

From: [Keith Gordon, PE](#)
To: [Jones, Brad, EMNRD](#)
Cc: [Stephanie Grantham](#); [Clay Kilmer](#)
Subject: [EXTERNAL] Re: Lee Land LLC - Updated C/PC Costs
Date: Thursday, June 6, 2024 1:39:32 PM
Attachments: [Brad Jones FA Memo.docx](#)
[Attachment 1.0 FA Update-1.docx](#)

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

As requested;

I. Keith Gordon, PE
IKG, LLC
505.301.2026



**I. Keith Gordon, P.E.**

24 Tejon Cañon Rd
Placitas NM 87043
505.301.2026 *Mobile*
505.369.1446 *Fax*

To: Brad A. Jones
Environmental Scientist Specialist – Advanced
Environmental Bureau
EMNRD - Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Submitted Electronically
Hard copy upon request.

Re: 2023 Annual Report and Supporting Documents Review
Permit No. NM1-135

June 5, 2024

Dear Mr. Jones,

This submittal is provided in response to your transmittal of May 21, 2024, regarding Financial Assurance for Closure/Post-closure of the Lea Land, LLC Landfill. Your request is consistent with our previous discussions, as is the documentation provided herein. We have taken the opportunity to revisit the previous calculations, and although the units have not changed, the projections for post-closure care/monitoring and maintenance have been over-funded (i.e., liquids processing area post-closure maintenance). To facilitate the calculation of C/PC costs, we are utilizing the recommended approach of applying the standard Consumer Price Index (CPI) retroactively to the approved unit costs from the approved 2019 Permit. More specifically, we have added the cumulative CPI rate, compounded annually, for each active Unit (i.e., Unit I, and Unit IIA). We have also added construction cost projections for closure of the two new Units currently under construction (i.e., Unit IIB and Unit IIC) using the adjusted CPI indices.

These two new Units comprise 8.7± acres, and the Division has been provided Construction Notification, plans, and specifications for Units IIB and IIC. Although Lea Land has more than adequate capacity remaining in Unit I and IIA, we will need to apply the 2 to 3 foot “fluff layer” of select soil solids to preserve the liner system and protective soil layer (PSL). Therefore, we have updated the “Major Milestone Schedule” to reflect the accelerated schedule (attached) and will proceed with the first lift of waste solids immediately following confirmation of the PSL thickness (i.e., 24” min.).

Attachment 1.0 summarizes the application of the standard Consumer Price Index for each consecutive year following activation of each Unit. Attachment 1.0 also shows the addition of \$203,240.99 for closure construction of future Units IIB and IIC (8.7± acres). In addition to adding the new Units (IIB and IIC), and the CPI increase, we have defrayed the \$71,940 cost estimate for Post-Closure Maintenance of the Liquids Processing Facility (Section 6.0, Exhibit B). There has been no construction of these planned Units, and no new vadose zone wells or leachate sumps have been installed that would increase environmental monitoring costs.

**I. Keith Gordon, P.E.**

24 Tejon Cañon Rd

Placitas NM 87043

505.301.2026 Mobile

505.369.1446 Fax

Table 2.0 summarizes the individual unit costs for the line items identified on Attachment II.4.D, from the 2019 Permit. The standard CPI Inflation Adjustments for 2020 through 2023 have been calculated and added cumulatively to reach the current unit cost (see attachments). We have reduced the Financial Assurance amount from the entire 100-acre± footprint to the 47.9-acre±, comprising the actual active area (i.e., Units I, IIA, plus the new cells IIB, and IIC), this change is documented in Attachment 1.0, under Task 2.0. Lea Land, LLC is fully funded for \$1,549,564, as demonstrated in the September 2023 Annual Report.

Lea Land plans to apply the 2024 CPI increase when available (typically February 2025) and furnish updated FA to you at that time. It is our understanding that the Division is applying the same scrutiny on FA for the other Part 36 surface waste management facilities. Thank you for your direct communication in discussing the FA issue; and we will submit electronically as instructed in your letter – as well as an electronic copy to you. This represents our formal response to your 05/21/2023 request. There have been some difficulties in accessing the OCD portal that you provided, we are still working on that.

