

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 06-0297041**

**IN THE BETHANY (TRAVIS PEAK  
CONS.) FIELD, HARRISON COUNTY,  
TEXAS**

**FINAL ORDER  
APPROVING THE APPLICATION OF  
LATX OPERATIONS, LLC PURSUANT TO STATEWIDE RULE 46 FOR A  
COMMERCIAL PERMIT TO INJECT FLUID INTO A RESERVOIR PRODUCTIVE OF  
OIL AND GAS, T.P. SMITH LEASE, WELL NO.1, BETHANY (TRAVIS PEAK CONS.)  
FIELD, HARRISON COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered dockets heard on September 18 and 19, 2015, and November 2, 2016 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 submitted by LATX Operations, LLC 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 the application of LATX Operations, LLC to conduct commercial disposal operations into the T.P. Smith Lease, Well No.1, Bethany (Travis Peak Cons.) Field, Harrison County, Texas is hereby GRANTED, subject to the following terms and conditions:

**SPECIAL CONDITIONS:**

1. Fluid shall be injected into the Travis Peak Formation in the subsurface depth interval between 6,460 feet to 7,940 feet.
  - a. The injection volume shall not exceed 5,000 barrels per day.
  - b. The maximum operating surface injection pressure shall not exceed 3,230 psig.
  - c. Injected fluid shall be limited to produced saltwater and RCRA exempt wastes.

2. Commission records indicate that Channel Production Company is the operator of record for this lease. Injection authority, if granted, is contingent upon the lease being transferred to LATX Operations, LLC (Form P4).
3. Operator shall perform an initial static bottom hole pressure test to quantify reservoir pressure prior to injection into the permitted formation(s).
4. Operator shall conduct a pressure fall-off test twelve (12) months after injection has commenced and provide the Commission an opportunity to witness the test as stated in (F) below. The analysis of the fall-off test shall be provided under the supervision, seal, and signature of a registered professional engineer in Texas. The test analysis shall be filed with the Commission's Austin offices within 30 days of completion of the fall-off test.
5. Measurement for the initial static bottom hole pressure test will be via a pressure bomb run after completion. Measurement for the subsequent bottom hole pressure fall-off test will
6. be either via wireline tool(s), or other Commission approved bottom-hole pressure measurement technique.
7. If multiple formations are open to injection, steps must be taken to isolate the formations for discrete shut-in bottom-hole pressure measurements for each separate formation.
8. Operator must notify the District Office 48 hours in advance of the test(s) in order to provide opportunity for the RRC field technician to witness the test(s). Operator is to provide raw data from the test to the District Office and the UIC section of the Oil and Gas Division within 48 hours of completing the test.
9. Operator shall notify by facsimile or electronic mail the District Office and the UIC section of the Oil and Gas Division 48 hours prior to commencement of injection.
10. Operator shall provide a log of the subject well with Form W-1 or G-1 for the purpose of identifying Formation Tops of the Rodessa, Pettit and Travis Peak Formations.
11. Operator will provide a cement bond log (CBL) for the purpose of evaluating the long string top of cement. The CBL must be filed with the initial Form H-5 Injection Well Pressure Test Report documenting compliance with this Special Condition.
12. A bridge plug must be set below the disposal interval at 8,060 feet with 20 feet of cement on top to effectively isolate the perforations from 9,341 to 9,474 feet. A copy of Form W- 15 Cementing Record must be filed with the initial Form H-5 Injection Well Pressure Test Report documenting compliance with this Special Condition.

13. The operator shall demonstrate by completion of a step rate test, conducted in accordance with Commission guidelines, that the formation fracturing will not occur at the proposed injection pressure. The operator must notify the District Office 48 hours in advance of the test in order to provide an opportunity for the District Office to witness the test.

**STANDARD CONDITIONS:**

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
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 annually 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 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 by filing Form P-4 must be submitted to the Commission at least 15 days prior to the date of the transfer.
8. 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 H-1 and H-1A).

9. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission. Furthermore, permits issued for wells to be drilled will expire three (3) years from the date of the permit unless drilling operations have commenced.
10. The operator shall be responsible for complying with the following requirements so as to assure that discharges of oil and gas waste will not occur:
  - a. Prior to beginning operation, all collecting pits, skimming pits, or washout pits must be permitted under the requirements of Statewide Rule 8.
  - b. A catch basin constructed of concrete, steel, or fiberglass must be installed to catch oil and gas waste which may spill as a result of connecting and disconnecting hoses or other apparatus while transferring oil and gas waste from tank trucks to the disposal facility.
  - c. All fabricated waste storage and pretreatment facilities (tanks, separators, or flow lines) shall be constructed of steel, concrete, fiberglass, or other materials approved by the Director or Director's delegate and shall be maintained so as to prevent discharges of oil and gas waste.
  - d. Dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The containment area shall be dewatered within 24 hours by being disposed of in an authorized disposal facility.
  - e. The facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
  - f. Each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.
  - g. Operators of commercial oil and gas waste disposal facilities must comply with Statewide Rule 56 in regard to the reporting of skim oil on Form P-18.
11. The permit number shall be F-20684.

Provided further that, should it be determined that such injection fluid is not confined to the approved interval, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such interval is eliminated. Failure to comply with all of the conditions of this permit may result in the operator being referred to enforcement to consider assessment of administrative penalties and/or the cancellation of the permit.

Done this 28th day of February, 2017.

RAILROAD COMMISSION OF TEXAS

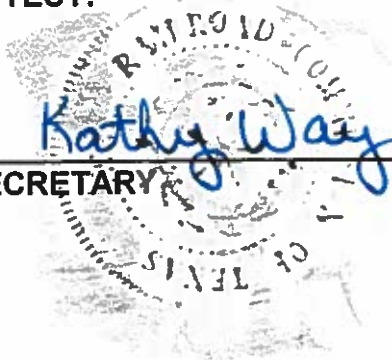
*Christi Craddick*  
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ATTEST:

*Kathy Way*  
\_\_\_\_\_  
SECRETARY

The seal of the Railroad Commission of Texas is circular and features the text "RAILROAD COMMISSION OF TEXAS" around the perimeter. In the center, there is a smaller emblem with the words "RAILROAD" and "COMMISSION" visible.