

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/>

Form C-147
Revised October 11, 2022

Recycling Facility and/or Recycling Containment

Type of Facility: ☒ Recycling Facility ☒ Recycling Containment*
Type of action: ☐ Permit ☐ Registration
☐ Modification ☐ Extension
☐ Closure ☒ Other (explain) Transfer of Permit/Registration

* 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: NGL Water Solutions Permian, LLC (For multiple operators attach page with information) OGRID #: 372338
 Address: 865 North Albion Street, Suite 500, Denver, CO 80220
 Facility or well name (include API# if associated with a well): McCloy West Recycling Facility
 OCD Permit Number: 1RF-443 (For new facilities the permit number will be assigned by the district office)
 U/L or Qtr/Qtr _____ Section 15 Township 24S Range 32E County: Lea
 Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.

☒ **Recycling Facility:** North 32.213014 North -103.661814
 Location of recycling facility (if applicable): Latitude South 32.211464 Longitude South -103.66142 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 _____ Longitude _____ NAD83
☐ For multiple or additional recycling containments, attach design and location information of each containment
☒ Lined ☒ Liner type: Thickness 60 mil ☐ LLDPE ☒ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
 Liner Seams: ☒ Welded ☒ Factory ☐ Other _____ Volume: North 326,176 South 621,336 bbl Dimensions: L North 600'L x 230'W x 25'D x W South 480'L x 480'W x 25'D x D _____
☐ Recycling Containment Closure Completion Date: _____

4.

Bonding:

- ☐ Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)
- ☒ Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$ 329,200.00 (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.

Signs:

- ☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☐ Signed in compliance with 19.15.16.8 NMAC

7.

Variances:

Justifications and/or demonstrations that the proposed variance will afford reasonable protection against contamination of fresh water, human health, and the environment.

Check the below box only if a variance is requested:

- ☐ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. If a Variance is requested, include the variance information on a separate page and attach it to the C-147 as part of the application.

If a Variance is requested, it must be approved prior to implementation.

8.

Siting Criteria for Recycling Containment

Instructions: The applicant must provide attachments that demonstrate compliance for each siting criteria below as part of the application. Potential examples of the siting attachment source material are provided below under each criteria.

General siting**Ground water is less than 50 feet below the bottom of the Recycling Containment.**

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☒ 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.

☐ Yes ☒ No
☐ NA

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

Within the area overlying a subsurface mine.

☐ Yes ☒ No

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

Within an unstable area.

☐ Yes ☒ No

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

Within a 100-year floodplain. FEMA map

☐ 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).

☐ Yes ☒ No

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

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

☐ Yes ☒ No

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

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.

☐ Yes ☒ No

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

Within 500 feet of a wetland.

☐ Yes ☒ No

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

9.

Recycling Facility and/or Containment Checklist:**Instructions:** Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- ☒ Design Plan - based upon the appropriate requirements.
☒ Operating and Maintenance Plan - based upon the appropriate requirements.
☒ Closure Plan - based upon the appropriate requirements.
☒ Site Specific Groundwater Data -
☒ Siting Criteria Compliance Demonstrations –
☒ Certify that notice of the C-147 (only) has been sent to the surface owner(s)

10.

Operator Application Certification:

I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.

Name (Print): Kelsi Welch Title: Regulatory Consultant
 Signature: *Kelsi Welch* Date: 1/30/2025
 e-mail address: kelsijwelch@iptwell.com Telephone: 303-257-0107

11.

OCD Representative Signature: *Victoria Venegas* Approval Date: 02/12/2025

Title: Environmental Specialist OCD Permit Number: 1RF-443

- ☒ OCD Conditions _____
☒ Additional OCD Conditions on Attachment _____

19.15.34 NMAC - TRANSFER OF PERMIT OR REGISTRATION

The operator shall not transfer a permit or registration without the OCD's prior written approval. A request for transfer of a permit or registration shall identify operator (transferor) and transferee. If the OCD denies the transfer request, it shall notify the operator and the proposed transferee of the denial. Until the OCD approves the transfer and the required financial assurance is in place, the OCD shall not release the transferor's financial assurance, if applicable, and transfer the permit or registration to the transferee.

