



RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

FOUNTAIN QUAIL WATER MGMT, LLC
11578 AIRWAY BLVD A
ROANOKE, TX 76262

Re: Mobile Recycling Permit No. MR-0013,
SUPERCEDES PERMIT DATED JUNE 17, 2011
Permit to Treat Fracture Produced Water and/or Fracture
Flow-Back Water for Re-use Using Mobile Treatment
Units
Districts 1, 2, 3, 4, 5, 6, 7B, 7C, 8, 8A, 9, and 10

Based on information contained in your application dated April 13, 2011, and subsequent information received to date, you are hereby authorized to operate a commercial mobile recycling system for the purpose of recycling fracture flow-back water and produced water. The treatment units shall consist of trailer mounted distillation units and/or clarification units. This authority is subject to the following minimum conditions:

I. GENERAL PERMIT CONDITIONS

- A. The effective date of this permit is March 21, 2012.
- B. The authority granted by this permit expires on June 17, 2016.
- C. The Commission may consider this permit for administrative renewal upon review.
- D. Any request for renewal should be received at least 60 days prior to the permit expiration date. The Commission may consider administrative renewal of the permit upon review.
- E. This permit is not transferable without the consent of the Commission. Any request for transfer of this permit should be filed with Technical Permitting in Austin at least 60 days before the permittee wishes the transfer to take place.
- F. This permit does not authorize the discharge from the treatment sites of any oil and gas waste, including contaminated stormwater.
- G. Any soil, media, or other debris contaminated by a spill of waste or any other materials at the treatment sites shall be promptly cleaned up and processed through the treatment cycle or disposed of in an authorized manner.
- H. The permittee shall make all records required by this permit available for review and/or copying during normal business hours upon request of Commission personnel.

- I. Failure to comply with any provision of this permit shall be cause for modification, suspension or termination of this permit. This permit may be canceled if Technical Permitting determines that the permittee is in violation of the conditions of this permit or if permittee's operations pursuant to the permit are causing or allowing pollution of surface or subsurface water.
- J. An independent laboratory neither owned nor operated by the permittee must conduct any analysis of sampling required by this permit.

II. OPERATION

- A. Untreated fracture flow-back water must be stored in above ground tanks or an authorized pit and piped into the mobile treating equipment.
- B. The permittee must notify the surface owner prior to moving the on-site mobile treatment unit to a lease.
- C. The permittee must place and keep the on-mobile treatment unit on an oil and gas lease owned by the operator who generates the fracture flow back-water to be treated, and the permittee/unit may only treat fracture flow-back water generated by the operator of the lease where the unit is placed.
- D. The fracture flow-back water must be treated in on-site mobile treatment units.
- E. The on-site mobile treatment units may not be kept on one well location for more than one year.
- F. Material Safety Data Sheets must be submitted to the Austin office for any chemical proposed for use in the treatment process. Use of the chemical is contingent upon Commission approval.
- G. The treated fracture flow-back or produced water may be stored temporarily in an authorized pit at the well site where it will be re-used, or temporarily stored in an authorized pit of the generator of the untreated waste.
- H. The treated fracture flow-back or produced water may be used to fracture another Railroad Commission permitted well.
- I. No more than 60 cubic yards of solids resulting from the treatment process may be accumulated at the treatment site at any one time. The treated solids must be stored in above ground tank(s).
- J. No more than 3000 barrels of concentrated brine resulting from the treatment process may be stored at the treatment site at any one time.
- K. All hydrocarbons recovered during the treatment process shall be stored in above-ground tanks and reported to the Commission on Form P-18 (Skim Oil/Condensate Report Form).

- L. Prior to beginning operations, dikes shall be placed around all waste storage and oil storage areas. Dikes shall be constructed and maintained to contain a tank's maximum capacity plus twelve (12) inches of freeboard.
- M. The concentrated salt water and solids must be reused as a recyclable product or disposed of in a permitted saltwater disposal well or other authorized manner.
- N. The appropriate District Office must be notified at least 48 hours prior to placing the on-site-mobile treatment unit on an oil and gas lease and the name of the operator who generates the fracture flow-back water, lease name, lease number and well number must be specified at that time.

III. RECORDKEEPING AND REPORTING REQUIREMENTS

A. RECORDKEEPING

- 1. Records must be kept of all waste treated for a period of three (3) years from the date of treatment. These records must include the following for each treatment site:
 - a. Date appropriate district office was notified.
 - b. Name of the generator.
 - c. Name of the waste hauler.
 - d. Lease Name, Lease Number or Gas I.D. Number and Well Number, or API Number where the treatment unit was placed.
 - e. Lease Name, Lease Number or Gas I.D. Number and Well Number, or API Number where the produced water and/or fracture flow-back water was generated.
 - f. Lease Number or Gas I.D. Number and Well Number, or API Number where the treated produced water and/or fracture flow-back water was re-used.
 - g. Lease Number or Gas I.D. Number and Well Number, API Number or Pit Permit Number where the treated produced water and/or fracture flow-back water was returned to the generator of the waste for storage prior to re-use.
 - h. Volume of produced water and/or fracture flow-back water brought to the treatment site.
 - i. Volume of produced water and/or fracture flow-back water treated at the treatment site.
 - j. Volume of treated produced water and/or fracture flow-back water used to re-fracture a well.
 - k. Volume of concentrated saltwater and solids hauled from the lease for disposal.
 - l. Date(s) the produced water and/or fracture flow-back water is brought to the treatment site.
 - m. Date(s) the produced water and/or fracture flow-back water is treated at the treatment site.
 - n. Date(s) the produced water and/or fracture flow-back water is re-used.
 - o. Total dissolved solids concentrations of the treated produced water and/or fracture flow-back water.
 - p. Total dissolved solids concentrations of waste streams brought to the lease.
 - q. Total dissolved solids concentrations of waste streams removed from the lease.
 - r. Identification of the receiving site including the Lease Name, Lease Number, or Gas I.D. Number and Well Number, or API Number.
 - s. Copies of analyses of the treated produced water and/or fracture flow-back water.

B. REPORTING

1. A copy of the records required in Permit Condition No. III.A. must be submitted to Technical Permitting in Austin as part of the Semiannual Report required in Condition No. III.C. of this permit. If no waste was stored, handled, treated or re-used within a reporting period, a written statement indicating that no waste was stored, handled, treated or re-used must be submitted to Technical Permitting in Austin as part of the Semiannual Report required in Condition No. III.C. of this permit.

C. SEMI-ANNUAL REPORT

1. The permittee shall submit a Semiannual Report containing applicable information as required in Conditions III.A. and III.B of this permit.

The first Semiannual Report shall cover the period beginning on June 17, 2011, and ending December 31, 2011. The reporting periods shall thenceforth be January 1 through June 30, and July 1 through December 31 of each year.

The Semiannual Reports shall be submitted to Technical Permitting in Austin no later than the 31st day of the month following each reporting period, or each July 31 and each January 31, respectively.



Michael Sims, P.E., Manager
Environmental Permits and Support
Technical Permitting

Notes:

1. Replaced references to skid-mounted units to mobile treatment units.
2. Amended permit to authorize statewide operations rather than operations just in the Eagle Ford Shale area.
3. Amended length a treatment unit could be at one site from 10 months to one year to be consistent with other mobile recycling units.

cc: All RRC Districts