

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 02-0281527**

**PERMIT NO. STF-045**

**FINAL ORDER  
APPROVING THE APPLICATION OF B & G ENVIRONMENTAL, LLC FOR A PERMIT  
PURSUANT TO STATEWIDE RULE 8 TO OPERATE A CENTRALIZED  
OIL AND GAS WASTE RECYCLING FACILITY AND ASSOCIATED PITS  
BEE COUNTY FACILITY  
BEE COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 5, 2013, 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 filed thereto, hereby adopts as its own findings of fact and conclusions of law 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 B & G Environmental, LLC for a permit pursuant to Statewide Rule 8 to operate the Bee County Facility, a centralized oil and gas waste recycling facility and associated pits, Bee County, Texas, is hereby **GRANTED** 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 parties are notified of the order.

Done this 8<sup>th</sup> day of April, 2014.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN BARRY T. SMITHERMAN

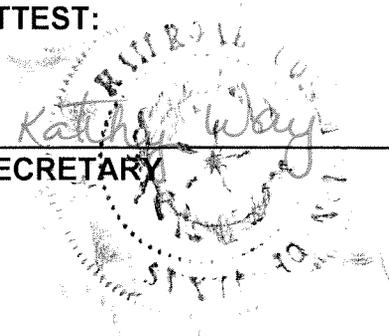


COMMISSIONER DAVID PORTER



COMMISSIONER CHRISTI CRADDICK

ATTEST:



  
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SECRETARY

**Permit No. STF-045**

B & G ENVIRONMENTAL, L.L.C.  
PO BOX 460  
REFUGIO TX 78377

Based on information contained in your application, received February 22, 2012, and subsequent information received to date, you are hereby authorized to receive, store, handle, and treat certain oil and gas wastes as specified below at the following facility:

Bee County Facility, Including Pit Permit Nos. STF-045, P011924, P011925  
962 feet FNWL and 1,600 feet FSWL of the H.W. Fontaine Survey, A-163  
28° 36' 25.1", -97° 51' 28.7"  
Bee County, Texas  
RRC District 02

**NARRATIVE DESCRIPTION OF PROCESS:**

Incoming liquid wastes will be received into aboveground storage tanks. Incoming solid wastes and separated solids from liquid waste in aboveground storage tanks will be placed into a bermed concrete pad, Collecting Pit - Pad 1 (P011924). After the waste has been stabilized, the waste will be mechanically processed through the pug mill with appropriate amounts of fresh water, non-VOC asphalt emulsion, inert aggregate, lime, pozzolan catalyst, cement, or any combination thereof. Once waste has been processed, it will be moved using a conveyor to a separate, but adjoining, bermed concrete pad, Collecting Pit – Pad 2 (P011925). Treated waste will be placed into discrete 800-ton lots. Recyclable material meeting all the Process Control requirements listed in this permit may be used offsite as roadbase. Partially treated waste that does not meet the Process Control requirements will be reprocessed or disposed of in an authorized manner.

Authority is granted to receive, store, handle, and treat certain oil and gas wastes in accordance with Statewide Rule 8 and Chapter 4, Subchapter B subject to the following minimum conditions:

**I. GENERAL PERMIT CONDITIONS**

- A. The effective date of this permit is April 8, 2014
- B. The authority granted by this permit expires on April 7, 2019.
- C. The permittee may not receive, store, handle, or treat oil and gas waste at the facility until financial security in the amount of \$710,000.00 for the Bee County Facility (STF-045), including Pit Permit Nos. P011924 and P011925, is provided to and approved by the Commission.
- D. The permittee may not receive, store, handle, or treat oil and gas waste at the facility until all necessary air permits are obtained from the Texas Commission on Environmental Quality.

- E. Technical Permitting in Austin and the appropriate District Office must be notified in writing when construction of the facility begins, and when the facility is complete. The permittee may not receive, store, handle, or treat oil and gas waste at the facility until the District Office has performed its inspection of the completed facility and has verified that the facility is constructed in accordance with the application and this permit.
- F. This permit may be considered for administrative renewal upon review by the Commission. Any request for renewal must be received at least 60 days prior to the permit expiration date to have the permit continue during the review process.
- G. The permittee must submit a Quarterly Report containing the applicable information required in Conditions IV.F., VI.B.5., VI.C.4., and VII.D. of this permit and a Report Summary.

