

Venegas, Victoria, EMNRD

From: r@rthicksconsult.com
Sent: Monday, December 7, 2020 12:58 PM
To: Venegas, Victoria, EMNRD
Cc: 'Michael Incerto'; 'Helen Gebhard'
Subject: [EXT] FW: Solaris Telluride Bond Form
Attachments: Closure Cost Estimate&BLMBond.pdf

Ms. Venegas

Attached is revised text for the Cost Estimate for Financial Assurance relating to the Telluride Air Gap AST Containment. The numerical estimate (\$18,000) did not change for the original submission, but we were incorrect regarding the set up of the AST on an existing pad. The text shows that the pad was constructed on BLM surface and removal/reclamation of the pad is covered by a bond with the BLM.

For the benefit of readers who are not familiar with Rule 34, I have included citations below for their convenience.

19.15.34.15 FINANCIAL ASSURANCE REQUIREMENTS FOR RECYCLING CONTAINMENTS:

A. Financial assurance.

(1) Containment operators without existing financial assurance pursuant to 19.15.8 NMAC shall furnish financial assurance acceptable to the division **in the amount of the recycling containment's estimated closure cost or \$25,000, whichever is greater.**

(2) Containment operators providing the division with an existing financial assurance pursuant to 19.15.8 NMAC do not require additional financial assurance. These containments are limited to only the wells owned or operated by the owners of the containment. Containments delivering fluids to wells not owned or operated by the owners or operators of the containment must provide financial assurance pursuant to Paragraph (1) of Subsection A of 19.15.34.15 NMAC.

Thus, despite the fact that the estimated cost of closure is \$18,000, **OCD requires a bond of \$25,000.** The attachment provides clear evidence that the surface owner (BLM) has caused bonding of \$25,000 to allow for reclamation and restoration of the pad.

We understand from your recent email that you are in process of review. We are moving forward with the \$25,000 bond for AST Closure. Solaris will transmit the bond to Mr. Daniel Sanchez.

Thanks

Randall Hicks, PG
505-238-9515 (cell)
505-266-5004
901 Rio Grande Blvd. NW
Suite F-142
Albuquerque, NM 87104