



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

Page 1 of 17

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
UNDERGROUND INJECTION CONTROL PERMIT: CLASS I NON-HAZARDOUS

Permit Number: MI-133-1I-0006

Facility Name: MPC-3D

Pursuant to the provisions of the Safe Drinking Water Act, as amended 42 U.S.C. §§300f et seq., (commonly known as the SDWA) and implementing regulations promulgated by the U.S. Environmental Protection Agency (EPA) at Parts 124, 144, 146, and 147 of Title 40 of the Code of Federal Regulations (40 C.F.R.),

Michigan Potash Operating, LLC of Denver, Colorado

is hereby authorized to construct and operate a new Class I non-hazardous injection well located in Michigan, Osceola County, T17N, R9W, Section 36, SE Quarter Section, for injection into the Amherstburg formation, Sylvania Sandstone, Bois Blanc formation, and the upper Bass Island Group at depths between 4962 and 5550 feet relative to Kelly bushing, upon the express condition that the permittee meet the restrictions set forth herein. The injection of any hazardous fluid as specified in 40 C.F.R. Part 261 is prohibited. Injection shall not commence until the operator has received authorization in accordance with Part I(J) of this permit.

All references to Title 40 of the Code of Federal Regulations are to all regulations that are in effect on the date that this permit becomes effective. The following attachments are incorporated into this permit: A, B, C, D, E, and F.

This permit shall become effective on _____, and shall remain in full force and effect during the life of the permit, unless this permit is revoked and reissued, terminated, or modified pursuant to 40 C.F.R. §§144.39, 144.40, or 144.41. The permit will expire in one (1) year if the permittee fails to commence construction, unless a written request for an extension of this one (1) year period has been approved by the Director. The permittee may request an expiration date sooner than the one (1) year period, provided no construction on the well has commenced. The permittee shall notify the Director at least 30 days before commencing construction of the injection well.

This permit and authorization to inject shall expire at midnight on _____, unless terminated prior to the expiration date.

Signed and Dated: _____

DRAFT

Tinka G. Hyde
Director, Water Division

TABLE OF CONTENTS

| | <u>Page No.</u> |
|--|-----------------|
| AUTHORITY | 1 |
| PART I. GENERAL PERMIT COMPLIANCE | 2 |
| A. EFFECT OF PERMIT | 2 |
| B. PERMIT ACTIONS | 2 |
| 1. Modifications, Revocation, Reissuance and Termination | 2 |
| 2. Transfer of Permits | 2 |
| C. SEVERABILITY | 2 |
| D. CONFIDENTIALITY | 2 |
| E. DUTIES AND REQUIREMENTS | 3 |
| 1. Duty to Comply | 3 |
| 2. Penalties for Violations of Permit Conditions | 3 |
| 3. Continuation of Expiring Permits | 3 |
| 4. Need to Halt or Reduce Activity Not a Defense | 4 |
| 5. Duty to Mitigate | 4 |
| 6. Proper Operation and Maintenance | 4 |
| 7. Duty to Provide Information | 4 |
| 8. Inspection and Entry | 5 |
| 9. Records | 5 |
| 10. Monitoring | 6 |
| 11. Signatory Requirements | 6 |
| 12. Reporting Requirements | 6 |
| F. PLUGGING AND ABANDONMENT | 8 |
| 1. Notice of Plugging and Abandonment | 8 |
| 2. Plugging and Abandonment | 8 |
| 3. Temporary Abandonment | 8 |
| 4. Revision of Plugging and Abandonment Plan | 8 |
| 5. Standards for Well Closure | 8 |
| G. MECHANICAL INTEGRITY | 9 |
| 1. Standards | 9 |
| 2. Periodic Mechanical Integrity Testing | 9 |
| 3. Prior Notice and Reporting | 9 |
| 4. Gauges | 10 |
| 5. Loss of Mechanical Integrity | 10 |
| 6. Mechanical Integrity Testing on Request from Director | 10 |

| | |
|--|----|
| H. FINANCIAL RESPONSIBILITY | 10 |
| 1. Financial Responsibility | 10 |
| 2. Insolvency | 11 |
| 3. Notification | 11 |
| 4. Establishing Other Coverage | 11 |
| I. CORRECTIVE ACTION | 11 |
| 1. Compliance | 11 |
| 2. Corrective Action Plan | 11 |
| 3. Prohibition of Movement of Fluids into USDWs | 11 |
| J. COMMENCING INJECTION | 12 |
| PART II. WELL SPECIFIC CONDITIONS | 13 |
| A. CONSTRUCTION | 13 |
| 1. Siting | 13 |
| 2. Casing and Cementing | 13 |
| 3. Tubing and Packer Specifications | 13 |
| 4. Wellhead Specification | 13 |
| B. OPERATIONS | 13 |
| 1. Injection Pressure Limitation | 13 |
| 2. Additional Injection Limitation | 13 |
| 3. Annulus Fluid and Pressure | 13 |
| 4. Annulus/Tubing Pressure Differential | 14 |
| 5. Automatic Warning and Automatic Shut-off System | 14 |
| 6. Precautions to Prevent Well Blowouts | 14 |
| C. MONITORING | 14 |
| 1. Sampling Point | 14 |
| 2. Continuous Monitoring Devices | 14 |
| 3. Waste Analysis Plan | 15 |
| 4. Ambient Monitoring | 15 |
| 5. Temperature Monitoring | 15 |
| D. REPORTING REQUIREMENTS | 15 |
| 1. Monthly Reports | 15 |
| 2. Annual Reports | 16 |
| 3. Reports on Well Tests and Workovers | 16 |

A. SUMMARY OF OPERATING, MONITORING AND REPORTING REQUIREMENTS

B. PLUGGING AND ABANDONMENT PLAN

C. FINANCIAL ASSURANCE MECHANISM

D. CONTINGENT CORRECTIVE ACTION

E. CONSTRUCTION DETAILS

F. SOURCE AND ANALYSIS OF WASTE

**PART I
GENERAL PERMIT COMPLIANCE**

A. EFFECT OF PERMIT

The permittee is allowed to engage in underground injection in accordance with the conditions of this permit. Notwithstanding any other provisions of this permit, the permittee authorized by this permit shall not construct, operate, maintain, convert, plug, abandon, or conduct any other injection activity in a manner that allows the movement of injection, annulus or formation fluids into underground sources of drinking water (USDWs). The objective of this permit is to prevent the introduction of contaminants into USDWs if the presence of that contaminant may cause a violation of any primary drinking water regulation under 40 C.F.R. Part 141 or may otherwise adversely affect the health of persons. Any underground injection activity not specifically authorized in this permit is prohibited. For purposes of enforcement, compliance with this permit during its term constitutes compliance with Part C of the Safe Drinking Water Act (SDWA). Such compliance does not constitute a defense to any action brought under Section 1431 of the SDWA, or any other common or statutory law other than Part C of the SDWA. 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 State or local law or regulations. Nothing in this permit shall be construed to relieve the permittee of any duties under applicable regulations.

