

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

NEW MEXICO OIL CONSERVATION COMMISSION HEARING

January 9, 2017  
Eunice Community Center  
1115 Avenue I  
Eunice, New Mexico  
8:07 a.m.

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PURSUANT TO THE APPLICABLE RULES, this  
hearing was:

REPORTED BY: KIM KAY SHOLLENBARGER, RPR, CCR #236  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 4th STREET NORTHWEST, SUITE 105  
ALBUQUERQUE, NEW MEXICO 87102

A P P E A R A N C E S

MEMBERS PRESENT:

David R. Catanach, Chair, Oil Conservation Division

Patrick L. Padilla, Member, New Mexico Public Lands

Robert S. Balch, Member, Energy and Minerals

ALSO PRESENT:

Cheryl L. Bada, Assistant General Counsel

Florene Davidson, Commission Clerk

1 (Session at 8:07.)

2 CHAIRMAN CATANACH: Good morning. This is the  
3 meeting of the Oil Conservation Commission. Today's date  
4 is January 9, 2017. The time is approximately 8:07.  
5 This meeting is being held at the Community Center in  
6 Eunice, New Mexico.

7 My name is David Catanach, I'm chairman of the  
8 commission. At this time I will take roll. If the  
9 commissioners will introduce themselves for the record.

10 MR. PADILLA: Patrick Padilla, designee, New  
11 Mexico Commissioner of Public Lands.

12 MR. BALCH: I'm Robert Balch, designee,  
13 Secretary, Energy and Minerals.

14 CHAIRMAN CATANACH: Also present today is  
15 Cheryl Bada who is the commission attorney, and Ms.  
16 Florene Davidson who will be taking minutes of the  
17 meeting.

18 I would like to take this opportunity to thank  
19 Mayor White for graciously providing the forum for  
20 today's meeting. I would like to thank the members of  
21 the public who came out for the meeting to voice their  
22 comments.

23 Also, I would like to recognize we have some  
24 legislators who are in the audience. Representative  
25 Gallegos and Representative Scott are here today.

1 UNIDENTIFIED SPEAKER: And Representative  
2 Lyons, Mr. Chair.

3 CHAIRMAN CATANACH: Pardon me, Representative  
4 Lyons also in attendance.

5 Commissioners, in your packets you will find an  
6 agenda for today's meeting. Do I have a motion and a  
7 second to approve today's agenda?

8 MR. PADILLA: So move.

9 MR. BALCH: Second.

10 (Vote taken.)

11 CHAIRMAN CATANACH: Motion adopted. Today's  
12 agenda passed.

13 Commissioners, also in your packets are the  
14 minutes from the January 4th commission meeting.  
15 Commissioners, do you have any changes to the minutes and  
16 if not, do I hear a motion and second to approve the  
17 minutes?

18 MR. BALCH: I reviewed the minutes, and I make  
19 a motion to accept them.

20 MR. PADILLA: I second the motion.

21 (Vote taken.)

22 CHAIRMAN CATANACH: Motion to adopt the minutes  
23 from the January 4th commission meeting are approved.

24 The next order of business today is case number  
25 15617, which is the application CK Disposal, LLC, for a

1 commercial surface waste management facility permit in  
2 Lea County, New Mexico.

3 At this time I will go ahead and call for  
4 appearances in the case.

5 MR. WOODWARD: Mike Woodward, attorney for CK  
6 Disposal. I also have Wes McGuffey, associate. Also  
7 representing CK Disposal is David Karger. Bryce Karger,  
8 sorry.

9 CHAIRMAN CATANACH: Thank you. Additional  
10 appearances.

11 MR. BROOKS: David Brooks, representing the Oil  
12 Conservation Division.

13 MR. HOLBERG: I'm Hal Holberg, consultant for  
14 CK Disposal.

15 CHAIRMAN CATANACH: And we have a  
16 representative from LES.

17 MR. BOHNHOFF: Mr. Chairman, my name is Hank  
18 Bohnhoff, I'm with the Rodey Law Firm in Albuquerque. I  
19 represent LES.

20 CHAIRMAN CATANACH: Thank you, sir. I think at  
21 this time, if counsel for the parties want to make an  
22 opening statement, that's permissible at this time.

23 MR. WOODWARD: Thank you. I'm Mike Woodward.  
24 I'm going to stand up and I'll try to project to make  
25 sure everybody can hear me.

1           I represent CK Disposal. I'm with the law firm  
2 of Hance Scarborough out of Austin, Texas. When I was  
3 approached to work on this project I was little bit  
4 surprised that I was going to come out to Eunice, Texas  
5 for a contested hearing.

6           AUDIENCE: Eunice, New Mexico.

7           MR. WOODWARD: Eunice, New Mexico. I  
8 apologize. But I've worked on some pretty big projects  
9 out here, and one of the things that really amazed me  
10 about the Permian Basin is the openness and the  
11 acceptance of the community to these projects.

12           I grew up in the Permian Basin. I grew up in  
13 Odessa, and always enjoyed coming back out here and  
14 getting reacquainted with the community members.

15           This project is the result of the rule making  
16 from the OCC that adopted some very strict criteria for  
17 the siting of commercial facilities for the management of  
18 surface -- surface management oil and gas waste. They  
19 have some very strict siting locations, some very strict  
20 technical criteria that these facilities now have to  
21 meet.

22           These criteria came into effect in 2007, and  
23 there has not been a facility built in New Mexico under  
24 these criteria. The facilities that are operating out  
25 there serving the oil and gas industry managing this type

1 of waste are called legacy facilities and that's because  
2 they were grandfathered when these regulations came into  
3 effect. So it's unfair, and actually it's wrong to try  
4 and compare these legacy facilities to what is being  
5 proposed here.

6 CK Disposal purchased some real estate. I  
7 think everybody here knows where that is. It's out here  
8 four miles east of Eunice on Highway 176 on the south  
9 side of the highway. It's adjacent to the Lea County  
10 Regional Landfill. It's across the road from the LES,  
11 URENCO USA uranium enrichment facility. And  
12 approximately three-quarters of a mile to the northeast  
13 is the Waste Control Specialist, radioactive waste  
14 management facility, where they accept hazardous, toxic  
15 radioactive waste.

16 The siting criteria of the OCC make it very  
17 clear, and they're very specific on the type of land that  
18 you have to find to put one of these facilities. When  
19 you're going into the business, first you have to find a  
20 place that's close to the oil and gas waste where it's  
21 being generated. You then have to find a place that is  
22 at least a hundred feet separation between the bottom of  
23 the proposed landfill and the top of the groundwater.

24 I think it's really not a surprise to anyone as  
25 to why we have a concentration of these waste management

1 facilities out here at the state line on Highway 176.  
2 You have the Triassic red bed, the docking formation, it  
3 is a very tight, impermeable clay that comes almost to  
4 the surface out there. There's very little to no  
5 groundwater. Really, the first groundwater you find out  
6 there is the Santa Rosa, and it's approximately 600 feet  
7 deep beneath that docking formation.

8           So when it comes to this type of facility,  
9 we're going to do the land disposal of oil and gas waste,  
10 it's ideal. It's ideally situated, and it's on a highway  
11 so that the trucks have access to the facility. And it's  
12 in the middle of an oil field. So it's a place that can  
13 be used. It's a place that will provide a valuable and  
14 needed service to the energy industry.

15           The facility is designed in two parts. It has  
16 the landfill, which is for management of the solid oil  
17 and gas waste. The trucks will come in on the north side  
18 of the facility there. Let me change the drawing here.

19           On the west side of the property is where the  
20 landfill will be. Trucks will come in on the north side  
21 and they'll come into a receiving gate. In order for the  
22 waste to go to the landfill it has to meet a technical  
23 standard called the paint-filter test. And that's to  
24 verify that there are no free liquids in the waste and  
25 that it's dried up to go into the landfill.



1           It's received at the gate. They check the  
2 paperwork to make sure all the paperwork is in order.  
3 They'll do a visual inspection of the truck and the  
4 waste. They'll make sure the waste has passed the  
5 paint-filter test, and then it will be directed directly  
6 into the landfill.

