

1RF-470 -  
SOMBRERO  
RECYCLING FACILITY  
AND CONTAINMENT  
FACILITY ID  
[fVV2120750814]

C-147/Conditions of  
Approval.

CHISHOLM ENERGY  
OPERATING, LLC [372137]  
July 26, 2021

**Venegas, Victoria, EMNRD**

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**From:** Venegas, Victoria, EMNRD  
**Sent:** Monday, July 26, 2021 4:09 PM  
**To:** 'Jennifer Elrod'; rmann@slo.state.nm.us  
**Cc:** r@rthicksconsult.com; Enviro, OCD, EMNRD  
**Subject:** 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT , FACILITY ID [fVV2120750814]. Conditions of Approval.  
**Attachments:** C-147 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT [fVV2120750814].pdf

**1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT , FACILITY ID [fVV2120750814]**

Ms. Elrod,

NMOCD has reviewed the recycling containment permit application and related documents, submitted by CHISHOLM ENERGY OPERATING, LLC [372137] on June 10, 2021 for 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814], in Unit Letter N, Section 07, Township 21S, Range 33E, Lea County, New Mexico.

CHISHOLM ENERGY OPERATING, LLC [372137] requested variances from 19.15.34 NMAC for 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] related to 19.15.34. NMAC

The following variances have been approved.

- The variance to 19.15.34.14 NMAC Table I for the use of alternate analytical method 8015/8015M for total petroleum hydrocarbons (TPH) is approved.
- The variance to 19.15.34.14 NMAC Table I for the use of alternate analytical method EPA 300.0 or SM4500 for the analysis of chloride is approved.
- The variance to 19.15.34.12.A (2) NMAC for the no side-slope requirement for the AST containment with vertical walls is approved.
- The variance to 19.15.34.12.A (3) NMAC for the liners to be anchored to the top of the AST steel walls with clips and no anchor trenches is approved.
- The variance to 19.15.34.12 A (4) NMAC for the installation on the AST containment of a 40-mil non-reinforced LLDPE primary liner and a 30-mil non-reinforced LLDPE secondary liner with a 200-mil geogrid drainage layer is approved.

The following variance has been denied.

- The variance to 19.15.34.13 B (2) NMAC for a 2-feet freeboard has been denied. 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] must operate with the 3-feet freeboard as specified by rule.

The form C-147 and related documents for 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] is approved with the following conditions of approval:

- CHISHOLM ENERGY OPERATING, LLC [372137] shall construct, operate, maintain, close, and reclaim 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] in compliance with 19.15.34 NMAC.
- 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] is approved for five years of operation from the date of permit application. 1RF-470 - SOMBRERO RECYCLING FACILITY AND

CONTAINMENT, FACILITY ID [fVV2120750814] permit expires on June 10, 2026. If CHISHOLM ENERGY OPERATING, LLC [372137] wishes to extend operations past five years, an annual permit extension request must be submitted using an OCD form C-147 through the [OCD Online](#) by May 10, 2026.

- Water reuse and recycling from 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] is limited to wells owned or operated by CHISHOLM ENERGY OPERATING, LLC [372137].
- CHISHOLM ENERGY OPERATING, LLC [372137] shall notify OCD when construction of 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814] commences.
- CHISHOLM ENERGY OPERATING, LLC [372137] shall notify OCD when recycling operations commence and cease at 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814].
- A minimum of 3-feet freeboard must be maintained at 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814], at all times during operations.
- CHISHOLM ENERGY OPERATING, LLC [372137] shall provide OCD with the calculations for the operational total fluid capacity of the containment within 30 days of receiving produced water in the containment. The operational fluid capacity is the total volume of the containment, minus the volume not utilized due to the freeboard.
- If less than 20% of the total fluid capacity is utilized every six months, beginning from the first withdrawal, operation of the facility is considered ceased and notification of cessation of operations should be sent electronically to [OCD.Enviro@state.nm.us](mailto:OCD.Enviro@state.nm.us). An extension to extend the cessation of operation, not to exceed six months, may be submitted using a C-147 form through [OCD Online](#).
- CHISHOLM ENERGY OPERATING, LLC [372137] shall submit monthly reports of recycling and reuse of produced water, drilling fluids, and liquid oil field waste on OCD form C-148 through [OCD Online](#) even if there is zero activity.
- CHISHOLM ENERGY OPERATING, LLC [372137] shall comply with 19.15.29 NMAC Releases in the event of any release of produced water or other oil field wastes at 1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814].

Please reference number **1RF-470 - SOMBRERO RECYCLING FACILITY AND CONTAINMENT, FACILITY ID [fVV2120750814]** in all future communications.

Regards,

**Victoria Venegas** • Environmental Specialist

Environmental Bureau

EMNRD - Oil Conservation Division

811S. First St. | Artesia, NM 88210

(575) 909-0269 | [Victoria.Venegas@state.nm.us](mailto:Victoria.Venegas@state.nm.us)

<http://www.emnrd.state.nm.us/OCD/>



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-147  
Revised April 3, 2017

## Recycling Facility and/or Recycling Containment

**Type of Facility:** ☒ Recycling Facility ☒ Recycling Containment\*  
**Type of action:** ☒ Permit ☐ Registration  
☐ Modification ☐ Extension  
☐ Closure ☐ Other (explain) \_\_\_\_\_

\* At the time C-147 is submitted to the division for a Recycling Containment, a copy shall be provided to the surface owner.

Be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.

