

1RF-477 -  
LAGER HEAD  
RECYCLING FACILITY  
AND CONTAINMENT  
#1 AND #2 FACILITY ID  
fVV2134950802

C-147/Conditions of  
Approval/Closure Cost  
Estimate/Correspondence

[372681] INTREPID POTASH -  
NEW MEXICO, LLC  
January 28, 2022

**Venegas, Victoria, EMNRD**

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**From:** Venegas, Victoria, EMNRD  
**Sent:** Monday, January 31, 2022 11:03 AM  
**To:** 'Travis McBain'; 'Chris Collard (Contractor)'  
**Cc:** r@rthicksconsult.com; Enviro, OCD, EMNRD  
**Subject:** 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2  
FACILITY ID fVV2134950802  
**Attachments:** C-147 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2.pdf

**1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802**

Good morning Mr. McBain,

NMOCD has reviewed the recycling containment permit application and related documents, submitted by [372681] INTREPID POTASH - NEW MEXICO, LLC on December 13, 2021, for 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 in Unit Letter K, Section 27, Township 25S, Range 35E, Lea County, New Mexico.

The form C-147 and related documents for 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 is approved with the following conditions of approval:

- [372681] INTREPID POTASH - NEW MEXICO, LLC shall construct, operate, maintain, close, and reclaim 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 in compliance with 19.15.34 NMAC.
- 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 is approved for five years of operation from the date of permit application. 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 permit expires on December 13, 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 November 13, 2026.
- [372681] INTREPID POTASH - NEW MEXICO, LLC cannot receive produced water 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 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 \$1,139,800 for 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 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 [372681] INTREPID POTASH - NEW MEXICO, LLC when the bond has been received and approved.
- [372681] INTREPID POTASH - NEW MEXICO, LLC shall notify OCD when construction of 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 commences.
- [372681] INTREPID POTASH - NEW MEXICO, LLC shall notify OCD when recycling operations commence and cease at 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802.
- A minimum of 3-feet freeboard must be maintained at 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802, 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 Online](#). 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-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802.

Please reference number 1RF-477 - LAGER HEAD RECYCLING FACILITY AND CONTAINMENT #1 AND #2 FACILITY ID fVV2134950802 in all future communications.

**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: 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): Lager Head Recycling Facility and Containments #1 and #2  
OCD Permit Number: 1RF-477 (For new facilities the permit number will be assigned by the district office)  
U/L or Qtr/Qtr F, K, N Section 27 Township 25S Range 35E County: Lea  
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.

☐ **Recycling Facility:**

Location of recycling facility (if applicable): Latitude 32.10041 Longitude -103.35722 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:** Lager Head #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 32.099708 Longitude -103.35869 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**

☐ Yes ☒ No  
☐ NA

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

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

☐ Yes ☒ No

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

Within an unstable area. **FIGURE 5**

☐ Yes ☒ No

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

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**

☐ Yes ☒ No

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

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): Travis McBain Title: Director of Land/Business DevelopmentSignature:  Date: \_\_\_\_\_e-mail address: travis.mcbaire@intrepidpotash.com Telephone: 405.938.5411

11.

OCD Representative Signature: Victoria Venegas Approval Date: 01/28/2022Title: Environmental Specialist OCD Permit Number: 1RF-477

- ☒ 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 Lager Head Containment

### Financial Assurance Cost Estimate

This submission includes the closure/reclamation cost estimates for

- Lager Head 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
Lager Head 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
<b><u>Facility Decommission and Reclaim</u></b>				
<b><u>Site Subtotal:</u></b>				<b>\$33,500.00</b>

Prior to introducing produced water for recycling into the containments, Intrepid will secure a bond for at least  $(\$1,101,300 + \$33,500 + \$5,000 =) \$1,139,800$  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

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## **Houston Office**

1810 West Polk St.  
La Porte, TX 77571

Office: (832) 856-0011

Date: 1/12/2021

Attn: Travis McBain

Ref: Lager Head 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 10/30/2021 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)
- Removal of existing pond

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 10/30/2021 have not been submitted.