7           If there's anything that not in order, such as  
8 the paperwork or if it doesn't pass the paint-filter  
9 test, then the driver will be given the opportunity to be  
10 redirected into the other part of the facility, or  
11 rejected, and it will have to go someplace else, back to  
12 the point of generation.

13           The other part of the facility over here, to  
14 the southeast corner, is the liquid processing portion of  
15 the facility. There the trucks will come in. And liquid  
16 waste is over here on the eastern part. The liquid waste  
17 is brought in and is also -- goes through the same  
18 process, they'll have paperwork, make sure it's in order.  
19 There will be a visual inspection, and then there's also  
20 another analysis conducted on the waste to confirm that  
21 the hydrogen sulfide gas is below one part per million.

22           If it's below one part per million and the  
23 paperwork is in order, it's brought into the facility  
24 where the liquid waste will be off loaded into this  
25 produced water manifold. That's really the only point

1     that the liquid waste will be exposed to the atmosphere,  
2     because it then goes to the tanks and the liquids are  
3     managed through the tanks through the oil/water  
4     separation process.

5             It's a closed-loop system. Recovered oil goes  
6     to oil storage tanks that can then be sold, and then the  
7     produced water -- or the sediments are settled out by the  
8     produced water in the tanks. The sediments go back  
9     through the solidification process into the landfill.  
10    What comes out of that is water, and the water can either  
11    be further processed and treated or recycled or it can go  
12    into these evaporation pumps. The evaporation pumps  
13    essentially receiving water. And they have little  
14    sprayers on them that will be used to evaporate.

15            It's going to be a state-of-the-art facility.  
16    You can see the drawings here. It's something that's  
17    needed. It's something that's going to move the energy  
18    industry forward for the appropriate management of its  
19    waste.

20            CK Disposal is committed to being a good  
21    neighbor. They want to work with the community. They  
22    want to work with their neighbors. They want to ensure  
23    that any perceived concerns are addressed.

24            And I have the representative of CK Disposal  
25    here, Bryce Karger. We also have the engineers from

1 Parkhill, Smith and Cooper and they're available to  
2 answer your questions. We also have the hydrogeologist.

3 So if you have questions that you want to ask  
4 us, I'll be glad to try to answer them. If you want to  
5 stick around and visit with us, we'll be glad to get the  
6 application out and show you where -- we've got the  
7 detailed designs, and describe the liner that's going in.  
8 It will have leak detection, leachate collection. It's a  
9 double-lined composite liner for both ponds and for the  
10 landfill.

11 This is what's utilized in industrial waste and  
12 municipal waste landfills. It's a design that's not  
13 being used in any other oil/gas waste disposal facilities  
14 in New Mexico, so it will be the first of its kind. And  
15 we're excited to be here. We're excited to be part of  
16 the community. And I appreciate the opportunity to  
17 address you.

18 Thank you, commissioners.

19 CHAIRMAN CATANACH: Thank you, Mr. Woodward.  
20 Do you want to say anything, Mr. Bohnhoff?

21 MR. BOHNHOFF: Thank you. Briefly. I'm Hank  
22 Bohnhoff, I'm with the Rodey Law Firm from Albuquerque.  
23 We represent LES.

24 LES opposes this application. It opposes it  
25 because of the impacts that LES believes it will have

1 both on the LES facility, the uranium enrichment  
2 facility, and impacts on the community generally.

3 The concerns we have are that the application  
4 does not demonstrate compliance with the requirements  
5 that are set out in the OCD regulations. The OCD  
6 regulations require number one, that the application  
7 demonstrate that the operator/owner will comply with all  
8 applicable statutes and rules. And two, that the  
9 facility can be operated without endangering, that is  
10 placing a risk, to fresh water, public health, safety,  
11 and the environment.

12 LES is concerned about the traffic issues, that  
13 obviously goes to safety. Given the fact that this is  
14 proposed to be directly across the entrance where -- the  
15 CK facility will be directly across the entrance for LES.  
16 And then two, the air quality issues, the emissions of  
17 volatile organic compounds as well as hydrogen sulfide,  
18 that the application, in fact, contemplates will be  
19 coming out of this facility.

20 Generally, that's the main concerns that LES  
21 has. Mr. Chairman, previous discussions, there's going  
22 to be an evidentiary hearing in February. I won't go  
23 into any more detail than that, because I understand  
24 LES's opportunity to make its presentation will be in  
25 February. However, I do anticipate that Mr. Jay

1 Laughlin, the chief nuclear officer for LES, will make  
2 comments in the public comment portion of the hearing.  
3 Thank you.

4 CHAIRMAN CATANACH: Mr. Brooks, did you want to  
5 make a statement?

6 MR. BROOKS: Ladies and gentlemen, I represent  
7 the Oil Conservation Division. And I've tried to explain  
8 to many people the difference between the Oil  
9 Conservation Commission and the Oil Conservation  
10 Division, and perhaps the problem is I don't fully  
11 understand it myself.

12 Anyway, what happens in this type of  
13 application is an application is submitted to the  
14 Environmental Bureau of the Oil Conservation Division.  
15 That was done. The Division found that the application  
16 was administratively complete, which means they filed  
17 everything they were required to file, and issued a draft  
18 permit.

19 The draft permit is just a document that shows  
20 what a permit would look like if one is issued. Then  
21 there's public notice given and people who oppose the  
22 issuance of the permit have a right to request a hearing.  
23 A number of people did. The hearing is held before the  
24 Oil Conservation Commission, which is the adjudicatory  
25 arm so far as oil and gas is concerned of the Energy,

1 Minerals and Natural Resources Department, and they will  
2 make the decision as to whether or not a permit is issued  
3 in this case.

4 So these are the people who make the decision.  
5 They will not be hearing all the technical evidence today  
6 because it's going to take three or four days. And they  
7 believe, rationally I think, that members of the public  
8 would like to get their interests before them and without  
9 sitting through a lengthy hearing. Therefore, we're here  
10 today. Thank you.

11 CHAIRMAN CATANACH: Thank you, Mr. Brooks.  
12 That is correct, this hearing was originally scheduled to  
13 be a three-day event in Eunice. We received a request  
14 from URENCO, they weren't fully prepared to go forward at  
15 this time. They requested a continuance of the hearing.  
16 The hearing will be held up in Santa Fe. It's a  
17 three-day hearing starting February 8th. We did want to  
18 let the public have the opportunity to voice their  
19 comments and that's why we're here today.

20 Mr. Brooks gave a good summary of what has  
21 transpired so far. The Division issued a tentative  
22 decision on this application. We had a few objections to  
23 the project, and we determined that there was sufficient  
24 public interest to justify the public hearing and that's  
25 where we are right now.

1           At today's meeting we have the presentation.  
2 CK made a general presentation on the facility and the  
3 operation. We will allow the public to ask questions of  
4 the technical people here today and we will allow the  
5 public to make comments on their concerns about the  
6 project.

7           If you have not signed the sign-in sheet, we  
8 need you to do that. We just need a record of the names  
9 of the people who will make comments today. And that  
10 sign-in sheet is over on the table.

11           Mr. Woodward, you've concluded with your  
12 overall presentation of the project?

13           MR. WOODWARD: Yes, sir.

14           CHAIRMAN CATANACH: So we'll jump into the  
15 public comment portion of the meeting. We will allow  
16 people to come up and make comments. Please identify  
17 yourself for the record when you speak, when you make a  
18 comment. We will limit it to five minutes per person.  
19 Thank you.

20           MAYOR WHITE: Good morning, Mr. Chairman. Can  
21 everybody hear me? Good morning, Mr. Chairman, I'm Mayor  
22 Matt White. We do welcome you here today. We appreciate  
23 you coming down, and we appreciate you gentlemen coming  
24 out. We would like to welcome you to the City of Eunice.

25           We're a thriving community of about 4,000

1 citizens with about 600 students in our school system  
2 here.

