

STATE OF OHIO
DEPARTMENT OF NATURAL
RESOURCES

Division of Oil and Gas
Resources Management
WELL PERMIT

API WELL NUMBER
34-155-2-4075-00-00

OWNER NAME, ADDRESS

AMERICAN WATER MGMT SERV LLC
ONE AMERICAN WAY
WARREN

OH 44484 5555

DATE ISSUED

7/18/2013

PERMIT EXPIRES

7/18/2014

TELEPHONE NUMBER

(330) 856-8800

IS HEREBY GRANTED PERMISSION TO: Drill New Well

AND ABANDON WELL IF UNPRODUCTIVE

PURPOSE OF WELL: Water Injection - Disposal

COMPLETION DATE IF PERMIT TO PLUG:

DESIGNATION AND LOCATION:

LEASE NAME AWMS-2 (SWIW #22)
WELL NUMBER 2
COUNTY TRUMBULL
CIVIL TOWNSHIP WEATHERSFIELD
TRACT OR ALLOTMENT
SURFACE FOOTAGE LOCATION 674' SL & 2153' WL OF SECTION 9
TARGET FOOTAGE LOCATION

SURFACE NAD27

X: 2474652
Y: 561735
LAT: 41.1956633152072
LONG: -80.7751783109284

TARGET NAD27

TYPE OF TOOLS: Air Rotary/Fluid Rotary

PROPOSED TOTAL DEPTH 9100 FEET
GROUND LEVEL ELEVATION 909 FEET

GEOLOGICAL FORMATION(S):

KNOX DOLOMITE & MT. SIMON SANDSTONE

SPECIAL PERMIT CONDITIONS: Salt Water Injection Well (Class II) Construction and Operating Conditions

CASING PROGRAM (CASING MUST BE CENTRALIZED AND IS SUBJECT TO APPROVAL OF THE OIL AND GAS INSPECTOR):

20 " APPROX. 60 ' WITH CEMENT CIRCULATED TO SURFACE
13-3/8 " APPROX. 375 ' WITH CEMENT CIRCULATED TO SURFACE
9-5/8" CASING 7300' CEMENTED TO A MINIMUM OF 300' ABOVE INJECTION ZONE
4-1/2" TUBING SET ON A PACKER APPROX. 50' ABOVE INJECTION ZONE

This permit is NOT TRANSFERABLE. This permit, or an exact copy thereof, must be displayed in a conspicuous and easily accessible place at the well site before permitted activity commences and remain until the well is completed. Ample notification to inspector is necessary.

OIL AND GAS WELL INSPECTOR:

STEPHEN OCHS (330) 933-2090
THOMAS HILL - Supervisor (330) 283-3204
DISTRICT #: (330) 896-0616

INSPECTOR NOTIFICATION

The oil and gas inspector must be notified at least 24 hours prior to:

1. Commencement of site construction
2. Pit excavation and closure
3. Commencement of drilling, reopening, converting or plugback operations
4. Installation and cementing of all casing strings
5. BOP testing
6. Well stimulation
7. Plugging operations
8. Well pad construction

The oil and gas inspector must be notified immediately upon:

1. Discovery of defective well construction
2. Detection of any natural gas or H2S gas during drilling in urban areas
3. Discovery of defective well construction during well stimulation
4. Determination that a well is a lost hole
5. Determination that a well is a dry hole

FIRE AND EMERGENCY NUMBERS:

FIRE: () - 911
MEDICAL SERVICE () - 911

Richard J. Simmers

CHIEF, Division of Oil and Gas Resources
Management

STATE OF OHIO
DEPARTMENT OF NATURAL
RESOURCES

Division of Oil and Gas
Resources Management
WELL PERMIT

API WELL NUMBER
34-155-2-4075-00-00

AMERICAN WATER MGMT SERV LLC
ONE AMERICAN WAY
WARREN, OH 44484-5555

PERMIT CONDITIONS – CLASS II SALTWATER INJECTION WELL – DRILL NEW WELL

**RE: Permit # 4075, SWIW #22, AWMS No. 2, Weathersfield
Township, Trumbull County, Ohio**

Constructional conditions:

