

**You will want to read the notes taken from several sectionals presented at the**

**FRAC SAND INSIDER CONFERENCE held in La Crosse, WI on May 10-11, 2016**



*.....keeping watch on the industry*

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**The Land Stewardship Project of Minnesota received notes taken by a confidential source who attended the Frac Sand Insider Conference in La Crosse on May 10-11, 2016.**

**About 70 people attended the conference, far less than the anticipated number of 300-400 people, a number shared in a La Crosse Tribute story. In contrast, about 125 citizens attended the rally outside the La Crosse Center.**

**Notes from Frac Sand Insider Conference  
May10-11 2016, LaCrosse WI**

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**Keynote: Frac Sand Outlook and Perspective Joel Schneyer, Managing Director, Headwaters MB Investment banker.**

The Bakken was a learning curve. Costs and time go down with each well, These unconventional wells have become a manufacturing process.

Cheap loans, excess liquidity, high oil prices created a shale oil boom resulting in an oil surplus.

With the oversupply and downturn in fracking, 30 workers were laid off in Sparta, 58 in Chippewa Falls and 27 in Augusta. White collar jobs were not affected much, mostly blue collar.

After the downturn ends, mines are easy to start up again unless you lose your permit.

He feels there will be a demand increase in 2016 because of longer laterals, closer wells, overpacking , re-fracking of wells and increased proppant rates per well. Sand use per well is up 40% since 2012.

Investment money flows to large frac sand operations.

The margins are very tight. Transportation costs are the biggest challenge regarding profit. Its best

if you can own the supply, processing and trans-load, and be near a rail line.

When oil is at \$45, break-even drives the business.

Brown sand is gaining favor (Missouri and Arkansas) because it's closer to the Texas oil fields. Sand sizing is changing as well.

14% of the cost per well is for the proppant.

Nonconventional oil is not going away. Efficiency and experience will keep it profitable.

There were about 60 people at this session. Three women, one person of color.

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How to Open a Frac Sand Mine in Wisconsin  
Keith Rauch, consultant, geologist

Most important is location: geological, logistical and cultural/political.

Economics: exposed sand vs underground is preferred. The driftless region is best because it

has less overburden. The St Peter in the Mississippi River valley is best of all.

Do an economic analysis. Minimize production and shipping costs. Figure your stripping ratio; waste thickness divided by sand thickness. Consider stripping method – dig or blast, and what is being removed.

Shipping is the biggest cost of production. Rail is the cheapest, so the closer to a rail line the better.

Sand quality: (grain size distribution) St Peter has 24% waste, Jordan 50% waste, Wonowoc 34% waste, Mt Simon 51% waste.

Acquiring property: Allow 550 acres for the pit, 25 for the plant, 100 for the stockpile, 15 for the loadout, 100 for waste, 100 for reclamation, 25 misc. 915 acres or more if possible is a good layout for maximum efficiency. (This was listed with a background picture of a gigantic mine)

Barge shipping is less expensive but there aren't mines along the river. Too much resistance, people and groups who will protect the river and "you can't beat them. Move inland 30 miles, for

instance to Trempealeau County, you'll be welcomed."

Zoning considerations: (a list of western Wisconsin counties and who had reg.s and who didn't) Find the places without zoning or regulations.

Find the sweet spots: exposed sand, rail lines, tolerant population, avoid zoned areas.

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Current Research on Frac Sand and Related Natural Resources in Wisconsin Jay Zambito, geologist, Wisconsin Geological and Natural History Survey UW Extension UW Extension is currently working on a geological and natural history survey which will be published soon.

A geological history of the driftless area

Wisconsin Sand Mining History: aggregate, sand, gravel, flagstone, clay and silica have been mined for over 100 years

Uses for sand: foundry, glass, filtration, sand blasting, fracking

What is new: size of mines, density, rate of extraction and the number of proposals

From 2011 to 2013 there was a boom in mines, especially in Chippewa and Trempealeau counties

They are studying the impact of high capacity wells on neighboring wells and streams in Dunn and Chippewa counties. Municipal wells draw the most, followed by industrial sand, and then agriculture.

They are doing geological mapping in Trempealeau county.

Water quality is being studied in LaCrosse and nearby towns.

He showed a series of drawings depicting taking off the over-burden, removing the silica and “re-building” the hill from the waste, and said it could be done without disturbing the underlying groundwater.

There were about 35 – 40 people at this session. Three women, one person of color.

