



February 1, 2024

Ms. Leigh Barr
Environmental Specialist Supervisor - Administrative Permitting Program
Oil Conservation Division
Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: 2023 Progress Report, Sundance Services, Inc. Facility Closure
NMOCD Surface Waste Management Facility Permit No.: NM-01-003
Lea County, New Mexico

Dear Ms. Barr:

Sundance Services continues their efforts to close the legacy facility represented by Sundance Services, Inc. (SSI). On behalf of SSI, Daniel B. Stephens & Associates (DBS&A) has compiled the following information related to closure efforts that have been accomplished in 2023.

The status of the conditions that modified permit NM1-3 and the approved closure/post-closure plan are outlined in the following report.

Sincerely,

DANIEL B. STEPHENS & ASSOCIATES, INC.



Sundar Peterson, P.E.
Vice President/Principal Engineer

GP/rpf
Attachments

cc: Arif Mussani, Sundance Services, Inc.
Hon. Andrew L. Wambsganss, Esq.

Annual Report for 2023 Sundance Services, Inc. (Permit NM-01-003)

Submitted to

Oil Conservation Division

Energy, Minerals, and Natural Resources Department

Santa Fe, New Mexico

Submitted by

Sundance Services, Inc.

Lee County, New Mexico

Prepared by



6020 Academy NE, Suite 100

Albuquerque, New Mexico 87109

www.dbstephens.com

DB18.1209

February 1, 2024



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1. Introduction

This report summarizes activities undertaken in 2023 to meet the requirements of the Closure/Post-Closure Plan (CPC) submitted by Sundance Services, Inc. (SSI) (Commercial Surface Waste Management Facility Permit NM1-3) to the New Mexico Energy, Minerals and Natural Resources Division (EMNRD) Oil Conservation Division (OCD) on September 29, 2016 and approved on July 31, 2017 (see Appendix A).

In the approval for the CPC, the following milestones were identified, along with a release of financial assurance for each.

1. Installation of required groundwater monitoring wells and their initial sampling on or before December 31, 2017.
2. Removal of all produced water tanks, associated berms, and sumps on or before December 31, 2018.
3. Removal of all jet-out pits on or before December 31, 2019.
4. Draining of all process liquids and decommissioning of facility Ponds 5 and 6 on or before December 31, 2020.
5. East landfill slopes must be at final grades on or before December 31, 2021.
6. Ponds 2, 3, and 9 must be stabilized, all materials removed, the pond area appropriately remediated, and all remaining landfill slopes must be at final grades on or before December 31, 2022.

Additionally, it was acknowledged that

If performance or progress with any of the milestones described above is delayed, disrupted, or interfered with by unanticipated causes not the fault of and beyond the control of Sundance Services, Inc. and those for which they are responsible, then Sundance Services, Inc. shall be entitled to an equitable adjustment in the milestone dates provided... Causes of delay, disruption, or interference that may give rise to an adjustment in milestone dates include but are not limited to severe and unavoidable natural catastrophes such as fire, floods, epidemics, and earthquakes; abnormal weather conditions; and acts of war or terrorism.



2. Status of Permit Conditions

The status of the conditions that modified permit NM1-3 and the approved closure plan as of December 31, 2022 are as follows:

Condition 1 - Closure of the facility must begin on or before December 31st, 2017.

Complete.

Condition 2 - Sundance Services, Inc. shall provide a critical path schedule for each phase of closure at least 30 days prior to the commencement of closure activities at the facility.

Schedule as agreed upon in milestones, current on or ahead of schedule for all items. Progress on individual milestones discussed under Condition 7, below.

Condition 3 - Closure of the facility must be completed and commencement of the post-closure care period must begin on or before December 31st, 2022.

Closure has progressed and milestones have been met each year. A permit modification has been filed with the OCD to revise the approach and timeline for closure.

Condition 4 - Prior to the removal of existing sumps, Sundance Services, Inc. must identify the locations of each sump. Soil testing beneath each sump must be in accordance with provisions of 19.15.36 NMAC.

Completed for both Produced Water Tanks and Jet-Out Facilities.

