

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET
NO. 08-0254734**

**FINAL ORDER
APPROVING THE APPLICATION
OF WESTEX SYSTEMS SACROC LP
TO MAINTAIN AND USE A PIT
SACROC FACILITY
BORDEN COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on February 5, 2008, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is ordered by the Railroad Commission of Texas that the application of Westex Systems Sacroc LP to maintain and use a commercial oil and gas waste disposal pit (Cell No. 5) at its SACROC facility in Borden County, Texas, is hereby approved in accordance with the attached permit.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Done this 29th day of May, 2008

RAILROAD COMMISSION OF TEXAS

Chairman Michael L. Williams

Commissioner Victor G. Carrillo

ATTEST:

Secretary

Commissioner Elizabeth A. Jones

PERMIT TO MAINTAIN AND USE A PIT
Pit Permit No. P011392

Westex Systems Sacroc LP is hereby authorized to maintain and use the pit designated herein:

Oil and Gas Waste Disposal Pit
Waste Systems Site – SACROC Facility, Cell Number 5
732 feet FNL and 2,421 feet FWL of Section 19,
Block 30, T-5-N, T. & P. R.R. Co. Survey, A-201
Borden County, Texas

Authority is granted to maintain and use the pit in accordance with Statewide Rule 8 and is subject to the following conditions:

I. GENERAL PERMIT CONDITIONS:

- A. No waste may be received at the referenced facility until additional financial security in the amount of \$179,416 is provided to and approved by the Commission.
- B. The Midland District Office must be notified upon completion of construction. The permittee may not begin using the pit until the District Office has inspected the pit and verified that the pit is constructed in accordance with the application and permit.
- C. The effective date of this permit is_____.
- D. The permit expires five years from the effective date of this permit.
- E. The capacity of the pit may not exceed 163,000 barrels.
- F. This permit is not transferable without the consent of the Commission. Any request for permit transfer should be filed with Technical Permitting in Austin.
- G. This permit does not authorize the discharge of any oil and gas waste from the facility.
- H. Unless otherwise required by the conditions of this permit, construction, use, maintenance, and closure of the pit shall be in accordance with the information represented on the application (Form H-11) and the attachments thereto.
- I. Failure to comply with any provision of this permit shall be cause for modification, suspension or termination of this permit.
- J. All laboratory analyses required to be performed by Conditions V.B., V.C., and V.D. shall be performed by an independent laboratory neither owned nor operated by the permittee.
- K. Beginning July 1, 2008, and every six (6) months thereafter through the end of the postclosure monitoring period, the permittee shall submit a Semiannual Report containing applicable information as required in Conditions V.E. and V.F. of this permit for the previous six (6) month period.

II. AUTHORIZED WASTES:

Only non-hazardous wastes subject to the jurisdiction of the Railroad Commission of Texas may

be received or disposed of in this pit. This permit authorizes the receipt and disposal of only the following oil and gas wastes:

1. water based drilling fluid and associated cuttings;
2. cuttings generated while using oil base drilling fluid;
3. iron sulfide;
4. liners from reserve pits;
5. contaminated soils from crude oil spills and saltwater spills;
6. formation sands and other solids from saltwater storage tanks or vessels and saltwater pits;
7. solid waste from gas dehydration and sweetening, such as spent filters and solid filter media, molecular sieves, and precipitated amine sludge, iron sponge and hydrogen sulfide scrubber sludge;
8. production tank bottoms which do not exceed 7% in oil content as determined by a Standard API Shakeout; and
9. crude oil reclamation waste.

No hazardous waste or industrial waste may be received or disposed of at the facility. No produced water injectable workover or completion fluids, free oil, or oil based drilling fluid may be received or disposed of at the facility.

No iron sulfide waste may be received or disposed of at the facility unless the waste has been fully oxidized.

No oil and gas NORM (Naturally Occurring Radioactive Material) waste as defined in 16 TAC §4.603 or waste from a facility that is licensed by the Department of State Health Services to process or treat oil and gas NORM waste may be received at this facility.

III. GENERAL SITE CONSTRUCTION:

- A. The chemical, AG-14, used in the treatment process shall be stored in vessels designed for the safe storage of the particular chemical and these vessels shall be maintained in a leak free condition.
- B. Before operations begin, dikes shall be placed around all vessels or tanks that will contain chemicals. Dikes shall be constructed and maintained to adequately contain the tanks' maximum capacity plus twelve (12) inches of freeboard.
- C. Before operations begin, the facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant or a fence locked gate when unattended. Fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
- D. The pit must be constructed with a 40-mil secondary (bottom) liner and a 40-mil primary (top) liner.
- E. The pit must be equipped with a leak detection system to detect leaks in the primary liner.
- F. The liners and the leak detection system must be installed in accordance with the liner

manufacturer's specifications and sound engineering practices.

