

CAUSE NO. 14-12-00300-CVK

RANCHO GRANDE LAND	§	IN THE DISTRICT COURT
MANAGEMENT, LP,	§	
RANCHO GRANDE MINERAL	§	
MANAGEMENT, LP,	§	
JANIS KIMBLE,	§	
JOYCE KIMBLE, and	§	
GRAHAM LAND, LTD	§	
<i>Plaintiffs</i>	§	<u>218th</u> JUDICIAL DISTRICT
	§	
v.	§	
	§	
	§	
SABLE ENVIRONMENTAL, LLC	§	
<i>Defendant</i>	§	KARNES COUNTY, TEXAS

PLAINTIFFS' ORIGINAL PETITION SEEKING A TEMPORARY RESTRAINING ORDER, TEMPORARY INJUNCTION, AND PERMANENT INJUNCTION

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW Rancho Grande Land Management, LP (“Rancho Grande Land”), Rancho Grande Mineral Management, LP (“Rancho Grande Mineral”), Janis Kimble, Joyce Kimble (collectively, “Kimble Plaintiffs”), and Graham Land, Ltd. (“Graham”) (hereinafter collectively referred to as “Plaintiffs”) and files this their Original Petition seeking a Temporary Restraining Order, Temporary Injunction, and Permanent Injunction against Sable Environmental, LLC (“Defendant”) and would respectfully show the Court as follows:

I. PARTIES

1. Plaintiff, Rancho Grande Land is a limited partnership duly organized under the laws of the State of Texas and doing business in the State of Texas. Rancho Grande Land may be contacted by and through its attorneys of record.
2. Plaintiff, Rancho Grande Mineral is a limited partnership duly organized under the laws of the State of Texas and doing business in the State of Texas. Rancho Grande Mineral may be contacted by and through its attorneys of record.

3. Plaintiff, Janis Kimble is an individual residing in Karnes County, Texas and may be contacted by and through her attorney of record.

4. Plaintiff, Joyce Kimble is an individual residing in Karnes County, Texas and may be contacted by and through her attorney of record.

5. Plaintiff, Graham is a family limited partnership duly organized under the laws of the State of Texas and doing business in the State of Texas. Graham may be contacted by and through its attorney of record.

6. Defendant, Sable Environmental, LLC is a limited liability company duly organized under the laws of the State of Texas and doing business in the State of Texas. Defendant may be served by serving its registered agent: C T Corporation System, 1999 Bryan St., Suite 900, Dallas, Texas 75201-3136.

II. JURISDICTION AND VENUE

7. This Court has jurisdiction of this action in that the relief requested is within the jurisdictional limits of this Court.

8. Venue is mandatory in Karnes County, Texas pursuant to TEX. CIV. PRAC. & REM. CODE §15.011 since this is a suit for the recovery of damages to real property and the real property in question is located in Karnes County, Texas.

9. Venue is proper in Karnes County, Texas pursuant to TEX. CIV. PRAC. & REM. CODE §15.002 since Karnes County, Texas is the county in which all or a substantial part of the events or omissions giving rise to Plaintiffs' claims have occurred and are currently occurring.

III. FACTUAL BACKGROUND RELATED TO SUBSURFACE TRESPASS

10. On or around June 8, 2012, JZ Realty, Ltd., not a party to this suit, purchased approximately 20.110 acres of land in Karnes County from Hector R. Venegas and Mari C. Venegas ("the Venegas Property"). The Venegas Property is adjacent to the property owned by

Kimble Plaintiffs. The Venegas Property is also in close proximity to the property owned by Graham, Rancho Grande Land, and Rancho Grande Mineral. The Venegas Property was later sold to Coy City Hunter, LLC, who subsequently sold to Sable Environmental SWD 5, LLC (which merged into Defendant).

11. On or around December 29, 2011, Four Fountains, LLC applied for a salt water disposal permit (the “SWDP”) seeking to dispose around 20,000 to 25,000 barrels of saltwater and other Resource Conservation and Recovery Act exempt waste (“Disposal Substances”) per day into the Wilcox formation, a subsurface formation that is located approximately 6,000 feet below the surface of the Venegas Property. The SWDP was issued to Four Fountains, LLC on February 2, 2012.

12. When Four Fountains, LLC filed its application for the SWDP, it was required to submit a form H-1 & H-1A, which is the form that is mandated for proposed injections into reservoirs that are productive of oil and gas. Subsequently, Four Fountains, LLC sold the SWDP to GreenHunter Resources, LLC, and GreenHunter Resources, LLC then sold the SWDP to Defendant.

13. Upon receiving the SWDP, Defendant immediately applied for a drilling permit, which was timely protested at the Texas Railroad Commission (the “RRC”) by Plaintiffs Rancho Grande Land, Rancho Grande Mineral, and Graham. Marathon Oil EF, LLC (“Marathon”) which has producing oil and gas wells near the Venegas Property also joined in the protest. On June 6, 2014, Marathon dropped its protest for reasons unknown.

