

OIL AND GAS DOCKET NO. 08-0254734

THE APPLICATION OF WESTEX SYSTEMS SACROC LP TO MAINTAIN AND USE A PIT FOR THE DISPOSAL OF OIL AND GAS WASTE, SACROC FACILITY, BORDEN COUNTY, TEXAS

HEARD BY: Donna K. Chandler, Technical Examiner
Mark J. Helmueller, Hearings Examiner

PROCEDURAL HISTORY OF CASE:

Application filed:	August 31, 2007
Protest received:	September 11, 2007
Request for hearing:	October 24, 2007
Notice of Hearing:	January 7, 2008
Hearing Held:	February 5, 2008
Transcript received:	February 22, 2008
PFD Issued:	April 9, 2008

APPEARANCES:

For Applicant:

John Turney
Cecil Preas

Protestants:

Joel & Betty Dennis

EXAMINER'S REPORT AND PROPOSAL FOR DECISION

STATEMENT OF THE CASE

Westex Systems SACROC LP ("Westex") requests a permit Pursuant to Statewide Rule 8 to maintain and use a commercial oil and gas waste disposal pit at its SACROC facility in Borden County. The application was protested by Joel and Linda Dennis, who represent the Joel Dennis Trust, Lisa Dennis Mahler Trust and the Steve A. Dennis Trust ("Trusts"). The Trusts are surface owners offsetting the proposed pit.

DISCUSSION OF THE EVIDENCE

Applicant's Evidence

Westex currently has four permitted pits at its Sacroc facility approximately 2 miles north of Gail, Texas. The facility has been operated since about 1994 as a commercial disposal facility. Each pit is lined with two layers of high density polyethylene, with a leak detection system in place between the two layers. Oil and gas waste with a maximum chloride concentration of 80,000 ppm is placed into the pit and water is allowed to percolate to the bottom of the pit.¹ The collected water is pumped from the bottom of the pit into a salt water disposal well on site.

Three of the pits at the facility are active. The fourth pit is currently full of solid material and is closed. Westex is requesting authority for a fifth pit in this application. The proposed pit is 375 feet long and 135 feet wide with a maximum depth of 18 feet. The volume of the pit is 163,000 barrels. It is expected that the pit will at capacity in 5 years.

A topographic map demonstrates that the facility is in a gently sloping area with the nearest drainage way about ¼ mile to the east. The nearest residence, school, church or hospital is about 3 miles away. The facility has a perimeter fence with a lockable gate for instances when the facility is not attended.

There are no water wells within a one mile radius of the proposed pit and there is no useable quality water in the area. The nearest water well is about 3.5 miles east of the facility. This well is not being used currently but a water level was measured in 2003 indicated 180 feet below ground level. Westex has a monitor well at the facility to a depth of 100 feet and no groundwater is present.

The average annual precipitation in the area is 23 inches and the annual evaporation rate is 68 inches. Westex has a Spill Prevention Control and Countermeasure Plan and a Stormwater Pollution Prevention Plan in place for the facility. The entire facility is enclosed by a dike 1½ to 3 feet in height.

The surface owner of the facility is Borden County, Inc. A copy of the signed lease agreement between Borden County, Inc. and Westex is included in the application.

Notice of the application was published in the *Big Spring Herald* in Howard County on September 3 and 10, 2007. The affidavit of publication states that this newspaper is in general circulation in Howard County, the adjacent county to the south. There are no major towns in Borden County and the publication in the *Big Spring Herald* has been accepted for previous applications regarding this facility.

¹The material currently authorized for disposal at the facility includes water base drilling fluid and cuttings, cuttings generated while using oil base drilling fluid, iron sulfide, liners from reserve pits, contaminated soils from crude oil, pipeline and saltwater spills, formations sands and other solids from storage tanks, solid waste from gas dehydration and sweetening, production tank bottoms which do not exceed 7% oil content, and crude oil reclamation waste.