The first Quarterly Report must cover the period beginning on the effective date of the permit and ending June 30, 2011. The reporting periods must thenceforth be January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31 of each year.

The Quarterly Reports must be submitted to Technical Permitting in Austin and the appropriate District Office no later than the 31st day of the month following each reporting period, or each May 1, July 31, October 31, and January 31, respectively.

- H. This permit is not transferable without the written consent of the Commission. Any request for transfer of this permit must be filed with Technical Permitting in Austin at least 60 days before the permittee wishes the transfer to take place.
- I. This permit does not authorize discharge from the facility of any oil and gas waste, including contaminated storm water.
- J. Material Safety Data Sheets (MSDS) must be submitted to Technical Permitting in Austin for any chemical proposed to be used in the treatment of waste at the facility. Use of the chemical is contingent upon Commission approval.
- K. Any soil, media, or other debris contaminated by a spill of waste or any other materials at the facility must be cleaned up immediately and processed through the facility or disposed of in an authorized manner.
- L. The permittee must make all records required by this permit available for review and copying during normal business hours upon request of Commission personnel.
- M. The permittee must post a sign at the facility entrance, which must show the permit number in numerals at least three inches in height.
- N. Unless otherwise required by conditions of this permit, an independent laboratory neither owned nor operated by the permittee must conduct any analysis of sampling required by this permit using EPA methods or Standard Methods.
- O. Unless otherwise required by conditions of this permit, construction, use, and maintenance of the facility must be in accordance with the information represented in the permit application and attachments thereto.
- P. Any deviation from this permit must be approved by amendment from Technical Permitting in Austin before implementation.

- Q. In accordance with Statewide Rule 78, financial security must be provided to the Commission in the amount necessary to close the facility. If any changes are planned to the facility that would increase the cost to close the facility, an updated closure cost estimate and the associated financial security must be submitted to and approved by the Commission prior to implementation of those changes.
- R. Failure to comply with any provision of this permit will be cause for modification, suspension or termination of this permit.

## **II. TRIAL RUN**

The permittee shall demonstrate to the satisfaction of Technical Permitting and the District Office the ability to successfully process at the facility 1,000 cubic yards of waste before any additional waste are received or processed.

- A. Technical Permitting in Austin and the appropriate District Office must be notified in writing at least 48 hours before waste processing begins.
- B. One sample must be collected every 200 cubic yards of the first 1,000 cubic yards to be processed at the facility and analyzed for wetting and drying durability by ASTM D 559-96, modified to provide that samples are compacted and molded from finished processed material. Total weight loss after 12 cycles may not exceed 15%.
- C. A written report of the Trial Run must be submitted to Technical Permitting in Austin within 30 days of receipt of the analyses required in Condition VI.C.4. The following information must be included:
  - 1. Summary of Trial Run and report contents;
  - 2. Volume of waste material processed;
  - 3. Type of waste (as described in Condition III.) and description of the waste material;
  - 4. Volume and type of stabilization material used; and
  - 5. Copies of all records and lab analyses reports required by Conditions II.B., IV.F., and VI.C.4.
- D. No additional waste may be received or processed, and any roadbase produced during the Trial Run may not be used until Technical Permitting has received the Trial Run report and provides written confirmation that the Trial Run requirement has been fulfilled.

## **III. AUTHORIZED WASTES**

Only oil and gas wastes subject to the jurisdiction of the Railroad Commission of Texas that are non-hazardous or exempt from RCRA, Subtitle C may be received. You may receive, store, handle, treat and process only the following non-injectable, non-reclaimable oil and gas wastes:

- A. Water-based drilling fluids and associated cuttings;
- B. Oil-based drilling fluids and associated cuttings;

- C. Tank bottoms from gas plants, crude oil reclamation plants, crude oil separation facilities, and crude oil production facilities;
- D. Waste material from produced water collection pits;
- E. Produced sand; and
- F. Soils contaminated with produced water, crude oil, or condensate.