14. Despite Plaintiffs’ timely protest, the RRC issued a drilling permit and scheduled a hearing on the protest for July 23, 2014. Further, although Plaintiffs’ protest was pending before the RRC, and a hearing had not yet been held, Defendant established a pad site location and drilled a disposal well on the Venegas Property. Defendant’s disposal well is specifically located on the FF Coy City SWD Lease at the corner of County Road 168 and FM 2102 in the J.

Priest Survey, A-228, in the Coy City Field (“the Disposal Well”). The Disposal Well is more particularly described on the attached **Exhibit “A”**.

15. Plaintiffs’ protest to the RRC was based upon the fact that Defendant’s notice to the affected landowners showed the Disposal Well’s location as being approximately a mile away from the actual location of the drill site. Defendant voluntarily agreed not to conduct any operations on the Venegas Property until a decision had been reached by the RRC regarding the sufficiency of Defendant’s notice. After reviewing the protest filed by Plaintiffs, the RRC examiner recommended to the RRC that Defendant’s permit be revoked for the reason that it did not provide the affected landowners with sufficient notice of the Disposal Well’s location in accordance with the RRC’s rules regarding notice to affected landowners. On December 2, 2014, the RRC disregarded the recommendation of the RRC examiner and decided not to revoke Defendant’s permit. Due to the RRC’s decision, Defendant no longer faces the threat that the RRC might shut down Defendant’s operations. Defendant could potentially resume its operations at any time.

16. Plaintiffs Janis Kimble and Joyce Kimble (“Kimble Plaintiffs”) own mineral and surface interests in property that is immediately adjacent to the Disposal Well. Kimble Plaintiffs’ surface and mineral rights will be adversely impacted by the injection of the Disposal Substances into the Disposal Well. Plaintiff Graham owns surface (namely water rights) and mineral interests in property that is located within the area that will be adversely impacted by the injection of the Disposal Substances into the Disposal Well. Plaintiff Rancho Grande Land owns surface interests (namely water rights) in property that is located within the area that will be adversely impacted by the injection of the Disposal Substances into the Disposal Well. Plaintiff Rancho Grande Mineral owns mineral interests in property that is located within the area that will be adversely impacted by the injection of the Disposal Substances into the Disposal Well.

IV. FACTUAL BACKGROUND RELATED TO SURFACE TRESPASS

17. On or about May, 2014, Defendant installed a pad site for the Disposal Well. In setting up the pad site, Defendant placed the site as close to Kimble Plaintiffs' property as it could, despite having twenty plus acres to use for its operations.

18. Defendant did not properly berm the perimeter of the pad site, thus creating a situation where all surface water runoff and chemical spills from the site would flow directly onto Kimble Plaintiffs' property. Defendants' pad site diverted or impounded rainfall, which causes an increased flow of surface water onto Kimble Plaintiffs' property when it rains.

19. A significant amount of surface water runoff continues to flow onto Kimble Plaintiffs' property when it rains, causing a substantial disruption to Kimble Plaintiffs' use and enjoyment of its surface. Said runoff consists of drilling fluid, pad site materials, diesel, and sewage, and creates a lingering chemical smell on Kimble Plaintiffs' property.

20. During installation of the pad site, Defendant intentionally aimed a drainage hose from one of its sewage tanks toward Kimble Plaintiffs' property so that all drainage from the sewage tank would flow directly onto Kimble Plaintiffs' property.

21. Dr. Scott Kimble, not a party to this suit, has attempted to contact Defendant in an effort to get the chemical contamination removed from Kimble Plaintiffs' property, however, to this day, Defendant has not made any attempts to clean up the drilling fluid, pad site materials, sewage, and diesel that has run off of its pad site onto Kimble Plaintiffs' property.

22. In addition, Kimble Plaintiffs have approximately sixty (60) head of show quality longhorns grazing on the property that is located adjacent to the Disposal Well. The longhorns vary in value from \$1,000 to \$30,000 each. The presence of the chemical contamination on Kimble Plaintiffs' property creates a serious risk of injury to the longhorns if not remedied by Defendant.

V. SUBSURFACE TRESPASS

23. Plaintiffs repeat and re-allege Paragraphs 10 through 16 as if fully set forth herein.

24. Plaintiffs are of the good faith information and belief that once the Disposal Substances are injected into the Wilcox formation, the substances will invade the subsurface of Plaintiffs' property as a result of the radial disbursal of the fluids.

25. Defendant knows or has a substantial reason to know that its actions will cause the Disposal Substances to physically invade Plaintiffs' property.