Operator: : Chisholm Energy Operating LLC OGRID #: 372137  
Address: 801 Cherry St Suite 1200 Unit 20 Fort Worth TX, 76102  
Facility or well name (include API# if associated with a well): Sombrero Recycling Facility and Containment  
OCD Permit Number: 1RF-470 (For new facilities the permit number will be assigned by the district office)  
[FVV2120750814]  
U/L or Qtr/Qtr N Section 7 Township 21S Range 33E County: Lea  
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.

☒ **Recycling Facility:**  
Location of (if applicable): Latitude 32.4880652° Longitude -103.6139487° NAD83 (Approximate)  
Proposed Use: ☒ Drilling\* ☒ Completion\* ☒ Production\* ☒ Plugging \*  
*\*The re-use of produced water may NOT be used until freshwater zones are cased and cemented.*  
☐ Other, *requires permit for other uses. Describe use, process, testing, volume of produced water and ensure there will be no adverse impact on groundwater or surface water.*  
☒ Fluid Storage  
☒ Above ground tanks ☐ Recycling containment ☐ Activity permitted under 19.15.17 NMAC explain type \_\_\_\_\_  
☐ Activity permitted under 19.15.36 NMAC explain type: \_\_\_\_\_ ☐ Other explain \_\_\_\_\_  
☐ For multiple or additional recycling containments, attach design and location information of each containment  
☐ **Closure Report (required within 60 days of closure completion):** ☐ Recycling Facility Closure Completion Date: \_\_\_\_\_

3.

☒ **Recycling Containment:**  
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)  
Center of Recycling **See Attachment (adjacent):** (if applicable) Latitude 32.4880652° Longitude -103.6139487° NAD83 (Approximate)  
☐ For multiple or additional recycling containments, attach design and location information of each containment:  
☒ Lined ☐ Liner type: Thickness **See Attachment:** HDPE ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other  
Primary liner 2 x 30 mil LLDPE ; Secondary liner 40 mil LLDPE . SEE DESIGN DRAWINGS ☐ String-Reinforced  
Liner Seams: ☒ Welded ☐ Factory ☐ Other ☐ Volume: SEE DESIGN DRAWINGS bbl Dimensions: (Inside dimensions) SEE DESIGN  
☐ Recycling Containment Closure Completion Date: \_\_\_\_\_

4.

**Bonding:**

☒ Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)

☐ Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$\_\_\_\_\_ (work on these facilities cannot commence until bonding amounts are approved)

☐ Attach closure cost estimate and documentation on how the closure cost was calculated.

5. **Fencing:**

☒ Four foot height, four strands of barbed wire evenly spaced between one and four feet

☐ Alternate. Please specify \_\_\_\_\_

6. **Signs:**

☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

☒ Signed in compliance with 19.15.16.8 NMAC

7. **Variances:**

Justifications and/or demonstrations that the proposed variance will afford reasonable protection against contamination of fresh water, human health, and the environment.

**Check the below box only if a variance is requested:**

☒ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. If a Variance is requested, include the variance information on a separate page and attach it to the C-147 as part of the application.

**If a Variance is requested, it must be approved prior to implementation. See Volume 2**

8. **Siting Criteria for Recycling Containment**

**Instructions: The applicant must provide attachments that demonstrate compliance for each siting criteria below as part of the application. Potential examples of the siting attachment source material are provided below under each criteria**

**General siting****Ground water is less than 50 feet below the bottom of the Recycling Containment.**

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells **FIGURES 1, 1a, 2**

☐ Yes ☒ No  
☐ NA

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

☐ Yes ☒ No  
☐ NA

- Written confirmation or verification from the municipality; written approval obtained from the municipality **FIGURE 3**

Within the area overlying a subsurface mine.

☐ Yes ☒ No

- Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division **FIGURE 4**

Within an unstable area.

☐ Yes ☒ No

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map **FIGURE 5**

Within a 100-year floodplain. FEMA map **FIGURE 6**

☐ Yes ☒ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

☐ Yes ☒ No

- Topographic map; visual inspection (certification) of the proposed site **FIGURE 7**

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

☐ Yes ☒ No

- Visual inspection (certification) of the proposed site; aerial photo; satellite image **FIGURE 8**

Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application. **FIGURES 1 and 7**

☐ Yes ☒ No

- NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site

Within 500 feet of a wetland. **FIGURE 9**

☐ Yes ☒ No

- US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site

9.

**Recycling Facility and/or Containment Checklist:****Instructions:** Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- ☒ Design Plan - based upon the appropriate requirements.  
☒ Operating and Maintenance Plan - based upon the appropriate requirements.  
☒ Closure Plan - based upon the appropriate requirements.  
☒ Site Specific Groundwater Data -  
☒ Siting Criteria Compliance Demonstrations –  
☒ Certify that notice of the C-147 (only) has been sent to the surface owner(s)

10.

**Operator Application Certification:**

I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.

Name (Print): Jennifer Elrod Title: RegulatorySignature: Jennifer Elrod Date: 6/9/21e-mail address: jelrod@chisholmenergy.com Telephone: 817 953 3728

11.

OCD Representative Signature: Victoria Venegas Approval Date: 07/26/2021Title: Environmental Specialist OCD Permit Number: 1RF-470☒ OCD Conditions \_\_\_\_\_

FACILITY ID [fVV2120750814]

☒ Additional OCD Conditions on Attachment

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 38349

CONDITIONS

Operator: CHISHOLM ENERGY OPERATING, LLC 801 Cherry Street Fort Worth, TX 76102	OGRID: 372137
	Action Number: 38349
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	None	7/27/2021