Regards,



I. Keith Gordon, PE
IKG, LLC

**List of Attachments:**

Attachment 1.0 FA Update Including Inflation Adjustments to all Units
Table 2.0 Unit Costs plus CPI
Updated Major Milestone Schedule

Cc: Stephanie Grantham, Lea Land, LLC
Clay Kilmer, PG, Clay Kilmer, LLC

06/05/2024

Attachment 1.0
FA Update Including CPI Adjustments

Unit I
Landfill Closure Construction Cost Estimates
Including CPI Increases (2020 through 2023)

Task 1.0		Unit Quantity	Unit	Unit Cost	Total Cost
1.1 Final Cover Installation					
1.1.1 Install and compact 12" Intermediate Cover Layer		49,691	CY	\$2.50	\$124,227.50
1.1.2 Install and compact 6" Barrier Layer		24,845	CY	\$2.50	\$62,112.50
1.1.3 Install 24" Erosion/Vegetation Layer		99,381	CY	\$2.00	\$198,762.00
1.1.4 Vegetative Layer Seeding (Class A)		30.8	AC	\$1500.00	\$46,200.00
Task Subtotal					\$431,302.00
1.2 Final Cover CQA¹					
1.2.1 Inspection and Testing		30.8	AC	\$3,246.75	\$100,000.00
1.2.2 Certification		30.8	AC	\$487.01	\$15,000.00
Task Subtotal					\$115,000.00
TASK TOTALS					\$546,302.00
Independent Project Manager and Contract Administration Cost (10% of Task Totals)					\$54,630.20
TOTAL COST					\$600,932.20
Year	CPI Percentage Rate	Cost Added to Total Cost for Unit Closure²			
2020	1.6%	\$9,614.92			\$610,547.12
2021	7.0%	\$42,738.30			\$653,285.42
2022	6.5%	\$42,463.55			\$695,748.97
2023	3.4%	\$23,655.46			\$719,404.43
Unit I Task 1.0 Total with CPI Inflation Adjustments					\$719,404.43

Notes:

¹Original Document (II.4.D.3 Landfill Closure Construction Closure Cost Estimate) gave Lump Sum amounts for Inspection and Testing and Certification. This cost has been converted to demonstrate a per acre cost.

²Inflation Adjustments are compounded.

Unit IIA
Landfill Closure Construction Cost Estimates
Including CPI Increases (2023)

Task 1.0		Unit Quantity	Unit	Unit Cost 2022	Total Cost
1.1 Final Cover Installation					
1.1.1 Install and compact 12" Intermediate Cover Layer		13,552	CY	\$2.90	\$39,300.80
1.1.2 Install and compact 6" Barrier Layer		6,776	CY	\$2.90	\$19,650.40
1.1.3 Install 24" Erosion/Vegetation Layer		27,104	CY	\$2.31	\$62,610.24
1.1.4 Vegetative Layer Seeding (Class A)		8.4	AC	\$1,736.67	\$14,588.03
Task Subtotal					\$136,149.47
1.2 Final Cover CQA					
1.2.1 Inspection and Testing		8.4	AC	\$3,759.02	\$31,575.77
1.2.2 Certification		8.4	AC	\$563.85	\$4,736.34
Task Subtotal					\$36,312.11
TASK TOTALS					\$172,461.58
Independent Project Manager and Contract Administration Cost (10% of Task Totals)					\$17,246.16
TOTAL COST					\$189,707.74
Year	CPI Percentage Rate	Cost Added to Total Cost for Unit Closure ¹			
2023	3.4%	\$6,450.06			\$196,157.80
Unit IIA Total with CPI Inflation Adjustments					\$196,157.80

Notes:

¹Inflation Adjustments are compounded.

06/05/2024

Units IIB & IIC
Landfill Closure Construction Cost Estimates

Task 1.0	Unit Quantity	Unit	Unit Cost 2023	Total Cost
1.1 Final Cover Installation				
1.1.1 Install and compact 12" Intermediate Cover Layer	14,036	CY	\$3.00	\$42,108.00
1.1.2 Install and compact 6" Barrier Layer	7,018	CY	\$3.00	\$21,054.00
1.1.3 Install 24" Erosion/Vegetation Layer	28,072	CY	\$2.39	\$67,092.08
1.1.4 Vegetative Layer Seeding (Class A)	8.7	AC	\$1,795.72	\$15,622.76
Task Subtotal				\$145,876.84
1.2 Final Cover CQA				
1.2.1 Inspection and Testing	8.7	AC	\$3,886.83	\$33,815.42
1.2.2 Certification	8.7	AC	\$583.02	\$5,072.28
Task Subtotal				\$38,887.70
TASK TOTALS				\$184,764.54
Independent Project Manager and Contract Administration Cost (10% of Task Totals)				\$18,476.45
TOTAL COST				\$203,240.99

Notes:

There is not a CPI Increase for Units IIB & IIC. They are scheduled to open July 2023.

