



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL & GAS DOCKET NO. 05-0273296

THE APPLICATION OF VISION SOLID SOLUTIONS INC. FOR A COMMERCIAL OIL AND GAS WASTE SEPARATION FACILITY PURSUANT TO STATEWIDE RULE 8 FOR THE JOHNSON COUNTY FACILITY, JOHNSON COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

APPEARANCES:

REPRESENTING:

APPLICANT:

Edward Franks
Tom Goltz

Vision Solid Solutions Inc.

PROTESTANT:

Gary L. Wagoner

Self

PROCEDURAL HISTORY:

Application filed:	January 26, 2011
Protest received:	January 27, 2011
Request for hearing:	September 12, 2011
Notice of Hearing:	September 30, 2011
Hearing Held:	November 4, 2011
Record Closed:	November 4, 2011
PFD Issued:	November 16, 2011

EXAMINERS' REPORT AND PROPOSAL FOR DECISION

STATEMENT OF THE CASE

Vision Solid Solutions Inc. ("Vision") requests authority to operate a commercial oil and gas waste separation facility pursuant to Statewide Rule 8 for the Johnson County Facility, Johnson County, Texas.

Notice of the application was published in the *Cleburne Times-Review*, a newspaper of general circulation in Johnson County, for four consecutive weeks beginning on April 26, 2011. A copy of the application was sent to all adjacent surface owners and the Johnson County Clerk on February 26, 2011.

The application was protested by Gary L. Wagoner, who is an adjacent surface owner.

DISCUSSION OF THE EVIDENCE

Applicant's Evidence

Vision has leased an 8 acre tract where the Johnson County Facility is to be constructed. The tract is located approximately 4 miles west of the town of Grandview, Texas, in a rural area on CR 418, just south of FM 916 (See Attachment 1). The daily traffic count on FM 916 is approximately 200 trucks per day. The estimated daily traffic volume into the facility is 20 to 25 tanker trucks and there is plenty of sight distance in both directions on CR 418 for trucks entering and exiting the facility. The site will provide sufficient traffic flow within the property to prevent conflicts between the trucks entering and exiting and the facility which will operate during the hours of 7 AM to 12 PM.

The Johnson County Facility is used as a processing facility for oil based and freshwater based drilling fluids. The facility separates the fluids from the solids with the use of a centrifuge. The liquid waste is hauled to local commercial saltwater disposal wells. The solid waste is dried and hauled to a permitted landfill facility. No drilling waste is disposed of onsite. All of the processing equipment and storage tanks will be set on top of a 60 mil high-density polyethylene synthetic liner and will be contained by a 16 gauge, 2.5 foot high, corrugated metal panel berm. There is sufficient containment around the tanks to prevent fluids from leaving the facility in the event of a catastrophic tank failure. Finally, there is a 2 foot high caliche dirt berm, lined with hay bales, at the exterior boundary of the facility, which creates a second level of containment.

Vision stated that this location would have a positive impact on the oil and gas operations in the area. Since it is close to where the waste is generated, it would provide a more economical means of disposing of the drilling waste. Vision opined that there was an industry need in this area for a drilling mud treatment facility and it was unreasonable to require the oil and gas industry to haul this type of waste to other facilities at much greater expense. Vision submitted letters from the Johnson County Precinct No. 3 Commissioner and two adjacent landowners in support of the application.

Vision has also agreed to install a security fence around the facility, as required in the permit, and will comply with all of the other permit conditions required by the Commission staff. The estimated cleanup and closure cost of the facility is \$78,000. Financial security in that amount will be required before the facility is put into operation.

Protestant's Evidence

The application is opposed by Gary L. Wagoner, who is an adjacent surface owner to the northeast of the proposed facility tract. Mr. Wagoner owns a 15 acre tract and is primarily concerned that a surface spill could contaminate the surface water. Surface water drains from west to east across the northeast corner of the proposed facility tract. Any drainage from the facility would flow into the Nolan-Aquilla watershed and then into Lake Pat Cleburne.

Mr. Wagoner is also concerned that noise, dust and fumes from the facility will affect his quality of life and property values. He felt that the proposed facility would be located in the middle of a rural subdivision and would affect the land values of all of the surrounding landowners. He did not believe that this was reasonable, as there are more remote areas in Johnson County.