26. Plaintiffs have not consented and do not consent to this intentional invasion of their subsurface.

27. The invasion will cause Plaintiffs to suffer repeated, continuous, and imminent harm in the form of a potential loss of oil and gas production from the Wilcox formation, which has been proven to be a commercially viable formation. In addition, the invasion will potentially cause harm to the Carrizo Aquifer, which is located directly above and adjacent to the Wilcox formation.

28. The invasion will also cause a potential adverse impact on future lease negotiations due to the increased drilling costs associated with the injection of the Disposal Substances into the Wilcox formation.

29. Defendant's trespass will cause Plaintiffs to suffer irreparable harm for which Plaintiffs have no adequate remedy at law.

VI. SURFACE TRESPASS

30. Kimble Plaintiffs repeat and re-allege Paragraphs 17 through 22 as if fully set forth herein.

31. Kimble Plaintiffs are the current title holders to the real property located immediately adjacent to the Disposal Well and were the title holders to said property at the time the injury began.

32. Defendant intentionally and voluntarily caused sewage, pad site materials, diesel, and other chemical runoff to physically invade Kimble Plaintiffs' property without Kimble Plaintiffs' consent.

33. Defendant's trespass has caused and continues to cause injury to Kimble Plaintiff's property in the form of chemical contamination.

VII. NUISANCE

A. SUBSURFACE TRESPASS

34. Plaintiffs repeat and re-allege Paragraphs 10 through 16 as if fully set forth herein.

35. The injection of the Disposal Substances by Defendant into the Disposal Well will substantially interfere with Plaintiffs reasonable and comfortable enjoyment and use of their property.

36. Plaintiffs will suffer repeated and continuous damages as a result of the injection of the Disposal Substances and the migration of said substances under their property.

37. Defendant's conduct will cause Plaintiffs to suffer irreparable harm for which Plaintiffs have no adequate remedy at law.

B. SURFACE TRESPASS

38. Kimble Plaintiffs repeat and re-allege Paragraphs 17 through 22 as if fully set forth herein.

39. The chemical contamination caused by the improper construction of Defendant's pad site has substantially interfered and continues to substantially interfere with Kimble Plaintiffs' reasonable and comfortable enjoyment and use of their property.

40. Defendant's negligent and unreasonable or intentional conduct has invaded and interfered with Kimble Plaintiffs' property interest.

41. Defendant's conduct has caused and continues to cause injury to Kimble Plaintiffs.

VIII. NEGLIGENCE PER SE TEXAS RAILROAD COMMISSION RULE 8

42. Kimble Plaintiffs repeat and re-allege Paragraphs 17 through 22 as if fully set forth herein.

43. Defendant's conduct amounts to a violation of Statewide Rule 8 of the Texas Railroad Commission ("Rule 8").

44. Kimble Plaintiffs belong to the class of persons that Rule 8 was designed to protect, and Kimble Plaintiffs' injury is of the type Rule 8 was designed to prevent.

45. Rule 8 is one for which tort liability may be imposed when violated.

46. Defendant violated Rule 8 without excuse.

47. Defendant's actions or omission proximately caused Kimble Plaintiffs' injury.

IX. NEGLIGENCE PER SE TEXAS WATER CODE SECTION 11.086

48. Kimble Plaintiffs repeat and re-allege Paragraphs 17 through 22 as if fully set forth herein.

49. Defendant's conduct amounts to a violation of section 11.086 of the Texas Water Code ("Section 11.086").

50. Kimble Plaintiffs belong to the class of persons that Section 11.086 was designed to protect, and Kimble Plaintiffs' injury is of the type Section 11.086 was designed to prevent.

51. Section 11.086 is one for which tort liability may be imposed when violated.

52. Defendant violated Section 11.086 without excuse.

53. Defendant's actions or omissions proximately caused Kimble Plaintiffs' injury.

X. VIOLATION OF TEXAS WATER CODE

54. Kimble Plaintiffs repeat and re-allege Paragraphs 17 through 22 as if fully set forth herein.

55. Defendant has violated section 11.086 of the Texas Water Code by diverting or impounding the natural flow of surface waters in a manner that has caused damage to Kimble Plaintiffs' property by the overflow of the water diverted or impounded.

56. Defendant's actions or omissions in violation of the Texas Water Code have caused and continue to cause injury to Kimble Plaintiffs.

XI. TEMPORARY RESTRAINING ORDER

A. SUBSURFACE TRESPASS

57. Plaintiffs request that the Court temporarily restrain Defendant, its agents, employees, assigns, and all those acting on its behalf, from injecting the Disposal Substances into the Disposal Well referred to in Plaintiffs' Verified Original Petition, pending hearing and ruling on Plaintiff's Motion for a Temporary Injunction, on the ground that immediate and irreparable injury, loss, and damage will result to Plaintiffs before notice can be given and Defendant or its attorneys can be heard in opposition, as more fully appears from Plaintiffs' Verified Original Petition.

