off Test	Within 180 days after injection commences.
Cement Bond Log (CBL)	Prior to authorization to inject.
Standard Annulus Pressure	Prior to authorization to inject and at least once every five (5) years after the last successful demonstration of Part I Mechanical Integrity.
Pore Pressure	Prior to receiving authorization to inject.
Step Rate Test	Prior to receiving authorization to inject. The SRT shall be performed following current EPA guidance.
Cement Records	Prior to receiving authorization to inject.
Injection Zone Water Sample	Prior to receiving authorization to inject, a representative sample (stabilized specific conductivity from three successive swab runs) from the injection zone will be analyzed for TDS, pH, Specific Gravity and Specific Conductivity.

APPENDIX C

OPERATING REQUIREMENTS

MAXIMUM ALLOWABLE INJECTION PRESSURE:

Maximum Allowable Injection Pressure (MAIP) as measured at the surface shall not exceed the pressure(s) listed below.

WELL NAME	MAXIMUM ALLOWED INJECTION PRESSURE (psi) ZONE 1 (Upper)
New Town SWD #1	1,635

INJECTION INTERVAL(S):

Injection is permitted only within the approved injection interval listed below. Injection perforations may be altered provided they remain within the approved injection interval and the Permittee provides notice to the Director in accordance with Part II, Section A, Paragraph 6. Specific injection perforations can be found in Appendix A.

WELL NAME: New Town SWD #1

FORMATION NAME	APPROVED INJECTION INTERVAL (KB, ft)		FRACTURE GRADIENT (psi/ft)
	TOP	BOTTOM	
Inyan Kara (Dakota)	4,802.00	5,188.00	0.800

ANNULUS PRESSURE:

The annulus pressure shall be maintained at zero (0) psi as measured at the wellhead. If this pressure cannot be maintained, the Permittee shall follow the procedures listed under Part II, Section C. 6. of this permit.

MAXIMUM INJECTION VOLUME:

There is no limitation on the number of barrels per day (bbls/day) of water that shall be injected into this well, provided further that in no case shall injection pressure exceed that limit shown in Appendix C.

APPENDIX D

MONITORING AND REPORTING PARAMETERS

This is a listing of the parameters required to be observed, recorded, and reported. Refer to the permit Part II, Section D, for detailed requirements for observing, recording, and reporting these parameters.

In general, there is a lack of information on the composition of Produced Water from the Bakken/Three Forks production activities. The operator is required to collect and analyze an initial grab sample of water that is representative of the proposed E & P water Injectate for this permit. This sample could be a grab sample from a tank battery that is anticipated to be installed on the well pad or the flow line to the well head as part of the proposed commercial injection operation. The sample should be collected as near to the point of entry into the injection well as possible. This sample will be used to evaluate the chemical makeup of the proposed injectate for the Class II Commercial Salt water disposal well (New Town #1 SWD). In addition, specific information related to the well API numbers, field name, water type (e.g. fracking backflow, produced water, etc.) and production interval that the grab sample represents should also be provided (e.g. Three Forks, Bakken). EPA approved methods will be utilized in collecting and analyzing the samples. The following are the analytes and parameters needed prior to authorization to inject:

Parameters:

- pH
- Total Dissolved Solids
- Specific Gravity
- Specific Conductivity
- Resistivity
- Alkalinity

Analytes:

- Ammonia as N
- Chlorides
- Sulfate
- Sulfide
- Carbonate/Bicarbonate
- NORM (Naturally Occurring Radioactive Materials)
- Trace Metals
- Volatile Organic Compounds (including BTEX)
- Semi-Volatile Organic compounds (Full target compound list plus Tentatively Identified Compounds (Tics))
- Non-halogenated alcohols (including methanol)

Preferred Analytical methods

- Method 8260 for Volatile Organic Compounds (Full target compound list plus Tentatively Identified Compounds [Tics])
- Method 8270 for Semi-volatile Compounds (Full Target Compound List plus Tics)
- Method 8015 for non-Halogenated alcohols (list of individual compounds to include Methanol)
- Method 8270 or 8015 for TPH (DRO-GRO)
- Method E900.0 for Gross Alpha, Gross Beta
- Method E903.0 for Radium 226, Total
- Method RA-05 for Radium 228, Total

OBSERVE WEEKLY AND RECORD AT LEAST ONCE EVERY THIRTY DAYS	
OBSERVE AND RECORD	Injection pressure (psig)
	Annulus pressure(s) (psig)
	Injection rate (bbl/day)
	Fluid volume injected since the well began injecting (bbls)

ANNUALLY	
ANALYZE	Injected fluid total dissolved solids (mg/l)
	Injected fluid specific gravity
	Injected fluid specific conductivity
	Injected fluid pH

ANNUALLY	
REPORT	Each month's maximum and averaged injection pressures (psig)
	Each month's maximum and minimum annulus pressure(s) (psig)
	Each month's injected volume (bbl)
	Fluid volume injected since the well began injecting (bbl)
	Written results of annual injected fluid analysis
	Sources of all fluids injected during the year

In addition to these items, additional Logging and Testing results may be required periodically. For a list of those items and their due dates, please refer to APPENDIX B - LOGGING AND TESTING REQUIREMENTS.