Commission staff estimates that the closure cost for the three active pits and the proposed pit is \$670,287. Applicant's estimate of closure costs for the four pits was \$495,165. Applicant did not object to the use of the Commission's estimate. Westex currently has financial security in the amount of \$490,871 for this facility. Westex must provide the additional financial security prior to using the proposed new pit. Commission District Office personnel inspected the facility in August and September 2007 and found no violations.

Protestant's Position

Prior to January 1, 2006, Joel and Betty Dennis leased pasture land for many years in Sections 17 and 18, to the north and northeast of Section 19 in which the Westex disposal facility is located. Mr. Dennis stated that part of the reason he did not renew the lease was the intolerable odor associated with the disposal site. Mr. and Mrs. Dennis live on property in Section 16 and the Westex facility is about 3 miles from their property. The property is owned by Mr. Dennis and his brother and sister.

Mr. and Mrs. Dennis object to the additional pit at the site due to the pungent odor which they have been subjected to over the years. They believe that the odor adversely affects their health. Protestants are also concerned that any run-off from the facility may run into a creek which eventually goes onto his property. Any run-off may contaminate the surface waters.

EXAMINERS' OPINION AND DISCUSSION

The examiners recommend that the application be approved. This facility has been in operation since 1994 and currently has three active disposal pits and one closed pit. There is no useable quality groundwater in the area. The average annual precipitation in the area is 23 inches and the annual evaporation rate is 68 inches. The proposed pit will be lined with two layers of high density polyethylene, with a leak detection system in place between the two layers. Water from waste placed into the pit will percolate to the bottom of the pit for collection and disposal. It is estimated that the life of the pit will be 5 years.

There is no evidence that past operations at the facility have been in violation of Commission rules. The most recent inspection by Commission personnel was in October 2007 and no violations were observed at that time.

Protestants concerns about odor and adverse health effects as a result of operation of the facility do not provide a basis for the Commission's denial fo the application for an additional pit at the facility.

The application meets all requirements of Statewide Rule 8 and the provisions of the permit will insure that disposal fluids will not escape from the facility.

FINDINGS OF FACT

1. Notice of the application was provided to all owners of property adjacent to the proposed disposal pit on August 29, 2007. Notice of the application was published in the *Big Spring Herald* in Howard County on September 3 and 10, 2007. The affidavit of publication states that this newspaper is in general circulation in Howard County, the adjacent county to the south. There are no major towns in Borden County and the publication in the *Big Spring Herald* has been accepted for previous applications regarding this facility.
2. Notice of this hearing was given to all person entitled to notice at least ten days prior to the date of hearing.
3. The use of subject pit as an oil and gas waste disposal pit will not harm fresh water resources.
 - a. There is no usable quality water in this area.
 - b. The closest water well is 3.5 miles to the east of the facility and it is currently not in use. In 2003, the water level in the well was 180 feet.
 - c. Westex Systems Sacroc LP has a water well on the facility to a depth of 100 feet and it encountered no ground water.
4. The capacity of the pit is approximately 163,000 barrels.
5. The entire facility is enclosed by a fence with lockable gate and is surrounded by a berm to contain any run-off.
6. Prior to commencing disposal operations, Westex Systems Sacroc LP must provide additional financial assurance in the amount of \$179,416.
7. The average annual precipitation in the area is 23 inches and the annual evaporation rate is 68 inches.
8. Westex Systems Sacroc LP will be required to keep records for each load of waste delivered to the facility, indicating the name of the generator, source of the waste, name of the carrier, date the waste was received, volume of waste received and chloride content of each load.

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 in this matter.

3. Westex Systems Sacroc LP's application to maintain and use a pit for disposal of oil and gas waste complies with Statewide Rule 8 and will not cause pollution of useable quality water.

EXAMINER'S RECOMMENDATION

The examiners recommend that the application of Westex Systems Sacroc LP to operate the subject disposal pit be approved, as set out in the attached Final Order.

Respectfully submitted,

Donna K. Chandler
Technical Examiner

Mark J. Helmueller
Hearings Examiner