- 1. The 9-5/8” casing must be enclosed with Class A cement from the total depth to approximately 7000 feet (minimum of 300 feet above the top of the injection zone).**
- 2. Bow-string or rigid centralizers must be used to provide sufficient casing stand off and foster effective circulation of cement to isolate critical zones including aquifers, flow zones, voids, lost circulation zones, and hydrocarbon-bearing zones.**
- 3. No drilling into the Precambrian basement is allowed on Class II injection wells.**
- 4. American Water Management Services LLC shall run at minimum, a gamma ray, compensated density-neutron, and resistivity geophysical log. A copy of this geophysical log must be submitted to the UIC Section within 48 hours after the geophysical logging has been accomplished.**
- 5. Prior to setting the tubing and packer, American Water Management Services LLC shall run a radioactive tracer test or spinner survey to demonstrate that the injection fluids are going into the permitted injection zones. The Division recommends using the radioactive fluid versus the radioactive beads, if a tracer survey is to be accomplished. Copies of these logs shall be submitted to the Division within 48 hours after the geophysical logging has been accomplished.**
- 6. After completion of the well and setting of the tubing and packer, American Water Management Services LLC shall run two downhole digital pressure gauges to record original reservoir pressure and perform a pressure fall-off test. The pressure fall-off test method will be provided American Water Management Services LLC well in advance of the testing requirements.**
- 7. Injection tubing must be set on a packer at approximately 7250 feet. A ¼”, female, threaded fitting with a stop valve must be installed on the tubing and accessible at the surface.**
- 8. The annular space between the injection tubing and the 9-5/8” production casing must be filled with a fluid (e.g., freshwater with a corrosion inhibitor additive), pressure tested to at least 1680 psi, and**

monitored for at least 15 minutes with no more than a five percent decline in pressure. Additionally, the injection line must also be tested to 1680 psi for 15 minutes with no more than a five percent decline.

9. The UIC Section and the Mineral Resources Inspector must be notified at a minimum of 48 hours in advance of the time of cementing, placing and removing of casing, installation of the tubing and packer, testing of the casing, construction of the surface facilities, pressure testing of the injection line, and initial injection so that a representative of the Division can be present to witness the operations. The Division must also be notified in advance of any subsequent removal of the injection tubing or resetting the packer. A pressure test will also be required.
10. Surface facilities as proposed in the application are satisfactory and must be constructed under the supervision of a representative of the Division. A concrete pad with drain must be constructed so as to contain any spillage of saltwater during unloading from the trucks. Any proposed changes in the surface facilities must be submitted in writing and must have prior approval of the UIC Section.
11. **If an unloading pad is to be constructed, the underground concrete vault associated with the catch basin on the unloading pad shall be of one-piece construction and if the concrete vault has a detached lid, the lid must be exposed above the ground level. Additionally, the inside walls of the concrete vault shall be sealed with a salt-corrosion type material such as an asphalt-based coating to prevent deterioration of the vault from the brine water.**
12. A Well Construction Record (Form 8) must be submitted within 30 days after completion describing how the well was completed for injection operations. This report should include the amount and grade of tubing, type and depth of packer, treatment of the injection formation, testing of the system integrity, method used to monitor pressure in the annulus and injection tubing, and method used to monitor volumes of injected fluid.
13. **A Murphy Switch or other cut-off switch device must be in-line with the injection pump and set at the maximum allowable surface injection pressure of 1680 psi, so that the pump will automatically shut-down upon exceeding the maximum allowable surface injection pressure.**
14. **American Water Management Services LLC shall notify the Division in writing prior to the initiation of injection operations and injection operations shall not commence until the Division provides American Water Management Services LLC with written approval that authorizes injection. Operational conditions to the permit shall be issued with the written approval.**

Well Stimulation Additives Report (Form 8B)

Ohio Department of Natural Resources
Division of Oil and Gas Resources Management
2045 Morse Road, Bldg F-2, Columbus, OH 43229-6693

Telephone: (614) 265-6922
Fax: (614) 265-6910

County: TRUMBULL

API Number: 34-155-2-4075-00-00

Operator Name: AMERICAN WATER MGMT SERV LLC

Well Name and Number: AWMMS-2 (SWIW #22) #2

Total Water Volume (gal) *:

Total Volume of Recycled Fluid (gal) :

Source of Recycled Fluid:

Trade Name	Supplier or Source	Purpose	Ingredients	Chemical Abstract Service Number (CAS #)	Maximum Ingredient Concentration in Additive ** (% by Mass)	Total Amount (gallons/ pounds)	Maximum Ingredient Concentration in HF Fluid (% by Mass) **	Comments

* Total Water Volume sources may include fresh water, produced water, and/ or recycled water.