B. SURFACE TRESPASS

58. Kimble Plaintiffs request that the Court temporarily restrain Defendant, its agents, employees, assigns, and all those acting on its behalf, from conducting any activities on the pad site until the pad site is moved a minimum of thirty (30) feet away from Kimble Plaintiffs' property line, a berm of at least three feet (3') is placed around the perimeter of the pad site, Defendant cleans up all contamination on Kimble Plaintiffs' property, and significant measures are undertaken by Defendant to ensure that no further contamination occurs on

Kimble Plaintiffs' property referred to in Plaintiffs' Verified Original Petition, pending hearing and ruling on Kimble Plaintiffs' Motion for a Temporary Injunction, on the ground that immediate and irreparable injury, loss, and damage will result to Kimble Plaintiffs before notice can be given and Defendant or its attorneys can be heard in opposition, as more fully appears from Plaintiffs' Verified Original Petition.

XII. TEMPORARY INJUNCTION

A. SUBSURFACE TRESPASS

59. Plaintiffs do not have an adequate remedy at law due to the continuing nature of Defendant's activities, which will cause destruction and irreparable injury to Plaintiffs' real property amounting to a virtual dispossession and a significant diminution in value of Plaintiffs' real property. Damages are impossible to ascertain under these circumstances and Plaintiffs would be forced to entertain a multiplicity of actions in order to obtain any sort of redress in damages.

60. Plaintiffs will be left without an adequate remedy at law unless this Court grants the relief requested herein.

61. Plaintiffs request that the Court fix a day and time for hearing the temporary injunction sought in Plaintiffs' Verified Original Petition; and that Defendant be cited and notified to appear at such day and time and show cause why a temporary injunction shall not issue; that upon such hearing a temporary injunction be granted and a writ of temporary injunction be issued by the Court to preserve the status quo pending a final hearing, commanding that Defendant, its agents, employees, assigns, and all those acting on its behalf, be enjoined from injecting the Disposal Substances into the Disposal Well.

B. SURFACE TRESPASS

62. Kimble Plaintiffs do not have an adequate remedy at law due to the continuing nature of Defendant's activities, which will continue to cause destruction and irreparable injury

to Kimble Plaintiffs' real property amounting to a virtual dispossession and a significant diminution in value of Kimble Plaintiffs' real property. Damages are impossible to ascertain under these circumstances and Kimble Plaintiffs would be forced to entertain a multiplicity of actions in order to obtain any sort of redress in damages.

63. Kimble Plaintiffs will be left without an adequate remedy at law unless this Court grants the relief requested herein.

64. Kimble Plaintiffs request that the Court fix a day and time for hearing the temporary injunction sought in Plaintiffs' Verified Original Petition; and that Defendant be cited and notified to appear at such day and time and show cause why a temporary injunction shall not issue; that upon such hearing a temporary injunction be granted and a writ of temporary injunction be issued by the Court to preserve the status quo pending a final hearing, commanding that Defendant, its agents, employees, assigns, and all those acting on its behalf, be enjoined from conducting any activities on the pad site until the pad site is moved a minimum of thirty (30) feet away from Kimble Plaintiffs' property line, a berm of at least three feet (3') is placed around the perimeter of the pad site, Defendant cleans up all contamination on Kimble Plaintiffs' property, and significant measures are undertaken by Defendant to ensure that no further contamination occurs on Kimble Plaintiffs' property.

XIII. PERMANENT INJUNCTION

A. SUBSURFACE TRESPASS

65. Plaintiffs do not have an adequate remedy at law due to the continuing nature of Defendant's activities, which will cause destruction and irreparable injury to Plaintiffs' property amounting to a virtual dispossession and a significant diminution in value of Plaintiffs' property. Damages are impossible to ascertain under these circumstances and Plaintiffs would be forced to entertain a multiplicity of actions in order to obtain any sort of redress in damages.

66. After final hearing, Plaintiffs request that the Court order that Defendant, its agents, employees, assigns, and all those acting on its behalf, be permanently enjoined from injecting the Disposal Substances into the Disposal Well.

B. SURFACE TRESPASS

67. Kimble Plaintiffs do not have an adequate remedy at law due to the continuing nature of Defendant's activities, which will cause destruction and irreparable injury to Kimble Plaintiffs' property amounting to a virtual dispossession and a significant diminution in value of Kimble Plaintiffs' property. Damages are impossible to ascertain under these circumstances and Kimble Plaintiffs would be forced to entertain a multiplicity of actions in order to obtain any sort of redress in damages.