B. PERMIT ACTIONS

1. **Modification, Revocation and Reissuance and Termination** - The Director of the Water Division of the United States Environmental Protection Agency (USEPA), hereinafter, the Director, may, for cause or upon request from the permittee, modify, revoke and reissue, or terminate this permit in accordance with 40 C.F.R. §§ 144.12, 144.39, and 144.40. Also, the permit is subject to minor modifications for cause as specified in 40 C.F.R. § 144.41. The filing of a request for a permit modification, revocation and reissuance, or 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 permit condition.
2. **Transfer of Permits** - This permit is not transferable to any person except in accordance with 40 C.F.R. §144.38.

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.

D. CONFIDENTIALITY

In accordance with 40 C.F.R. Part 2 and Section 144.5, any information submitted to the USEPA 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, the USEPA 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 C.F.R. Part 2 (Public Information). Claims of confidentiality for the following information will be denied:

1. The name and address of the permittee; and
2. Information which deals with the existence, absence or level of contaminants in drinking water.

E. DUTIES AND REQUIREMENTS

1. **Duty to Comply** - The permittee must comply with all conditions of this permit. Any permit noncompliance constitutes a violation of the Safe Drinking Water Act 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 by an emergency permit issued in accordance with 40 C.F.R. § 144.34.
2. **Penalties for Violations of Permit Conditions** - Any person who violates a permit requirement is subject to civil penalties, fines and other enforcement action under the SDWA. Any person who willfully violates permit conditions may be subject to criminal prosecution.
3. **Continuation of Expiring Permits**
 - (a) **Duty to Reapply** - If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must submit a complete application for a new permit at least 180 calendar days before this permit expires.
 - (b) **Permit Extensions** - The conditions of an expired permit may continue in force in accordance with 5 U.S.C. 558(c) and 40 C.F.R. § 144.37.
 - (c) **Effect** - Permits continued under 5 U.S.C. 558(c) and 40 C.F.R. § 144.37 remain fully effective and enforceable.
 - (d) **Enforcement** - When the permittee is not in compliance with the conditions of the expiring or expired permit, the Director may choose to do any or all of the following:
 - (1) Initiate enforcement action based upon the permit which has been continued;

- (2) Issue a notice of intent to deny the new permit. If the permit is denied, the owner or operator would then be required to cease the activities authorized by the continued permit or be subject to enforcement action for operation without a permit;
 - (3) Issue a new permit under 40 C.F.R. Part 124 with appropriate conditions; or
 - (4) Take other actions authorized by the UIC regulations.
- (e) **State Continuation** - An EPA-issued permit does not continue in force beyond its expiration date under Federal law if at that time a State has primary enforcement responsibility under the SDWA. A State authorized to administer the UIC program may continue either EPA or State-issued permits until the effective date of the new permits, if State law allows. Otherwise, the facility or activity is operating without a permit from the time of expiration of the old permit to the effective date of the State-issued new permit. Furthermore, if the State does not continue the EPA permit upon obtaining primary enforcement responsibility, the permittee must obtain a new State permit or be authorized to inject by State rule. Failure to do so while continuing to operate the well constitutes unauthorized injection and is a violation subject to enforcement action.
4. **Need to Halt or Reduce Activity Not a Defense** - It shall not be a defense for the permittee in an enforcement action to claim that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.
 5. **Duty to Mitigate** - The permittee shall take all timely and reasonable steps necessary to minimize or correct any adverse impact on the environment resulting from noncompliance with this permit.
 6. **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 operator 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.
 7. **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.

8. **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, at reasonable times, upon the permittee's premises where a regulated facility or activity is located or conducted, or where records are kept under the conditions of this permit;
- (b) Have access to and copy, at reasonable times, any records that are 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 purposes of assuring permit compliance or as otherwise authorized by the SDWA, any substances or parameters at any facilities, equipment or operations regulated or required under this permit.

9. **Records**

- (a) The permittee shall retain records and all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation and copies of all reports required by this permit for a period of at least three (3) years from the date of the sample, measurement or report, unless these materials are submitted to the Director as part of reporting requirements under this permit.
- (b) The permittee shall maintain records of all data required to complete the permit application form for this permit and any supplemental information submitted under 40 C.F.R. §§ 144.27, 144.28, and 144.31 for a period of at least three (3) years from the date the permit application was signed.
- (c) The permittee shall retain records concerning the nature and composition of all injected fluids until three (3) years after the completion of plugging and abandonment of this injection well.
- (d) The retention period specified in Part I(E)(9)(a) through (c) of this permit may be extended by request of the Director at any time. The permittee shall continue to retain records after the retention period specified in Part I(E)(9)(a) through (c) of this permit or any requested extension thereof expires unless the permittee delivers the records to the Director or obtains written approval from the Director to discard the records.
- (e) Records of monitoring information shall include:

- (1) The date, exact place, and time of sampling or measurements;
 - (2) The name(s) of individual(s) who performed the sampling or measurements;
 - (3) A precise description of both sampling methodology and the handling of samples;
 - (4) The date(s) analyses were performed;
 - (5) The name(s) of individual(s) who performed the analyses;
 - (6) The analytical techniques or methods used; and
 - (7) The results of such analyses.
10. **Monitoring** - Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity. The permittee shall use the methods described in "Test Methods for the Evaluation of Solid Waste, Physical/Chemical Methods" (available from Solid Waste Information, EPA, 26 W. St. Claire St., Cincinnati, Ohio 45268), or equivalent methods approved by the Director, to take representative samples. Monitoring results shall be reported at the intervals contained in Part II(D)(1) through (3) and Part III(A) of this permit.
- (a) Monitoring of the nature of injected fluids shall comply with applicable analytical methods cited and described in Table I of 40 C.F.R. § 136.3 or in certain circumstances by other methods that have been approved by the Director.
 - (b) Sampling and analysis shall comply with the specifications of the Waste Analysis Plan required in Part II(C)(3) of this permit.
11. **Signatory Requirements** - All reports or other information required to be submitted by this permit or requested by the Director shall be signed and certified in accordance with 40 C.F.R. § 144.32.
12. **Reporting Requirements**
- (a) **Planned Changes** - The permittee shall give written notice to the Director, as soon as possible, of any planned physical alterations or additions to the permitted facility.
 - (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) **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 by the permittee no later than thirty (30) calendar days following each schedule date.