APPENDIX E

PLUGGING AND ABANDONMENT REQUIREMENTS

See diagram.

Prior to plugging the well, pull tubing and packer, run a Mechanical Integrity Test, and repair any casing leaks.

At a minimum, the following plugs are required:

The well shall be plugged in a manner that isolates the injection zone and prevents movement of fluid into or between USDWs and in accordance with other applicable Federal, State, or local law or regulation. Tubing, packers, and any downhole apparatus shall be removed. Class A, C, G, and H cements with additives such as accelerators and retarders that control or enhance cement properties may be used for plugs. However, volume extending additives and gel cements are not approved for plug use. Plug placement shall be verified by tagging. Plugging gel of at least 9.2 lb/gal shall be placed between all plugs. Within 60 days after plugging, the owner or operator shall submit Plugging Record (EPA Form 7520-13) to the Director. The Plugging Record must be certified as accurate and complete by the person responsible for the plugging operation. At a minimum, the following plugs are required:

PLUG NO. 1: Seal Injection Zone: Set a Cast Iron Bridge Plug (CIBP) or a Cast Iron Cement Retainer (CICR) at a depth of ~ 5,300 feet (MD) at the base of the bottom of the well, The top of the cement plug should be at 4,500 feet (MD).

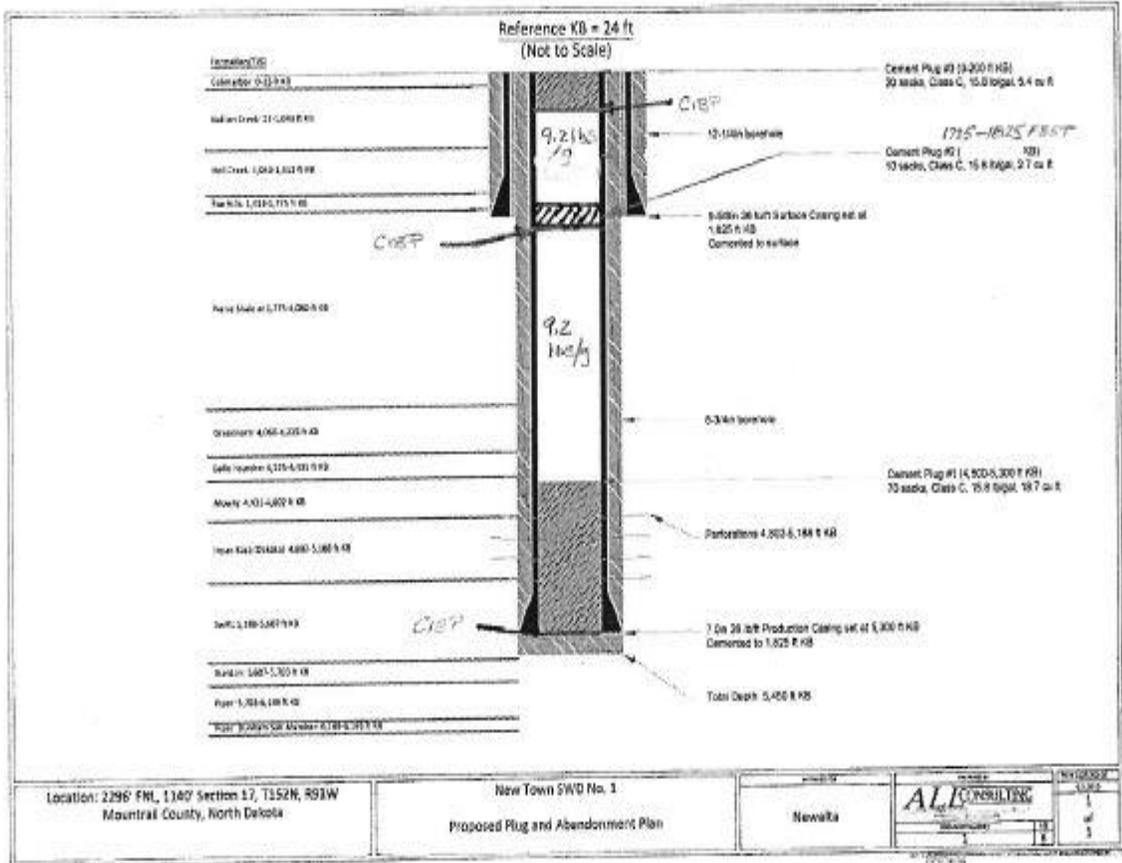
PLUG NO. 2: Set a Cast Iron Bridge Plug (CIBP) at about 1,825 feet (MD) 50 feet below the base of the base of the Fox Hills Formation. The top of the cement plug to be at 1,725 feet (MD) or 50 feet above the top of the Fox Hills Formation.