EXAMINERS' OPINION

The examiners recommend that Vision's permit be approved. Vision has shown that operation of the treatment facility will not cause pollution and will provide a more economical means of disposal for oil based and freshwater based drilling fluids in this area. The 60 mil high-density polyethylene synthetic liner and 16 gauge, 2.5 foot high, corrugated metal panel berm will provide a barrier to prevent migration of disposal fluids to surface freshwater resources. The permit recommended by Commission Technical Permitting staff includes closure requirements.

Approval of the application is in the public interest. The Barnett Shale development core area encompasses Johnson County and surrounding counties. The drilling mud disposal volumes within a 50 mile radius of the facility have picked up within the last year, as a direct result of the increased drilling activity. This treatment facility is closer to the vast majority of recently permitted wells than any other facilities.

Compliance with permit conditions will minimize the risk of spills at the facility and will prevent the migration of any spills that occur, thereby protecting both ground and surface water. The examiners believe that the proper operation of the proposed Johnson County Facility will prevent waste of oil, gas and geothermal resources by providing a means for disposal of oil based and freshwater based drilling fluids that are necessary for the drilling of additional Barnett Shale wells.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Notice of the application was published in the *Cleburne Times-Review*, a newspaper of general circulation in Johnson County, for four consecutive

weeks beginning on April 26, 2011. A copy of the application was sent to all adjacent surface owners and the Johnson County Clerk on February 26, 2011.

3. Vision has leased an 8 acre tract where the Johnson County Facility will be constructed.
 - a. The tract is located approximately 4 miles west of the town of Grandview, Texas, in a rural area on CR 418, just south of FM 916.
 - b. The estimated daily traffic volume into the facility is 20 to 25 tanker trucks.
 - c. The site will provide sufficient traffic flow within the property to prevent conflicts between the trucks entering and exiting the facility.
 - d. A security fence will be installed around the facility's perimeter to restrict access.

4. The Johnson County Facility is used as a processing facility for oil based and freshwater based drilling fluids.
 - a. The facility separates the fluids from the solids with the use of a centrifuge.
 - b. The liquid waste is hauled to local commercial saltwater disposal wells.
 - c. The solid waste is dried and hauled to a permitted landfill facility.
 - d. No drilling waste is disposed of onsite.

5. Use of the Johnson County Facility as an oil based and freshwater based drilling fluid processing facility will not harm fresh water resources.
 - a. All of the processing equipment and storage tanks will be set on top of a 60 mil high-density polyethylene synthetic liner and will be contained by a 16 gauge, 2.5 foot high, corrugated metal panel berm.
 - b. There is sufficient containment around the tanks to prevent fluids from leaving the facility in the event of a catastrophic tank failure.
 - c. There is a 2 foot high caliche dirt berm, lined with hay bales, at the exterior boundary of the facility, which creates a second level of containment.

6. Approval of the application is in the public interest.
 - a. The Barnett Shale development core area encompasses Johnson County and surrounding counties and drilling mud disposal volumes within a 50 mile radius of the facility have picked up within the last year, as a direct result of the increased drilling activity.
 - b. This treatment facility is closer to a vast majority of recently permitted wells than any other facilities.
7. The proper operation of the proposed Johnson County Facility will prevent waste of oil, gas and geothermal resources by providing a means for the disposal of oil based and freshwater based drilling fluids necessary for the drilling of additional wells.
8. The estimated closure cost of the separation facility is \$78,000. Financial security in that amount will be required before the facility is put into operation.


CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction to decide this matter.
3. Vision Solid Solutions Inc.'s application to operate a commercial oil and gas waste separation facility for the Johnson County Facility, Johnson County, Texas, complies with Statewide Rule 8 and will not cause waste of oil, gas or geothermal resources or pollution of useable quality surface and ground water.

EXAMINERS' RECOMMENDATION

The examiners recommend that Vision Solid Solutions Inc.'s application to operate a commercial oil and gas waste separation facility for the Johnson County Facility, Johnson County, Texas, be approved, as set out in the attached Final Order.

Respectfully submitted,


Richard D. Atkins, P.E.
Technical Examiner


Marshall F. Enquist
Legal Examiner

Vision Solid Solutions Inc.
Attachment 1

