

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF WYOMING

IN THE MATTER OF A HEARING BROUGHT ON THE)
APPLICATION OF H2 OIL RECOVERY SERVICES,) CAUSE NO. 9
INC., FOR AN ORDER FROM THE COMMISSION) ORDER NO. 1
APPROVING APPLICANT'S METHOD OF TREATING) DOCKET NO. 320-
2007
RESERVE AND RETENTION PITS IN THE STATE)
OF WYOMING)

APPEARANCES:

H2 OIL RECOVERY SERVICES, INC.	Jim Schleiffarth
TRIHYRO CORPORATION	Craig Smith
STATE OF WYOMING	Craig N. Eggerman

REPORT OF THE EXAMINER

The above captioned matter came on regularly for hearing before Craig N. Eggerman, duly appointed hearing examiner of the Wyoming Oil and Gas Conservation Commission at 1:30 P.M. on the 6th day of July, 2007, in the office of the State Oil and Gas Supervisor, 2211 King Boulevard, Casper, Wyoming, after due and legal notice was given as required by law and as required by the Rules and Regulations of the Commission.

Having reviewed written evidence from H2 OIL RECOVERY

SERVICES, INC., (hereinafter "H2 Oil") the examiner proceeded to hear statements of the applicant and consider the documentary evidence offered at the hearing, and after review of pertinent information, the examiner makes the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. H2 Oil has requested permission to chemically and mechanically treat reserve pits and other water retention pits in the State of Wyoming. Commission approval of such pit treatment is required by the Commission Rules found in Chapter 4, Section 1.

2. Commission Rules in Chapter 4, Section 1, prohibit the use of a dispersant, wetting agent, surface reduction agent, surfactant or other chemicals that destroys, removes, or reduces the fluid seal of a pit and allows the fluid contained therein to seep, drain, or percolate into the soil underlying the pit. The H2 Oil process will not violate this section of the Commission Rules found in Chapter 4, Section 1.

3. Chemicals that might endanger the water or land surface will not be used.

4. The H2 Oil process as set out in the application can be approved and is limited to the process outlined in

their application. In summary, H2 Oil proposes to treat the contents in pits using a mechanical distillation process.

5. No one appeared to protest the H2 Oil application to treat pits.

CONCLUSIONS OF LAW

1. Due and legally sufficient notice of time, place and purpose of this hearing has been afforded to all interested parties in all respects as required by law.

2. The Commission has jurisdiction over the matter embraced herein and over all interested parties, and has jurisdiction to make and promulgate the order hereinafter set forth.

3. This hearing was conducted in accordance with the Commission Rules found in Chapter 5, Sections 11 and 15 and §30-5-105, Wyoming Statutes (LexisNexis 2007) governing hearings conducted by examiners.

ORDER

IT IS THEREFORE HEREBY ORDERED BY THE COMMISSION that H2 Oil be permitted to chemically and mechanically treat drilling reserve pits completion pits and other produced

water retention pits in Wyoming using mechanical and chemical methods as long as the following conditions are met:

1. The Commission staff will be contacted at least 24 hours before any pit treatment is commenced.

2. Chemicals which may endanger the water, land surface or would compromise the integrity or hydraulic seal of the bottom of the pit will not be added.

3. Representative samples will be collected and Commission staff approved laboratory test methods will be conducted on the pit fluid before and after treatment. These analyses shall, at a minimum, report the total dissolved solids, total petroleum hydrocarbons and pH.

4. A report of the specific treatment of each pit will be submitted to the Commission within sixty (60) days of completing the pit treatment process. Said report shall show the site name, type of pit, volume treated, waste generated and chemicals or materials utilized. Any and all laboratory analyses conducted before and after treatment shall be attached. If applicable, the WDEQ discharge approval and authorization of the surface owner or lease upon whose land the discharge takes place shall be referenced.

5. All waste materials including those contaminated

with heavy metals and hazardous materials must be properly and legally disposed of according to existing Rules and Regulations. H2 Oil shall report the disposal methods, volumes and locations to the Commission.

6. Hazardous waste pit treatments are excluded from this Order.

7. The applicant shall comply with the applicable portions of Chapter 4, Section 1 of the Commission's Rules.

IT IS HEREBY FURTHER ORDERED that this approval is valid through July, 2008, at which time the Commission shall review its Order and may extend, modify, withdraw its approval or take such additional action in this matter, if any, as the Commission deems necessary and proper. H2 Oil, as the original applicant, shall present at said review a complete list of all pits treated in Wyoming, which shall indicate the operator, location, date of treatment, type of pit, and method of treatment in closure in the ensuing period.

IT IS HEREBY FURTHER ORDERED THAT THE COMMISSION shall retain jurisdiction to take such additional action in this matter, if any, as the Commission deems necessary and proper.

DATED this 6th day of July, 2007

WYOMING OIL AND GAS
CONSERVATION COMMISSION

Commissioner

\s\ Lynne Boomgaarden
Ms. Lynne Boomgaarden,
Acting Chairman-

\s\ Ronald C. Surdam
Mr. Ronald C. Surdam,
Commissioner

\s\ Craig N. Eggerman
Mr. Craig N. Eggerman
Examiner

\s\ Donald Basko
Mr. Donald Basko,
Commissioner

\s\ Robert A. King
Mr. Robert A. King,
Commissioner