(d) **Twenty-four Hour Reporting**

(1) The permittee shall report to the Director any permit noncompliance which may endanger human health or the environment. See, e.g., Part I(G)(5) of this permit. Any information shall be provided orally within twenty-four (24) hours from the time the permittee becomes aware of the circumstances. Such reports shall include, but not be limited to the following information:

- (i) Any monitoring or other information which indicates that any contaminant may cause an endangerment to a USDW; and
- (ii) Any noncompliance with a permit condition, or malfunction of the injection system, which may cause fluid migration into or between USDWs; and
- (iii) Any failure to maintain mechanical integrity.

(2) A written submission shall also be provided within five (5) working 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 steps taken or planned to reduce, eliminate and prevent recurrence of the noncompliance.

(e) **Other Noncompliance** - The permittee shall report all other instances of noncompliance not otherwise reported at the time monitoring reports are submitted. The reports shall contain the information listed in Part I(E)(12)(d)(2) of this permit.

(f) **Other Information** - When the permittee becomes aware of failure to submit any relevant facts in the permit application or that incorrect information was submitted in a permit application or in any report to the Director, the permittee shall submit such facts or corrected information within ten (10) calendar days.

(g) **Report on Permit Review** - Within thirty (30) calendar days of receipt of this permit, the permittee shall certify to the Director that he or she has read and is personally familiar with all terms and conditions of this permit.

F. **PLUGGING AND ABANDONMENT**

1. **Notice of Plugging and Abandonment** - The permittee shall notify the Director at least sixty (60) calendar days before conversion or abandonment of the well. At the discretion of the Director, a shorter notice period may be allowed.
2. **Plugging and Abandonment** - The permittee must receive the approval of the Director before plugging the well and shall plug and abandon the well consistent with 40 C.F.R . §§ 144.52(a)(6) and 146.10, as provided for in the Plugging and Abandonment Plan contained in Part III(B) of this permit. Within sixty (60) calendar days after plugging a well, the permittee shall submit a Plugging and Abandonment report to the Director. The report shall be certified as accurate by the permittee and by the person who performed the plugging operation (if other than the permittee), and shall consist of either:
 - (a) A statement that the well was plugged in accordance with the Plugging and Abandonment Plan previously approved by the Director; or
 - (b) If the actual plugging differed from the approved plan, a statement defining the actual plugging and explaining why the Director should approve such deviation. If the Director determines that a deviation from a previously approved plan may endanger underground sources of drinking water, the permittee shall replug the well as required by the Director.
3. **Temporary Abandonment** - If the permittee ceases injection into the well for more than twenty-four (24) consecutive months, the well is considered to be in temporary abandoned status, and the permittee shall plug and abandon the well in accordance with the approved plan and 40 C.F.R. § 144.52 (a)(6), or make another demonstration of non-endangerment (e.g., a standard annulus pressure test). During any periods of temporary abandonment or disuse, the well will be tested to ensure that it maintains mechanical integrity. Demonstrations of non-endangerment/testing will be due every two years from the last successful test (unless the permit requires more frequent demonstrations of mechanical integrity). If the well loses mechanical integrity prior to the next test due date, then the well must either be plugged or repaired and retested within 30 days of losing mechanical integrity. The permittee shall continue to comply with the conditions of this permit, including all monitoring and reporting requirements according to the frequencies outlined in the permit.
4. **Revision of Plugging and Abandonment Plan** - If the permittee finds it necessary to change a Plugging and Abandonment Plan, a revised plan shall be submitted to the Director for approval at the time of the next monthly report.
5. **Standards for Well Closure** - Prior to plugging and abandoning the well:
 - (a) The permittee shall observe and record the pressure decay for a time specified by the Director and shall report this information to the Director.

- (b) The permittee shall conduct appropriate mechanical integrity testing to ensure the integrity of that portion of the long string casing and cement that will be left in the ground after closure. Testing methods must include:
 - (1) Pressure tests with liquid;
 - (2) Noise, temperature, or oxygen activation logs; or
 - (3) Any other test required by the Director.
- (c) Prior to well closure, the well shall be flushed with a buffer fluid.

G. MECHANICAL INTEGRITY

1. **Standards** - The injection well must have and maintain mechanical integrity consistent with 40 C.F.R. § 146.8(a)(1) and (2). Mechanical integrity demonstrations must be witnessed by an authorized representative of the Director, unless the Director waives this requirement.
2. **Periodic Mechanical Integrity Testing** - The permittee shall conduct the mechanical integrity testing as follows:
 - (a) Long string casing, injection tubing and annular seal shall be tested by means of an approved pressure test in accordance with 40 C.F.R. § 146.8(b)(2). This test shall be performed upon completion of this well, and at least once every twelfth month beginning with the date of the last approved demonstration and whenever there has been a well workover in which tubing is removed from the well, the packer is reset, or when loss of mechanical integrity becomes suspected during operation;
 - (b) An approved temperature, noise, oxygen activation, or other approved log shall be run upon completion of this well and at least once every sixty (60) months from the date of the last approved demonstration to test for movement of fluid along the bore hole. The Director may require such tests whenever the well is worked over. The permittee must submit logging procedures to the Director for approval before running logs for the purpose of meeting this requirement.
 - (c) The permittee may request the Director to use any other test approved by the Director in accordance with the procedures in 146.8(d).
3. **Prior Notice and Reporting** - The permittee shall notify the Director of his or her intent to demonstrate mechanical integrity at least thirty (30) calendar days prior to such demonstration. At the discretion of the Director a shorter time period may be allowed. Reports of mechanical integrity demonstrations which include logs must include an interpretation of results by a knowledgeable log analyst. The permittee shall report the results of a mechanical integrity demonstration within forty-five (45) calendar days after completion thereof.

4. **Gauges** - The permittee shall calibrate all gauges used in mechanical integrity demonstrations to an accuracy of not less than one-half (0.5) percent of full scale, prior to each required test of mechanical integrity. A copy of the calibration certificate shall be submitted to the Director or his or her representative at the time of demonstration and every time the gauge is calibrated. The gauge shall be marked in no greater than five (5) psi increments.
5. **Loss of Mechanical Integrity** - If the permittee or the Director finds that the well fails to demonstrate mechanical integrity during a test, or fails to maintain mechanical integrity during operation, or that a loss of mechanical integrity as defined by 40 C.F.R. § 146.8(a)(1) and (2) is suspected during operation, the permittee shall halt the operation immediately and follow the reporting requirements as directed in Part I(E)(12) of this permit. The permittee shall not resume operation until mechanical integrity is demonstrated and the Director gives approval to recommence injection.
6. **Mechanical Integrity Testing on Request From Director** - The permittee shall demonstrate mechanical integrity at any time upon written notice from the Director.