**Pricing:**

Description	Quantity	UOM	Unit Price	Extended
Mob. / Demob.	1	LS	\$75,978.32	\$75,978.32
Demo - Fence Removal	4,085	LF	\$4.78	\$19,545.41
Demo - Liner Removal & Disposal	1	LS	\$605,365.17	\$605,365.17
Removal of Berms and Spreading Topsoil	144,210	CY	\$2.08	\$299,328.14
Permanent Seeding	36	AC	\$688.50	\$24,785.84

**Total before tax: \$1,025,002.89**  
**Gross Receipts Tax Rate: 7.4375%**  
**Gross Receipts Tax: \$76,234.59**  
**Total with tax: \$1,101,237.48**

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](mailto:bradley@shackelfordconst.com)

## Venegas, Victoria, EMNRD

---

**From:** r@rthicksconsult.com  
**Sent:** Wednesday, December 8, 2021 4:21 PM  
**To:** 'Travis McBain'; Venegas, Victoria, EMNRD  
**Subject:** RE: [EXTERNAL] RE: The Oil Conservation Division (OCD) has rejected the application, Application ID: 61042  
**Attachments:** EM\_Survey\_RT Hicks Consultants Intrepid Potash-NM 11-11-2021 Proposal.pdf

Ms. Venegas

If you need some backup regarding the cost of the EM survey, I attach a quote from a company that we have used in the past and served us well.

There is a cost element in this proposal from EMC to work with OCD and Intrepid to determine the best places to obtain samples beneath the liner to meet the mandate of the Rule.

Randall Hicks, PG  
505-238-9515 (cell)  
505-266-5004  
901 Rio Grande Blvd. NW  
Suite F-142  
Albuquerque, NM 87104

---

**From:** Travis McBain <travis.mcbain@intrepidpotash.com>  
**Sent:** Friday, December 3, 2021 8:22 AM  
**To:** Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>; r@rthicksconsult.com  
**Subject:** RE: [EXTERNAL] RE: The Oil Conservation Division (OCD) has rejected the application, Application ID: 61042

Victoria,

Per your email we have updated and corrected the closer requirements per 19.15.34.14. This morning I have uploaded the attached online to the portal per your recommendation. Please reach out to me if you have any other questions, have a great weekend.

Best Regards,

**Travis McBain, CPL**  
Director of Land/Business Development  
**INTREPID**  
1001 17th Street, Suite 1050  
Denver, CO 80202  
405.938.5411 (mobile)  
[travis.mcbain@intrepidpotash.com](mailto:travis.mcbain@intrepidpotash.com)

**From:** Venegas, Victoria, EMNRD <[Victoria.Venegas@state.nm.us](mailto:Victoria.Venegas@state.nm.us)>  
**Sent:** Wednesday, December 1, 2021 11:54 AM  
**To:** [r@rthicksconsult.com](mailto:r@rthicksconsult.com)  
**Cc:** Travis McBain <[travis.mcbain@intrepidpotash.com](mailto:travis.mcbain@intrepidpotash.com)>  
**Subject:** RE: [EXTERNAL] RE: The Oil Conservation Division (OCD) has rejected the application, Application ID: 61042

Good morning Mr. Hicks,

Thank you for your quick response, as always. Please, for the sake of clarity and to avoid any confusion with the Bonding and Compliance Department, please, resubmit the application and the closure cost estimate for Lager Head only. Please make sure to provide a complete itemized closure cost estimate that includes all closure requirements per [19.15.34.14](#) CLOSURE AND SITE RECLAMATION REQUIREMENTS FOR RECYCLING CONTAINMENTS. Also, please, make sure to include the location of the containment in the closure cost sheet.

Please also upload a separate closure cost sheet for Warrior and include the same information requested above.

Finally, the Lager Head's engineering drawings show two 60K ASTs at this location, but the application doesn't include any information about it. Could you please clarify?

Thank you for your cooperation and quick response.

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/>



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**From:** [r@rthicksconsult.com](mailto:r@rthicksconsult.com) <[r@rthicksconsult.com](mailto:r@rthicksconsult.com)>  
**Sent:** Tuesday, November 30, 2021 3:40 PM  
**To:** Venegas, Victoria, EMNRD <[Victoria.Venegas@state.nm.us](mailto:Victoria.Venegas@state.nm.us)>  
**Cc:** 'Travis McBain' <[travis.mcbain@intrepidpotash.com](mailto:travis.mcbain@intrepidpotash.com)>  
**Subject:** [EXTERNAL] RE: The Oil Conservation Division (OCD) has rejected the application, Application ID: 61042

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Ms. Venegas –

The cover letter for Lager Head said:

Intrepid is the surface owner and the operator of the proposed containments. Intrepid also has reclamation requirements for several potash tailings management facilities. As a result, the Closure Cost Estimate is novel, **as you will understand after reading the attachment.**



Then I neglected to attach the cost estimate. The cost estimate is part of the Warrior submittal and the attachment to this email is the cost estimate for Lager Head as well.