68. After final hearing, Kimble Plaintiffs request that the Court order that Defendant, its agents, employees, assigns, and all those acting on its behalf, be permanently enjoined from conducting any activities on the pad site until the pad site is moved a minimum of thirty (30) feet away from Kimble Plaintiffs' property line, a berm of at least three (3) feet is placed around the perimeter of the pad site, Defendant cleans up all contamination on Kimble Plaintiffs' real property, and significant measures are undertaken by Defendant to ensure that no further contamination occurs on Kimble Plaintiffs' property.

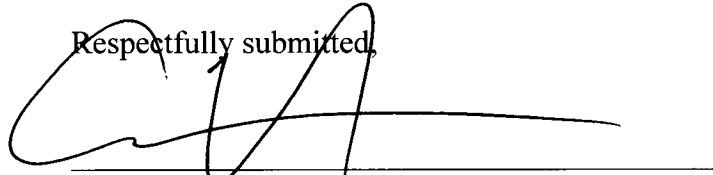
XIV. REQUEST FOR ATTORNEY'S FEES AND EXPERT COSTS

69. Pursuant to Section 11.0841 of the Texas Water Code, request is hereby made for all costs and reasonable and necessary attorney's fees and expert costs incurred by Kimble Plaintiffs herein relating to their cause of action brought forward under 11.086 of the Texas Water Code, including all fees necessary in the event of an appeal of this cause to the Court of Appeals and the Supreme Court of Texas, as the Court deems equitable and just.

XV. PRAYER

WHEREFORE, PREMISES CONSIDERED, Plaintiffs asks that this matter be set for hearing and upon hearing a Temporary Restraining Order be issued and that a Temporary Injunction hearing occur on 14 days' notice, and that upon hearing that the Temporary Injunction Order be granted and that upon final hearing Plaintiffs have a Permanent Injunction issued against Defendant as set out above. Kimble Plaintiffs ask this Court to award actual damages for Defendant's surface trespass in an amount sufficient to cover the cost of restoration or repair, the loss of use of the property, and the loss of market value of the property. Kimble Plaintiffs ask this Court to award all costs and reasonable and necessary attorney's fees and expert costs incurred herein. Plaintiffs ask this Court to award all court costs and pre-judgment and post-judgment interest as allowed by law. Plaintiffs ask for such other and further relief as may be needed to protect their property from any damages that may result from Defendant's operations.

Respectfully submitted,



RICHARD M. BUTLER
State Bar No. 3528560
CLINTON M. BUTLER
State Bar No. 24045591
ELIZABETH R. KOPECKI
State Bar No. 24087859
LANGLEY, BANACK & BUTLER
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**ATTORNEYS FOR PLAINTIFFS,
RANCHO GRANDE LAND
MANAGEMENT, LP AND
RANCHO GRANDE MINERAL
MANAGEMENT, LP**

FILED
IN THE OFFICE
OF THE DISTRICT CLERK

DEC 04 2014
AT 4:00 PM O'CLOCK
DENISE RODRIGUEZ
KARNES COUNTY DISTRICT CLERK

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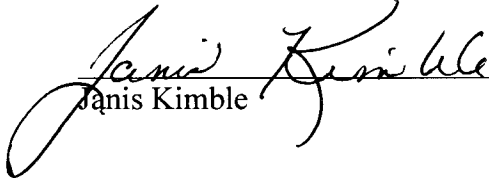
**ATTORNEY FOR PLAINTIFFS,
JANIS KIMBLE AND JOYCE KIMBLE**

VERIFICATION

STATE OF TEXAS §

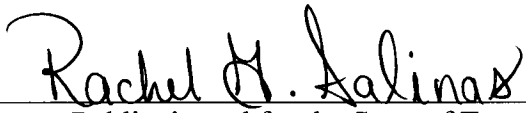
COUNTY OF KARNES §

BEFORE ME, the undersigned Notary Public, on this day personally appeared Janis Kimble, Plaintiff, who being by me duly sworn, upon oath, stated that she has read the above and foregoing Original Petition, Request for Temporary Restraining Order, Temporary Injunction, and Permanent Injunction, and that the facts contained therein are within her personal knowledge and are true and correct as to the best of her knowledge.

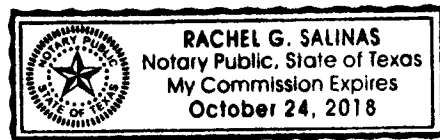


Janis Kimble

SUBSCRIBED AND SWORN TO BEFORE ME by Janis Kimble on this 4th day of December, 2014, to certify which witness my hand and official seal.



Notary Public, in and for the State of Texas



AFFIDAVIT OF KEITH B. MASTERS, P.E.