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Economic Impacts of Industrial Silica Sand  
Isaac Orr, Heartland Institute

He gave some personal background and then showed a picture of a protest where he spoke in Florida and was named as the source of misinformation, which apparently got national attention. He was very proud of this, and the audience applauded.

He talked about the Heartland Institute, saying they are educational, not lobbyists. They have a series of booklets, Policy Studies which he has co-authored; Environmental Impacts of Frac Sand Mining, Economic Impacts, Roadway Impacts, Social Impacts. Very slick. There are two more in process. These have been sent to county and township supervisors, and other elected officials in Wisconsin counties where there is frac sand mining. Their purpose is to influence decision makers.

He referred to the rally Tuesday evening several times claiming it wasn't about the sand, it's about

fracking. These people are mis-informed. Every reference to anti-frac people drew laughs.

He showed a series of slides downplaying renewable energy. Each negative comment about alternatives and people who support it drew chuckles. We need mines for the metals and minerals that are used for wind and solar.

His numbers show 51% of US oil and 60% of our natural gas comes from fracking, so there will be a continued demand for sand. He mentioned the increased use of proppant per well.

When oil goes to \$50/bbl growth is possible. And with that growth comes jobs. According to the Wisconsin Economic Development Corp. 10 jobs per mine, 50 – 80 jobs with a processing facility. Jobs with high wages and benefits. Lots of graphs by county to support this.

His graphs demonstrated tax revenue benefits to counties.

Because of fracking, fuel and heating costs are less, so people have more money, and time to “read to their kids”.

He did acknowledge the economic slowdown and layoffs at the mines.

He spent a lot of time dissing the Powers Study. He referenced it numerous times, negatively, particularly Powers finding regarding economic costs to counties from a frac sand mine.

Orr claims that in Wisconsin there is already a boom-bust economy based on agriculture, so sand mines add economic diversity. He stated that Wisconsin farm land wasn't that great anyway, and that it could be re-claimed after a mine quit producing.

Mines and processing "don't use that much water".

He addressed mines' impact on tourism by saying tourism itself has a negative impact. For instance it "spreads invasive species" i.e. emerald ash borer and zebra mussels. He had a set of graphs showing tourism has increased in counties with mines. And said that really tourism is primarily in urban areas. Who would want to go to Trempealeau to hear a band?

Road impacts: There are maintenance agreements with producers to cover this.

Property values: maybe neighboring values go down. He referenced a U of Iowa study/graphic somewhat negatively.

An audience member representing Quik Trip said his fuel suppliers feel that oil will be at \$50/bbl by 3rd quarter 2016 and \$60-\$70/bbl in 2017. Orr agreed.

There were about 45 people at this session. Four women, one person of color.

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The View From Ground Zero – Frac Sand  
Producer Panel

Nick Bartol and Dan Valiquette – Badger Mining,  
Tom Young and \_\_\_ Smart Sand. They also  
represented Wisconsin Industrial Sand  
Association

WISA is a lobbying group, the voice of the industry, they focus on safety, environmental standards, and keep an eye on regulations. They have information and training available for producers to address opposition.

Perception is an issue. There are uninformed people at town meetings creating controversy.

Mining can be done safely in an environmentally responsible way.

We need to go above and beyond the regulations if we're going to be long-term and sustainable.

Wisconsin sand is the best, it is part of the energy renaissance and energy independence.

Silica is used in glass which is necessary to solar energy. After all those protesters came here in cars and stood on sidewalks.

They referenced the new OSHA regulations for silica dust and said there is real resistance to them. The existing regulations are adequate and should be enforced.

**Best practices: erosion, storm water containment, communicate with neighbors and the community, take care with blasting, listen to people's concerns, i.e. lighting, community outreach, be accurate in your information, tell your story, attend meetings. The anti-frac group gets more attention.**

**Follow your permit.**

**Rail is the most efficient for transportation, Access is vital.**

**It is a boom – bust industry. These are huge investments that have to be well managed. Downturns are a part of it. Associated industries are affected as well. Idled production has been 50 – 60%.**

**Long term considerations: be aware of the opposition.**

**There were about 45 – 50 people at this session. Four women, one person of color.**

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*Welcome to the Frac Sand Sentinel, a newsletter highlighting resource links, news media accounts, blog posts, correspondence, observations and opinions gathered*

regarding local actions on, and impacts of, the developing frac sand mining and processing industries.

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