Fresh water, non-VOC asphalt emulsion, inert aggregate, lime, pozzolan catalyst, and cement may be stored appropriately in pits or aboveground storage tanks at the facility as required in the manufacturing of stabilized roadbase at the facility.

No asbestos-containing material regulated under the Clean Air Act or PCB-containing (polychlorinated biphenyls) material regulated under the Toxic Substances Control Act may be accepted for processing at the facility.

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

#### IV. WASTE TESTING AND RECORD KEEPING REQUIREMENTS

- A. For the purposes of this permit, other than TOX analyses, a representative sample of incoming waste is defined as a four-part composite sample taken from a 200 cubic yard lot with each grab sample taken 50 cubic yard intervals.
- B. For TOX analyses, a representative sample of incoming waste is defined as one grab sample from each 50 cubic yards of waste material from each job. Prior to receipt at the site, representative samples of waste from commercial oil and gas facilities must be analyzed and may not exceed the limit for the following parameter:

<u>PARAMETER</u>	<u>LIMITATION</u>
TOX (Total Organic Halides)	100 mg/kg

- C. Prior to receipt at the site, representative samples of all incoming waste must be analyzed for the following parameters:

PARAMETER

- A. Total Petroleum Hydrocarbons (TPH)
- B. Chloride concentration
- C. pH

- D. Each load of incoming waste, other than water-based drilling fluids and associated cuttings, or oil-based drilling fluid and 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 reading of 50 microrentgens per hour or greater 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, and 150 picocuries per gram of any other radionuclide.

- E. The permittee must maintain the following records on each load of waste received at the facility for a period of three years from the date of receipt:
1. Description of the site where the waste was generated, including:
    - i. Generator name;
    - ii. Lease name, lease number and well number, or gas ID number, or API well number;
    - iii. County; and
    - iv. Waste hauler name;
  2. Volume of waste material received (specify units);
  3. Type and description of waste (e.g. oil-based drilling fluid, tank bottoms, etc.). For soils contaminated with produced water, crude oil or condensate, indicate how it was determined that the waste is exempt from RCRA, Subtitle C; and
  4. Copies of all lab analyses required by Conditions IV.B., IV.C., and IV.D.
- F. A report of the records required by Condition IV.E.1., IV.E.2., IV.E.3., and IV.E.4. must be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Condition I.G. of this permit. If no waste was received within a reporting period, a written statement indicating that no waste was received must be submitted to Technical Permitting in Austin as part of the Quarterly Report.

## V. GENERAL FACILITY DESIGN

- A. The general layout and arrangement of the facility must be consistent with the facility site diagram received February 11, 2013, which is attached to and incorporated as part of this permit as **Permit Appendix A**.
- B. Any material used in the treatment process must be stored in vessels designed for the safe storage of the particular chemical and these vessels must be maintained in a leak free condition. No material at the facility may be placed directly on the ground.
- C. The facility must prevent unauthorized access. The entire property must be surrounded by a barbed wire fence. Access must be secured by a locked gate when the facility is unattended.

## VI. CONSTRUCTION, OPERATION AND PROCESS CONTROL

### A. CONSTRUCTION

1. Collecting Pit – Pad 1 (P011924) may store untreated waste, partially treated waste, non-VOC asphalt emulsion, inert aggregate, lime, pozzolan catalyst, and cement, and must be constructed and arranged as shown on the facility diagram, **Permit Appendix A**. Collecting Pit – Pad 1 must have dimensions no greater than 300 feet by 488 feet, an approximate area of 2.7 acres, and must be lined with at least 12 inches of concrete. No more than 10,000 cubic yards of waste may be stored in Collecting Pit – Pad 1 at any one time.

