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North Texas water recycler expanding

Fountain Quail adding jobs; cuts drillers' fresh water use in fracking process

Premium content from Dallas Business Journal - by Matt Joyce, Staff Writer

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Fountain Quail Water Management, a water-recycling company that grew up in the Barnett Shale drilling boom, plans to start operating in South Texas in July and in Arkansas by the third quarter, the company's chief operating officer said.

Roanoke-based Fountain Quail builds and operates mobile machinery that treats wastewater in the hydraulic fracturing method of drilling a natural gas or oil well.

Recycling the water for additional drilling reduces drilling companies' fresh water consumption. It also gives companies a useful alternative for the wastewater, rather than injecting it into disposal wells.

"What we look at is what it costs for disposal and what it costs for fresh water, and in some of these areas, if they're limited in fresh water or limited in disposal, recycling can be a very attractive option," said **Brent Halldorson**, the company's chief operating officer.

Fountain Quail is a subsidiary of Aqua-Pure Ventures Inc., a Canadian public company that trades under the symbol AQE on the Canadian TSX Venture Exchange.

Halldorson would not disclose Fountain Quail's customers for its new operation in the Eagle Ford shale near San Antonio, pending final permitting.

He said Fountain Quail employs about 40 people at its North Texas headquarters and plans to add at least 20 employees over the year, including engineers, welders electricians and equipment operators. The company will also contract with local manufacturing shops to help construct the recycling units.

In the Barnett Shale, Fountain Quail has worked exclusively with Oklahoma City-based **Devon Energy Corp.** (NYSE: DVN), the largest producer in the Barnett. Devon was interested in reducing its drain on fresh-water sources in the area, said **Chip Minty**, a Devon spokesman.

"Working together with those guys, we eventually determined that what we could do together was operationally and economically viable," Minty said.

The units' mobility is what makes the system cost effective in the Barnett Shale, Halldorson said.

Fountain Quail's water-treatment costs are about \$3 a barrel in the Barnett to make clean fresh water, which is about the same as it costs a company to truck wastewater to disposal wells and acquire fresh water, Halldorson said.

In other shale plays, producers face different price pressures. For instance, fresh water is scarce and expensive in the South Texas Eagle Ford Shale. In the Marcellus Shale in Pennsylvania, where Fountain Quail started operating last year, the geology isn't conducive to disposal wells.

"We're really well positioned to move into other areas that need recycling as much or more than the Barnett does, and every area has very unique water drivers," Halldorson said.

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