STATE OF TEXAS

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared KEITH B. MASTERS, P.E. ("Affiant") who, after being by me first duly sworn, did upon his oath, depose and say:

1. "My name is Keith B. Masters. I am over eighteen (18) years of age. I am of sound mind and fully competent to testify to the matters stated herein. I have never been convicted of a felony or any other crime involving dishonesty or moral failing, and I am not suffering from any disability which would impair my ability to know or perceive the truth. Furthermore, I have personal knowledge of all of the facts and matters stated herein and they are true and correct.
2. I reside in Austin, Travis County, Texas. I am the President of Masters Consulting, LLC. My qualifications are summarized by my resume, a copy of which is attached hereto as "Exhibit 1". I am a licensed professional engineer in the State of Texas.
3. In preparation for the following affidavit testimony I have reviewed certain documents obtained from the public records of the Railroad Commission of Texas (hereinafter "RRC") relating to the Sable Environmental, LLC (hereinafter "Sable") Coy City SWD #1 well (hereinafter "the Well") and other wells in the area surrounding the Well.
4. On February 2, 2012, Sable's predecessor in interest was granted authority to inject salt water and other non-hazardous oil and gas waste at rates not to exceed 25,000 barrels per day into the Wilcox Formation at depths between 6,325' and 7,450' in the Well, which is located on a 20.10 acre tract of land.
5. Subsequent to receiving a transfer of injection authority from its predecessor, Sable has drilled and completed the Well and constructed facilities for the purposes of injection.
6. A list of the oil and gas wastes for which disposal authority has been granted with respect to the Well (hereinafter "Injectant") is attached hereto as "Exhibit 2".
7. An ownership plat of the area surrounding the Well is attached hereto as "Exhibit 3", which cites recording information from the official records of Karnes County, Texas. The offsetting tract known as the Janis and Joyce Kimble tract (hereinafter "the Kimble tract") is approximately one-hundred forty-eight feet (148') away from the Well. The offsetting tract known as the Graham Land Ltd. tract (hereinafter "the Graham tract") is approximately one-thousand six feet (1,006') away from the

EXHIBIT "A"

Well. The offsetting tract known as the Rancho Grande Mineral Management, LP, tract (hereinafter "the Rancho Grande tract") is approximately two-thousand thirty-nine feet (2,039') away from the Well.

8. At the permitted rate of injection (25,000 barrels per day), the Injectant will physically invade the Kimble tract in 4.5 days, upon disposal of approximately 111,000 barrels of Injectant. Physical invasion of the Graham tract will occur under these conditions in 206 days, upon disposal of approximately 5,137,000 barrels of Injectant. Physical invasion of the Rancho Grande tract will occur under these conditions in 844 days, upon disposal of approximately 21,103,000 barrels of Injectant.
9. At an injection rate of 15,000 barrels per day, the Injectant will physically invade the Kimble tract in 7.4 days. Physical invasion of the Graham tract will occur under these conditions in 343 days. Physical invasion of the Rancho Grande tract will occur under these conditions in 1,407 days.
10. The estimates of invasion times and volumes cited above are based on a radial dispersion model which accounts for displacement and volumetric sweep efficiency. This methodology is widely accepted by oil and gas industry professionals, and is based on the assumption of reservoir continuity which is likely to exist over the distances investigated herein.
11. The Wilcox formation into which injection has been authorized is found at a depth of approximately 5,000 feet in the area surrounding the Well. It is characterized by growth-faulted deltaic sandstone deposits. The upper part of the Wilcox (known as the Carrizo) is a prolific aquifer, and is considered by the Groundwater Advisory Unit of the RRC to contain usable-quality groundwater. The base of the Carrizo occurs at a depth of approximately 5,900 to 6,100 feet in the area surrounding the Well. The Lower part of the Wilcox is a prolific producing horizon in the Rio Grande Embayment. The base of the Wilcox occurs at approximately 8,200' in the area surrounding the Well.
12. The underlying Eagleford Shale is actively being developed, and the deeper yet Pearsall Shale may prove to be an economically feasible development target at some future date. In addition, other as yet unidentified zones which lie beneath the Wilcox may contain producible hydrocarbons.
13. I have testified before the RRC on numerous occasions regarding applications for authority to conduct subsurface disposal operations and permits issued for that purpose. The RRC, as a matter of policy, will not typically authorize injection into an interval which is not isolated from the overlying usable quality water interval by an accumulative total of at least 250 feet of clay, shale, or otherwise impermeable strata. This policy has been adopted for the purpose of protecting usable-quality water resources. There is believed to be less than 250 feet of clay, shale, or

otherwise impermeable strata between the top of the authorized injection interval and the base of the useable quality water in the Well.