3 One thing we want everybody to know today, that  
4 we're not against this project. We're not necessarily  
5 with the location, but we do want you to know that we are  
6 an oil-based economy around here, and over 95 percent of  
7 our economy comes out of the oil industry.

8 We do embrace URENCO also because we're trying  
9 to diversify our economy so that we have -- whenever the  
10 oil market goes down, we don't completely die, which we  
11 actually went way down on this last slowdown. Our  
12 economy went down nearly 65 percent due to the oil  
13 economy going down, and that's what we're trying to  
14 prevent. We'd like to get away from those huge swings in  
15 our budget. However, we do support the oil industry and  
16 we want everybody to know that.

17 Highway 176 is a heavily-traveled road that  
18 consists of two lanes out there. A large amount of new  
19 traffic that we're worried about that would be generated  
20 on this highway gives us a great concern. Our emergency  
21 services consist of several police officers and around 28  
22 volunteers, with two full-time personnel. We respond to  
23 emergency services over a 1,500-square mile area. This  
24 highway has a -- we're worried about it because whenever  
25 these trucks go in and out of there, they're going to be



1     hauling an oily, sandy residue.

2                 If you go towards Carlsbad, to that site, and I  
3     hate to compare you to that site, but I'm just talking  
4     about the road over there. That road gets very oily and  
5     very slick. And when there's a little bit of rain, they  
6     have a lot of accidents. I heard just this last week  
7     that they had one truck turned over on the highway. I  
8     don't know, I just had heard that.

9                 Another concern that hadn't been brought up,  
10    and I didn't hear it mentioned this morning, and I have  
11    to ask CK about this, is in their permit they had listed  
12    a deep water well disposal site. And I hadn't heard that  
13    mentioned anywhere. Is that going to be open to the  
14    public or is that just strictly for your site?

15                MR. WOODWARD: Mr. Mayor, that well was  
16    identified on a drawing as a potential project in the  
17    future. It is not part of this application, and it is  
18    something that might be considered and is not definite  
19    that there will be a well. So there's -- I can't answer  
20    any specifics about the deep well, other than currently  
21    it is not proposed for the facility.

22                MAYOR WHITE: Okay. But I think it is in the  
23    application.

24                MR. WOODWARD: It's identified on the drawing  
25    as possibly being put on the facility in the future, but

1 it is not part of this application. We are not seeking  
2 authority for a deep well at this time.

3 MAYOR WHITE: Is that just for your disposal or  
4 is that going to be public disposal, if you do one?

5 MR. WOODWARD: It would be strictly for on-site  
6 disposal.

7 MAYOR WHITE: Again, there my concern is, I've  
8 seen these disposal sites, and the traffic around here is  
9 horrendous. That would quadruple your traffic, if it was  
10 open --

11 MR. WOODWARD: And if there was a decision in  
12 the future to pursue a deep well injection, it would  
13 require a whole other round of permitting and public  
14 input and -- but it's not being proposed at this time.

15 MAYOR WHITE: Okay. Thank you.

16 MR. WOODWARD: Yes, sir.

17 MAYOR WHITE: I just saw that in the permit,  
18 just had a question.

19 MR. WOODWARD: Yes, sir.

20 (Reporter interrupts -- one speaker only.)

21 MAYOR WHITE: Our other concern is Highway 176.  
22 At the present time we have a company that's bought 23  
23 acres right at the corner of Highway 176 and Highway 18  
24 and they're proposing a large truck stop there. One  
25 thing we don't want to do is jeopardize any kind of

1 development along Highway 176, you know. Maybe the OCD  
2 can go back to DOT and get us a four-lane highway out  
3 there, that would help. Thank you very much,  
4 commissioners, for your attention. Do you have any  
5 questions for me?

6 CHAIRMAN CATANACH: I don't have any questions.

7 REPRESENTATIVE GALLEGOS: Commissioners, thank  
8 you for being here, once again. I'm Representative David  
9 Gallegos, I live in Eunice. And I also have two letters  
10 from -- one from Senator Leavell and one from Senator  
11 Kernan, I'd like to read at the end of this.

12 Off first, I want to thank you-all for being  
13 here. I've worked with David quite a bit and also with  
14 Patrick, and I understand that in all reality, this is a  
15 gift to us, coming to Eunice, I appreciate that. I know  
16 it's a long way from Santa Fe, but it's very important to  
17 me, as being the state rep from here, Eunice, that the  
18 community have an opportunity to -- I know in February  
19 when we go to Santa Fe we'll already be there because of  
20 the session, but it's hard for the population of Eunice  
21 to make that trip. So extending yourselves to come here  
22 is appreciated and we recognize the amount of effort that  
23 you guys are doing to come out here.

24 Bryce and I have talked, I know his family,  
25 he's from Lovington, have known his dad for quite a few

1 years. We appreciate the opportunity to have any kind of  
2 business in this area. Like the mayor said, we depend on  
3 oil. The whole state depends on oil, but here in Lea  
4 County we really understand what oil does for our  
5 economy. So we appreciate the opportunity.

6 I think everything comes back down to safety.  
7 I was talking to Bryce, and there again my objective is  
8 just to be fair. You guys coming to Eunice helps us  
9 quite a bit, but we want to look at the safety aspects of  
10 this.

11 The mayor talked about 176 and the similarities  
12 of what it's going to be like up there at R360. I know  
13 it's a totally different facility, but the congestion  
14 aspect of what it's going to do to 176 is pretty  
15 important to me and my constituents.

16 There again, living in this community, my  
17 constituents are my neighbors, but also my grandfather,  
18 my granddaughter, my wife, my daughters. It's real  
19 critical -- we use that road to get to Odessa for  
20 everything. In a small town you go out. We love buying  
21 in town, but reality is we have to go to Odessa a lot.

22 That entrance there is an exit for us, but is  
23 an entrance into New Mexico from Texas and anyone coming  
24 in that entrance is going to take that view of what they  
25 see there as a reflection on Eunice. And the mayor has

1 done a lot for Eunice. I hope you guys traveled Main  
2 Street. Years ago it was not like that. It was a  
3 pass-through, now it's a hometown feeling. It took a lot  
4 of work to build this community to look and feel what it  
5 is now, and I'm just afraid, going forward, if we do not  
6 do something to protect that, it's going to make -- that  
7 entrance could be a hindrance to our community.

8           There again, the safety of the highway -- and  
9 Bryce and I've talked about that, he understand the State  
10 of New Mexico doesn't have any money. He understands the  
11 cost of the roadway right there at the access and  
12 everything. They have already agreed that they can  
13 assume that. I just want to make sure that when we do  
14 that, that it incorporates in the other areas of the  
15 URENCO people across the street. The mayor talked about  
16 that -- as we grow, we need to make sure that corridor is  
17 large enough to incorporate what they need, plus what  
18 this community needs.

19           One other question, and I don't know who to  
20 ask, I guess, Chairman Catanach, I was wondering why the  
21 air quality on the highway thing wasn't part of the  
22 permitting process? Is that three different segments of  
23 our government, whether or not it's included?

24           CHAIRMAN CATANACH: Mr. Brooks, do you want to  
25 address that?

1           MR. BROOKS: We have Jim Griswold here, he  
2 might be able to address that issue.

3           MR. GRISWOLD: Sure. Representative Gallegos,  
4 aspects concerning the roadway and air quality are not in  
5 with the OCD's purview. DOT, Department of  
6 Transportation, obviously handles the road access issues  
7 and the New Mexico Environmental Department Air Quality  
8 Bureau would handled the air emissions.

9           REPRESENTATIVE GALLEGOS: So then what I would  
10 understand, after this procedure process, then CK would  
11 also have to jump through those hoops to be able to be in  
12 compliance with the state?

13           MR. GRISWOLD: Yes, file paperwork with the  
14 environment department regarding potential emissions,  
15 notice of intent it's called, and the environment  
16 department would rule as to whether or not the facility  
17 would need an air permit or not. If they did, then they  
18 would issue that permit.