H. **FINANCIAL RESPONSIBILITY**

1. **Financial Responsibility** - The permittee shall maintain financial responsibility and resources to close, plug, and abandon the underground injection operation in a manner consistent with 40 C.F.R. § 144.52(a)(7). The approved financial assurance mechanism is found in Part III(C) of this permit.
 - (a) The permittee must maintain a written cost estimate, in current dollars, for the Plugging and Abandonment Plan as specified in 40 C.F.R. § 146.10. The plugging and abandonment cost estimate at any point in the life of the facility operation must equal the maximum cost of plugging and abandonment at that time.
 - (b) The permittee must adjust the cost estimate of plugging and abandonment for inflation within thirty (30) calendar days after each anniversary of the first estimate. The inflation factor is the result of dividing the latest published annual Oil and Gas Field Equipment Cost Index by the index for the previous year.
 - (c) The permittee must revise the plugging and abandonment cost estimate whenever a change in the Plugging and Abandonment Plan increases the cost of plugging and abandonment.
 - (d) If the revised plugging and abandonment estimate exceeds the current amount of the financial assurance mechanism, the permittee shall submit a revised mechanism to cover the increased cost within thirty (30) calendar days after the revision specified in Part I(H)(1)(b) and (c) of this permit.

- (e) The permittee must keep on file at the facility a copy of the latest plugging and abandonment cost estimate prepared in accordance with 40 C.F.R. §144.52(a)(7), during the operating life of the facility.
2. **Insolvency** - The permittee must notify the Director within ten (10) business days of any of the following events:
 - (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.
 3. **Notification** - The permittee must 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 operator as debtor, within ten (10) business days after the commencement of the proceeding. A guarantor of a corporate guarantee must make such a notification if he or she is named as debtor, as required under the terms of the guarantee.
 4. **Establishing Other Coverage** - The owner or operator must establish other financial assurance or liability coverage acceptable to the Director, within sixty (60) calendar days of the occurrence of the events in Part I(H)(2) or (H)(3) of this permit.

I. **CORRECTIVE ACTION**

1. **Compliance** - The permittee shall comply with 40 C.F.R. §§ 144.55 and 146.7.
2. **Corrective Action Plan** - The permittee shall file a Corrective Action Plan for approval by the Director within thirty (30) days of a written determination by the Director that improperly plugged, completed, or abandoned wells, or wells for which plugging or completion information is unavailable, are present in the area of review and penetrate the confining zone of the permitted well, as defined in the administrative record for this permit.
3. **Prohibition of Movement of Fluids into USDWs** Should upward migration of fluids through the confining zone of this permitted well be discovered within the two mile area of review due to injection activities at this facility, and should this migration of fluids cause the introduction of any contaminant into a USDW pursuant to 40 C.F.R. § 144.12, the permittee shall immediately cease injection into this well until the situation has been corrected and reauthorization to inject has been given by the Director.

J. COMMENCING INJECTION

The permittee may not commence injection until:

1. Results of the formation testing and logging program as specified in the administrative record of this permit are submitted to and approved by the Director;
and
2. Mechanical integrity of the well has been demonstrated in accordance with 40 C.F.R. §146.8(a)(1) and (2) and in accordance with Part I(G)(1) through (3) of this permit;
and
3. Results from ambient monitoring as required in Part II(C)(4) of this permit have been submitted and approved by the Director; and
4. All required corrective action has been taken in accordance with 40 C.F.R. § 144.55 (b)(2); and
5. Construction is complete and the permittee has submitted to the Permit Writer, by certified mail with return receipt requested, a notice of completion of construction using EPA Form 7520-9 and either:
 - (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, within thirteen (13) days of the date of the Director's receipt of the report required above, notice from the Director of his or her intent to inspect or otherwise review the new injection well, in which case prior inspection or review is waived and the permittee may commence injection.
6. Written authorization to commence injection has been granted by the Director.

PART II
WELL SPECIFIC CONDITIONS FOR UIC PERMITS

A. CONSTRUCTION

1. **Siting** – All Class I wells shall be sited in such a fashion that they inject into a formation which is beneath the lowermost formation containing, within one quarter mile of the well bore, an underground source of drinking water.
2. **Casing and Cementing** - Notwithstanding any other provisions of this permit, the permittee shall case and cement the well in such a manner so as to prevent the movement of fluids into or between USDWs for the expected life of the well. The casing and cement used in the construction of this well are shown in Part III(E) of this permit and in the administrative record for this permit. Any change shall be submitted for approval by the Director before installation.
3. **Tubing and Packer Specifications** - The permittee shall inject only through tubing with a packer set within the long string casing at a point within or below the confining zone. The tubing and packer used in the well are represented in engineering drawings contained in Part III(E) of this permit. Any changes shall be submitted by the permittee for the approval of the Director before installation.
4. **Wellhead Specification** - The permittee shall install and maintain a female coupling and valve on the wellhead, to be used for independent injection pressure readings. Further, the permittee shall install a sampling port for waste sampling consistent with the permittee's waste sampling procedures, if applicable.

B. OPERATIONS

1. **Injection Pressure Limitation** - Except during stimulation, the permittee shall not cause or permit the injection pressure at the wellhead to exceed the maximum limitation which is specified in Part III(A) of this permit. In no case shall injection pressure initiate fractures or propagate existing fractures in the confining zone or cause the movement of injection or formation fluids into a USDW. Prior to performing any stimulation and /or fracturing of the well, the permittee is required to submit procedures to the UIC Branch for review and approval. A list of all products to be used for the test along with their chemical composition must also be submitted.
2. **Additional Injection Limitation** - No waste streams other than those identified in Part III(F) of this permit shall be injected. Every twelfth month the permittee shall submit a certified statement attesting to compliance with this requirement.
3. **Annulus Fluid and Pressure** - The permittee shall fill the annulus between the tubing and the long string casing with a fluid approved by the Director and identified in the administrative record of this permit. Any change in the annulus fluid, except during workovers or times of annulus maintenance, shall be submitted by the permittee for the approval of the Director before replacement. Except during

workovers, the permittee shall maintain a positive pressure on the annulus as specified in Part III(A) of this permit.

4. **Annulus/Tubing Pressure Differential** - Except during workovers or times of annulus maintenance, the permittee shall maintain, over the entire length of the tubing, a pressure differential between the tubing and annulus as specified in Part III(A) of this permit.
5. **Automatic Warning and Automatic Shut-off System** - The permittee shall continuously operate and maintain an automatic warning and automatic shut-off system to stop injection in any of the following situations:
 - (a) Pressure changes in the annulus or annulus/tubing differential signifying or identifying possible deficiencies in mechanical integrity; or
 - (b) Injection pressure, annulus pressure, or annulus/tubing differential pressure reaches the pressure limits as specified in Part III(A) of this permit.