Condition 5 - Sundance Services, Inc. must immediately begin abandonment of existing wells and the installation of the new vadose zone monitoring wells specified in the closure/post-closure plan. In addition to those wells specified in the plan, two additional vadose zone monitoring wells must be installed along the southern property boundary between VZ-2 and VZ-3 and between VZ-4 and VZ-5. These additional wells shall be subject to the same monitoring schedule and parameters as the other wells.

The installation of the new VZM wells was completed in 2017 and the piezometer abandonment was completed in 2018.

Condition 6 - At the beginning of the post-closure period, Sundance Services, Inc. shall undertake quarterly rather than annual monitoring events upon the vadose zone wells as well as after significant precipitation events (i.e. 24 hour, 25-year storms). This frequency may be reduced if it



can be demonstrated there is a lack of recoverable groundwater in the wells, or the water quality data does not indicate contamination.

Per OCD direction in April 2018 meeting, SSI has discontinued quarterly sampling and is undertaking annual sampling due to lack of water in the wells. There is no evidence that the vadose zone will recover, but SSI will evaluate the conditions at closure.

Condition 7 - The cost estimate provided within the September 29, 2016 closure/post-closure plan is \$3,395,000.00. Based upon subsequent discussions between Sundance Services, Inc. and the OCD, replacement financial assurance in the amount in total of \$3,695,000.00 in a form acceptable to the OCD under the current regulations is required immediately. The additional financial assurance is required to further assure closure operations proceed in a timely fashion. Also, an additional \$50,000 in financial assurance was provided for each of the six agreed upon milestones. If and when each of the following closure milestones is achieved, the amount of required financial assurance shall be released in the amount of \$50,000.00 for each milestone reached.

- Milestone 1 – Complete.
- Milestone 2 – Complete.
- Milestone 3 – Complete.
- Milestone 4 – Complete.
- Milestone 5 – Complete.
- Milestone 6 – Discussion of this milestone is provided in the next section.

3. Milestone 6 Activities

The description of Milestone 6, as approved, is: "Ponds 2, 3, and 9 must be stabilized, all materials removed, the pond area appropriately remediated, and all remaining landfill slopes must be at final grades on or before December 31, 2022." SSI continues efforts to stabilize and remove materials from Ponds 2 and 3 for permanent disposal in the landfill closure area. It is anticipated that this milestone and the Closure Plan will require modifications and updating in 2024.

In January 2024, SSI submitted a Minor Modification Application and requested modification of the closure of the evaporation ponds and landfill. In the September 2016 Closure/Post Closure



(C/PC) Plan, it was proposed that the pond sediments be solidified and consolidated in the active eastern landfill. The updated C/PC Plan proposes that the evaporation ponds be dewatered, the pond sediments solidified/stabilized, and closed in-place. The remaining tasks to final closure include the following:

- Ponds dewatered, and sediments solidified/stabilized
- Additional general soil fill placed in ponds and landfill areas to achieve design grades for drainage
- Final cover placed on ponds and landfill areas
- All closed areas seeded for vegetative cover
- Stormwater management system construction

Additionally, in the submitted permit modification application, SSI is requesting an extension of five years to December 31, 2028 for Milestone 6 to be completed.

Appendix A

Executed Closure Plan

Approval

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David Catanach
Director, Oil Conservation Division



July 31, 2017

Arif Mussani
Sundance Services, Inc.
1006 6th Street
Eunice, New Mexico 88231

RE: Approval of Closure/Post-Closure Plan for Commercial Surface Waste Management Facility (Permit NM1-3). South ½ of Section 29, Township 21 South, Range 38 East NMPM, Lea County, New Mexico

Mr. Mussani,

The Oil Conservation Division (OCD) has completed its review of the closure/post-closure plan submitted on your behalf by Gordon Environmental, Inc. dated September 29, 2016 regarding your existing commercial waste management facility operating at the location described above east of Eunice, NM. OCD approves this plan and permit NM1-3 is hereby modified with the following conditions:

