

Briny business: Legal changes could make produced water valuable, company says

By: Sarah Terry-Cobo The Journal Record September 21, 2015 0

OKLAHOMA CITY – Brent Halldorson wants to turn an oil and gas sector liability into an asset. The chief operating officer of Keller, Texas-based Fountain Quail Water Management said the briny wastewater from wells can be a resource in drought-stricken areas and can be recycled to reduce seismic risk.

Oil-field wastewater recycling will eventually become a normal part of the drilling and completion process, he said. But it's difficult for regulators to keep up with quickly evolving technology.

One of the most crucial regulatory changes that will help speed adoption of wastewater recycling is separating liability for that product from the operator that brings the briny liquid to the earth's surface, Halldorson said. That was true in Texas, where he founded the Texas Water Recycling Association and worked with the state's regulatory authority and with state and local governments to modify rules.

In 2013, the Texas Legislature passed [House Bill 2767](#), which allows companies to sell oil-field wastewater from another business and transfer ownership or liability. That allows smaller exploration and production companies to sell wastewater for recycling without investing millions in infrastructure.

Ground Water Protection Council Executive Director Mike Paque agreed with Halldorson. A third-party provider that wants to buy or sell wastewater for recycling or reuse should also carry the risk of what happens to the wastewater in its final destination, Paque said.

Transferring liability to the recycler puts Halldorson's industry under more pressure to ensure that wastewater is treated, reused and eventually disposed of responsibly. But that is a good thing, he said.

"If we want to have value in this market, we have to act like a real service company," he said.

The briny waste liquid, often referred to as produced water, is an inevitable byproduct of oil and gas. The ratio of waste product to crude oil varies greatly across different oil plays, and Oklahoma's Mississippi Lime Play produces more wastewater than others.

But Oklahoma's oil and gas sector has several advantages when it comes to reusing and filtering wastewater. The old oil fields that are mostly exhausted of petroleum still produce wastewater, which can be filtered and used in drilling and hydraulic fracturing.

The future is working with regulators to explain how the industry has advanced and how business models make recycling economical, Halldorson said. He discussed the evolution of water recycling Friday at the Oklahoma Corporation Commission in a public presentation.

Interstate Oil and Gas Compact Commission spokeswoman Carol Booth said her organization is working with the industry to stay informed on rapidly advancing technology. The public can be skeptical of regulators working with industry, but the open lines of communication are essential, she said.

"We can't regulate them if we don't know what is going on," Booth said.