** Information is based on the maximum potential for concentration and thus the total may be over 100%.

Surface Hole Additives Report (Form 8A)

Ohio Department of Natural Resources
 Division of Oil and Gas Resources Management
 2045 Morse Road, Bldg F-2, Columbus, OH 43229-6693

Telephone: (614) 265-6922
 Fax: (614) 265-6910

County:	TRUMBULL
API Number:	34-155-2-4075-00-00
Operator Name:	AMERICAN WATER MGMT SERV LLC
Well Name and Number:	AWMS-2 (SWIW #22) #2
Total Water Volume (gal) *:	
Total Volume of Recycled Fluid (gal) :	
Source of Recycled Fluid:	

Fluid Composition:							
Trade Name	Supplier or Source	Purpose	Ingredients	Chemical Abstract Service Number (CAS #)	Maximum Ingredient Concentration in Additive ** (% by Mass)	Total Amount (gallons/ pounds)	Comments

* Total Water Volume sources may include fresh water, produced water, and/ or recycled water.
 ** Information is based on the maximum potential for concentration and thus the total may be over 100%.

Ohio Department of Natural Resources
 Division of Oil and Gas Resources Management
 2045 Morse Road, Bldg F-2, Columbus, OH 43229-6693

Telephone: (614) 265-6922
 Fax: (614) 265-6910

County:	TRUMBULL
API Number:	34-155-2-4076-00-00
Operator Name:	AMERICAN WATER MGMT SERV LLC
Well Name and Number:	AWMS-1 (SWIW #21) #1
Total Water Volume (gal) **:	
Total Volume of Recycled Fluid (gal) :	
Source of Recycled Fluid:	

Fluid Composition:							
Trade Name	Supplier or Source	Purpose	Ingredients	Chemical Abstract Service Number (CAS #)	Maximum Ingredient Concentration in Additive (% by Mass) **	Total Amount (gallons/ pounds)	Comments

* Total Water Volume sources may include fresh water, produced water, and/ or recycled water.
 ** Information is based on the maximum potential for concentration and thus the total may be over 100%.

Well Completion Record (Form 8)

Ohio Department of Natural Resources
 Division of Oil and Gas Resources Management
 2045 Morse Road, Building F-2, Columbus, OH 43229-6693
 Telephone: (614) 265-6922; Fax: (614) 265-6910

This report is due in duplicate 60 days after completion of the well. If the permit has expired and the well was not drilled, check the box below, sign on reverse side, and return to our office within 30 days after expiration.

1. Owner # 8905	3. API #: 34-155-2-4075-00-00	4. Type of Permit: Drill New Well	
2. Owner name, address and telephone numbers: AMERICAN WATER MGMT SERV LLC ONE AMERICAN WAY WARREN, OH 44484-5555 Phone: (330) 856-8800	5. County: TRUMBULL	6. Civil Township: WEATHERSFIELD	7. Footage: 674' SL & 2153' WL OF SECTION 9
8. Type of well: Water Injection - Disposal	21. Date drilling commenced:	22. Date drilling completed:	23. Date put into production:
9. X: 24774652 Y: 561735	24. Date plugged if dry:	25. Producing formation:	26. Deepest formation:
10. Quad: WARREN	27. Driller's total depth:	28. Logger's total depth:	29. Lost hole at _____ feet.
11. Section: 9	12. Lot:	31. Type of completion:	32. Elevation:
13. Fraction:	14. Qtr. Twp:	<input type="checkbox"/> Open Hole	Ground Level _____ 909
15. Tract:	16. Allot:	<input type="checkbox"/> Fluid Rotary	Derrick Floor _____
17. Well #: 2	18. Lease Name: AWMS-2 (SWIW #22)	<input type="checkbox"/> Air Rotary	Kelly Bushing _____
19. P.TD: 9100	20. Drilling Unit: 101	<input type="checkbox"/> Service Rig	<input type="checkbox"/> Slotted Liner
30. Type of tools: <input type="checkbox"/> Cable <input type="checkbox"/> Fluid Rotary	31. Type of completion:	32. Elevation:	
	<input type="checkbox"/> Open Hole	Ground Level _____ 909	
	<input type="checkbox"/> Through Casing	Derrick Floor _____	
	<input type="checkbox"/> Slotted Liner	Kelly Bushing _____	
33. Perforated intervals and number of shots:			
34. Name of Frac Company			
35. Method of shot, acid, or fracture treatments, production tests, pressures, etc.:			
SHOT:	ACID:	FRAC FLUIDS:	SAND:
Lbs. _____	Gal. _____	Water (gal) _____	Lb. _____
Qts. _____	Type: _____	Water (bbl) _____	Skts. _____
Type: _____	Percent: _____	CO2: (tons) _____	ISIP: _____
	N2: (mscf) _____		5 MIN. SIP: _____
METHOD OF FLUID CONTAINMENT			
FLUIDS	Pit	Frac Tank	DATE TREATED: _____
Swab: <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	AVG. RATE: _____ BPM
Flowback: <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
36. Amount of initial production per day: _____ (MCF)			
Natural: _____	Gas _____	Oil _____	Brine _____
After Treatment: _____	Gas _____	Oil _____	Brine _____
SERC Data: _____	Number of Tanks: _____	Maximum Storage Capacity of all Tanks (bbls.): _____	
37. Casing and tubing record:			
Conductor/Drive Pipe:	Type _____	Wellbore Diameter _____	Casing Size _____
Surface: _____	Attach Form 8A (Surface Hole Additives Report) <input type="checkbox"/>	Feet Installed _____	Amount of Cement (Sacks) _____
Intermediate: _____		Feet Left in Well _____	Number of Centralizers _____
Production: _____			
Tubing: _____			
Other: _____			
38. Name of drilling contractor: _____			
39. Type of electrical and/or wireline logs run: _____ (All logs must be submitted)			
40. Name of logging company: _____			
DIVISION USE ONLY:		FRAC DATA SUBMITTED:	
Log Submitted: Y/N	Confidential: Y/N	Pressure/Rate Graph <input type="checkbox"/>	Well Class: Salt Water Injection Well
		Record <input type="checkbox"/>	
		Invoice <input type="checkbox"/>	

