

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET
NO. 09-0255550**

**IN THE NEWARK, EAST (BARNETT
SHALE) FIELD, ERATH COUNTY,
TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF GREAT NORTHERN ENERGY INC.
FOR DISPOSAL AUTHORITY PURSUANT TO RULE 9
IN THE GNE 15 LEASE WELL NO. 1S
NEWARK, EAST (BARNETT SHALE) FIELD
ERATH COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 17, 2008, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that Great Northern Energy Inc. is hereby authorized to conduct salt water disposal operations in the GNE 15 Well No. 1S, Newark, East (Barnett Shale) Field, Erath County, Texas subject to the following terms and conditions.

SPECIAL CONDITIONS:

1. Fluid shall only be injected into the Ellenburger formation from 4,210 feet to approximately 4,742 feet.
2. The injection volume shall not exceed 10,000 barrels of saltwater per day.
3. The maximum operating surface injection pressure shall not exceed 2,000 psig.
4. Prior to beginning injection, a liner must be cemented in the well from a depth no shallower than 4,210 feet.

5. This permit does not allow the well to be operated as a commercial disposal well as defined in Statewide Rule 9(a)(4) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE § 3.9(a)(4)].
7. The authority to dispose of oil and gas waste is limited to the disposal of produced salt water from leases operated by Great Northern Energy Inc.

MONITOR WELLS:

1. The four monitor wells in the locations as identified and shown on Great Northern Energy Inc. Exhibit No. 7 (attached hereto) shall be designated as domestic water wells subject to testing within 14 days prior to commencing disposal into the subject well and shall be tested annually thereafter until the subject disposal well is properly plugged in accordance with Commission Rules and Regulations.
2. The monitor wells must be tested for the following parameters:
 - a. Benzene
 - b. Toluene
 - c. Ethylbenzene
 - d. Xylene (BTEX)
 - e. Total Petroleum Hydrocarbons (TPH)
 - f. Chlorides
3. An independent laboratory neither owned nor operated by the permittee must conduct any analysis required by this permit. All fees for testing shall be paid for by Great Northern Energy Inc.
4. Copies of all test results shall be supplied to the owners of the domestic water wells, the Middle Trinity Groundwater Conservation District, and the Technical Permitting Section of the Railroad Commission of Texas, within 30 days of said testing.

STANDARD CONDITIONS:

1. Injection must be through tubing set on a packer.
2. The District Office must be notified 48 hours prior to:
 - a. running tubing and setting packer;
 - b. beginning any workover or remedial operation;
 - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.

4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. A well herein authorized cannot be converted to a producing well and have an allowable assigned without filing an amended Form W-1 and receiving Commission approval.
9. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Forms W-14).
10. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission.

The permit number shall be _____.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such strata is eliminated.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further

action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Done this 10th day of June, 2008

RAILROAD COMMISSION OF TEXAS

Chairman Michael L. Williams

Commissioner Victor G. Carrillo

Commissioner Elizabeth A. Jones

ATTEST:

Secretary