A trained operator must be on site and within perceptible distance of the alarm at all times when the well is operating. The permittee must test the automatic warning and automatic shut-off system at least every twelfth month. This test must involve subjecting the system to simulated failure conditions and must be witnessed by the Director or his or her representative unless the Director waives this requirement.

6. **Precautions to Prevent Well Blowouts** - In order to prevent the migration of fluids into underground sources of drinking water, the permittee shall maintain on the well at all times a pressure which will prevent the return of the injection fluid to the surface. The well bore must be filled with a high specific gravity fluid during workovers to maintain a positive (downward) gradient and/or a plug shall be installed which can resist the pressure differential. A blowout preventer must be kept in proper operational status during workovers. In cases where the injected wastes have the potential to react with the injection formation to generate gases, the permittee shall follow the procedures below to assure that a backflow or blowout does not occur:
 - (1) Limit the temperature, pH or acidity of the injected waste; and
 - (2) Develop procedures necessary to assure that pressure imbalances do not occur.

C. MONITORING

1. **Sampling Point** - The injection fluid samples shall be taken at the sampling location as specified in Part III(A) of this permit.
2. **Continuous Monitoring Devices** - The permittee shall maintain continuous monitoring devices and use them to monitor injection pressure, flow rate, and the pressure on the annulus between the tubing and the long string of casing. If the well

is equipped with a fluid level indicator, the permittee shall monitor the fluid level daily. The monitoring results shall be submitted to the Director as specified in Part II(D) of this permit. The permittee shall maintain for EPA's inspection at the facility an appropriately scaled, continuous record of these monitoring results as well as original copies of any digitally recorded information pertaining to these operations.

3. **Waste Analysis Plan** - The permittee shall comply with the written Waste Analysis Plan which describes the procedures used to monitor the nature of injected fluids and the procedures which will be carried out to comply with Part (I)(E)(10) of permit. A copy of the approved plan shall also be kept at the facility.
4. **Ambient Monitoring** - The permittee shall monitor the pressure buildup in the injection zone initially upon completion of the well, and at least once every twelfth month thereafter, including at a minimum, a shut down of the well for a time sufficient to conduct a valid observation of the pressure fall-off curve. From this observation, the permittee shall submit a report including at least a calculation of pressure build-up in the injection zone, injection zone transmissivity, and wellbore skin factor.
5. **Temperature Monitoring** - The permittee shall monitor injectate temperature at least once daily on each day during which injection occurs. If injection occurs during more than one eight-hour period in a day, temperature must be recorded at least once every six hours. The monitoring results shall be submitted to the Director as specified in Part II(D)(1)(f) of this permit.

D. **REPORTING REQUIREMENTS**

The permittee shall submit all required reports to the Director at:

**United States Environmental Protection Agency
77 West Jackson Boulevard (WU-16J)
Chicago, Illinois 60604-3590
ATTN: UIC Branch**

1. **Monthly Reports** - The permittee shall submit monthly reports of the following information no later than the end of the month following the reporting period:
 - (a) A tabulation of maximum injection pressure, a daily measurement of annulus tank fluid level, and minimum differential between simultaneous measurements of injection pressure and annulus pressure for each day of the month;
 - (b) Appropriately scaled graphs showing injection pressure and flow rate and annulus tank fluid level. One graph must include, at a minimum, daily maximum injection pressure and daily average flow rate, on a single, monthly chart.

- (c) A statement of the total volumes of the fluid injected to date, in the current calendar year, and the current month;
 - (d) A tabulation of the dates, amounts and types of liquid added to or removed from the annulus system during the month, and the cumulative additions and cumulative subtractions for the current month and each of the past 12 months;
 - (e) Any noncompliance with conditions of this permit, including but not limited to:
 - (1) Any event that exceeds operating parameters for annulus pressure or injection pressure or annulus/tubing differential as specified in the permit; or
 - (2) Any event which triggers an alarm or shutdown device required in Part II(B)(5) of this permit.
 - (f) The monthly average of the measured values of injectate temperature. If temperature measurements are recorded when the well is not injecting, those measurements will not be included in calculating the monthly average. Records of all temperature measurements must be maintained in accordance with Part I(E)(9)(a) of this permit.
2. **Quarterly Reports** – The permittee shall report at least every quarter the results of the injection fluid analyses specified in the approved waste analysis plan as recorded in the administrative record for this permit. This report must include statements showing that the requirements of Part I(E)(10) and Part II(C)(3) have been met.
3. **Annual Reports** - The permittee shall report the following at least every twelfth month:
- (a) Results of ambient monitoring required by 40 C.F.R. § 146.13(d)(1) and Part II(C)(4) of this permit; and
 - (b) A certified statement attesting that no waste streams other than those identified in Part III(F) of this permit were injected into the well.
4. **Reports on Well Tests and Workovers** - Within forty-five (45) calendar days after the activity, the permittee shall report to the Director the results of demonstrations of mechanical integrity, any well workover, and/or results of other tests required by this permit.

**PART III
ATTACHMENTS**

These attachments include, but are not limited to, permit conditions and plans concerning operating procedures, monitoring and reporting, as required by 40 C.F.R. Parts 144 and 146. The permittee shall comply with these conditions and adhere to these plans as approved by the Director, as follows:

- A. SUMMARY OF OPERATING, MONITORING AND REPORTING REQUIREMENTS (ATTACHED)**
- B. PLUGGING AND ABANDONMENT PLAN (ATTACHED)**
- C. FINANCIAL ASSURANCE MECHANISM (ATTACHED)**
- D. CONTINGENT CORRECTIVE ACTION (ATTACHED)**
- E. CONSTRUCTION DETAILS (ATTACHED)**
- F. SOURCE AND ANALYSIS OF WASTE (ATTACHED)**

ATTACHMENT A
SUMMARY OF OPERATING, MONITORING AND REPORTING REQUIREMENTS

| CHARACTERISTIC | LIMITATION | MINIMUM MONITORING FREQUENCY | MINIMUM REPORTING FREQUENCY |
|--|---|------------------------------|-----------------------------|
| Injection Pressure | 1269 psig maximum* | continuous | monthly |
| Annulus Pressure | 100 psig minimum | continuous | monthly |
| Annulus/Tubing Differential | 100 psig minimum above operating injection pressure | continuous | monthly |
| Flow Rate | | continuous | monthly |
| Temperature** | | daily** | monthly |
| Annulus Fluid Level | | daily | monthly |
| Cumulative Volume | | continuous | monthly |
| Annulus Fluid Loss | | monthly | monthly |
| Chemical Composition of Injected Fluids*** | | monthly | quarterly |
| Physical Characteristics of Injected Fluids*** | | monthly | quarterly |

Sampling Location: At discharge of final filtration unit.