2. Collecting Pit – Pad 2 (P011925) may store partially treated waste, recycled product, fresh water, non-VOC asphalt emulsion, inert aggregate, lime, pozzolan catalyst, and cement, and must be constructed and arranged as shown on the facility diagram, **Permit Appendix A**. Collecting Pit – Pad 2 must have dimensions no greater than 300 feet by 400 feet, an approximate area of 2.4 acres, and must be lined with at least 12 inches of concrete. No more than 10,000 cubic yards of partially treated waste and recycled product may be stored in Collecting Pit – Pad 2 at any one time.
3. Collecting Pit – Pad 1 and Collecting Pit – Pad 2 must be surrounded on all sides by earthen berms at least 4-feet tall and at least 12-feet wide at the base.
4. The combined total of untreated waste, partially treated waste and recyclable material stored in the Collecting Pit – Pad 1 and Collecting Pit – Pad 2 must not exceed 10,000 cubic yards at any one time.
5. The aboveground storage tank area may store incoming liquids, any liquids found in Collecting Pit – Pad 1 and Collecting Pit – Pad 2, fresh water, non-VOC asphalt emulsion, inert aggregate, lime, pozzolan catalyst, and cement, and must be constructed and arranged as shown on the facility diagram, **Permit Appendix A**. The aboveground storage tank area may consist of up to five 500 barrel aboveground storage tanks.

#### B. OPERATION

1. Incoming waste must be unloaded directly from the transport truck or trailer into Collecting Pit – Pad 1 or above ground tanks. Waste may not be unloaded onto the ground.
2. The facility must be inspected weekly. All berms, pits, aboveground storage tanks, processing equipment and facility areas must be inspected weekly for deterioration, leaks and spills.
3. Tanks must be maintained in a leak-free condition. If inspection of a tank reveals deterioration or leaks, the tank must be repaired before resuming use of the tank.
4. Collecting Pit – Pad 1 and Collecting Pit – Pad 2 must be emptied and visually inspected annually for liner deterioration and leaks. The appropriate District Office must be notified at least 48 hours before the annual pit inspection. If inspection reveals a leak or deterioration, the pit liners must be repaired before resuming use of the pit.
5. The permittee must maintain a record of when the facility is inspected and the results of each inspection. A copy of the records must be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Condition I.G.
6. Any storm water within the facility's outer most berm will be considered contact storm water. Contact storm water must be collected immediately and put into onsite aboveground storage tanks and must be subsequently disposed of in an authorized manner or used in the treatment process.

7. After processing, treated waste must be placed in distinct lots of 800 cubic yards. Each 800 cubic yard lot will be labeled with a sign identifying its unique lot identification number.
8. Appropriate measures must be taken to control dust to the extent necessary to comply with air quality standards regulated by the Texas Commission on Environmental Quality.
9. A sign must be posted at Collecting Pit – Pad 1 and Collecting Pit – Pad 2, which must show their respective pit permit numbers in numerals at least three inches in height.
10. At least two feet of freeboard must be maintained in Collecting Pit – Pad 1 and Collecting Pit – Pad 2 between the level of waste in the pit and the top of the pit berms.
11. Unless otherwise required by conditions of this permit, construction, use, and maintenance of Collecting Pit – Pad 1 and Collecting Pit – Pad 2 must be in accordance with the information represented in their respective applications (Form H-11) and attachments thereto.

#### C. PROCESS CONTROL

1. Bench scale tests must be performed as needed to determine optimum mixing design.
2. A sample of the final treated material must be tested for the parameters listed below for every 800 tons of material produced. The 800-ton lot sample must be composed of a composite of four sub-samples obtained at 200-ton intervals. Each 800-ton lot sample must be analyzed for the following parameters:

<u>PARAMETER</u>	<u>LIMITATION</u>
Compressive Strength by a TxDOT-approved method:	≥ 35 PSI
EPA Method 1312, SPLP:	
Arsenic	< 5.00 mg/l
Barium	< 100.00 mg/l
Cadmium	< 1.00 mg/l
Chromium (total)	< 5.00 mg/l
Lead	< 5.00 mg/l
Mercury	< 0.20 mg/l
Selenium	< 1.00 mg/l
Silver	< 5.00 mg/l
Zinc	< 5.00 mg/l
Benzene	< 0.50 mg/l
LDNR Leachate Test Method 1:4 Solid Solution:	
Chlorides	< 700.0 mg/l

TPH (at least to C40)	< 100.0 mg/l
pH	6 to 12.49 s. u.

