

1RF-476 -
WARRIOR RECYCLING
FACILITY AND
CONTAINMENTS #1
AND #2 FACILITY ID
fVV2134751716

C-147/Conditions of
Approval/Closure Cost

[372681] INTREPID POTASH
- NEW MEXICO, LLC
January 19, 2022

Venegas, Victoria, EMNRD

From: Venegas, Victoria, EMNRD
Sent: Wednesday, January 19, 2022 11:08 AM
To: 'Travis McBain'; 'Chris Collard (Contractor)'; r@rthicksconsult.com
Cc: Enviro, OCD, EMNRD
Subject: 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID fVV2134751716
Attachments: C-147 Approved. 1RF-476 Warrior Recycling Containment 01.18.2022.pdf

1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#)

Mr. McBain,

NMOCD has reviewed the recycling containment permit application and related documents, submitted by [372681] INTREPID POTASH - NEW MEXICO, LLC on November 11, 2021 for 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) in Unit Letter J, Section 17, Township 25S, Range 36E, Lea County, New Mexico. The form C-147 and related documents for 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) is approved with the following conditions of approval:

- [372681] INTREPID POTASH - NEW MEXICO, LLC shall construct, operate, maintain, close, and reclaim 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) in compliance with 19.15.34 NMAC.
- 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) is approved for five years of operation from the date of permit application. 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) permit expires on November 11, 2026. If [372681] INTREPID POTASH - NEW MEXICO, LLC wishes to extend operations past five years, an annual permit extension request must be submitted using an OCD form C-147 through [OCD Online](#) by October 11, 2026.
- [372681] INTREPID POTASH - NEW MEXICO, LLC cannot receive produced water in 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) until after the original copy of the financial assurance has been accepted by OCD.
- Per Rule 19.15.34.15.A.(1) operators without existing financial assurance pursuant to 19.15.8 NMAC shall furnish financial assurance acceptable to the division in the amount of the recycling containment's estimated closure cost. The total closure cost estimate provided in the application in the amount of \$1,103,700.00 for 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) meets the requirements of NMAC 19.15.34.15.A.(1).
- If [372681] INTREPID POTASH - NEW MEXICO, LLC decides to add an AST to the facility, then [372681] INTREPID POTASH shall submit a C-147 Long Form with the box "Modification" checked and the appropriate documentation specific to the AST (*i.e.* Design and Construction Plan, Operations & Maintenance Plan and Closure Plan) via [OCD Online](#). [372681] INTREPID POTASH - NEW MEXICO, LLC would need NMOCD approval prior to installing the future ASTs.
- The financial assurance bond should be mailed to the Oil Conservation Division; Bonding and Compliance; 1220 South St Frances Drive; Santa Fe, NM 87505. NMOCD will notify you when the bond has been received and approved.

- [372681] INTREPID POTASH - NEW MEXICO, LLC shall notify OCD when construction of 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) commences.
- [372681] INTREPID POTASH - NEW MEXICO, LLC shall notify OCD when recycling operations commence and cease at 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#).
- A minimum of 3-feet freeboard must be maintained at 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#), at all times during operations.
- 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. An extension to extend the cessation of operation, not to exceed six months, may be submitted using a C-147 form through [OCD Online](#).
- [372681] INTREPID POTASH - NEW MEXICO, LLC 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.
- [372681] INTREPID POTASH - NEW MEXICO, LLC shall comply with 19.15.29 NMAC Releases in the event of any release of produced water or other oil field wastes at 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#).

Please reference number 1RF-476 - WARRIOR RECYCLING FACILITY AND CONTAINMENTS #1 AND #2 FACILITY ID [fVV2134751716](#) 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

<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: Intrepid Potash NM LLC (For multiple operators attach page with information) OGRID #: 372681
Address: 2324 W. Peirce St. Carlsbad, NM 88220
Facility or well name (include API# if associated with a well): Warrior Recycling Facility and Containments #1 and #2
OCD Permit Number: 1RF-476 (For new facilities the permit number will be assigned by the district office)
U/L or Qtr/Qtr J,K, N,O, P Section 17 Township 25S Range 36E County: Lea
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.