* The maximum injection pressure was determined using the following formula: $[\{ 0.8 \text{ psi/ft} - (0.433 \text{ psi/ft} \times \text{specific gravity}) \} \times \text{depth}] - 14.7 \text{ psi}$. The maximum injection pressure is dependent upon depth, specific gravity of the injection fluid, and fracture gradient of the injection zone. The Amherstburg Formation at 4962 feet was used as the depth and a specific gravity of 1.25 was used for the injection fluid. The fracture gradient of 0.8 psi/ft is used as a default value, unless a site-specific value is determined pursuant to Part III, Attachment A, (A) (a) or (b) of this permit, in which case the maximum injection pressure will be modified to reflect the specific value of the fracture gradient in this well. Such modification shall be considered a minor modification as allowed for at 40 C.F.R. §144.41(f). The limitation on injection pressure will serve to prevent injection-formation fracturing.

** Frequency of temperature measurements will be in accordance with Part II(C)(5) of this permit. Reporting of injectate temperature will be in accordance with Part II(D)(1)(f) of this permit.

*** As specified in the Waste Analysis Plan, found in the administrative record for this permit. At minimum, the daily monitoring of the injected fluids shall include the following parameters: pH and Specific Gravity, with monthly reporting of each.

A. **Maximum Injection Pressure**

During construction of this well, the permittee shall determine if the maximum injection pressure as specified at Part III, Attachment A of this permit allows sufficient operational flexibility. If sufficient flexibility is allowed for in the maximum injection pressure, the permittee may opt not to proceed with additional testing and the requirements of Part III, Attachment A, (A)(a) or (b) of this permit shall be met. If the maximum injection pressure calculated prior to direct testing proves insufficient, or another need is identified that requires modifying the maximum injection pressure, the permittee shall conduct one or more of the following tests to ensure that the maximum injection pressure exerted during operation will not propagate existing or open new fractures in any part of the injection zone. In all cases, the permittee shall submit a plan, for the Director's approval, describing the detailed procedures to be followed during any test designed to determine maximum injection pressure. Modification of the maximum permitted injection pressure following a test conducted under Part III, Attachment A, (A)(a) or (b) of this permit shall follow the procedures set forth for minor permit modifications, as specified at 40 C.F.R. §144.41(f).

(a) **In-Situ Stress Tests**

The permittee shall isolate zones for testing the fracturing pressure by means of a straddle packer assembly, or other comparable means. The zones chosen for testing shall be those predicted to have the lowest fracturing value. The permittee shall use either fresh water to conduct this test or a fluid that is permissible for injection into this well as allowed by this permit. At a minimum, the permittee shall measure the test fluid for its specific gravity and viscosity during the In-Situ Stress test. The results of this test shall be submitted to the USEPA as specified at Part III, Attachment A, (B) of this permit. Failure to report test results shall be considered grounds to deny a requested permit modification.

(b) **Step Rate Test**

The permittee shall isolate the entire injection zone by means of a packer assembly, or other comparable means. The permittee shall inject either fresh water for this test or a fluid that is permissible for injection into this well as allowed for in this permit. At a minimum, the permittee shall measure the test fluid for its specific gravity and viscosity during the Step Rate Test. The

permittee shall inject into the well at increasing rates, holding each rate step constant. Each rate step shall span the same amount of time (at least 30 minutes per rate step is recommended). The permittee shall attempt to inject at three (3) rates which result in a pressure higher than the injection zone fracture pressure during this test. A Cartesian plot of rate against the final stabilized pressure at each step shall be included as part of the data package submitted to the USEPA. The results of this test shall be submitted to the USEPA as specified at Part III, Attachment A, (B) of this permit. Failure to report test results shall be considered grounds to deny a requested permit modification.

(c) **Other Test(s) Approvable by the Director**

The permittee may choose to conduct test(s) other than the two described in Parts III, Attachment A, (A)(a) and (b) of this permit. If so, the permittee shall submit a plan to conduct alternative test(s) to the Director for approval prior to conducting the test(s).

B. **Reporting Maximum Injection Pressure Determination**

The permittee shall report the results of the measurements, tests and determinations conducted in Parts III, Attachment A, (A)(a) or (b) of this permit within 30 days of their completion.

OMB No. 2040-0042 Approval Expires 11/30/2014



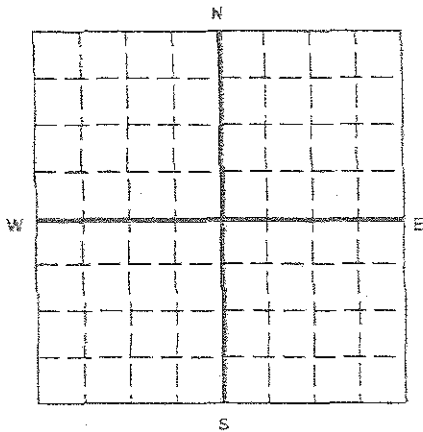
United States Environmental Protection Agency
Washington, DC 20460

PLUGGING AND ABANDONMENT PLAN

Name and Address of Facility
MPC 3D

Name and Address of Owner/Operator
Michigan Potash Operating, LLC c/o Fox Rothschild
1225 17th Street, Suite 2200, Denver, CO 80215

Locate Well and Outline Unit on
Section Plat - 640 Acres



State Michigan County Osceola Permit Number

Surface Location Description
SW 1/4 of SE 1/4 of NE 1/4 of SE 1/4 of Section 36 Township 17 Range 9

Locate well in two directions from nearest lines of quarter section and drilling unit

Surface
Location ___ ft. from (N/S) N Line of quarter section 1168' PRM N
and ___ ft. from (E/W) E Line of quarter section. 442' PRM E

TYPE OF AUTHORIZATION
 Individual Permit
 Area Permit
 Rule
 Number of Wells 1
 Lease Name
 WELL ACTIVITY
 CLASS I
 CLASS II
 Brine Disposal
 Enhanced Recovery
 Hydrocarbon Storage
 CLASS III
 Well Number MPC 3D

CASING AND TUBING RECORD AFTER PLUGGING

| SIZE | WT (LB/FT) | TO BE PUT IN WELL (FT) | TO BE LEFT IN WELL (FT) | HOLE SIZE |
|-------|------------|------------------------|-------------------------|-----------|
| 9 5/8 | 36 | 800 | 800 | 13 3/8 |
| 7 | 23-28 | 5160 | 5160 | 8 3/4 |
| | | | | |

