



December 11, 2013

Mr. Tom Tomastik
Ohio Department of Natural Resources
Division of Oil and Gas
2045 Morse Road, Building H-3
Columbus, OH 43229-6693

RE: NOTIFICATION OF TREATMENT AND STORAGE ACTIVITIES

Dear Mr. Tomastik:

Buckeye Brine operates the Adams #1 and the Adams #2 (the latter not yet in service) injection wells in Coshocton County. Since starting operations, we have received over 1,000,000 barrels of fluid and have accumulated a considerable inventory of solids. We first cleaned solids out of our tanks in July and did so again in early September. Owing to widespread confusion and concern about the TENORM rules and guidance, we have been unable to get the material accepted at any Ohio landfill. After much struggling, we have finally managed to start moving the material to a landfill outside of Ohio. Meanwhile, we face the need for another tank cleanout immediately at a time when we are underway with some new construction projects. We need to move our solids out of the Coshocton facility and store them at another location until we can dewater the solids to the extent possible through gravity separation in preparation for shipping them to a landfill.

Our reading of the storage rules in ORC 1509.22 is that no permit is necessary to store waste substances before January 1, 2014. After that date, the law states that ODNR shall allow storage or related activities only in accordance with the new rules envisioned pursuant to ORC 1509.22 or the well permitting rules in OAC 1509.06 and 1509.226, the last two of which do not apply here.

We understand, based on recent conversation with you and your colleagues, that on January 1, 2014, ODNR will still not be in a position to issue permits under the new permit provisions of ORC 1509.22 (nor will implementing rules be in place to establish permit requirements). Therefore, we must assume that the January 1 date for permitted storage and/or recycling operations will be extended into the new year until the new rules are established and prospective permittees have had a chance to apply for and receive a permit. The only alternative interpretation that we can think of is that no storage by anybody will be legal on or after January 1, except for storage already covered under existing permits, such as our UIC permits. Certainly it was not the intent of the statute to force every person in the state storing regulated waste into a non-compliant status.

As you are aware from our conversation, Buckeye Brine has two other operations under construction at an 18-acre site we have leased in Tuscarawas County. This facility includes about 20,000 square feet of warehouse space. We intend to move the sludge to that site in vacuum boxes / trucks for inside storage and process by gravity separation, and ship the concentrated solids to a landfill. The unloading area, frac tanks, and vacuum boxes will be stored on the warehouse's concrete floor, which will be overlain with a 60-mil HDPE liner to form a secure containment area with the capacity to contain the maximum possible spill. We do not expect any waste to reside in this facility for more than a few days. Details of this temporary storage location and containment configuration are included in Attachment I. Also included in Attachment I is a photograph of a similar liner layout showing the wooden support walls we plan to use. (The liner sheets have not yet been welded together in this photograph.)

We plan to replace the temporary storage and gravity separation operation with a centrifuge process to separate high-solids fluids that are not suitable for injection. We discussed this state-of-the-art operation during our meeting with you and your fellow ODNR staff members this past August. This operation will involve receiving tanks, centrifuge processing equipment, and storage for the two materials produced by the separation operation: i) solids-free water to be used in our water recycling operation described below, and ii) dry solids from the centrifuge to be shipped for disposal. All operations will be conducted in secure containment.

This water recycling operation will include an unloading and processing area similar to what we installed at the Coshocton injection facility. We will also have a storage area with bolted steel tanks totaling 90,000 barrels, consisting of a combination of 5,000- and 12,000-barrel tanks. The tanks will sit within an engineered, bermed containment area underlain with 60-mil HDPE capable of containing 110% of the maximum possible spill. A rendering of the recycling operation and a side view of the containment for the large bolted-steel storage tanks are included in Attachment II.

Although some details of these two facilities are still in flux, we believe the attachments fairly represent the important aspects of our storage and containment designs. Our goal is to significantly exceed the requirements of ODNR's future rules for facilities of this type.

Mr. Lynn Goldston can answer any questions about these details. You can reach him at lynn@buckeyebrine.com or 903 736 7107, or feel free to call me at 512 680 4265.

Sincerely,

/s/

Steven M. Mobley
President