

**NM1 - \_\_35\_\_**

**Financial Assurance  
Review of the Closure  
and Post-Closure Cost  
Estimates**

**November 18, 2022**

**Jones, Brad, EMNRD**

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**From:** Jones, Brad, EMNRD  
**Sent:** Friday, November 18, 2022 2:11 PM  
**To:** 'Gordon, I'  
**Cc:** lealand.sgrantham@gmail.com; claykilmer@gmail.com; jqueen@wcgrp.com  
**Subject:** RE: [EXTERNAL] Lea Land Surface Waste Management Facility, Permit No. NM-1-0035, Financial Assurance - C/PC Cost Estimates

Keith,

The Oil Conservation Division (OCD) has completed the review of the cost estimates and accepts the adjusted totals. In the next annual report, OCD will expect the 2019 cost estimates to be adjusted for inflation. Please mail and address the replacement financial assurance documents to me and the Santa Fe OCD office at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. OCD will place this email and the email response from September 9, 2022, into the administrative record as an addendum to the annual report. OCD appreciates your assistance in this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

Brad Jones

**Brad A. Jones** • Environmental Scientist Specialist - Advanced  
Environmental Bureau  
EMNRD - Oil Conservation Division  
1220 S. Saint Francis Drive | Santa Fe, New Mexico 87505  
(505) 469-7486 | [brad.a.jones@emnrn.nm.gov](mailto:brad.a.jones@emnrn.nm.gov)  
[www.emnrn.nm.gov](http://www.emnrn.nm.gov)

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**From:** Keith Gordon, PE <wbcs@aol.com>  
**Sent:** Friday, November 18, 2022 11:21 AM  
**To:** Jones, Brad, EMNRD <brad.a.jones@emnrn.nm.gov>  
**Cc:** lealand.sgrantham@gmail.com; claykilmer@gmail.com; jqueen@wcgrp.com  
**Subject:** [EXTERNAL] Lea Land Surface Waste Management Facility, Permit No. NM-1-0035, Financial Assurance - C/PC Cost Estimates

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

Good morning Brad.,

Thank you for your transmittal of November 8, 2022. We are providing three matrices in response to your inquiry regarding the calculation of updated costs to reflect development of Unit IIA:

- Attachment II.4.D - Closure/Post-closure Cost Estimates: provided for reference regarding Landfill Closure Construction Cost Estimates (directly from the approved 1/24/20 Permit)
- Table II.5 (new) - Closure Construction Cost Calculations: shows the \$/acre final cover costs approved for Unit I; and then applied pro rata to the new 8.4-acre "Unit IIA" - 8.4-acres x \$19,511/acre = \$163,892. This value includes the 10% mark-up for Management/Administration.
-

Table II.6 - September 2022 Financial Assurance Update: The first column is derived from the C/PC Cost Summary in the 1/24/20 approved Permit, and the second shows the calculated increase in closure construction costs for Unit IIA. Please note that the Landfill Closure Construction is the only task associated with the Financial Assurance adjustment. Also, note that the post-closure tasks are all calculated for the entire 100-acres± landfill footprint, plus the pond and processing area Post-closure Maintenance. We had considered submitting an incremental strategy for post-closure that would have reduced the costs for these tasks. Instead, Lea Land has been funding FA for post-closure care and monitoring for the entire Facility in order to be conservative.

Lea Land, LLC has adhered to all of the compliance standards necessary before initiating operations in Unit IIA. We have informed OCD of our intent to open the new cell (Unit IIA), which was activated on November 10, 2022. In anticipation of this progress, Lea Land obtained a Rider to our existing FA mechanism with an additional \$163,891 for a total of \$1,549,563. As indicated in Lea Land's 09/09/2022 transmittal to you, we have had a complete set of sealed originals available and have been awaiting your instructions on your preferred address and delivery mode. As you recall, the original FA package in 2019 was misplaced.

In summary, we are confident in our base numbers and the very conventional pro rata \$/acre calculation for final cover construction for Unit IIA. Lea Land, LLC secured Financial Assurance in advance of OCD concurrence to allow for timely opening of Unit IIA, while maintaining full compliance with the Permit Conditions.

Please confirm your preferred address and mode of delivery. The Lea Land team appreciates your time and effort in assisting us in achieving our regulatory compliance objectives.

Regards,

I. Keith Gordon, PE  
IKG, LLC  
505.301.2026



**Jones, Brad, EMNRD**

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**From:** Keith Gordon, PE <wbcsw@aol.com>  
**Sent:** Friday, November 18, 2022 11:21 AM  
**To:** Jones, Brad, EMNRD  
**Cc:** lealand.sgrantham@gmail.com; claykilmer@gmail.com; jqueen@wcgrp.com  
**Subject:** [EXTERNAL] Lea Land Surface Waste Management Facility, Permit No. NM-1-0035, Financial Assurance - C/PC Cost Estimates  
**Attachments:** EXHIBIT 1 Lea Land CPC Cost Matrices.pdf

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Good morning Brad.,

Thank you for your transmittal of November 8, 2022. We are providing three matrices in response to your inquiry regarding the calculation of updated costs to reflect development of Unit IIA:

