

**STATEMENT OF BASIS**

**Major Modification  
of  
Class III Area Permit  
UIC Permit No. UTU-27-AP-9232389  
Magnum Gas Storage Project, Millard County, Utah**

Magnum Solution Mining, LLC; fka Magnum Solutions, LLC  
3165 East Millrock Drive, Suite 330  
Salt Lake City, Utah 84121

November 15, 2011

Magnum Solution Mining, LLC (fka Magnum Solutions, LLC) has requested a major modification of its UIC Class III salt solution mining permit to include the creation of 2 additional caverns to be used for storage of natural gas liquids such as propane or butane. Each additional cavern will have a maximum open volume of approximately 12 million cubic feet corresponding to a maximum natural gas liquid storage volume of approximately 11 million cubic feet.

The original statement of basis for the original Class III salt solution mining permit follows.

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Magnum Solutions, LLC (Magnum) has applied for an Underground Injection Control (UIC) Class III area permit for the solution mining of four caverns north of Delta, Utah in Millard County, Utah. The caverns will be created in a bedded salt deposit that has been tectonically thickened. Each cavern will have an open volume of approximately 56 million cubic feet corresponding to a gas storage capacity of 55 million cubic feet.

The basis for issuing the UIC Class III Solution Mining area permit is to ensure compliance with the Utah UIC administrative rules for Class III injection well activities, R317-7, and with natural gas industry standards for the construction of natural gas storage wells and caverns as detailed in *Natural Gas Storage in Salt Caverns: A Guide for State Regulators*, IOGCC, 1998 and *Recommended Practice for the Design of Solution-Mined Underground Storage Facilities – API Recommended Practice 1114*, API, July 2007.

Once the wells and caverns have been completed and passed mechanical integrity testing, regulatory authority for the operation and maintenance of the wells and caverns as a natural gas storage facility will be transferred to the Utah Division of Oil, Gas, and Mining since natural gas storage is exempt from the Underground Injection Control Program rules.