FACILITY INFORMATION:**Permit or Registration ID:** 1RF-443**Facility Name:** McCloy West Recycling Facility**Legal Description:** Recycling Facility**Location:** Section 15, Township 24 South, Range 32 East, Lea County, New Mexico**From:** Company Name: NGL Water Solutions Permian, LLC

Company Address: 865 N. Albion St., Ste. 500, Denver, CO, 80220

To: Company Name: Hydrosource Logistics Waste Management, LLC

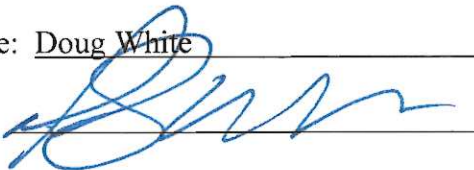
Company Address: 600 N. Marienfeld St., Ste. 800, Midland, TX, 79701

CERTIFICATION:

NGL Water Solutions Permian, LLC hereby requests that the above permit or registration be transferred to Hydrosource Logistics Waste Management, LLC

Print Name: Doug White

OGRID #: 372338

Signature: 

Date: 9/25/2024

Title: EVPMailing Address: 865 N. Albion St., Ste.500, Denver, CO, 80220Contact Telephone Number: 303-809-3326Contact Email: doug.white@nglep.com

Hydrosource Logistics Waste Management, LLC by the officer whose signature appears below, accepts this permit or registration, and agrees to comply with all terms and conditions contained herein and with 19.15.34 NMAC. Hydrosource Logistics Waste Management, LLC further acknowledges that the OCD for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. Hydrosource Logistics Waste Management, LLC also acknowledges that the surface owner has been notified of the transfer.

Accepted:

Hydrosource Logistics Waste Management, LLC

Print Name: Greg Mabee

OGRID #: 332820

Signature: 

Date: 9/25/2024

Title: Manager

Mailing Address: 600 N. Marienfeld St., Ste. 800, Midland, TX, 79701

Contact Telephone Number: 432-238-3588

Contact Email: greg.mabee@hydrosourcelogistics.com

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

SURETY BOND

- ☐ SINGLE WELL PLUGGING [19.15.8.9(C)(1); 19.15.8.9(D)(1) NMAC]
- ☐ BLANKET PLUGGING [19.15.8.9(C)(2) NMAC; 19.15.8.9(D)(2) NMAC]
- ☒ RECYCLING FACILITY OR CONTAINMENT [19.15.34.15 NMAC]
- ☐ SURFACE WASTE MANAGEMENT FACILITY [19.15.36.11 NMAC]
- ☐ WQCC DISCHARGE PERMIT (EXCLUDING UIC WELLS) [20.6.2.3107.A(11) NMAC]
- ☐ WQCC DISCHARGE PERMIT FOR UIC CLASS I, III, and V INJECTION WELLS [20.6.2.5006 NMAC; 20.6.2.5210.B(17) NMAC; 20.6.2.5320 NMAC; 20.6.2.5342(A)(1) NMAC; 20.6.2.5361(A)(3) NMAC; 20.6.2.5362(A)(3) NMAC; 20.6.2.5363 NMAC]
- ☐ ABATEMENT PLAN [19.15.30.11(C) NMAC; 20.6.2.4104(C) NMAC]

BOND NUMBER	<u>N-9000230</u>
BOND AMOUNT	<u>\$329,200.00</u>
FINANCIAL INSTITUTION	<u>Indemnity National Insurance Company</u>
OPERATOR/PRINCIPAL	<u>Lea and Eddy Holdings, LLC</u>
OGRID NUMBER	<u>332820</u>
WELL/FACILITY	<u>McCloy Pond</u>
TYPE OF WELL	<u>[] Active [] Inactive [] Approved Temporary Abandonment</u>
WELL DEPTH	<u></u>
LOCATION	<u>Section [15] Township [24S] Range [32E]</u> <u>County [Lea]</u>
API/ PERMIT NUMBER	<u>1RF443</u>

KNOW ALL MEN BY THESE PRESENTS:

That Lea and Eddy Holdings, LLC, ~~(an individual, if dba must~~
~~read Example John Doe dba ABC Services)~~ ~~(a general partnership)~~ ~~(a corporation)~~ (limited
liability company) ~~(limited partnership)~~ organized in the State of Texas, and
authorized to do business in the State of New Mexico), as PRINCIPAL, and Indemnity National
Insurance Company, a corporation organized and existing under the laws of the State
of Mississippi and authorized to do business in the State of New Mexico, as SURETY, are
firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation
Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the
DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$329,200.00
_____, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their
successors, and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are one of the following:

1. WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed _____ feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas, or brine minerals, or as an injection or other service well related to such exploration or production, or owns or operates, or may acquire, own, or operate such well, the identification and location of said well being:

_____, API No. 30-_____, _____,
(Name of Well)

located _____ feet from the (North/South) line and _____ feet from the
(East/West) line of Section _____, Township _____ (North) (South), Range _____
_____ (East) (West), NMPM, _____ County, New Mexico.

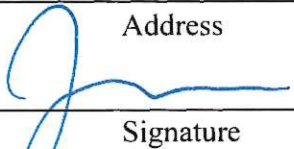
2. WHEREAS, the PRINCIPAL has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, Basic Sediment & Water, tank bottoms, waste oil or other oil field related waste in Section 15,
Township 24S, Range 32E, NMPM, County Lea, New Mexico.