14. A maximum surface injection pressure of one-half psi per foot of depth to the top of the authorized injection interval was approved in the instant case. The injection pressure authorized by the RRC likely exceeds that which will result in fracturing of the injection interval.
15. Injection into the authorized interval in the Well at the maximum authorized pressures will likely cause fracturing to occur, which will pose an unreasonable threat to the Carrizo aquifer underlying the Kimble, Graham, and Rancho Grande tracts.
16. Oil and gas production has occurred from within the authorized injection interval from wells as close as one and one-half miles from the Well. (This is the reason why the application for authority to inject was filed on Forms H-1 and H-1A, which relate to injection of fluid into a reservoir productive of oil or gas.) While the productive capability of the Wilcox on the Kimble, Graham, and Rancho Grande tracts has not been conclusively determined, injection into the authorized interval in the Well at the authorized rates will result in physical invasion of the Wilcox formation under these tracts, which could result in waste of hydrocarbon resources.
17. Sustained injection into the authorized interval in the Well will result in an increase in the pore pressure by as much as thirty percent within the injection interval over an area which would include the offset Kimble, Graham and Rancho Grande tracts. This increase in pore pressure would impact the drilling of wells through the Wilcox formation on these tracts, and result in increased drilling costs. Because of these circumstances, the anticipated injection operations would have a negative impact on the value of the mineral estates associated therewith.
18. The estimate of the pressure increase which would result from injection is derived from a solution to the well-known Diffusivity Equation for an infinite acting reservoir. This methodology is routinely accepted by the RRC for the purpose for which it was used herein. To the extent that the injection interval is not infinite acting, the estimated pressure increase will be understated.

"Further Affiant sayeth not."

Signed this 23rd day of July, 2014.

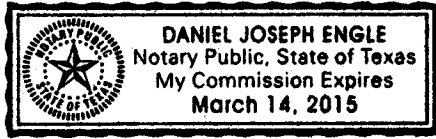


Masters Consulting, LLC
Texas Registered Engineering Firm
F-10259

KEITH B. MASTERS, P.E. Affiant

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Sworn to and subscribed to before me on July 23, 2014, by KEITH B. MASTERS, P.E.





Notary Public, State of Texas

KEITH B. MASTERS, P.E.

PROFESSIONAL EXPERIENCE

PRESIDENT2007-PRESENT

Masters Consulting, LLCAustin, Texas

Consultant to major and independent operators, working and royalty interest owners, landowners, service companies, financial institutions, insurance companies, and law firms. Services provided include drilling and production operations analysis, formation evaluation and reservoir characterization, subsurface mapping and geological studies, reserves estimation and valuation, prospect review and investment analysis, field development and reservoir management studies, secondary recovery project design and management, regulatory planning and compliance, contract analysis and negotiation, computer programming, data management, and expert witness testimony. Responsible for all aspects of managing the firm.

VICE PRESIDENT1990-2007

Don Ray George & Associates, Inc.Austin, Texas

Provided consulting services to clients of the firm. Engagements involved drilling, production, and reservoir engineering issues as well regulatory planning and compliance, contract analysis, computer programming, and data management. Testified as an expert witness before state and federal regulatory agencies, and in state and federal court.

SENIOR PETROLEUM ENGINEER1986-1990

Chevron U.S.A.Midland, Texas

Responsible for all petroleum engineering activities related to company-operated properties in Crane, Ector, Loving, Reeves, Ward, and Winkler Counties, Texas. Supervised a group of six production and reservoir engineers and one technical assistant. Activity in area included drilling of development wells, design, implementation, and management of secondary and tertiary recovery projects, and performing workovers, data acquisition jobs, and abandonments.

PRODUCTION ENGINEER1984-1986

Chevron U.S.A.New Orleans, Louisiana

Responsible for production engineering activities related to properties onshore and offshore Louisiana. Activity in area included development drilling and workover operations. Supervised non-rig wellsite activities. Evaluated and presented all workover and secondary recovery project proposals requiring senior management approval to Regional management. Coordinated petroleum engineering training and recruitment for the Eastern Region of Chevron U.S.A.

DRILLING ENGINEER1980-1984

Chevron U.S.A.New Orleans, Louisiana

Supervised drilling operations primarily onshore Louisiana. Provided engineering support for drilling operations onshore and offshore Louisiana. Prepared cost estimates, drilling and completion programs, and final well reports. Performed various technical studies. Developed and enhanced drilling engineering computer programs and data bases.

EDUCATION

Master of Business Administration (Finance) <i>St. Edward's University</i>	2002 <i>Austin, Texas</i>
Masters of Engineering (Petroleum Engineering) <i>Tulane University of New Orleans</i>	1985 <i>New Orleans, Louisiana</i>
Bachelor of Science (Petroleum Engineering) <i>The University of Texas at Austin</i>	1980 <i>Austin, Texas</i>

LICENSES AND AFFILIATIONS

- Licensed Professional Engineer in State of Texas since 1990.
- Member - Society of Petroleum Engineers since 1979.
- Member - Society of Petroleum Evaluation Engineers since 1994.
- Member - Society of Petrophysicists and Well Log Analysts since 2009.
- Member - Society of Independent Professional Earth Scientists since 2009.