How would you like us to proceed?

Intrepid can upload the attachment to the OCD portal to make the original Lager Head submission complete.

Thanks for catching that error on our end.

Randall Hicks, PG  
505-238-9515 (cell)  
505-266-5004  
901 Rio Grande Blvd. NW  
Suite F-142  
Albuquerque, NM 87104

---

**From:** Travis McBain <[travis.mcbain@intrepidpotash.com](mailto:travis.mcbain@intrepidpotash.com)>  
**Sent:** Tuesday, November 30, 2021 2:20 PM  
**To:** Randall Hicks <[r@rthicksconsult.com](mailto:r@rthicksconsult.com)>  
**Subject:** Fwd: The Oil Conservation Division (OCD) has rejected the application, Application ID: 61042

Any thoughts here?

Travis McBain, CPL  
Director of Land/Business Development  
INTREPID  
1001 17th Street, Suite 1050  
Denver, CO 80202  
C. 405.938.5411  
[travis.mcbain@intrepidpotash.com](mailto:travis.mcbain@intrepidpotash.com)

Begin forwarded message:

**From:** [OCDOnline@state.nm.us](mailto:OCDOnline@state.nm.us)  
**Date:** November 30, 2021 at 2:08:21 PM MST  
**To:** Travis McBain <[travis.mcbain@intrepidpotash.com](mailto:travis.mcbain@intrepidpotash.com)>  
**Subject:** The Oil Conservation Division (OCD) has rejected the application, Application ID: 61042

To whom it may concern (c/o Travis McBain for INTREPID POTASH - NEW MEXICO, LLC),

The OCD has rejected the submitted *Permit or Registration for Recycling and Re-use of Produced Water, Drilling Fluids and Liquid Oil Field Waste (Including Recycling Containment)* (C-147L), for the following reasons:

- The application package doesnt include the closure cost estimate for the proposed recycling facility as required by [19.15.34.14](#). Please provide a complete itemized closure cost estimate

**for the proposed Lager Head Containments in Unit Letter K Section 27 T25S R35E, Lea County NM, that includes all closure requirements per [19.15.34.14](#) CLOSURE AND SITE RECLAMATION REQUIREMENTS FOR RECYCLING CONTAINMENTS.**

The rejected C-147L can be found in the OCD Online: Permitting - Action Status, under the Application ID: 61042.

Please review and make the required correction(s) prior to resubmitting.

If you have any questions why this application was rejected or believe it was rejected in error, please contact me prior to submitting an additional C-147L.

Thank you,  
Victoria Venegas  
575-748-1283  
[victoria.venegas@state.nm.us](mailto:victoria.venegas@state.nm.us)

**New Mexico Energy, Minerals and Natural Resources Department**  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Venegas, Victoria, EMNRD**

---

**From:** r@rthicksconsult.com  
**Sent:** Thursday, January 13, 2022 2:25 PM  
**To:** Venegas, Victoria, EMNRD  
**Cc:** 'Travis McBain'; 'Chris Collard (Contractor)'  
**Subject:** [EXTERNAL] Intrepid Closure/Reclamation Cost Estimates for Lager Head and Warrior Containments  
**Attachments:** Closure Cost EstimateLagerHeadFinal.pdf; Closure Cost EstimateWarriorFinal.pdf

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Dear Ms. Venegas:

Intrepid has elected to provide OCD with cost estimates that comply fully with the text of Rule 34 and these estimates are attached. Intrepid will upload these estimates to the OCD Portal upon your approval of the documents. Intrepid will not place produced water into the containments until a bond for the approved cost estimate is in place and in the hands of OCD in Santa Fe.

During construction of the containments, the contractor may find that the cost estimate must be increased or decreased to account for site conditions. You may see a revised cost estimate in the future to account for any changes.

Thank you for your attention to this matter. Have a good weekend and please stay safe.

Randall Hicks, PG  
505-238-9515 (cell)  
505-266-5004  
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**District I**  
1625 N. French Dr., Hobbs, NM 88240  
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**District II**  
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**District III**  
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**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
  
Action 74743

CONDITIONS

Operator: INTREPID POTASH - NEW MEXICO, LLC 210 Red Cloud Road Carlsbad, NM 88220	OGRID: 372681
	Action Number: 74743
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	None	1/31/2022