19           REPRESENTATIVE GALLEGOS: Thank you all, I  
20 appreciate that clarification. I guess it would have  
21 been nice to understand the different segments of  
22 different things. But I do want to go ahead and read a  
23 couple of letters.

24           Well, let me back up. Representative Wooley  
25 from Roswell has part of Lea County, but he graduated

1 here from Eunice and was supposed to be here this  
2 morning, but he's got the flu, and I'd rather have him  
3 over there sick than here. So he gave his notification  
4 that he will be there in February. You'll have a captive  
5 audience. I understand we're there for 60 days, so as  
6 much torment as you want to give us, we'll be there for  
7 you.

8 But I do want to go ahead and read these two  
9 letters in their entirety. I apologize for being over my  
10 five minutes, but if you don't mind.

11 CHAIRMAN CATANACH: Not a problem.

12 REPRESENTATIVE GALLEGOS: This is letter from  
13 Senator Carroll Leavell dated January 5th. It says, "To  
14 who it may concern: Re: CK Public Disposal permit  
15 application. I regret that I cannot be in Eunice to give  
16 a statement on this permit application. I do plan to be  
17 in Santa Fe for the hearing there and hope to give a  
18 statement in person at that time. I do appreciate this  
19 statement being read in this hearing.

20 Regretfully, I must oppose CK's application for  
21 the Disposal Permit. This will be the first oil and gas  
22 related permit that I have opposed in the 20 years that I  
23 have served in the New Mexico State Senate. I cannot  
24 support this permit due to the nature of the operation  
25 and the location of the operation.

1           This proposed operation will have a very  
2   adverse impact on Urenco as well as the traffic that  
3   comes into the state on Highway 176. I can only compare  
4   it to an operation near Half-Way Bar on Highway 180  
5   between Carlsbad and Hobbs.

6           Eunice, Hobbs, Lea County and the State of New  
7   Mexico worked to bring the Urenco project to Lea County.  
8   Urenco employees or contracts for over 350 persons. They  
9   have invested over four billion dollars in their present  
10   location. This project will be upwind and adjacent to  
11   Urenco. It will be a detriment and unattractive to  
12   persons traveling into New Mexico on 176.

13           It is my understanding the proposed plant could  
14   produce releases of hydrogen sulfide which could impact  
15   the workers at Urenco as well as the surrounding  
16   operations.

17           With all the semi vacant land in Lea County,  
18   I'm sure CK could find a location that will serve them as  
19   well. Again, it is my hope to speak personally in Santa  
20   Fe and I appreciate this statement being read in Eunice."

21           The next letter is from Senator Gay Kernan. It  
22   says, "I offer my concerns regarding the permitting of CK  
23   Disposal project to be located south of the URENCO, USA  
24   facility on Highway 176. From a quality of life  
25   consideration, a facility of this nature does not serve



1 well the community of Eunice or the employees of URENCO,  
2 USA. Understanding that due to the changes in the Pit  
3 Rule made during the previous administration, facilities  
4 such as CK Disposal are a necessary part of the oil and  
5 gas industry. Determining where these facilities are  
6 permitted should be made with the utmost consideration  
7 for the people that live and work in the vicinity. All  
8 one must do is drive between Carlsbad and Hobbs on a day  
9 when the wind is blowing from a southerly direction to  
10 know the consequences of permitting a disposal facility  
11 to the south of URENCO, USA and southeast of the City of  
12 Eunice.

13           As a state permitting body, consideration  
14 should be given to the impact a facility such as CK will  
15 have on the significant investments already made in this  
16 area. The contributions, both financially and as a  
17 corporate citizen, that URENCO, USA has made both in  
18 Eunice and across Lea County confirm the dedication the  
19 organization has to our communities. Are we, both as  
20 state representatives and local citizens, going to be  
21 silent in our support of URENCO, USA and for our  
22 commitment to assure a better quality of life for those  
23 living in this community?

24           I would urge the OCD to consider the testimony  
25 of the residents of Eunice and the employees of URENCO,

1 USA. The message we send when determining the location  
2 of a disposal facility such as the CK Disposal project  
3 will be heard across Lea County." And that's from  
4 Senator Kernan.

5 Just in closing, I just want to state once  
6 again that I appreciate Bryce coming to us. We had a  
7 really good meeting here, the City of Eunice, to try to  
8 explain to us -- I know that we are talking apples to  
9 oranges. We keep referencing the project there in --  
10 Half-Way Bar. But the similarities of the traffic, the  
11 oil on the highway, the smell, those are some of the  
12 concerns that I have, and so do my constituents.

13 So we appreciate that you guys did come, ask  
14 you to consider all the aspects of the community and our  
15 concerns when you render your decision. We will be there  
16 in February, so I will leave the rest for that time. I  
17 understand we will be discussing science, and just  
18 hopefully I'll understand a lot more at that time. Thank  
19 you again. Thank you both sides for allowing us to  
20 speak.

21 CHAIRMAN CATANACH: Thank you, Representative  
22 Gallegos. Do we have another person who wishes to speak?

23 MR. LAUGHLIN: Mr. Chairman, my name is Jay  
24 Laughlin and I'm the head of operations and I'm also the  
25 chief officer of URENCO, USA. I want to thank you for

1 traveling down to Lea County and holding this meeting in  
2 Eunice. This allows us and other members of our  
3 community to be able to share our opinions with you-all  
4 about the proposed permitting of the surface oil waste  
5 disposal facility, CK Disposal, that will be located  
6 adjacent and upwind from our site on Highway 176.

7 We are part of the energy industry in New  
8 Mexico and we are strong proponents to both the oil and  
9 gas industry in the area. The location of the site, the  
10 CK Disposal facility, does result in some significant  
11 concerns for our people and our facility, as well as the  
12 public and people of the other facilities in the area.

13 We do have federal and international criteria  
14 that requires us to maintain 24 hour a day, 7 day a week  
15 full operations and security controls there on site, and  
16 this results in a continuing exposure of our people and  
17 our site from the emissions from the proposed facility.

18 The immediate proximity to Highway 176, also  
19 located upwind from prevailing winds, provides some  
20 significant hazards we would like to address as well. We  
21 have submitted letters to OCD that identify these  
22 concerns. Our review of the permit application has  
23 revealed that some of the information provided may not be  
24 complete or sufficient to address these issues.

25 We understand that the next step is to have a

1 technical session that will be in Santa Fe, February 8th.  
2 We're preparing our technical information for  
3 presentation at this session. We look forward to meeting  
4 with you with the information to support our concerns at  
5 that time.

6 Thank you again for this opportunity to share  
7 our concerns with you and we appreciate the time and  
8 consideration of these comments. Thank you.

9 CHAIRMAN CATANACH: Thank you, Mr. Laughlin.  
10 Next person who wants to make a comment, please come  
11 forward.

12 MR. MCCASLAND: My name is Pat McCasland. I  
13 was born and raised in Eunice, went to school at New  
14 Mexico State, graduated. Worked for the Skelly Oil  
15 Company in the early '70s, then went into private  
16 business. Went to work for the State of New Mexico  
17 Environment Department and worked for five years at the  
18 WIPP site on behalf of the citizens of the state. I then  
19 went into private consulting as an environmental  
20 consultant and safety consultant.

21 When URENCO sited the plant here I applied for  
22 a position and was hired. That was ten years ago. Seen  
23 many changes in this area. I would like to thank the  
24 commission for coming down to our community. Actually,  
25 there are multiple communities here. We have the

1 community of Eunice, then we have the little group out at  
2 the intersection of Highway 18 and 176, and then at the  
3 state line you the URENCO community, along with WCS, they  
4 have probably a hundred employees. Then, of course,  
5 Sundance and Lea County Landfill.