FORMATION	TOP	BASE	Shows of oil, gas, fresh water, or Brine; indicate depth or interval	REMARKS
Fresh water Strata				
Glacial Deposits				
Coal Seams				
1st Cow Run				
Buell Run				
2nd Cow Run				
Salt Sand				
Maxton Sand				
Keener Sand				
Big Injun Sand				
Squaw Sand				
Mississippian Shale				
Weir Sand				
Berea Sand				
Bedford				
2nd Berea				
Ohio Shale				
Gantz				
Thirty Foot				
Gordon				
Cinnamon				
Rhinestreet				
Marcellus				
Big Lime				
Sylvania				
Oriskany				
Bass Island				
Salina				
Salt Section				
Newburg				
Lockport				
Little Lime				
Packer Shell				
Stray Clinton				
Red Clinton				
White Clinton				
Medina				
Queenston				
Utica				
Point Pleasant				
Trenton				
Black River				
Gull River				
Glenwood Shale				
Knox Unconformity				
Beekmantown				
Rose Run				
Trempealeau/Copper Ridge				
"B" Zone				
Krysik				
Kerbel				
Conasauga				
Rome				
Mt. Simon				
Granite Wash				
Middle Run				
Granite				

I certify that the above information is true and correct, to the best of my knowledge:

(Signature)

DATE

(NAME TYPED OR PRINTED)

(TITLE)

(REPRESENTING)

Well Completion Record (Form 8)

Ohio Department of Natural Resources
 Division of Oil and Gas Resources Management
 2045 Morse Road, Building F-2, Columbus, OH 43229-6693
 Telephone: (614) 265-6922; Fax: (614) 265-6910

This report is due in duplicate 60 days after completion of the well. If the permit has expired and the well was not drilled, check the box below, sign on reverse side, and return to our office within 30 days after expiration.