PLUG NO. 3: Seal the surface casing: Set CIBP or CICR at a depth of about 200 feet and place a cement plug across the casing from CIBP/CICR to the surface.

NOTES:

Plug placement must be verified by tagging the top of the plugs after the cement has had adequate time to set, minimum of 72 hours.

Intervals between plugs shall be filled with water-based muds, or brines containing a plugging gel, with a density of at least 9.2 lb/gal and should remain between plugs in the well after cement plug placement.



APPENDIX F

CORRECTIVE ACTION REQUIREMENTS

No corrective actions are anticipated as this is a new drill. The spudded location for one nearby horizontal production well is outside the quarter mile AOR radius. The horizontal components of this well is in the Bakken Formation and does intersect the quarter mile radius but is at a TVD of more than 9,000 feet that is approximately 4,000 feet below the base of the proposed injection horizon.

APPENDIX G

SITE SECURITY AND INJECTATE MANIFESTING

The Disposal Facility Permittee will install and maintain a one-month digital or mechanical pressure recording chart on the wellhead that will continuously measure the surface injection pressure of the well. The system will be monitored periodically to make sure the equipment is working properly. The chart will be changed monthly or as recommended by the manufacturer to ensure continuous monitoring. The chart will be retained for a minimum of 5 years in the Permittee's offices for reference and reporting purposes.

Signage:

Site signage will indicate that the property is private and that no trespassing is allowed. Signs will include the operator's name and emergency phone number. Signs will be posted at the entrance and periodically along the fence line.

Gates and Fences:

The perimeter of the site will be fenced with a minimum 6-foot high metal pipe fence or chain link fence. A manually controlled rolling gate will secure entrance to the site. Only personnel and equipment authorized by the Operator will have access to the site.

Surveillance:

Continuous 24 hour monitoring shall be required by a recording camera surveillance and/or security personnel. If an electronic system is used to secure the facility when an attendant is not on duty, an automatic shut-off or alarm system must be installed to ensure that disposal operations ceases , if a well mechanical failure or downhole problem occurs.

Manifest System and Chain of Custody for Disposal Fluids:

1. The Permittee will establish and maintain a three-party custody record between the Generator (responsible party from where the fluids were generated), Transporter, and Disposal Facility (Permittee). For every disposal load received, the following information will be recorded and available on request in an electronic format:
 - Generator: company name, company address, company telephone number, the name and location of the lease from where fluids were produced (the Permittee will keep track of all production wells that are contained within each lease approved to use the Disposal Facility).
 - Transporter: company name, company address, company telephone number, truck driver name, truck identification number, license plate number, date of pick up, volume of fluids picked up from the Generator.
 - Disposal Facility: facility name, facility address, facility telephone number, date and volume of fluids unloaded at the Disposal Facility.

These records shall be kept for a minimum of three years after date of disposal at the facility and shall be made available for inspection upon request

2. The Permittee shall provide a written affidavit with signatures from the Permittee or authorized representative and the Transporter that no hazardous waste or non-oil and gas production waste was mixed in with the fluids to be injected into the well.

The Transporter certification statement shall reads as follows:

I certify under penalty of law that the waste fluids that I am transporting has not been mixed with hazardous wastes, and I have transported the waste fluids in compliance with Department of Transportation requirements for injection into a well subject to the requirements for the Class II Underground Injection Control Program of the Safe Drinking Water Act.

The Disposal Facility (Permittee) certification reads as follows:

I certify under penalty of law that the waste fluids that are injected into **the New Town #1 SWD** identified as **ND 22328-10783** has not been mixed with, or otherwise co-injected with, hazardous waste at the Underground Injection Control (UIC) Class II permitted facility, and that injection of the waste fluids is in compliance with the applicable requirements contained in this Permit.

3. The Permittee shall submit a report to the Director and to the Generator describing any discrepancies in the composition, transported volumes or place of origin of the injected fluids. These discrepancies may be identified based upon personal observations or information contained on the three-party custody record. This report will be submitted annually to Region 8 UIC Enforcement Program with other required reports.
4. The Permittee will insure that each source as defined in Part II Section C (5)(b) of the Permit, of injected fluid (defined as produced from a specific lease rather than an individual well) shall be sampled for TDS, pH, Specific Gravity and Specific Conductivity. The Permittee shall obtain the results of the analysis prior to permitting injection of the new source. A copy of this data will be maintained by the Permittee and provided to the Director upon request.