☐ **Recycling Facility:** FNL 3550 FEL 2100
Location of recycling facility (if applicable): Latitude 32.12806 Longitude -103.28567 Approx _____ NAD83
Proposed Use: ☒ Drilling* ☒ Completion* ☒ Production* ☒ Plugging*
**The re-use of produced water may NOT be used until fresh water 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:** Warrior #1 and #2
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)
Center of Recycling Containment (if applicable): Latitude 32.12630 Longitude -103.28569 Approx _____ NAD83
☐ For multiple or additional recycling containments, attach design and location information of each containment
☐ Lined ☐ Liner type: Thickness See Engineering Drawings mil ☐ LLDPE ☒ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☒ Welded ☐ Factory ☐ Other _____ Volume: See Drawings bbl Dimensions: L _____ x W _____ x D _____
☐ 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 \$ SEE COST ESTIMATE (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 Game Fence with option to install 4 strands barbed wire from --0-4 feet if required by District Office _____

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.**

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 **FIGURE 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. **FIGURE 3**

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

☐ Yes ☒ No
☐ NA

Within the area overlying a subsurface mine. **FIGURE 4**

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

☐ Yes ☒ No

Within an unstable area. **FIGURE 5**

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

☐ Yes ☒ No

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). **FIGURE 7**

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

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**

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

9.

Receiving 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): Travis McBain Title: Director of Land/Business Development

Signature: [Signature] Date: November 5, 2021

e-mail address: travis.mcbain@intrepidpotash.com Telephone: 405.938.5411

11.

OCD Representative Signature: Victoria Venegas Approval Date: 01/18/2022

Title: Environmental Specialist OCD Permit Number: 1RF-476

- ☒ OCD Conditions
- ☒ Additional OCD Conditions on Attachment

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Since 1996

Intrepid Warrior Containment

Financial Assurance Cost Estimate

This submission includes the closure/reclamation cost estimates for

- Warrior in-ground recycling containments 1 & 2 and
- A possible future AST Containment.

The attached quotation for the in-ground containments is based upon the standards in Rule 34. Shackelford summarizes the work below:

- One (1) mobilization
- Demo – 8' Game Fence Removal
- Demo – Liner Removal & Disposal – (Includes removal of 60 mil rubsheet, 200 mil geonet, 40 mil secondary rubsheet, geotextile, gage ladder, HDPE pipe)
- Removal of Berms and Spreading of Topsoil
- Permanent Seeding – (Includes regional seed mix with fertilizer)

Hicks Consultants confirmed with Shackelford that the description of “removal of berms and spreading of topsoil” includes grading the site to conform with surrounding topography and drainage. The cost of closure sampling and reporting after removal of the liner is \$5,000.

The closure cost estimate for the future AST Containment is presented below. There is no cost for reclamation of the pad upon which the containment is built as reclamation of the pad is included in the cost estimate for the in-ground containments.

| ITEM DESCRIPTION | UNITS | QTY | UNIT PRICE | Rule 34 TOTAL PRICE |
|---|-------|-----|-------------|------------------------|
| Warrior AST | | | | |
| Removal of AST and Liner Disposal | 1 | 1 | \$30,000.00 | \$30,000.00 |
| Assess soil for impacts | 1 | 1 | \$2,500.00 | \$2,500.00 |
| Re-grade and Reclaim Site | 0 | 0 | \$16,000.00 | \$0.00 |
| Misc. disposal and removal of fencing and cattle guards | 1 | 1 | \$1,000.00 | \$1,000.00 |
| <u>Facility Decommission and Reclaim</u> | | | | |
| <u>Site Subtotal:</u> | | | | \$33,500.00 |

Prior to introducing produced water for recycling into the containments, Intrepid will secure a bond for at least $(\$1,065,200 + \$33,500 + \$5000 =) \$1,103,700$ and transmit the bond to OCD in Santa Fe.

Please contact me if you have any questions.

Shackelford

Construction & Hauling, LLC
Yazoo City, MS
Houston, TX

Finish every job ahead of schedule with zero incidents allowing our customers the earliest possible financial return on their investment.

