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December 14, 2022

VIA ELECTRONIC MAIL

Ms. Adrienne Sandoval, Director
New Mexico Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: OCD Notice of Closure of 3RF-2, Basin Water Recycling Facility, Facility ID FCS1519747831

Dear Director Sandoval:

Basin Disposal Inc. (BDI) is in receipt of your letter providing OCD Notice of Closure of 3RF-2, Basin Water Recycling Facility, Facility ID FCS1519747831

It is the position of Basin Disposal Inc. that the assertions made in the letter are factually inaccurate and as such any process of forced closure of this produced water recycling facility should be withdrawn.

Specifically, the Oil Conservation Division (OCD) asserts the following as cause for forced closure:

1. "The OCD has not received an extension request, which would be submitted using form C-147..."
2. "The recycling facility has failed to meet the [above] conditions of approval for the June 2022 extension..."
 - a. "BDI will maintain a liquid level in the containment that is at least equal to the weight of the liner plus 20%. BDI may maintain a higher liquid level if they choose"
 - b. "If less than 20% of the total fluid capacity is utilized every consecutive six months, operation of the facility is considered ceased and notification of cessation of operations should be sent electronically to OCD's E-Permitting Portal. An extension to extend the cessation of operations, not to exceed six months, may be submitted using a C-147 form to OCD Online."

As to item number 1 above, BDI did submit a form C-147 extension request on June 9, 2022 (attached). This extension request was subsequently approved by Victoria Venegas on June 30, 2022 (attached). The new registration / expiration date is now June 11, 2023. The form is clearly marked with a checkbox completed under the category of "Extension Request" at the top of the form.

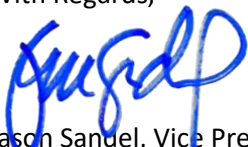
And in response to item 2, BDI offers the following:

- a. BDI has calculated the weight of the liner system plus 20% (attached). The amount of water required to meet this condition is 1.6 feet (19.2 inches). BDI currently has 1.8 feet (22 inches) of water in the above ground storage tank. BDI is compliant with this condition.
- b. BDI has used less than 20% of the total fluid capacity every six months. In compliance with this condition, BDI has submitted a form C-147 requesting and extension to the cessation of operations. This request was approved on June 30, 2022.

As stated above, it is the position of Basin Disposal Inc. that the assertions made in notice of cancellation letter are factually inaccurate and as such any process of forced closure of this produced water recycling facility should be withdrawn.

Considering the importance and effort the State of New Mexico has put toward recycling produced water for beneficial use I am hopeful that we can work collaboratively to address this apparent misunderstanding. To this end, I will make myself and our experts available for further discussion at your convenience.

With Regards,



Jason Sandel, Vice President
Basin Disposal Inc.

Cc: Ms. Rosa Romero, Environmental Bureau Chief at RosaM.Romero@emnrd.nm.gov
Ms. Victoria Venegas, OCD Environmental Specialist at Victoria.Venegas@state.nm.us

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

CONDITIONS

Action 179489

CONDITIONS

Operator: BASIN DISPOSAL INC P.O. Box 100 Aztec, NM 87410	OGRID: 1739
	Action Number: 179489
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	None	1/25/2023