1. Closure of the facility must begin on or before December 31st, 2017.
2. Sundance Services, Inc. shall provide a critical path schedule for each phase of closure at least 30 days prior to the commencement of closure activities at the facility.
3. Closure of the facility must be completed and commencement of the post-closure care period must begin on or before December 31st, 2022.
4. Prior to the removal of existing sumps, Sundance Services, Inc. must identify the locations of each sump. Soil testing beneath each sump must be in accordance with provisions of 19.15.36 NMAC.
5. Sundance Services, Inc. must immediately begin abandonment of existing wells and the installation of the new vadose zone monitoring wells specified in the closure/post-closure plan. In addition to those wells specified in the plan, two additional vadose zone monitoring wells must be installed along the southern property boundary between VZ-2 and VZ-3 and between VZ-4 and VZ-5. These additional wells shall be subject to the same monitoring schedule and parameters as the other wells.
6. At the beginning of the post-closure period, Sundance Services, Inc. shall undertake quarterly rather than annual monitoring events upon the vadose zone wells as well as after significant precipitation events (i.e. 24 hour, 25-year storms). This frequency may be reduced if it can be demonstrated there is a lack of recoverable groundwater in the wells, or the water quality data does not indicate contamination.
7. The cost estimate provided within the September 29, 2016 closure/post-closure plan is \$3,395,000.00. Based upon subsequent discussions between Sundance Services, Inc. and the OCD, replacement financial assurance in the amount of \$3,695,000.00 in a form acceptable to the OCD under the current regulations is required immediately. The additional financial assurance is required to further assure closure operations proceed in a timely fashion.

Sundance Services, Inc.
Modification of Permit NM1-3
July 31, 2017
Page 2

If and when each of the following closure milestones is achieved, the amount of required financial assurance shall be released in the amount of \$50,000.00 for each milestone reached on time:

- a. Installation of required groundwater monitoring wells and their initial sampling on or before December 31, 2017.
- b. Removal of all produced water tanks, associated berms, and sumps on or before December 31, 2018.
- c. Removal of all jet-out pits on or before December 31, 2019.
- d. Draining of all process liquids and decommissioning of facility Ponds 5 and 6 on or before December 31, 2020.
- e. East landfill slopes must be at final grades on or before December 31, 2021.
- f. Ponds 2, 3, and 9 must be stabilized, all materials removed, the pond area appropriately remediated, and all remaining landfill slopes must be at final grades on or before December 31, 2022.

The amount of financial assurance may be modified from time to time based upon conditions at the facility or other factors. If performance or progress with any of the milestones described above is delayed, disrupted, or interfered with by unanticipated causes not the fault of and beyond the control of Sundance Services, Inc. and those for which they are responsible, then Sundance Services, Inc. shall be entitled to an equitable adjustment in the milestone dates provided. Sundance Services, Inc.'s entitlement to an adjustment of the milestone date(s) is conditioned on such adjustment being essential to their ability to complete the milestone(s) within the dates defined. Causes of delay, disruption, or interference that may give rise to an adjustment in milestone dates include but are not limited to severe and unavoidable natural catastrophes such as fire, floods, epidemics, and earthquakes; abnormal weather conditions; and acts of war or terrorism.

This approved closure plan supersedes any prior closure plans or closure requirements. All requirements, including all statutes, rules, and orders, not related to facility closure and post-closure under the permit or 19.15.36 NMAC remain in full effect. Affirmation of acceptance by Sundance Services, Inc. of this permit modification is required by authorized signature below. If you have any questions, please contact Jim Griswold, OCD Environmental Bureau Chief at (505) 476-3465 or by email at jim.griswold@state.nm.us. On behalf of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this process.

Respectfully,



David Catanach
Director

CERTIFICATION

Sundance Services, Inc. by the signature of the authorized representative below, hereby accepts this modification to Permit NM1-3 and agrees to comply with the terms of the closure/post-closure plan and the conditions in this letter.

Accepted by SUNDANCE SERVICES, INC.

Signature: T. Mason

Title: C.F.O. / SECRETARY / TREASURER

Date: 8/1/17

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 313697

CONDITIONS

Operator: SUNDANCE SERVICES, INC. P.O. Box 1737 Eunice, NM 88231	OGRID: 149972
	Action Number: 313697
	Action Type: [C-137] Non-Fee SWMF Submittal (SWMF NON-FEE SUBMITTAL)

CONDITIONS

Created By	Condition	Condition Date
joseph.kennedy	Note: OCD approved minor modification of this permit 3/11/2024	4/7/2025