

Dear Concerned Residents of Sidney and Richland County,

We are writing to address the concerns raised with the Montana Board of Oil & Gas Conservation (MBOGC) regarding our application for a Class II saltwater disposal (SWD) well near Sidney. We appreciate your feedback and understand why this proposal has prompted strong feelings within the community.

We recognize your primary concerns regarding public safety, aquifer protection, and the well's proximity to city limits. These are legitimate priorities, and we are committed to addressing them through direct, transparent dialogue.

MorningStar is proposing to drill 4 extended length horizontal Bakken wells to develop a 5-section area underneath Sidney and surrounding lands from company owned surface in the NE4 SE4 of section 5, township 22N, range 59E. To produce Bakken oil, water must also be produced and then separated from the oil. That water is commonly trucked away from the wells to an offsite saltwater facility. By placing an SWD well on site with the oil producing wells, trucks on the road can be reduced drastically by piping the water directly from the producer to the disposal. This substantial decrease in truck traffic helps reduce overall congestion, noise levels, and emissions, while also lowering the risk of roadway accidents. By locating the production and disposal wells on MorningStar's existing surface, oversight will be maximized and no additional surface disturbance will be required to develop these five sections.

Our operations are governed by a rigorous regulatory framework and a commitment to safety in Richland County:

- **Redundant Groundwater Protection:** Montana law and MBOGC rules require that every SWD well be constructed with multiple layers of steel casing and cement to isolate the injection zone from all fresh-water aquifers.
- **Geological Isolation:** The well will inject produced water only into a deep formation separated from usable groundwater by thousands of feet of impermeable rock.
- **Rigorous Review:** The permitting process includes a full "area of review" to ensure no nearby wells could serve as pathways for fluid migration.
- **Continuous Monitoring:** Once permitted and drilled, the well will undergo mechanical integrity testing before injection begins and on a regular schedule thereafter.
- **Automated Oversight:** Injection pressures and volumes are monitored 24/7 via SCADA automation.
- **Onsite spill prevention and collection:** Any trucks that will be coming on location will offload into an engineered secondary containment consisting of a reinforced concrete pad, perimeter containment curb, and a sealed sump

recovery system. The area will be sloped to ensure that any potential release is fully captured and managed onsite. Each truck unloading hose connection will have a getty box to also capture any connection liquid. This design protects surrounding soil, groundwater, and stormwater while following industry best practices to ensure the facility operates safely and responsibly.

- **Direct Visual Oversight:** We will install a 24/7 camera system and conduct physical daily inspections. Because this well is located on company-owned surface that hosts our field office, our staff will provide direct visual monitoring during business hours to augment our automated controls.

MorningStar Operating LLC (“MSO”) is a wholly owned subsidiary of TXO Partners, LP (“TXO”), a public oil and gas company founded in January 2012. MSO currently operates ~3,000 oil and gas wells in the Williston, Permian and San Juan Basins, over 200 of which are subsurface injection wells. To date, MSO / TXO has invested approximately \$625 million in acquisitions within the Elm Coulee field, primarily located in Richland County, MT.

We remain committed to transparency and the prudent stewardship of Sidney’s local natural resources to limit environmental impact, while also delivering a significant positive economic impact for the town of Sidney and its residents. Please feel free to reach out to me directly at (817) 334-7811 or aarmstrong@txopartners.com. Thank you for your engagement and for helping us ensure this project supports the responsible development of local oil and gas resources.

Sincerely,

Law Armstrong

Vice President – Land

MorningStar Operating LLC