3. The OPERATOR/PRINCIPAL(APPLICANT/PERMITTEE) has or may enter into the collection, treatment, storage, recycling, and re-use of produced water in Section_____, Township _____, Range _____, NMPM, County _____, New Mexico ("Facility"). ISSUER has been advised that OPERATOR/PRINCIPAL has requested this Bond as security for OPERATOR/PRINCIPAL's compliance with all laws and rules applicable to such activities, including, but not limited to, proper closing and remediation of the Facility.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, Oil Conservation Commission, or a court of competent jurisdiction, including but not limited to 19.15.8.9 and 19.15.25.10 NMAC, as such rules now exist or may hereafter be amended;

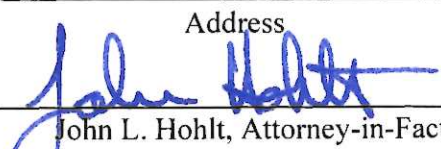
THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

Lea and Eddy Holdings, LLC
PRINCIPAL
600 N. Marienfeld St. Suite 800
Midland, TX 79701

By 
Signature
Manager
Title

**IF PRINCIPAL is a corporation, affix
Corporate Seal below:**

Indemnity National Insurance Company
SURETY
238 Bedford Way
Franklin, TN 37064


Address
John L. Hohlt, Attorney-in-Fact
Corporate surety, affix Corporate seal
below:

ACKNOWLEDGMENT FOR INDIVIDUAL

(If dba, must read – Example: John Doe dba Well Services)

State of _____)
SS.

County of _____)

This instrument was acknowledged before me on this _____ day of _____,

20____, by _____.

(Name of Individual)

Notary Public

SEAL

My Commission Expires:

**ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION, OR LIMITED
LIABILITY COMPANY**

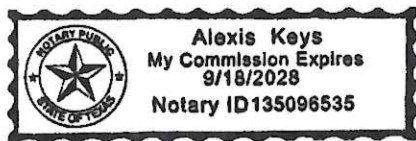
State of Texas)
SS.

County of midland)

This instrument was acknowledged before me on this 30 day of December,

2024, by Greg Masee, Manager of _____
(Capacity, e.g., partner, president, manager, member, company)

Lee and Eddy Holdings LLC
(Name of Partnership, corporation, or limited liability company)



SEAL

[Signature]
Notary Public

My Commission Expires:

9/18/28

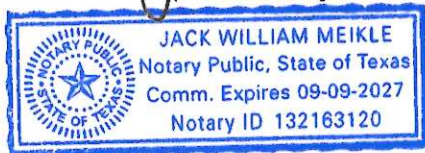
ACKNOWLEDGMENT FOR CORPORATE SURETY

State of Texas)
SS.
County of Harris)

This instrument was acknowledged before me on this 23rd day of December,

20 24, by John L. Holitt of
(Name of Attorney-in-Fact)

Indemnity National Insurance Company.
(Name of Corporate Surety)



SEAL

Jack Meikle
Notary Public

My Commission Expires:

CORPORATE SURETY ATTACH
POWER OF ATTORNEY

APPROVED BY:
OIL CONSERVATION DIVISION OF
NEW MEXICO

By _____

Date _____

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: that Indemnity National Insurance Company, a Mississippi corporation, (hereinafter the "Company"), does hereby constitute and appoint: ***John L. Hohlt, Jack Meikle, Ellis McConn, Senia Hernandez,***
Bruce Denson, Candice Hild, Nadia Ortega, and William Ison** of Cobbs Allen Capital, LLC dba CAC Specialty to be its true and lawful Attorney-in-Fact, with full power and authority hereby conferred to sign, seal, and execute on its behalf surety bonds or undertakings and other documents of a similar nature issued in the course of its business up to a penal sum not to exceed *****Ten million dollars (\$10,000,000.00)***** each, and to bind the Company thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Company.

This appointment is made under and executed pursuant to and by authority of the following Minutes of Special Actions Taken by Written Consent of the Board of Directors, which is now in full force and effect:

Authorization to Appoint Attorneys-in-Fact and the Use of Facsimile Signatures and Facsimile Seals for the Purpose of Issuing Bonds:

RESOLVED: That the president or any vice president may appoint attorneys-in-fact or agents with authority as defined or limited in the instrument evidencing the appointment in each case, for and on behalf of the Company to execute and deliver and affix the seal of the Company to bonds and related obligatory certificates and documents; and any one of said officers may remove any such attorney-in-fact or agent and revoke any power previously granted to such person, whether or not such officer appointed the attorney-in-fact or agent.