- Attachment II.4.D - Closure/Post-closure Cost Estimates: provided for reference regarding Landfill Closure Construction Cost Estimates (directly from the approved 1/24/20 Permit)
- Table II.5 (new) - Closure Construction Cost Calculations: shows the \$/acre final cover costs approved for Unit I; and then applied pro rata to the new 8.4-acre "Unit IIA" - 8.4-acres x \$19,511/acre = \$163,892. This value includes the 10% mark-up for Management/Administration.
- Table II.6 - September 2022 Financial Assurance Update: The first column is derived from the C/PC Cost Summary in the 1/24/20 approved Permit, and the second shows the calculated increase in closure construction costs for Unit IIA. Please note that the Landfill Closure Construction is the only task associated with the Financial Assurance adjustment. Also, note that the post-closure tasks are all calculated for the entire 100-acres± landfill footprint, plus the pond and processing area Post-closure Maintenance. We had considered submitting an incremental strategy for post-closure that would have reduced the costs for these tasks. Instead, Lea Land has been funding FA for post-closure care and monitoring for the entire Facility in order to be conservative.

Lea Land, LLC has adhered to all of the compliance standards necessary before initiating operations in Unit IIA. We have informed OCD of our intent to open the new cell (Unit IIA), which was activated on November 10, 2022. In anticipation of this progress, Lea Land obtained a Rider to our existing FA mechanism with an additional \$163,891 for a total of \$1,549,563. As indicated in Lea Land's 09/09/2022 transmittal to you, we have had a complete set of sealed originals available and have been awaiting your instructions on your preferred address and delivery mode. As you recall, the original FA package in 2019 was misplaced.

In summary, we are confident in our base numbers and the very conventional pro rata \$/acre calculation for final cover construction for Unit IIA. Lea Land, LLC secured Financial Assurance in advance of OCD concurrence to allow for timely opening of Unit IIA, while maintaining full compliance with the Permit Conditions.

Please confirm your preferred address and mode of delivery. The Lea Land team appreciates your time and effort in assisting us in achieving our regulatory compliance objectives.

Regards,

I. Keith Gordon, PE  
IKG, LLC  
505.301.2026



## EXHIBIT 1 - LEA LAND, LLC- C/PC COST MATRIX

## ATTACHMENT II.4.D - Closure/Post-Closure Cost Estimates

## Performance-Based Alternative Final Cover Demonstration

(From June 2019 Approved Application for Permit Modification)

## ATTACHMENT II.4.D.3-Unit I Landfill Closure Construction Cost Estimate (Unit I - 30.8 ± acres)

TASK 1.0	Unit Quantity	Unit	Unit Cost	Total Cost
<b>1.1 Final Cover Installation</b>				
1.1.1 Install and compact 12" Intermediate Cover Layer	49,691	CY	\$2.50	\$124,227
1.1.2 Install and compact 6" Barrier Layer	24,845	CY	\$2.50	\$62,113
1.1.3 Install 24" Erosion/Vegetation Layer	99,381	CY	\$2.00	\$198,763
1.1.4 Vegetative Layer Seeding (Class A)	30.8	AC	\$1500.00	\$46,200
<b>Task Subtotal</b>				<b>\$431,303</b>
<b>1.2 Final Cover CQA</b>				
1.2.1 Inspection and Testing	1	LS	\$100,000	\$100,000
1.2.2 Certification	1	LS	\$15,000	\$15,000
<b>Task Subtotal</b>				<b>\$115,000</b>
<b>TASK TOTALS</b>				<b>\$546,303</b>
<b>Independent Project Manager and Contract Administration Cost (10% of Task Totals)</b>				\$54,630
<b>TOTAL COST</b>				<b>\$600,933</b>

Table II.5 (new)

Lea Land, LLC

## Closure Construction Cost Calculations

Task	Unit	Acres	Unit Cost (≈\$/acre)	Total Cost
1.0 Landfill Closure Construction	I	30.8	\$19,511	\$600,933
1.1 Landfill Closure Construction Unit IIA (new)	IIA	8.4	\$19,511	\$163,892
1.2 Total Landfill Closure Construction (current)	I & IIA	39.2	\$19,511	\$764,825

Table II.6 (new)

LEA LAND, LLC SEPTEMBER 2022

## Financial Assurance Update

Task	Reference to Approved Permit	Cost Estimate Unit I 30.8 Acres	Incremental Cost Unit IIA 8.4 Acres	Subtotal Units I-IIA 39.2 Acres
1.0 Landfill Closure Construction	II.4.D.3	\$600,933	\$163,892	\$764,825
2.0 Landfill Maintenance	II.4.D.5	\$547,800	-	\$547,800
3.0 Environmental Monitoring	II.4.D.6	\$165,000	-	\$165,000
4.0 Pond Area Closure (future facility)	-	-	-	-
5.0 Process Area Closure (future facility)	-	-	-	-
6.0 Processing Area PC Maintenance	II.4.D.9	\$71,940	-	\$71,940
<b>Subtotals, Units I and IIA</b>		<b>\$1,385,673</b>	<b>\$163,892</b>	<b>\$1,549,563</b>
<b>Grand Total Financial Assurance - Units I and IIA</b>				<b>\$1,549,563</b>

**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 162667

**CONDITIONS**

Operator: LEA LAND, LLC 1300 W Main St Oklahoma City, OK 73106	OGRID: 195376
	Action Number: 162667
	Action Type: [C-137] Non-Fee SWMF Submittal (SWMF NON-FEE SUBMITTAL)

**CONDITIONS**

Created By	Condition	Condition Date
bjones	The November 18, 2022 OCD emailed approval is attached to the request.	11/30/2022