1. Owner # 8905				3. API #: 34-155-2-4075-00-00
2. Owner name, address and telephone numbers: AMERICAN WATER MGMT SERV LLC ONE AMERICAN WAY WARREN, OH 44484-5555 Phone: (330) 856-8800				4. Type of Permit: Drill New Well
8. Type of well: Water Injection - Disposal				5. County: TRUMBULL
9. X: 2474652 Y: 561735				6. Civil Township: WEATHERSFIELD
10. Quad: WARREN				7. Footage: 674' SL & 2153' WL OF SECTION 9
11. Section: 9	12. Lot:			21. Date drilling commenced:
13. Fraction:	14. Qtr. Twp:			22. Date drilling completed:
15. Tract:				23. Date put into production:
16. Allot:				24. Date plugged if dry:
17. Well #: 2				25. Producing formation:
18. Lease Name: AWMS-2 (SWW #22)				26. Deepest formation:
19. PTD: 9100	20. Drilling Unit: 101			27. Driller's total depth:
				28. Logger's total depth:
				29. Lost hole at _____ feet.
30. Type of tools: <input type="checkbox"/> Cable <input type="checkbox"/> Fluid Rotary		<input type="checkbox"/> Air Rotary <input type="checkbox"/> Service Rig		31. Type of completion: <input type="checkbox"/> Open Hole <input type="checkbox"/> Through Casing <input type="checkbox"/> Slotted Liner
				32. Elevation: Ground Level _____ 909 Derrick Floor _____ Kelly Bushing _____
33. Perforated intervals and number of shots:				
34. Name of Frac Company				
35. Method of shot, acid, or fracture treatments, production tests, pressures, etc.:				
SHOT:	ACID:	FRAC FLUIDS:	SAND:	PRESSURES: (psi):
Lbs. _____	Gal. _____	Water (gal) _____	Lb. _____	Breakdown: _____
Qts. _____	Type: _____	Water (bbl) _____	Sks. _____	ATP _____
Type: _____	Percent: _____	CO2: (tons) _____		ISIP: _____
		N2: (mscf) _____	5 MIN. SIP: _____	
METHOD OF FLUID CONTAINMENT				
FLUIDS	Pit	Frac Tank	DATE TREATED: _____ BPM	
Swab: _____	<input type="checkbox"/>	<input type="checkbox"/>		
Flowback: _____	<input type="checkbox"/>	<input type="checkbox"/>		
36. Amount of initial production per day: (MCF) (Bbls.) (Bbls.)				
Natural: _____	Gas _____	Oil _____	Brine _____	
After Treatment: _____	Gas _____	Oil _____	Brine _____	
SERC Data: _____		Maximum Storage Capacity of all Tanks (bbls.): _____		
37. Casing and tubing record:				
Conductor/Drive Pipe:	Wellbore	Casing Size	Feet Installed	Amount of Cement (Sacks)
Surface: _____	Type _____ Diameter _____	_____	_____	Feet Left in Well _____
<input type="checkbox"/> Attach Form 8A (Surface Hole Additives Report)	Number of Centralizers _____			
Intermediate: _____				
Production: _____				
Tubing: _____				
Other: _____				
38. Name of drilling contractor: _____				
39. Type of electrical and/or wireline logs run: _____				
(All logs must be submitted)				
40. Name of logging company: _____				
DIVISION USE ONLY:				
Log Submitted: Y/N	FRAC DATA SUBMITTED:	Well Class: Salt Water Injection Well		
Confidential: Y/N	Pressure/Rate Graph <input type="checkbox"/>			
	Record <input type="checkbox"/>			
	Invoice <input type="checkbox"/>			

FORMATION	TOP	BASE	Shows of oil, gas, fresh water, or Brine; indicate depth or interval	REMARKS
Fresh water Strata				
Glacial Deposits				
Coal Seams				
1st Cow Run				
Buell Run				
2nd Cow Run				
Salt Sand				
Maxton Sand				
Keener Sand				
Big Injun Sand				
Squaw Sand				
Mississippian Shale				
Weir Sand				
Berea Sand				
Bedford				
2nd Berea				
Ohio Shale				
Gantz				
Thirty Foot				
Gordon				
Cinnamon				
Rhinestreet				
Marcellus				
Big Lime				
Sylvania				
Oriskany				
Bass Island				
Salina				
Salt Section				
Newburg				
Lockport				
Little Lime				
Packer Shell				
Stray Clinton				
Red Clinton				
White Clinton				
Medina				
Queenston				
Utica				
Point Pleasant				
Trenton				
Black River				
Gull River				
Glenwood Shale				
Knox Unconformity				
Beekmantown				
Rose Run				
Trempealeau/Copper Ridge				
"B" Zone				
Krysik				
Kerbel				
Conasauga				
Rome				
Mt. Simon				
Granite Wash				
Middle Run				
Granite				

I certify that the above information is true and correct, to the best of my knowledge:

(Signature) _____ DATE _____

(NAME TYPED OR PRINTED) _____ (TITLE)

(REPRESENTING)

ANNUAL REPORT (Form 204)

SALTWATER INJECTION WELLS - ENHANCED RECOVERY PROJECT

OHIO DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS RESOURCES MANAGEMENT
 2045 Morse Road, Bldg F-2, COLUMBUS, OHIO 43229-6693
 (614) 265-1032

THIS REPORT MUST BE SUBMITTED FOR EACH INJECTION/INPUT WELL NO LATER THAN 45 DAYS AFTER THE LAST DAY OF EACH CALENDAR YEAR.

