

1RF-495 -  
MERCHANT NORTH  
CONTAINMENT  
AND RECYCLING  
FACILITY ID  
[fVV2232637845].  
Notice of construction  
and commencement of  
operations

[372165] CENTENNIAL  
RESOURCE PRODUCTION,  
LLC

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

<https://www.emnrd.nm.gov/ocd/ocd-e-permitting/>

## 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: Centennial Resource Development, Inc. (For multiple operators attach page with information) OGRID #: 372165

Address: 500 W. Illinois Avenue, Suite 500, Midland, TX 79701

Facility or well name (include API# if associated with a well): Merchant North Containment and Recycle Facility

OCD Permit Number: 1RF-495 (For new facilities the permit number will be assigned by the district office)

U/L or Qtr/Qtr NE / NE Section 09 Township 22-S Range 35-E County: Lea County

Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.

☒ **Recycling Facility:**

Location of recycling facility (if applicable): Latitude 32.410680 Longitude -103.364708 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:**

☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)

Center of Recycling Containment (if applicable): Latitude 32.411198 Longitude -103.366119 NAD83

☐ For multiple or additional recycling containments, attach design and location information of each containment

☒ Lined    ☒ Liner type: Thickness 60 Primary 40 Secondary    ☐ LLDPE ☒ HDPE    ☐ PVC    ☐ Other \_\_\_\_\_

☐ String-Reinforced

Liner Seams: ☒ Welded ☐ Factory ☐ Other \_\_\_\_\_ Volume: 679,626 bbl Dimensions: L 665' x W 530' x D 16'

☐ Recycling Containment Closure Completion Date: \_\_\_\_\_

4.

**Bonding:**

- ☒ Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)
- ☐ Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$ \_\_\_\_\_ (work on these facilities cannot commence until bonding amounts are approved)
- ☐ Attach closure cost estimate and documentation on how the closure cost was calculated.

5.

**Fencing:**

- ☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
- ☒ Alternate. Please specify 6-foot tall chainlink fence w/ 3-strand barbwire on 45-degree toppers

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.**

**ALL CONSTRUCTION AND OPERATION VARIANCES HAVE BEEN PREVIOUSLY APPROVED BY NMOCD.**

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

☐ 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.

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

☐ Yes ☒ No  
☐ NA

Within the area overlying a subsurface mine.

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

☐ Yes ☒ No

Within an unstable area.

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

☐ Yes ☒ No

Within a 100-year floodplain. FEMA map

☐ 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).

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

Within 500 feet of a wetland.

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

☐ Yes ☒ No

9.

**Recycling Facility and/or Containment Checklist:**

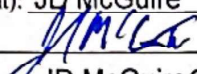
Instructions: Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- ☒ 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): JD McGuire Title: Water Resource Manager  
Signature:  Date: 11/07/2022  
e-mail address: JD.McGuire@cdevinc.com Telephone: 432-315-0136

11.

OCD Representative Signature: Victoria Venegas Approval Date: 11/22/2022

Title: Environmental Specialist OCD Permit Number: 1RF-495

- ☒ OCD Conditions
- ☒ Additional OCD Conditions on Attachment

## Venegas, Victoria, EMNRD

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**From:** Galan Kelley <gkelley@coldpeakenviro.com>  
**Sent:** Tuesday, December 6, 2022 1:53 PM  
**To:** Venegas, Victoria, EMNRD  
**Subject:** RE: [EXTERNAL] RE: 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval

Hi Victoria,

I filled out the C-147L form on the ePermitting site and selected Construction Notice from the drop-down in the attachment box. But it will not let me submit the form, a banner at the top of the page says more information is needed to proceed.

Is there another form that needs to be filled out? Do I fill out a C-147L document and attach it too? I just want to make sure we do this properly.



**More information is required before this application can be processed further.**

Application attachments indicate: Attachment(s) required to proceed.