METHOD OF EMPLACEMENT OF CEMENT PLUGS

- The Balance Method
- The Dump Bailer Method
- The Two-Plug Method
- Other

CEMENTING TO PLUG AND ABANDON DATA:

| | PLUG #1 | PLUG #2 | PLUG #3 | PLUG #4 | PLUG #5 | PLUG #6 | PLUG #7 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Size of Hole or Pipe in which Plug Will Be Placed (inches) | 8 3/4" | 7" | | | | | |
| Depth to Bottom of Tubing or Drift Pipe (ft. bottom of plug) | 5550 | 5130 | | | | | |
| Sacks of Cement To Be Used (each plug) | 155 | 775 | | | | | |
| Slurry Volume To Be Pumped (cu. ft.) | 228 | 1140 | | | | | |
| Calculated Top of Plug (ft.) | 5130 | 0 | | | | | |
| Measured Top of Plug (if tagged ft.) | 5130 | 0 | | | | | |
| Slurry Wt. (Lb./Gal.) | 14.2 | 14.2 | | | | | |
| Type Cement or Other Material (Class III) | A | A | | | | | |

LIST ALL OPEN HOLE AND/OR PERFORATED INTERVALS AND INTERVALS WHERE CASING WILL BE VARIED (if any)

| From | To | From | To |
|----------------|----------------|------|----|
| 5160 Open Hole | 5550 Open Hole | | |
| | | | |
| | | | |

Estimated Cost to Plug Wells
\$ 30,400

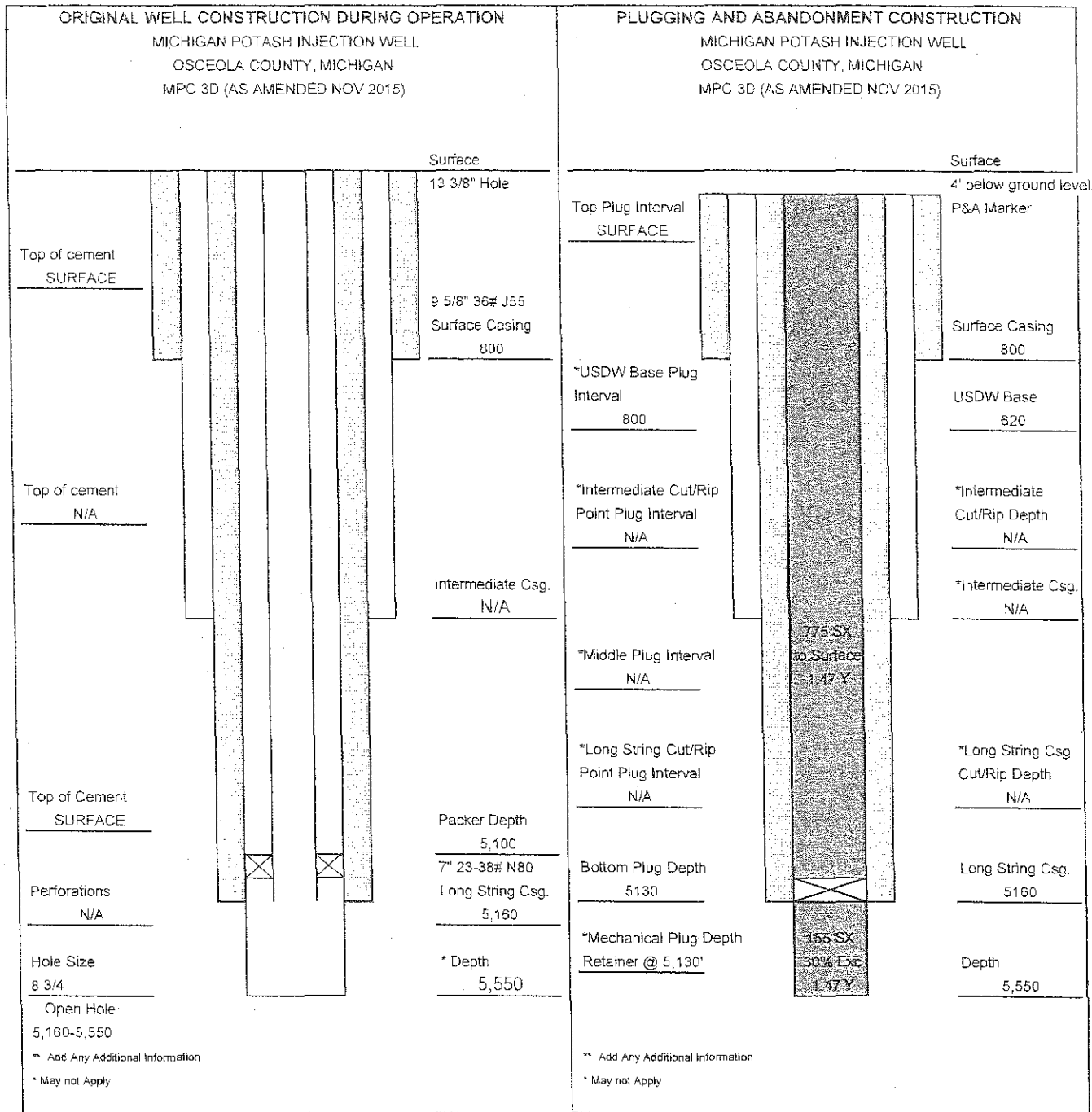
Certification

I certify under the penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. (Ref. 40 CFR 144.32)

Name and Official Title (Please type or print)
Theodore A. Pagano, P.E., P.G., General Manager

Signature

Date Signed
11/25/2015



LIST OF ALL OPEN AND/OR PERFORATED INTERVALS AND INTERVALS WHERE CASING WILL BE VARIED

| Specify Open Hole/ Perforations/ Varied Casing | From | To | Formation Name |
|--|------|------|--------------------------------------|
| 9 5/8" 36# Surface Casing | 0 | 800 | Surface |
| 7" 23# Production Casing | 0 | 5160 | Production |
| OPEN HOLE | 5160 | 5550 | Basin Island Dolomite, Sylvania Sand |
| | | | |
| | | | |
| | | | |

ATTACHMENT C
FINANCIAL ASSURANCE MECHANISM

Michigan Potash Operating, LLC has demonstrated adequate financial responsibility to properly plug and abandon the Class I non-hazardous well. If Financial Statement Coverage is used as financial mechanism to cover the cost of plugging the injection well, this coverage must be updated on an annual basis.