OWNER #:	2. API NUMBER:			
1. OWNER NAME, ADDRESS and TELEPHONE #:	3. LEASE NAME:			
	4. SWTW or ERP NUMBER:			
	5. COUNTY:			
	6. CIVIL TOWNSHIP:			
7. TYPE OF REPORT: <input type="checkbox"/> SALTWATER INJECTION <input type="checkbox"/> ENHANCED RECOVERY <input type="checkbox"/> OTHER (SPECIFY):				
8. TYPE OF REPORT: <input type="checkbox"/> FRESHWATER <input type="checkbox"/> SALTWATER <input type="checkbox"/> GAS (SPECIFY): _____ <input type="checkbox"/> OTHER:				
9. CALENDAR YEAR REPORTING FOR:				
10. INJECTION PRESSURE (PSI) AND VOLUMES (BBL or MCF):				
MONTH	DAYS IN OPERATION FOR THE MONTH	TOTAL VOLUME INJECTED	MAXIMUM INJECTION PRESSURE	AVERAGE DAILY INJECTION PRESSURE
JANUARY				
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				

11. COMPLETE SECTION "A" IF ANNULUS IS PRESSURE MONITORED AT A POSITIVE PRESSURE ON A CONTINUOUS BASIS OR COMPLETE SECTION "B" IF ANNULUS IS PRESSURE TESTED ON A MONTHLY BASIS.

MONTH	"A"		"B"	
	MAXIMUM PRESSURE / DATE ON WHICH ATTAINED	MINIMUM PRESSURE / DATE ON WHICH ATTAINED	MONTHLY TESTING PRESSURE (MINIMUM OF 200 PSI)	PRESSURE AT END OF TEST (MINIMUM 15-MINUTE DURATION)
JANUARY				
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				

12. LIST ALL RESULTS AND ATTACH ANY DOCUMENTATION OF ANY MECHANICAL INTEGRITY TESTS RUN ON THIS WELL DURING THIS REPORTING YEAR:

13. LIST ALL MECHANICAL FAILURES AND DOWNHOLE FAILURES ENCOUNTERED DURING THE PRECEDING YEAR, CORRECTIVE ACTIONS TAKEN, AND THE RESULTS OF THOSE ACTIONS:

(SIGNATURE OF OWNER/AUTHORIZED AGENT)

(TITLE)

IF SIGNED BY AUTHORIZED AGENT, A CERTIFIED COPY OF APPOINTMENT OF AGENT MUST BE ATTACHED OR ON FILE AT THE DIVISION.

DISPOSAL FEE
(ORC 1509.221(B)(1)-(4))

Ohio Department of Natural Resources
Division of Oil and Gas Resources Management
2045 Morse Road, Bldg. F-2, Columbus, OH 43229-6693

COMPANY NAME: _____

SALTWATER INJECTION WELL(API #): _____

LEASE NAME: _____ SWIW #(s) _____

VOLUME OF OUT-OF-DISTRICT SUBSTANCE DELIVERED BBL

VOLUME OF IN-DISTRICT SUBSTANCE DELIVERED BBL

FEE*

Out-of-District Substances BBL At \$.20/bbl =

In-District Substances BBL At \$.05/bbl =

Less Retained by Injection Owner (up to 3% of amount collected)

Total Fee Remitted to the Division ***

Delivery Quarter (Check Appropriate Box)

- | | | |
|---|---|--------------------------|
| 1 | (January 1 - March 31) (Fee due at DOGRM May 2nd) | <input type="checkbox"/> |
| 2 | (April 1 - June 30) (Fee due at DOGRM August 1st) | <input type="checkbox"/> |
| 3 | (July 1 - September 30) (Fee due at DOGRM November 1st) | <input type="checkbox"/> |
| 4 | (October 1 - December 31) (Fee due at DOGRM January 31st) | <input type="checkbox"/> |

SIGNATURE _____

DATE _____

* Note, the fee remittance to the Division is **first** calculated on the **Out of District** Substances delivered and the maximum number of barrels of substance delivered per saltwater injection well on which a fee may be levied under division (B) of 1509.221 is 500,000 bbl.