## Submit Non-Fee [C-147] Water Recycle Long (C-147L)

### Submission Contact, Application, Fee and Payment Details

First Name: JD

Application Status: Draft Application

Last Name: McGuire

• Please call (505) 476-3441 or email [ocd.fees@state.nm.us](mailto:ocd.fees@state.nm.us) for

Email: JD.McGuire@cdevinc.com

Fee Amount: \$0.00

[Edit Submission Contact Details](#)

### Application Details

District	County	Location	
Hobbs	Lea	A-09-22S-35E Lot: 934 FNL 472 FEL 32.410963,-103.365465 NAD83	<a href="#">Delete</a>

[Add Facility](#)

[Add Location](#)

### Method of submission

Upload Attachment(s):



[Add Application Attachments](#)



Thank you,

Galan Kelley  
Cold Peak Environmental, LLC  
(361) 701-8465  
[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)



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**From:** Venegas, Victoria, EMNRD <[Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)>  
**Sent:** Tuesday, December 6, 2022 10:28 AM  
**To:** Galan Kelley <[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)>  
**Subject:** RE: [EXTERNAL] RE: 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval

Good morning Mr. Kelley,  
Please use C-147 Long option and choose Construction Notices from the dropdown list.  
Regards,

**Victoria Venegas** • Environmental Specialist  
Environmental Bureau  
EMNRD - Oil Conservation Division  
(575) 909-0269 | [Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)  
<https://www.emnrd.nm.gov/ocd/>



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**From:** Galan Kelley <[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)>  
**Sent:** Monday, December 5, 2022 5:47 PM  
**To:** Venegas, Victoria, EMNRD <[Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)>  
**Subject:** RE: [EXTERNAL] RE: 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval

Good evening Victoria,

Sorry to keep bugging you about this! Can you guide me in the right direction as to where I can submit the notice for construction and commencement of operations on the ePermitting site?

Thank you,

Galan Kelley  
Cold Peak Environmental, LLC  
(361) 701-8465  
[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)



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**From:** Venegas, Victoria, EMNRD <[Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)>  
**Sent:** Friday, December 2, 2022 8:43 AM  
**To:** Galan Kelley <[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)>  
**Cc:** JD McGuire <[JD.McGuire@cdevinc.com](mailto:JD.McGuire@cdevinc.com)>  
**Subject:** RE: [EXTERNAL] RE: 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval

Good morning Mr. Kelly,  
Please submit the notification through ePermitting.  
Thank you,

**Victoria Venegas** • Environmental Specialist  
Environmental Bureau  
EMNRD - Oil Conservation Division  
(575) 909-0269 | [Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)  
<https://www.emnrd.nm.gov/ocd/>



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**From:** Galan Kelley <[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)>  
**Sent:** Thursday, December 1, 2022 1:36 PM  
**To:** Venegas, Victoria, EMNRD <[Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)>  
**Cc:** JD McGuire <[JD.McGuire@cdevinc.com](mailto:JD.McGuire@cdevinc.com)>  
**Subject:** [EXTERNAL] RE: 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval

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



Good afternoon Victoria,

For the commencement of construction and operations, is it a simple email to you or is there a form that has to be filled out and submitted on OCD Online?

Hope you are having a great week so far!

Thank you,

Galan Kelley  
Cold Peak Environmental, LLC  
(361) 701-8465  
[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)



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**From:** Venegas, Victoria, EMNRD <[Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)>

**Sent:** Tuesday, November 22, 2022 3:47 PM

**To:** JD McGuire <[JD.McGuire@cdevinc.com](mailto:JD.McGuire@cdevinc.com)>; Galan Kelley <[gkelley@coldpeakenviro.com](mailto:gkelley@coldpeakenviro.com)>

**Subject:** 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval

**1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845]. Conditions of Approval**

Good afternoon Mr. McGuire,

NMOCD has reviewed the recycling containment permit application and related documents, submitted by [372165] CENTENNIAL RESOURCE PRODUCTION, LLC on November 15, 2022, for 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] in Unit Letter A, Section 09, Township 22S, Range 35E, Lea County, New Mexico. [372165] CENTENNIAL RESOURCE PRODUCTION, LLC requested variances from 19.15.34 NMAC for 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845].