**ATTACHMENT D
CONTINGENT CORRECTIVE ACTION**

Corrective Action Plan

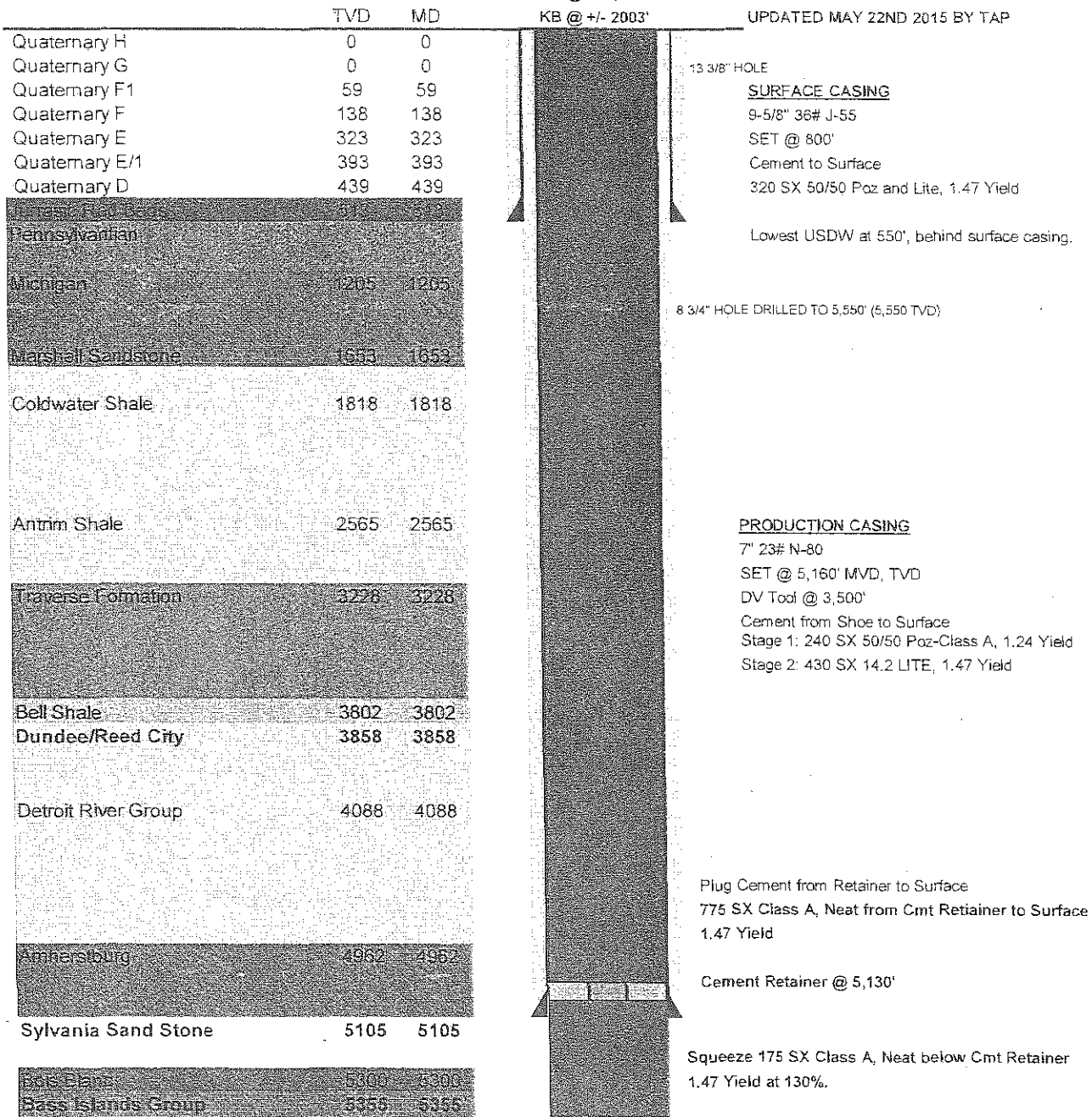
The Area of review (AOR) for the MPC-2D injection well is a two-mile radius around the well. Well records for all known wells drilled into the bedrock within the AOR have been reviewed. No wells appear to have been improperly completed or plugged and abandoned that might act to transmit fluids into the lowermost USDW. Therefore, no corrective action plan is required because there are no records indicating any artificial penetrations exist within the AOR that penetrate the confining or injection zones that have not been properly plugged and abandoned.

The following steps will be completed in the unlikely event that some unforeseen failure of the MPC-2D well occurs which might jeopardize the USDW:

- Immediately halt operation of the well.
- Notify appropriate regulatory authorities of the discovery and the nature of the well failure (telephone notification within 24 hours; written confirmation within 5 days).
- Conduct an investigation into the cause of the well failure; develop corrective action plan to eliminate the problem.
- Perform remedial work.

MPC 3D
SURFACE: NE/4 SEC 36, T17N R09W, 43.818448, - 85.326073
VERTICAL WELL
OSCEOLA COUNTY, MI
PLUGGED WELLBORE DIAGRAM
GL @ +/-1,190'
KB @ +/- 2003'

UPDATED MAY 22ND 2015 BY TAP



PBTB = TD
TD @ +/- 5,550'

Figure 14. P & A

ATTACHMENT F SOURCE AND ANALYSIS OF WASTE

Fluid disposed of into the MPC-3D injection well, results from the solution mining of salt and potash, and is comprised predominantly of sodium chloride (NaCl) and potassium chloride (KCl). Salt and potash brine is sent to a natural gas fired evaporator, which concentrates the salt and potash water. The concentration of the water, crystallizes the salt from solution, and increases the concentration of the potash in the water. The water is then sent to potash crystallization processes, where temperature contrasts crystallized the potash from the water. The remaining excess water is disposed of by injection into Class I wells. The following is a typical representation on the physical properties and chemical characteristics of the waste brine:

| <u>Physical Properties</u> | <u>Range</u> | <u>Typical</u> |
|----------------------------|--------------|----------------|
| Specific Gravity | 1.0 – 1.2 | 1.10 |
| pH | 5.5 – 8.0 | 7.0 |

Chemical Characteristics

| <u>Component</u> | <u>Weight Percent</u> |
|------------------|-----------------------|
| H ₂ O | variable |
| NaCl | variable |
| KCl | variable |
| SO ₄ | <0.4 |
| Br | <0.2 |
| Ca | <0.2 |
| Mg | <0.02 |

There may be traces of sodium hydroxide that is used in stripping naturally occurring H₂S from the brine that comes from the salt and potash bearing formation. Pump packing seal water (<10gpm), and a bleed system (<10gpm) containing some sodium bisulfite may be added to the injection stream.

Biological characteristics:

The injection water from salt and potash is essentially free of biological matter. Groundwater used in the salt and potash process may contain trace, naturally occurring biological matter; however, the high salinity of the disposal fluid would cause an overall decline in biological matter content.

Radiological Characteristics:

The disposal fluid will contain trace amounts of the naturally occurring stable Cl³⁷ isotope and radiogenic K⁴⁰ isotope associated with potassium chloride and sodium chloride.