Main Office

350 S. Industrial Pkwy
Yazoo City, MS 39194

PO Box 1529
Yazoo City, MS 39194

Office: (662) 746-5112
Fax: (662) 746-8383

Houston Office

1810 West Polk St.
La Porte, TX 77571

Office: (832) 856-0011

Date: 1/12/2021

Attn: Travis McBain

Ref: Warrior Water Treat and Reuse Facility (Reclamation) – Lea County, New Mexico

Mr. McBain,

Shackelford Construction and Hauling, LLC is pleased to offer the following proposal for the above referenced project. This proposal is based and conditioned upon the documents and drawings dated 11/8/2021 provided with the request for proposal on 1/4/2021 as well as pre-bid notes, and clarifications. The attached list of clarifications shall become an integral part of the Contract and take precedence over any conflict.

We thank you for the opportunity to provide a proposal for this project and look forward to working together.

Scope:

Included:

- One (1) mobilization
- Demo – 8' Game Fence Removal
- Demo – Liner Removal & Disposal – (Includes removal of 60 mil rubsheet, 200 mil geonet, 40 mil secondary rubsheet, geotextile, gage ladder, HDPE pipe)
- Removal of Berms and Spreading of Topsoil
- Permanent Seeding – (Includes regional seed mix with fertilizer)

Duration of Work:

65 days to complete demo, removal of berms and seeding.

Clarifications for Mutual Understanding:

1. Shackelford Construction's current proposal does NOT include:

- Field Offices
- Material and compaction testing
- Onsite Safety Coordinator
- Removal or relocation of existing utilities
- Maintenance
- Removal of (2) onsite tanks (60k BBL AST)

The above list of exclusions has been made based on our understanding of the current request for proposal and have been listed above for clarity. Our current proposal and pricing can be revised to include an excluded item or items upon request.

2. Shackelford Construction plans to work 7 days a week 10-12 hours a day.
3. Schedule and pricing dependent upon crew(s) working continuously without delay once mobilized.
4. The warranties provided will be an industry standard prorated manufacturers warranties on the liner material and installs 1-year workmanship warranty
5. All pricing below includes 7.4375% NM gross receipts tax
6. Adjustment to mobilization cost dependent upon award of multiple projects that succeed each other
7. Pricing is only for the reclamation and closeout of the project site. New buildout costs based on the IFC drawings dated 11/8/2021 have not been submitted.

Pricing:

| Description | Quantity | UOM | Unit Price | Extended |
|--|----------|-----|--------------|--------------|
| Mob. / Demob. | 1 | LS | \$75,978.32 | \$75,978.32 |
| Demo - Fence Removal | 4,563 | LF | \$4.70 | \$21,454.38 |
| Demo - Liner Removal & Disposal | 1 | LS | \$541,811.87 | \$541,811.47 |
| Removal of Berms and Spreading Topsoil | 156,745 | CY | \$2.07 | \$324,928.58 |
| Permanent Seeding | 40 | AC | \$680.56 | \$27,222.29 |

Total before tax: \$991,395.04
Gross Receipts Tax Rate: 7.4375%
Gross Receipts Tax: \$73,735.01
Total with tax: \$1,065,130.05

Shackelford Construction thanks you for the opportunity to provide a proposal for this project. We look forward to discussing the project further. If you have any questions or requests, please feel free to call myself or Jay Shackelford, President of Shackelford Construction, at (662) 746-5112.

Sincerely,

Bradley Boyd

Bradley Boyd

Project Manager / Estimator

Shackelford Construction & Hauling, LLC

601-503-5517

bradley@shackelfordconst.com

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 73487

CONDITIONS

| | |
|--|---|
| Operator: INTREPID POTASH - NEW MEXICO, LLC 210 Red Cloud Road Carlsbad, NM 88220 | OGRID: 372681 |
| | Action Number: 73487 |
| | Action Type: [C-147] Water Recycle Long (C-147L) |

CONDITIONS

| | | |
|------------|-----------|----------------|
| Created By | Condition | Condition Date |
| vvenegas | None | 1/19/2022 |