** The Owner of an injection well who collects the fee may retain up to 3% of the amount collected.

*** Checks are to be made out to the Ohio Department of Natural Resources, Division of Oil and Gas Resources Management and forwarded to the address at the top of the form referencing "Disposal Fee". Include a copy of the completed form with the check.

One form must be used for each injection well owned.

**INTERIM GUIDELINE – NEW FEE LEVIED PURSUANT TO SENATE BILL 165
EFFECTIVE 06/30/2010**

SCOPE AND OBJECTIVE

- The guideline applies to all saltwater injection well owners having been issued a permit under ORC 1509.22 and for registered brine haulers.
- Provides the injection well owners and brine haulers interim guidance on how new fees are to be calculated, records to be maintained and when the new fees are to be forwarded to the Division of Oil and Gas Resources Management (DOGRM).
- This Interim Guideline dated 06/10/2010 will be in effect until such time it is replaced or new rules are in effect.
- The specific statutory language for changes relating to the new fees can be found at: <http://www.legislature.state.oh.us/>

Under Current Legislation, select the Senate and enter 165, see 1509.22(D) for the new permit fee and 1509.221 (B)(1) through (4) for the new fee on each substance delivered to an injection well.

Or, go to LAWriter at <http://codes.ohio.gov/orc/15> and select Chapter 1509, then select 1509.22 or 1509.221 and review the respective portions referenced above.

DEFINITIONS

- *“Division of Oil and Gas Resources Management Regulatory District”*: See www.ohiodnr.com/mineral/inspectors/tabid/10355/Default.aspx for the boundaries of the Oil and Gas Resources Management Districts. **The Districts are our North Region, South Region and West Region.**
- *“Not produced within the Division of Oil and Gas Resources Management Regulatory District in which the well is located or in an adjoining Regulatory District”*: **The substance delivered is not produced in the Division of Oil and Gas Resources Management North, South or West Regions.**

GUIDELINE

Effective 06/30/2010 there is levied on the owner of a saltwater injection well who has been issued a permit under division (D) of section 1509.22 of the Ohio Revised Code the following fees:

1. Five cents (\$0.05) per barrel of substance delivered to a saltwater injection well when the substance is produced within or adjoining to a (DOGRM) regulatory district where the well is located.

ODNR Division of Oil and Gas Resources Management
Underground Injection Control (UIC) Section

2. Twenty cents (\$0.20) per barrel of substance delivered to a saltwater injection well when the substance is not produced within the DOGRM regulatory district where the injection well is located or within an adjoining DOGRM district.
3. The new fee is **first** levied on all substances **not produced within or adjoining a DOGRM district**.
4. The maximum number of barrels of substance delivered per saltwater injection well in a calendar year where the new fee is levied is 500,000 barrels.
5. The owner of the saltwater injection well must collect the fee and submit the fees to DOGRM on a quarterly basis, to be received by DOGRM no later than 30 days after the end of the calendar quarter. The first quarter the fee is to be collected commences July 1, 2010 and ends September 30, 2010. Collection and remittance of the new fee to DOGRM will continue under this schedule until this Interim Guideline is replaced/amended or rules are in effect replacing the need for the Interim Guideline.
6. The owner of the saltwater injection well is permitted to retain up to three percent (3%) of the fee collected.
7. The saltwater injection well owner must use the form attached to this Interim Guideline for filing of the quarterly remittance of the new fees.
8. One form must be submitted for each saltwater injection well owned, each quarter.
9. If there were no substances delivered during a calendar quarter, the form will need to be submitted reflecting 0 barrels delivered.
10. The owner of the saltwater injection well where each substance is delivered must maintain the following records:
 1. Date of Delivery
 2. Delivery Company Name
 3. UIC Brine Hauler Registration #
 4. Volume of Fluid Delivered (in barrels)
 5. Record if the substance delivered to the saltwater injection well was generated in or adjacent to the DOGRM regulatory district where the injection well is located **or** if the substance delivered **was not** generated in or adjacent to the DOGRM regulatory district where the injection well is located.

These records must be readily available to DOGRM staff on request (within 48 hours) and be maintained and reconciled pursuant to the quarterly schedule under Item 5 listed above.

Questions concerning this Interim Guideline should be directed to Tom Tomastik at 614-265-1032.