6 I submitted a letter on November 15th to  
7 Director Catanach and I would like to read that. "My  
8 name is Pat McCasland. I live approximately  
9 two-and-a-half miles due west of the proposed site of CK  
10 Disposal. My adjacent neighbors include six young  
11 grandchildren. My experience with this type of facility  
12 that handles crude oil and recovers it, including two  
13 facilities, Sundance and the old CRI facility at  
14 Half-Way, there are times that the odor from Sundance" --  
15 they did have an oil recovery system that would heat the  
16 oil and at times the atmosphere was very putrid, is the  
17 best term I can use. Same way with the CRI facility when  
18 you drive by it. The odor issues are pretty important.  
19 Associated with that odor, H<sub>2</sub>S, are significant, but it's  
20 an indicator of the things that we don't think about very  
21 much.

22 The benzene, the xylene, the toluene, the known  
23 carcinogens that are associated with the oil and gas  
24 industry. It was so significant in the early years of  
25 regulation that the oil and gas industry were exempt from

1 those standards, along with the hearing conservation  
2 standards, the OSHA benzene standards. However, I'm not  
3 -- I don't work for the oil company and there aren't many  
4 oil companies that don't really take care of their  
5 employees. They don't think that they can expose their  
6 employees to hazardous levels of noise or benzene.

7 My concern with the facility is that being the  
8 nearest resident, I'm not sure about what our exposure to  
9 those carcinogens is going to be. And today I request  
10 that the Oil Conservation Division provide me, my family  
11 and our community, and the community of URENCO. I'm out  
12 there eight, ten hours a day, along with 200 other  
13 people, and to have a question about whether we're going  
14 to be impacted in 20 years by the vapors that come from  
15 the facility, I think it's an important question that  
16 needs to be answered.

17 The OCD is really concerned about H2S.  
18 Granted, it can kill people, and it has. The permissible  
19 exposure limits for H2S is ten parts per million.  
20 Permissible exposure limit to benzene in the occupational  
21 world is one part per million.

22 I would request the commission to ask CK  
23 Disposal to provide a technical assessment of what the  
24 exposure to the public is actually going to be. What the  
25 potential health hazards associated with long-term

1 exposure to these carcinogenic compounds will be from the  
2 facility.

3 I maintain that this facility with the  
4 increased exposure to these hazardous chemicals will be  
5 added. We're already in a situation where we're  
6 surrounded by production. And I was really glad to hear  
7 that you said it was a closed-loop system, except when  
8 it's off loaded, and that's when any volatiles are going  
9 to be coming out, and benzene is one of those.

10 I want to avoid the facility at all costs if  
11 it's going to increase the likelihood of cancer in our  
12 communities. If we can have the facility there and  
13 there's not a risk, I support it a hundred percent. But  
14 right now my neighbors, my family, we don't know that for  
15 sure. Thank you very much.

16 CHAIRMAN CATANACH: Thank you. Other comments?

17 MS. CARMACK: Linda Carmack, retired teacher.  
18 Newcomer, arriving in 1972. In speaking with the other  
19 senior citizens out at the center, not one was in favor  
20 of it. You know, we don't want it in our backyard. And  
21 I don't know if you-all would want that facility in your  
22 backyard. I don't think it's the wisest thing to do.  
23 The landfill is enough. But I just wanted you to know  
24 that the senior citizens are concerned, and I guess I  
25 elected myself to come speak for everyone who is out

1       there that I talked to that day. Thank you for coming.

2               CHAIRMAN CATANACH: Thank you.

3               MS. WILSON: My name is Susan Wilson and I am a  
4       resident of Eunice and also an employee of URENCO. When  
5       my husband and I first came here about eight years ago we  
6       were so impressed with the community of Eunice that we  
7       decided to stay here rather than going to Hobbs or  
8       Andrews, which a lot of other people who were working at  
9       URENCO had decided to go. We built a home in Eunice and  
10      have been very happy with our decision to live here.

11              I'm very concerned about what the CK Disposal  
12      will do to our community. I am very proud of the fact  
13      that URENCO has taken such great and pristine standards  
14      in establishing an emergency response for any potential  
15      hazards that could happen at the plant, and I am also  
16      very proud of the fact that URENCO has such high  
17      standards for safety. It has not been my impression that  
18      the oil and gas has followed the standards as diligently  
19      as URENCO has.

20              So I just want on record that I am very  
21      concerned about this being in the backyard. And as a  
22      resident of Eunice, and that I am concerned also about  
23      the traffic that will be on 176, because we do, as  
24      residents of Eunice, have to travel there to Texas or to  
25      Hobbs for various reasons, doctors appointments, things



1     like that. To me, it's just going to be an increase in  
2     traffic. I'm very concerned about that. Thank you for  
3     your time.

4                 CHAIRMAN CATANACH: Thank you. Anyone else?

5                 MS. GARDNER: Good morning. I'm Rose Gardner.  
6     First of all, I want to make -- it's clear that I did not  
7     support URENCO or any of its entities in the community.  
8     I always opposed to them. But I am concerned with this  
9     facility because of what it's going to do. I'm not  
10    against oil and gas recovery and whatever you have to do  
11    to keep the environment clean. I'm not opposed to a  
12    company coming into our community and, you know, trying  
13    to make an impact for themselves or our community.

14                What I am concerned with is pollution of all  
15    types. I'm concerned about the traffic. As it's been  
16    pointed out, it's a very busy area. I am concerned about  
17    why URENCO would oppose this, as it would look ugly. I  
18    am concerned about why my community would support  
19    URENCO's activities in town and not take into  
20    consideration that we're already suffering in our  
21    community.

22                The other thing is URENCO brings in cargo,  
23    there's no complaints about that. I am concerned as to  
24    why our community hasn't complained about the H<sub>2</sub>S that do  
25    escape. We eat, sleep in this environment. We used to

1 have three operating gas plants.

2 I am concerned because how much actual water  
3 will be used in that operation. I'm concerned about the  
4 H2 contamination that will occur on the facility site and  
5 perhaps around. I'm concerned because I have family and  
6 very good friends that live on Highway 18. I'm concerned  
7 because we're a community of 50 percent Hispanic. Why is  
8 our community always targeted with polluting  
9 corporations. Who opened the door? Who did we piss off?

10 I am concerned because last year there was a  
11 fire on Lincoln Road, the fire jumped Highway 18, headed  
12 east towards exactly this direction, where the facility  
13 will be located. I am concerned because we allow  
14 Sundance to have open pit waste, oil just sitting there  
15 and because it's off the road nobody really sees it.  
16 It's kind of out of sight, out of mind. This facility  
17 will be located in an area where it's not so much out of  
18 sight, out of mind.

19 The other thing is, why would a Texas company  
20 jump into New Mexico to pollute us? Why? These are all  
21 valid concerns and I hope that we don't become the  
22 asshole in New Mexico. Thank you.

23 CHAIRMAN CATANACH: Thank you. Anyone else?

24 MR. VIERCK: Good morning, members of the  
25 commission, I appreciate you coming to Eunice. I'm Steve

1 Vierck, I'm president/CEO of the Economic Development  
2 Corporation of Lea County, and we're a public -- a  
3 private partnership that's comprised of municipalities  
4 throughout Lea County, businesses, educational  
5 institutions, so of course everybody is dedicated to  
6 working together to try to expand and improve the  
7 economy.

8           What I would like to do is provide a synopsis  
9 of what our board has taken in opposition to the proposed  
10 location of the CK Disposal waste oil disposal plan. And  
11 I want point out, first of all, as a couple of others  
12 have done, as an economic development corporation we  
13 typically are very supportive of the oil and gas  
14 industry. Essentially as the economic driver of our  
15 economy, we're very supportive of it typically, and we  
16 recognize the need for oil waste disposal sites.  
17 However, in our view, this is not an appropriate  
18 location.

19           Lea County is a very large county, it's almost  
20 a hundred miles long, almost 4,400 square miles. And in  
21 our thinking, this is -- out of all the square miles to  
22 be selected, this is one of the worst sites selected as  
23 the location for an activity of this nature.