RESOLVED: That any bonds and related obligatory certificates and documents shall be valid and binding upon the Company,

- (i) when signed by the president, or any vice president, and sealed with the Company seal; or
- (ii) when duly executed and sealed with the Company seal by one or more attorneys-in-fact or agents pursuant to and within the limits of authority evidenced by the power of attorney issued by the Company to such person or persons a certified copy of which power of attorney must be attached thereto in order for such obligation to be binding upon the Company.

RESOLVED: That the signature of any authorized officer and the seal of the Company may be affixed to any power of attorney or certification thereof authorizing the execution and delivery of any bonds and related obligatory certificates and documents of the Company and such signature and seal then so used shall have the same force and effect as though manually affixed.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Indemnity National Insurance Company has been affixed thereto in Lexington, Kentucky this 20th day of August, 2021.



Indemnity National Insurance Company

By Thomas F. Elkins
Thomas F. Elkins, President

State of Kentucky
County of Fayette

On this 20th day of August, 2021, before me, a Notary Public, personally came Thomas F. Elkins, to me known, and acknowledged that he is President of Indemnity National Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Indemnity National Insurance Company thereto with the authority and at the direction of said corporation.



By Deborah A. Murphy
Notary Public

My Commission Expires 09/26/2025
Notary ID Number: KYNP34336

CERTIFICATE

I, James E. Hart, Secretary of Indemnity National Insurance Company, do hereby certify that the foregoing Power of Attorney is still in full force and effect, and further certify that the Minutes of Special Actions Taken by Written Consent of the Board of Directors are now in full force and effect.

IN TESTIMONY WHEREOF I have subscribed my name and affixed the seal of said Company. Dated this 23rd day of December, 2024.



By James E. Hart
James E. Hart, Secretary

Venegas, Victoria, EMNRD

From: Venegas, Victoria, EMNRD
Sent: Wednesday, February 12, 2025 10:25 AM
To: Kelsi Welch
Subject: TRANSFER OF PERMIT OR REGISTRATION 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220].
Attachments: C-147 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] 02.12.2025.pdf

TRANSFER OF PERMIT OR REGISTRATION 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220].

Good morning Ms. Welch.

NMOCD has reviewed the permit/registration transfer application received from [372338] NGL WATER SOLUTIONS PERMIAN, LLC on 01/28/2025, Application ID 425815, to transfer permit 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] from [372338] NGL WATER SOLUTIONS PERMIAN, LLC to [332820] Hydrosorce Logistics Waste Management, LLC. The form C-147 and related documents are approved for the transfer of permit/registration with the following conditions of approval:

- **[332820] HYDROSOURCE LOGISTICS WASTE MANAGEMENT, LLC will comply with all conditions previously approved for permit 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220]. No changes to the operations procedures, maintenance, and monitoring procedures, or closing procedures will be made and 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] must operate as originally permitted.**
- 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] permit expires on June 14, 2025.
- A minimum of 3-feet freeboard must be maintained at 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] at all times during operations.
- If less than 20% of the total fluid capacity is utilized every six months, beginning from the first withdrawal, operations of the 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] are considered ceased and a notification of cessation of operations should be sent electronically to OCD Permitting. A request to extend the cessation of operations, not to exceed six months, may be submitted using a C-147 form through OCD Permitting. If after that 6-month extension period, 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] is not utilized at a minimum of 20% fluid capacity, no additional extensions would be granted, and the operator would be directed to remove all fluids and proceed with the closure requirements.
- [332820] HYDROSOURCE LOGISTICS WASTE MANAGEMENT, LLC shall submit monthly reports of recycling and reuse of produced water, drilling fluids, and liquid oil field waste on OCD form C-148 via OCD Permitting even if there is zero activity.
- [332820] HYDROSOURCE LOGISTICS WASTE MANAGEMENT, LLC must inspect the 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] recycling containment and associated leak detection systems weekly while it contains fluids per 19.15.34.13(A). [332820] HYDROSOURCE LOGISTICS WASTE MANAGEMENT, LLC shall maintain a current log of such inspections and make the log available for review by the division upon request.

Please let me know if you have any additional questions.

Regards,

Victoria Venegas • Environmental Specialist Advanced
EMNRD - Oil Conservation Division

506 W. Texas Ave. Artesia, NM 88210
575.909.0269 | Victoria.Venegas@emnrd.nm.gov

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 425815

CONDITIONS

Operator: NGL WATER SOLUTIONS PERMIAN, LLC 865 North Albion Street Denver, CO 80220	OGRID: 372338
	Action Number: 425815
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	The application to transfer permit 1RF-443 - MCCLOY WEST RECYCLING FACILITY [fBGB1924149220] from [372338] NGL WATER SOLUTIONS PERMIAN, LLC to [332820] HYDROSOURCE LOGISTICS WASTE MANAGEMENT, LLC has been approved on 02/12/2025.	2/12/2025