- G. The pit must be equipped with a level alarm or visual device to alert the attendant and the waste haulers using the pit that the waste level in the pit has reached the maximum level allowed by this permit.
- H. A sign shall be posted at the pit which shall show the pit permit number in numerals at least one inch in height.

IV. GENERAL OPERATING REQUIREMENTS:

- A. At least four (4) feet of freeboard must be maintained at all times between the level of waste in the pit and the top of the pit dikes (2 feet between the level of the waste in the pit and ground level).
- B. The Midland District Office must be notified within 24 hours if the leak detection system indicates liner failure.
- C. If the leak detection system indicates liner failure, disposal into the pit must cease immediately and the liner must be inspected for deterioration and leaks within five (5) days. The liner must be repaired before use of the pit may resume.
- D. The leak detection system shall be checked weekly and the permittee must maintain a record of when the liner and the leak detection system are inspected and the results of each inspection. This record must be maintained by the permittee for the life of the pit, and upon request of the Commission, the record shall be filed with the Commission.
- E. No free oil may be allowed to accumulate on top of the waste stored in the pit. Any free oil on top of the waste must be skimmed off.
- F. Any spill of waste, treating chemicals, or any other material shall be promptly cleaned up and the resulting waste disposed of in an authorized manner.

V. RECORD KEEPING AND TESTING REQUIREMENTS:

- A. For the purposes of this permit, a representative sample of incoming waste is defined as a composite sample composed of one grab sample from each 50 cubic yards of waste material from each job (e.g., from each pit, spill location).
- B. Prior to receipt at the site, representative samples of waste from the commercial oil and gas facilities and reclamation plants must be analyzed and may not exceed the limit on the following parameter:

TOX (Total Organic Halides) 100 mg/kg

Special authorization for disposal of waste with a TOX >100 mg/kg may be considered. Authority must be obtained from Technical Permitting in Austin.

- C. Prior to receipt, representative samples of incoming RCRA non-exempt waste must be

analyzed for the following parameters and may not exceed the following levels:

| <u>PARAMETER</u> | <u>LIMITATION</u> |
|------------------|-------------------|
| METALS | TCLP |
| Arsenic (As) | 5.0 mg/1 |
| Barium (Ba) | 100.0 mg/1 |
| Cadium (Cd) | 1.0 mg/1 |
| Chromium (Cr) | 5.0 mg/1 |
| Lead (Pb) | 5.0 mg/1 |
| Mercury (Hg) | 0.2 mg/1 |
| Selenium (Se) | 1.0 mg/1 |
| Silver (Ag) | 5.0 mg/1 |
| Benzene | 0.5 mg/1 |

- D. Each load of incoming waste, other than water base drilling fluid and the associated cuttings, or oil base drilling fluid and the associated cuttings, must be scanned for the presence of naturally occurring radioactive material (NORM) using a scintillation meter with a sodium iodide detector. Any load with a maximum reading of 50 microrentgens per hour or more may not be unloaded or processed at the facility unless further analysis of the waste demonstrates that the waste does not exceed 30 picocuries per gram Radium-226 combined with Radium-228 or 150 picocuries per gram of any other radionuclide.
- E. The permittee shall keep the following records for three (3) years from the date the waste is received at the facility:
1. Description of the site where the waste was generated, including:
 - a. Generator name;
 - b. Lease name, lease number and well number, or gas ID, or API Number;
 - c. County;
 2. Transporter name;
 3. Amount of waste material received (specify units);
 4. Description of the waste material, including:
 - a. Fluid-to-solid ratio, and;
 - b. Detailed description of the type of waste including any analyses required by V.B., V.C., or V.D., above.
- F. A report of all records required by Condition V.E. above, as well as a summary of waste receipts including the volume of each type of waste received on a monthly basis shall be submitted to Technical Permitting in Austin as part of the Semiannual Report required in Condition I.J. of this permit.

VI. CLOSURE:

- A. All vessels, tanks, or other containers and their contents shall be disposed of in an authorized manner.
- B. Upon final cessation of use the pit, the pit must be closed in accordance with the Commission approved closure plan which is on file with the Commission at the time of closure. Any request to modify the closure plan must be filed with Technical Permitting in Austin. Upon final closure, Technical Permitting in Austin and the District Office shall be notified in writing.
- C. Technical Permitting in Austin and the Midland District Office must be notified in writing at least 45 days prior to commencement of closure activities.

This authorization is granted subject to review and cancellation should investigation show that such authorization is being abused.