24           Let me make a few observations in terms of the  
25 economic development impact of this proposed site, which

1 again we feel is serious and substantial. First of all,  
2 as Mayor White had mentioned, it's not only a few miles  
3 from Eunice, the community of Eunice, it's also adjacent  
4 to a strategically important intersection for Eunice, at  
5 176 and 18, to try to get more commercial activity, gross  
6 receipts tax to help pay the bills for a community that's  
7 been under a lot of stress in that regard, this would  
8 very much impact their ability -- our ability to work for  
9 them to attract commercial operations in the area.

10 It's also, as has been stated, across the  
11 street from URENCO. 275 employees. Also five million  
12 dollar investment. That's got to be the largest -- maybe  
13 the top two or three largest investments by a business in  
14 the State of New Mexico. You talk about Intel in the  
15 Albuquerque area. This overshadows Intel in terms of  
16 investment, a five million dollar investment. So you've  
17 got a lot of employees that are at risk. You also have a  
18 substantial investment that the corporation has chosen to  
19 make in New Mexico, adjacent to Eunice, and we feel this  
20 will put us at risk.

21 I think, as you're aware, communities  
22 throughout the country, it's very competitive out there.  
23 There are 13,000 economic organizations around the  
24 country, it's extremely competitive for large investments  
25 that have a lot of jobs, good paying jobs, and

1 communities and states throughout the country, when you  
2 have investments of this magnitude, this importance, they  
3 work to protect those investments, they work to protect  
4 those facilities, and we need to do that, and I think  
5 that's part of what our role is.

6           What kind of message does it send to the  
7 marketplace and other prospective employers if a waste  
8 disposal facility is parked right across the street from  
9 a five million dollar investment that employees 275  
10 people. Part of what we are addressing as the Economic  
11 Development Corporation of Lea County is diversification  
12 our economy, and clearly it's something we need to do.  
13 It's very critical for our economic future and the  
14 livelihood our kids, our grandkids. And part of the  
15 strategy of diversified, not only in other sectors, but  
16 also to diversify within the energy sector. Oil and gas  
17 is the mainstay, but the main part of the strategy to  
18 diversify with the energy sector is to help expand the  
19 industry. We're one of the few places in the country who  
20 has been welcoming the support of nuclear-related  
21 businesses. These are high investments with good quality  
22 jobs, and we have gotten the reputation as a county as a  
23 supportive location for these types of enterprises. And  
24 as a result of part of the diversification strategy, at  
25 least two of our largest prospects are related to using

1 byproducts, using byproducts, and some of the ingredients  
2 essentially here in the waste treatment URENCO, and puts  
3 those projects at risk as well. And also puts at risk  
4 our reputation as a location for these types of  
5 operations. So we have some responsibility, because  
6 URENCO, when large companies come in of this magnitude,  
7 make a commitment. And URENCO has honored commitment,  
8 they employ people, provide financial support for people  
9 involved in this community. They have honored their  
10 commitment and they are an exceptional corporate citizen.  
11 Lea County, New Mexico made a commitment as well and we  
12 need to uphold our commitment. This facility would place  
13 extreme risk. I appreciate your consideration of my  
14 views. Thank you.

15 CHAIRMAN CATANACH: Any other comments?

16 MR. SUMNER: Hello, my name is Steve Sumner. I  
17 am here as self. I'm not here as a City of Eunice  
18 employee. I do have a few things to say. I like that  
19 you guys came down to our small town. It's not the  
20 shortest drive, but if you showed up and brought no  
21 technical information, then it's really hard to give a  
22 good question back to you about this facility. But I do  
23 have a few things to say.

24 One is, if it's this close to our city, and I'm  
25 not saying tomorrow, I'm not saying next week, there will

1 be an accident. No facility is without accidents. They  
2 have little signs that tell how many days you've been  
3 free.

4           If it's a closed-loop system, like you say,  
5 that shouldn't be a big deal. But it's not. You're  
6 dumping into the atmosphere. You're talking about  
7 something that's going to open for 20, 30 years. You're  
8 talking about a little bit of exposure every single day,  
9 and that's going to happen to the URENCO site, it's going  
10 to happen to the closest people living there, and  
11 eventually it's going to get out to the road. There's  
12 going to be truckers that are tired, they're going to  
13 wreck. It happens. So what happens to us is actually  
14 what's going to happen to the site. Soon or later  
15 someone's going to get hurt. Someone's going to be  
16 exposed. And I just think it needs to move further away  
17 from a civilized town. Away from a population point.  
18 Thank you for your time.

19           CHAIRMAN CATANACH: Thank you. Any additional  
20 comments?

21           MS. WARD: Good morning. I'm Mary Ward. I'm a  
22 life-long resident of southeastern New Mexico, 35-year  
23 resident of Hobbs. We raised four children there. I was  
24 an educator for 23 years. I too am educated in the State  
25 of New Mexico, a college degree, and I am now proud to

1 say I am into my fifth year as an employee at URENCO,  
2 USA.

3 But the reason I'm speaking is not merely as an  
4 URENCO employee. My family, my grandparents, settled in  
5 New Mexico when it was still a territory, and since then  
6 the family farm has been in operation. And at that place  
7 where I grew up we learned a lot of good skills about  
8 being good stewards of the land and animals that we took  
9 care of and worrying about things like water, the soil,  
10 the products that people and animals use that were  
11 produced on the farm. And any time there's a water  
12 issue, a pollution issue, any kind of an issue that deals  
13 with the environment, people in New Mexico are interested  
14 in and have a vested interest in that.

15 My husband has been in the oil and gas  
16 industry, until this year, for about 30 years as a sales  
17 representative for various oil companies, so we've  
18 attended events in Santa Fe many times, we're familiar  
19 with the industry. He's worked for major oil companies  
20 in this area.

21 The reason that I think we value this hearing  
22 is that we can gather information as well as offer  
23 various perspectives of the citizens that live here. I  
24 have been interested in citizens and students and parents  
25 of Lea County for a very long time. Especially in



1 Eunice, because I was principal of the middle school here  
2 for seven years and began to know and love the people who  
3 work here, but they are no different than anyone else, in  
4 that they value their families, their environment.

5 But I can tell you that just the plain old  
6 stench from oil products and waste is pretty much above  
7 -- a thing that would make you not want to live in this  
8 area. It's sort of like a water treatment facility  
9 plant, they are a necessity and we have to have them, we  
10 can't do without them, but no one wants it near them. So  
11 I would also value information on the technique for  
12 treatment of solid waste at the plant.

13 We've heard about the closed system, but to  
14 treat dirt the way we have always heard, is a matter of  
15 grading and moving it around and letting things evaporate  
16 and that evaporation also causes a distinct odor that is  
17 noticed by anyone throughout. So I think the technical  
18 part is what we came here wanting to learn more about,  
19 and we weren't really satisfied with what we're hearing.  
20 We're hearing the concerns that are less technical.

21 The traffic, of course, is always a concern.  
22 And if you drive back and forth from Hobbs to Eunice  
23 every day, as I do and I did for seven years when I was  
24 principal, the oil field traffic is horrendous at times.  
25 You just almost feel for your life the way they drive

1 sometimes. They're in a hurry to get where they need to  
2 go.

3 I had the good fortune one day for a truck to  
4 pull across two lanes of traffic directly in front of a  
5 car that had to swerve. Fortunately that car was a state  
6 policeman who pulled him over. Not that I would wish  
7 anything bad for the truck drivers, but it is a nuance  
8 and health hazard as well.

9 But the smell, if you live in the area, if the  
10 wind is just right, it's not good. Only my perspective.  
11 I'm not speaking for anyone else. My family, my  
12 perspective, I would say that what we would value is to  
13 have this facility, if it's operating at the state-of-art  
14 level and follow New Mexico environmental law as well as  
15 Texas, although Texas may have great laws, we have laws  
16 here too, and I would hope those would be as strict, but  
17 to be located in place where it would not impact the  
18 citizens of this area. Thank you.

19 CHAIRMAN CATANACH: Thank you. Mr. Woodward,  
20 we didn't hear a lot about the treatment of the solid  
21 waste. Do you have anyone who can address that?