LIST OF E&P WASTES: EXEMPT AND NON EXEMPT

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

EXEMPT WASTES

Activated charcoal filter media

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

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

Condensate

Cooling tower blowdown

Debris, crude oil soaked

Debris, crude oil stained

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

Drilling cuttings/solids

Drilling fluids

Drilling fluids and cuttings from offshore
operations disposed of onshore

Gas dehydration wastes:

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

Gas plant sweetening wastes for sulfur
removal:

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

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

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

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

Oil, weathered

Paraffin

Pigging wastes from producer operated
gathering lines

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

Process filters

EXHIBIT 2

EXEMPT WASTES (Continued)

Produced sand	Tank bottoms and basic sediment and water (BS&W) from storage facilities that hold product and exempt waste (including accumulated materials such as hydrocarbons, solids, sand and emulsion from production separators, fluid treating vessels, and production impoundments).
Produced water	
Produced water constituents removed before disposal (injection or other disposal)	
Produced water filters (see Process filters)	VOCs from exempt wastes in reserve pits or impoundments or production equipment
Rigwash	
Slop oil (waste crude oil from primary field operations and production)	Well completion, treatment, and stimulation, and packing fluids
Soils, crude oil-contaminated	Workover wastes (i.e., blowdown, swabbing and bailing wastes)
Sulfachek/Chemsweet waste	

HENRY S. BROWN SURVEY
ABSTRACT NO. 32

JAMES BRADBURY SURVEY
ABSTRACT NO. 24

KARNES CO. SCHOOL LAND
ABSTRACT NO. 168

SARAN K. BUEHRING
VOL. 690, PG. 793
JUDIA K. DONAHU

DOUGLAS ROBERTS
VOL. 706, PG. 48
COY CITY

HENRY ST. GERMAN
VOL. 448, PG. 106

EMERICK OPIELA AND
WIFE ELAINE OPIELA
VOL. 738, PG. 306

RESIDUE OF THE
HECTOR R. VENEGAS LAND
AND
CARLOS VENEGAS
VOL. 788, PG. 799

SABLE Environmental, LLC
COY CITY SWD #1
WELL LOCATION
N = 28°47'03.67"102"
E = 98°00'30.12"169"

PATRICIA L. GRAYSON ET AL
VOL. 789, PG. 306

PATRICIA LENA SNAVELY, ET AL
VOL. 843, PG. 833
COUNTY ROAD NO. 168

C. R. NO. 170
KENNETH RAY
VOL. 884, PG. 641

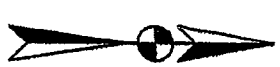
JAMES B. WANGEN
VOL. 719, PG. 692

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AUSTIN TX

SCALE 1" = 1000'

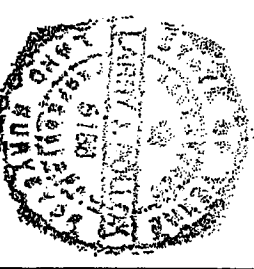


- LEGEND
- IRE - STEEL ROD FOUND
 - IRS - 1/2" REBAR SET WITH TPOLOK & SONS' CAP
 - CP - CORNER POST
 - DDMA/SS" DIST. - FIELD
 - (DDMA/SS" DIST.) - RECORD
 - x- BARBED WIRE FENCE
 - (P) POWER/UTILITY POLE
 - (W) WATER WELL/WATER METER (AS NOTED)
 - (S) SEPTIC TANK
 - o- CHAIN LINK FENCE
 - ||- WOOD PRIVACY FENCE

JAMES PRIEST SURVEY
ABSTRACT NO. 228

SURVEY PLAT OF 20.10 ACRES TRACT OF LAND OUT OF THE JAMES PRIEST SURVEY, ABSTRACT 228, KARNES COUNTY, TEXAS AND BEING A PART OR PORTION OF THE LAND DESCRIBED IN A CONVEYANCE TO HECTOR VENEGAS AND MARI CARMAN VENEGAS IN A DEED OF RECORD IN VOLUME 788, PAGE 799 OF THE OFFICIAL RECORDS OF KARNES COUNTY, TEXAS.

POLLOK & SONS
SURVEYING, INC.
FLORESVILLE, TEXAS
(830) 393-4770



I HEREBY CERTIFY THAT THE ABOVE PLAT REPRESENTS AN ACTUAL SURVEY MADE ON THE GROUND BY PEOPLE WORKING UNDER MY DIRECT SUPERVISION.

THIS 8TH DAY OF NOVEMBER, 2011 A.D.

LARRY J. POLLOK

R.P.L.S. NO. 5186

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JOB NO. 11-0389
DRAIN BY:

REFERENCE: VOL. 788, PG. 799 - DEED