The following variances have been approved:

- The variance to 19.15.34.12.A.(4) NMAC for the installation on the containments of a 40-mil HLDPE secondary liner is approved. The proposed 40-mil HDPE Geomembrane liner has a typical Hydraulic Conductivity no greater than 10-12 cm/sec. This hydraulic conductivity of no greater than 10-12 cm/sec exceeds the standard 30-mil LLDPE string-reinforced liner and EPA SW - 846 method 9090A
- The variance from 19.15.34.13.D NMAC, for the installation of a 6-foot galvanized chain link fence with 3 strands of barb wire on the top of the chain-link fencing is approved. The 3 strands of barb wire will be mounted on a galvanized barb bracket with a 45-degree angle pointing towards the outside of the location. Six 18" x 18" swinging gates will be installed at ground level for temporary waterlines to pass through. The gates will remain closed as depicted in the pictures below to ensure no wildlife can access the
- The variance from 19.15.34.13.E NMAC for the installation of an audible bird deterrence system, a Bird-X Mega-Blaster, is approved. Two units would be installed, each containing 2 built-in high output amplifiers and houses 20 speakers, capable of producing up to 125 decibels and a frequency range from 2,000 – 10,000 Hz.

The form C-147 and related documents for the 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] is approved with the following conditions of approval:

- The purpose of this permit is for oil and gas activities regulated under the NMAC 19.15.34.3 STATUTORY AUTHORITY: 19.15.34 NMAC is adopted pursuant to the Oil and Gas Act, Paragraph (15) of Section 70-2-12(B) NMSA 1978, which authorizes the division to regulate the disposition of water produced or used in connection with the drilling for or producing of oil and gas or both and Paragraph (21) of Section 70-2-12(B) NMSA 1978 which authorizes the regulation of the disposition of nondomestic wastes from the exploration, development, production or storage of crude oil or natural gas.
- [372165] CENTENNIAL RESOURCE PRODUCTION, LLC shall construct, operate, maintain, close, and reclaim the 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] in compliance with 19.15.34 NMAC.
- 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] is approved for five years of operation from the date of permit application. 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] permit expires on November 15, 2027.
- Water reuse and recycling from 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] is limited to wells owned or operated by [372165] CENTENNIAL RESOURCE PRODUCTION, LLC.
- 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] consists of two earthen impoundments of 679,626.00 BBL each. The total capacity of 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] is 1,359,252.00 BBL.
- [372165] CENTENNIAL RESOURCE PRODUCTION, LLC shall notify NMOCD when construction of 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] commences.
- [372165] CENTENNIAL RESOURCE PRODUCTION, LLC shall notify NMOCD when recycling operations commence and cease at 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845].
- A minimum of 3-feet freeboard must be maintained in 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] recycling containment, 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](#).
- [372165] CENTENNIAL RESOURCE PRODUCTION, LLC shall submit monthly reports of recycling and reuse of produced water, drilling fluids, and liquid oil field waste on NMOCD form C-148 through [OCD Online](#) even if there is zero activity.
- **Please note that NMOCD has updated Form C-148. The new Form C-148 can be found at:**  
<https://www.emnrd.nm.gov/ocd/wp-content/uploads/sites/6/Revised-C-148-Form-January-2022.pdf>.
- [372165] CENTENNIAL RESOURCE PRODUCTION, 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-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845].
- The re-vegetation and reclamation obligations imposed by federal, state trust land or tribal agencies on lands managed by those agencies shall supersede these provisions and govern the obligations of any operator subject to those provisions, provided that the other requirements provide equal or better protection of fresh water, human health and the environment.
- [372165] CENTENNIAL RESOURCE PRODUCTION, LLC shall notify the division via [OCD Online](#) when reclamation and re-vegetation are complete.

Please reference number 1RF-495 - MERCHANT NORTH CONTAINMENT AND RECYCLING FACILITY ID [fVV2232637845] in all future communications.

Regards,

**Victoria Venegas** • Environmental Specialist  
Environmental Bureau

EMNRD - Oil Conservation Division

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

<https://www.emnrd.nm.gov/oed/>



**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 164495

CONDITIONS

Operator: CENTENNIAL RESOURCE PRODUCTION, LLC 1001 17th Street, Suite 1800 Denver, CO 80202	OGRID: 372165
	Action Number: 164495
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	Thank you for the notice, it has been received and noted.	12/15/2022