22 MR. WOODWARD: One of the items that's  
23 addressed in the landfilling of the solid material is  
24 that the CK Disposal is committed to putting daily cover  
25 on the waste. In essence, it's going to give up 15

1 percent of the capacity of the waste disposal in an  
2 effort to control odors. The solid waste will go into  
3 the landfill and at the end of each day they're going to  
4 put six inches of soil, going to be stockpiled from  
5 construction of the landfill, this daily cover will go on  
6 top of that solid waste.

7           In terms of the processing, I don't think  
8 there's going to be much solid waste processing out  
9 there. Most of the solid that's going to be disposed of,  
10 are going to be going into the landfill. Now, there will  
11 be removal of the sediments from the tanks and that will  
12 be a -- on the pad out there. We have Nicholas Ybarra  
13 (phonetically) with us, who is the engineer who prepared,  
14 and maybe you can provide some description of the  
15 processing of the solids.

16           MR. YBARRA: To answer your concerns, I guess  
17 the H2S levels that will be coming out of the solid  
18 waste, when it enters the facility on the north side of  
19 the facility they will check for the levels of H2S of the  
20 solid waste, which includes the soil and any material  
21 that's brought in from the oil field. If it is above  
22 that one part per million of the H2S, a hydrogen chloride  
23 solution will be added to the material to kill -- to kill  
24 or to reduce the H2S level and any of the smell that's  
25 coming in on that soil to reduce any risk of any of those

1 emissions leaving the site. As stated by Mr. Woodward,  
2 once that material is placed at the landfill it will be  
3 covered daily. And it's just not daily, it's covered  
4 throughout the day also to get a solid impaction floor  
5 for more waste to enter the facility.

6 CHAIRMAN CATANACH: Thank you. Any other  
7 additional comments at this time?

8 MR. MONTROYA: Hello, my name is Chris Montoya,  
9 I'm the emissions supervisor at URENCO. I've heard a lot  
10 of comments from people from this area. I'm not from  
11 this area, I was born and raised in Los Angeles and then  
12 I spent about four-and-a-half years in Connecticut, so  
13 I'm very familiar with community pride and what happens  
14 when you bring in any waste facility into an area.

15 I was born and raised in California and across  
16 the way is the City of Industry. I don't know if you  
17 guys are familiar with Southern California. The City of  
18 Industry is more open to waste facilities, so they put in  
19 a waste facility in the City of Industry and they -- you  
20 know, this is California, so they have strict  
21 environmental laws and everything else. But because that  
22 facility went in, I mean, the smell around that area was  
23 horrendous. The truck traffic around the area was  
24 horrendous. And because of this property values in the  
25 area plummeted, so that's kind of one of my concerns with

1     this area, with this facility being put into the area,  
2     is -- as I said, I came in from Connecticut, you know,  
3     after I was hired at URENCO, and so me and my wife, we  
4     went looking through the surrounding areas to buy, you  
5     know, the best place to live. One of the reasons why  
6     Eunice was not selected was because of the high H2S in  
7     the area. You can smell it. The high H2S was too much.  
8     So there was no way we were going to reside in an area  
9     where you have this awful smell permeating 24/7, so  
10    that's why we selected north Hobbs. But I think that is  
11    a concern that hasn't been addressed.

12                 I know some people addressed entering New  
13    Mexico and this is the first thing that they will see as  
14    they enter. I know if this facility had been there when  
15    I first came to my job interview and whatnot, I probably  
16    wouldn't have accepted employment at URENCO. I think  
17    these are some of the other areas that need to be  
18    addressed as we go forward with this project.

19                 You know, one, this is the first thing that  
20    you're going to see and two, how is it going to impact  
21    not just the environment, but how's it going to impact  
22    property values and other businesses going forward.  
23    Thank you.

24                 CHAIRMAN CATANACH: Thank you. Anyone else who  
25    would like to make a comment?

1                   REPRESENTATIVE SCOTT: I am State  
2 Representative Larry Scott, District 62 in Hobbs. And  
3 thanks to the commissioners and all the folks from Santa  
4 Fe. I don't really have a comment, but I do have a  
5 question. There have been several commentators  
6 discussing the air quality issues, and anyone who has  
7 driven 62/180, the north side of the facility that is  
8 operational at Half-Way, knows, several miles normally  
9 before they get to the facility, that they are  
10 approaching one.

11                   So my question would be to the folks at CK,  
12 what differences will your operation have over the  
13 operation out at Half-Way and how would those differences  
14 mitigate the air quality issues, specifically with regard  
15 to URENCO?

16                   MR. WOODWARD: First and foremost, the design  
17 is going to be completely different from the one out at  
18 Half-Way. It's going to be a double-line, leak  
19 detection, leachate collection system. Also, the waste  
20 going into this landfill is going to be required to pass  
21 the paint-filter test. There will be no free liquids  
22 going into this landfill.

23                   Once the waste is placed into the landfill it's  
24 going to receive the daily cover, and this is over and  
25 above the requirements in the regulations. They're going

1 to come in and put dirt on top of this waste to aid any  
2 compaction, but also to assist in the control of the  
3 odors off of that waste.

4 REPRESENTATIVE SCOTT: As a follow-up question,  
5 there will be no free liquids whatsoever allowed into the  
6 facility; is that correct?

7 MR. WOODWARD: No free liquids into the  
8 landfill. Now, there is the liquid processing facility  
9 on the southeast portion of the facility.

10 REPRESENTATIVE SCOTT: And with regards to the  
11 liquids processing facility, are those going to require  
12 or have installed vapor recovery equipment to keep those  
13 oil vapors from being released in the atmosphere?

14 MR. WOODWARD: The H<sub>2</sub>S will be below one part  
15 per million as it's coming in. And I'll have to look to  
16 the technicians, I don't know about there being a vapor  
17 recovery on the tanks.

18 REPRESENTATIVE SCOTT: Mr. Commissioner, this  
19 facility is being proposed in very close proximity to  
20 some four million dollars worth of sensitive equipment,  
21 and a large number of people that work in close proximity  
22 to everything. I would urge the commission to be  
23 conservative with regard to the evaluation of the impacts  
24 on those folks that are working out there. Thank you,  
25 sir.

1                   MR. WOODWARD: Representative Scott, would you  
2 mind if I followed up just a little bit. One thing that  
3 I did want to point out is that this is the first in a  
4 series of multiple regulatory agencies that CK Disposal  
5 will have to respond to before they construct this  
6 facility. And we've heard concerns about the traffic.  
7 And before CK Disposal can turn one shovel of dirt out  
8 there they will have to go to the New Mexico Department  
9 of Transportation with engineering studies, with traffic  
10 studies, to get permission to build their driveway, and  
11 will have to work with the State of New Mexico to assure  
12 that there is no unreasonable risk of additional traffic  
13 accidents from their facility being there. So that's a  
14 next step for CK Disposal.

15                   Additionally, for the air emissions, CK  
16 Disposal will have to go to the New Mexico Environment  
17 Department with the proper engineering analysis to assure  
18 that this facility meets air quality standards of the  
19 State of New Mexico. So CK's committed to complying with  
20 all necessary laws and regulations, required regulations.  
21 And as exhibited in this application, go beyond the  
22 minimum. They want to put in a first-class facility that  
23 meets the regulations and complies with the standards of  
24 both for air quality, water quality, traffic safety, and  
25 be a good neighbor. They want to be part of this



1 community, and they know there's going to be eyes  
2 watching them from all around, from the employees at  
3 URENCO, to the regulators from the State of New Mexico,  
4 from the citizens in Eunice who are going to Odessa to  
5 get their groceries. So it's a commitment that CK  
6 Disposal is here to make to the community, to the  
7 regulators, that this is a facility that -- they do not  
8 want to be compared to the facility out there that's  
9 operating -- what we call the legacy facility. Thank  
10 you.