3. Any treated waste not meeting the limitations in Condition VI.C.2. must be reprocessed and reanalyzed until it meets the required limitations.
4. Copies of analyses demonstrating that the treated waste has met the limitations in Condition No. VI.C.2. must be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Condition No. I.G.

## VII. ROADBASE MATERIAL FINAL DISPOSITION

- A. Treated waste that has met Process Control parameters listed in Condition VI.C.2. is suitable for use as roadbase and may be used as roadbase offsite.
- B. The following records must be kept at the facility for a period of three years from the date of removal for each load of roadbase:
  1. Date that the roadbase is removed from the facility;
  2. Volume of roadbase removed from the facility;
  3. Recipient name;
  4. Documentation indicating the landowner of the receiving location has approved the use of the roadbase on the landowner's property if used on private roads; and
  5. Documentation indicating the approximate location where roadbase is used.
- C. Oil and gas waste may not be accumulated speculatively. At least 75% of the waste received at the facility must be recycled within one year.

During the period beginning with the effective date of the permit, and January 1 thereafter, and ending on the following December 31, the volume of waste that is recycled and transported out of the facility during that period must equal at least 75% of the total volume of waste received during that period. Records must be kept to demonstrate compliance with this condition. The permittee should keep records of:

1. Volume of untreated waste, partially treated waste, and roadbase at the facility at the end of each month;
  2. Total volume of waste accepted since the effective date of the permit, or since January 1 after December 31, 2013; and
  3. Percentage of the volume of waste recycled (i.e. the volume of waste used to produce roadbase that has left the facility and been reused) from the total volume of waste received for that period.
- D. A copy of the records required by Condition VII.B., and VII.C. must be submitted to Technical Permitting in Austin as part of the Quarterly Report required in Condition I.G.

## VIII. FACILITY CLOSURE

- A. Technical Permitting in Austin and the appropriate District Office must be notified in writing 45 days prior to commencement of closure activities.
- B. Collecting Pit – Pad 1 and Collecting Pit – Pad 2 must be dewatered, emptied, backfilled, and compacted within 120 days of final cessation of use of the pits. Final closure of each pit must be accomplished in such a manner that rainfall will not collect at the pit location after pit closure. Upon final closure, Technical Permitting in Austin and the appropriate District Office must be notified in writing.
- C. All waste, chemicals, materials must be processed through the facility and removed from the facility for authorized reuse, or disposed of in an authorized manner.
- D. Processing equipment and aboveground storage tanks, and any other equipment and storage must be removed from the facility.
- E. Provisions must be taken to prevent erosion both during and following closure.
- F. A minimum of two representative soil samples per acre must be taken to characterize the scope of any contamination at the facility. Samples must be taken from around the Collecting Pit – Pad 1 and Collecting Pit – Pad 2, berms, storage, tanks, and processing equipment and from underneath the Collecting Pit – Pad 1 and Collecting Pit – Pad 2. Those samples must be analyzed for the following constituent levels:

<u>PARAMETER</u>	<u>CLOSURE LIMIT</u>
pH	6.0 to 10.0 s. u.
Electrical Conductivity (EC)	4.0 mmhos/cm
TPH (at least to C40)	< 1% by mass
BTEX	30.0 mg/kg
Metals:	
Arsenic	< 10.0 mg/kg
Barium	< 20,000 mg/kg
Cadmium	< 1.00 mg/kg
Chromium (total)	< 5.00 mg/kg
Lead	< 200 mg/kg
Mercury	< 10.0 mg/kg
Selenium	< 5.0 mg/kg
Silver	< 200 mg/kg

- G. A map showing the sampling locations and copies of the analyses required by Condition VIII.F. must be submitted to Technical Permitting in Austin. When acceptable soil constituent levels have been verified by Technical Permitting in Austin, the earthen berms must be leveled to grade and topsoil must then be contoured and seeded with appropriate vegetation.

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