11 REPRESENTATIVE SCOTT: Thank you, Mr. Woodward.  
12 Thank you, commissioners.

13 CHAIRMAN CATANACH: Thank you, Representative  
14 Scott. Do we have any additional comments or questions?

15 DR. MCGOVERN: Good morning. My name is Dr.  
16 Matthew McGovern, I'm the chemistry manager at URENCO,  
17 USA. I did want to make some clarifications. I hear a  
18 lot of talk about ten parts per million, I think Pat  
19 mentioned ten parts per million H<sub>2</sub>S as a limit. And  
20 there's been a lot of talk about one part per million.  
21 New Mexico regulatory code limits 100 parts per million  
22 as the limit for the general public. So I just wanted to  
23 clarify that. When we're talking about these levels, 10  
24 parts per million is a heck of a lot higher than 100  
25 parts per million. And even 1 part per million is a

1 factor higher than 100 part per million, so just wanted  
2 to clarify that. Thank you.

3 CHAIRMAN CATANACH: Thank you, sir.

4 MR. MCCASLAND: Pat McCasland again. And I  
5 appreciate Mr. McGovern's comment about the public  
6 exposure limits. The limits I was referring to are  
7 occupational exposure limits, and typically public and  
8 environmental exposure limits are much less.

9 And your comment a few minutes ago that you  
10 would be meeting the air quality standards, what  
11 standards are those and will you be involved in applying  
12 for a permit?

13 MR. WOODWARD: The analysis is yet to be done  
14 as to what the potential off-site impacts are for VOCs,  
15 but we will have to go in front of the New Mexico  
16 Environment Department to see if there's a new source  
17 review required and whether there will be additional air  
18 control requirements on the tanks.

19 MR. MCCASLAND: Thank you.

20 CHAIRMAN CATANACH: Do we have any additional  
21 comments by the public at this time? Do we have any  
22 questions that the public would like to ask CK at this  
23 time?

24 I guess I would like to ask CK about the  
25 traffic situation. I know there's an existing facility

1 out there, the Sundance facility. Is that on the same  
2 road as coming into your facility or is that a different  
3 road?

4 MR. WOODWARD: I believe access to the Sundance  
5 facility is off of 176, but I'm not exactly sure. Mayor  
6 White may have a better...

7 MAYOR WHITE: Sundance is actually off of  
8 Highway 118. They're about two miles or a  
9 mile-and-a-half down the road from 176. That's one thing  
10 about Sundance, is the way their road is, they have about  
11 two or three miles stretch from 118 -- or from Highway 18  
12 and their facility. So when they get 20 or 30 trucks  
13 backed up, they're off of that highway. So they usually  
14 don't impact the traffic out there. And they're coming  
15 off of a four-lane highway too.

16 CHAIRMAN CATANACH: I guess one of the traffic  
17 concerns would be, it's my understanding there's no  
18 turning lanes for this facility off the highway; is that  
19 correct?

20 UNIDENTIFIED SPEAKER: For CK's facility?

21 CHAIRMAN CATANACH: Correct.

22 UNIDENTIFIED SPEAKER: The problem that I see  
23 on that is if you have trucks coming in from Texas,  
24 coming in from the east, they're going to be turning  
25 across the two-lane traffic. If you've got trucks coming

1 in from the west turning in, then you've got URENCO and  
2 you've got WCS, so there's going to be a point where you  
3 have a lot of traffic in that area.

4 CHAIRMAN CATANACH: Thank you.

5 MS. CARMACK: Linda Carmack again. I was on my  
6 way to Carlsbad one day and there was one of those trucks  
7 at Half-Way turned over. It's a four-lane divided  
8 highway, so that stopped the traffic. Luckily there was  
9 a road, kind of like a loop, going around, and I was able  
10 to take that. But here what will you do if an accident  
11 happened right out there? What would that cause? So  
12 that's something else to think about.

13 CHAIRMAN CATANACH: Thank you. What's the area  
14 that's going to be served by the facility, where is the  
15 traffic coming from?

16 MR. WOODWARD: Our estimates are, it's about a  
17 30-mile radius would be served. Typically truck traffic  
18 doesn't go much further than that when they're hauling  
19 waste from the oil and gas area. Our estimates are,  
20 there's about 40 trucks per 24-hour period anticipated at  
21 the facility. We expect maybe one per 30 minutes,  
22 average. But these are our estimates. We know are going  
23 to have to be developed in much more detail as we go in  
24 front of the New Mexico Department of Transportation.

25 CHAIRMAN CATANACH: Thank you.

1 UNIDENTIFIED SPEAKER: Mr. Chairman, I suggest  
2 that you-all, since you're close, that you get in your  
3 car and just drive four miles that way and see what it  
4 would look like if 40 extra trucks were coming down the  
5 road.

6 CHAIRMAN CATANACH: I think we will probably do  
7 that. At this point I would ask for final comments or  
8 questions from the audience before closing this session.

9 UNIDENTIFIED SPEAKER: Just to get a  
10 clarification. You said there was one truck every 30  
11 minutes; is that right?

12 MR. WOODWARD: Correct.

13 CHAIRMAN CATANACH: As we mentioned before, the  
14 next step in this process will be a hearing up in Santa  
15 Fe that will commence on February 8th. We anticipate  
16 having three days of testimony in this case. We again  
17 welcome the public to attend the hearing. We will also  
18 permit the public to make comments at that hearing. If  
19 you would like to present any kind of witness at the  
20 hearing, we ask that you obtain legal counsel to do so  
21 and comply with all the requirements, filing prehearing  
22 statements, et cetera. Other than that, if there's  
23 nothing further from anyone? We will go ahead and close  
24 this portion of the case.  
25 (Public hearing closed at 9:38 a.m.)

1 (Session at 10:04 a.m.)

2 CHAIRMAN CATANACH: So we'll call the  
3 commission meeting back to order. Just one more final  
4 order of business today. From the January 4th hearing  
5 we -- on the deliberations in the Roswell/Artesia  
6 groundwater basin case, we made some changes to the  
7 proposed rules and we asked the commission attorney to  
8 record those changes and provide to us at this hearing a  
9 copy of the -- a clean draft of the proposed rule, and we  
10 have done that. Thank you, Ms. Bada.

11 And I just wanted to ask the commission at this  
12 time if they reviewed the revised rule and if you have  
13 any changes at this time.

14 MR. PADILLA: I reviewed the rule and I don't  
15 have any changes.

16 MR. BALCH: And I have also reviewed the rule  
17 and I have no changes. I move to adopt it.

18 MR. PADILLA: And I second.

19 CHAIRMAN CATANACH: Okay. Are we to that  
20 point?

21 MS. BADA: You can adopt it.

22 CHAIRMAN CATANACH: I think what we'll do is,  
23 we don't have a draft order in this case yet. I think we  
24 will have a draft order, I presume, at the February 8th  
25 hearing. I think what we'll do is review that draft

1 order prior to that hearing, then if we are ready to  
2 adopt the rule at that time, we can do it at that time.  
3 But let's just not adopt it at this time, but we'll just  
4 go from there.

5 MR. BALCH: Sounds good.

6 CHAIRMAN CATANACH: Anything further in this  
7 matter?

8 MR. PADILLA: Not from me.

9 CHAIRMAN CATANACH: If not, this commission  
10 meeting is adjourned.

11 (Meeting adjourned at 10:06 a.m.)

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1 STATE OF NEW MEXICO            )  
  )  
2 COUNTY OF BERNALILLO         )

3         I, Kim Kay Shollenbarger, Certified Court Reporter,  
4 hereby certify that I reported the proceedings,  
5 New Mexico Oil Conservation Commission Meeting; that the  
6 pages numbered 3 through 55, inclusive, are a true and  
7 correct transcript of my stenographic notes and were  
8 reduced to typewritten transcript through Computer-Aided  
9 Transcription; and that on the date I reported these  
10 proceedings, I was a New Mexico Certified Court Reporter.

11         Dated at Albuquerque, New Mexico, this 16th day of  
12 January, 2017.

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\_\_\_\_\_  
Kim Kay Shollenbarger, RPR  
New Mexico CCR No 236  
Expires: December 31, 2017

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