Landfill Maintenance and Environmental Monitoring
100-Acre OCD Landfill Footprint vs. 47.9 Acre Active Area
CPI Inflation Adjustments (2020 through 2023)

Task 2.0	2019 Lump Sum Cost¹ (100-acre footprint)	Lump Sum for Active 47.9-Acre Footprint Post-closure Care	Total Cost
2.1 Landfill Maintenance	\$547,800.00	\$262,396.20 (\$5,478/acre)	\$262,396.20
2.2 Environmental Monitoring	\$165,000.00	\$79,035.00 (\$1,650/acre)	\$79,035.00
Task Subtotal			\$341,431.20
TASK TOTALS			\$341,431.20
Year	CPI Percentage Rate	Cost Added to Total Cost for Maintenance & Monitoring²	
2020	1.6%	\$5,462.90	\$346,894.10
2021	7.0%	\$24,282.59	\$371,176.69
2022	6.5%	\$24,126.48	\$395,303.17
2023	3.4%	\$13,440.31	\$408,743.48
Landfill Maintenance and Environmental Monitoring Total with CPI Inflation Adjustments			\$408,743.48

Notes:

¹Lump Sum amounts from the Approved 2019 Permit.²Inflation Adjustments are compounded.

Closure/Post-closure Care
2023 Financial Assurance Update

Task 1.0 – Landfill Closure Construction Cost Estimates	2023 Closure Costs
Unit I	\$719,404.43
Unit IIA	\$196,157.80
Units IIB & IIC	\$203,240.99
Task Subtotal	\$1,118,803.22
Task 2.0 – Landfill Maintenance and Environmental Monitoring	
Landfill Maintenance and Environmental Monitoring	\$408,743.48
Task Subtotal	\$408,743.48
TOTAL COST	\$1,527,546.70

From: [Jones, Brad, EMNRD](#)
To: [Keith Gordon, PE](#); [Stephanie Grantham](#)
Cc: [Clay Kilmer](#)
Subject: RE: [EXTERNAL] Re: Lea Land LLC - Updated C/PC Costs
Date: Friday, June 7, 2024 2:17:00 PM
Attachments: [image001.png](#)

Stephanie and Keith,

The Oil Conservation Division (OCD) has completed the review of the closure and post-closure cost estimates that have been adjusted for inflation and have also been adjusted to represent costs for only the current active portions of the surface waste management facility. OCD accepts the new adjusted total of \$1,527,546.70. Based upon a review of the financial assurance on file with OCD, OCD has the following documents: Original April 2, 2016, Bond for \$370,281.88; June 5, 2020, Rider increasing the Bond to \$1,385,673.00; and the September 14, 2022, Rider increasing the Bond to \$1,549,563.00. When Lea Land is ready, please mail and address the replacement financial assurance documents to Leigh Barr and the Santa Fe OCD office at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. OCD will place this email and Lea Land's June 6, 2024, emailed request and Attachment 1 into the administrative record. OCD appreciates your assistance in this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

Brad Jones

Brad A. Jones Environmental Scientist Specialist - Advanced
Environmental Bureau
EMNRD - Oil Conservation Division
1220 S. Saint Francis Drive | Santa Fe, New Mexico 87505
(505) 469-7486 | brad.a.jones@emnrd.nm.gov
www.emnrd.nm.gov

From: Keith Gordon, PE <wbcsw@aol.com>
Sent: Thursday, June 6, 2024 1:39 PM
To: Jones, Brad, EMNRD <brad.a.Jones@emnrd.nm.gov>
Cc: Stephanie Grantham <lealand.sgrantham@gmail.com>; Clay Kilmer <claykilmer@gmail.com>
Subject: [EXTERNAL] Re: Lee Land LLC - Updated C/PC Costs

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

As requested;

I. Keith Gordon, PE
IKG, LLC
505.301.2026



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 352166

CONDITIONS

Operator: LEA LAND, LLC 1300 W Main St Oklahoma City, OK 73106	OGRID:
	195376
	Action Number:
	352166
Action Type:	
[C-137] Non-Fee SWMF Submittal (SWMF NON-FEE SUBMITTAL)	

CONDITIONS

Created By	Condition	Condition Date
bjones	OCD emailed Stephanie Grantham (Lea Land LLC), Keith Gordon, and Clay Kilmer the acceptance of the new financial assurance total of \$1,527,546.70 on June 7, 2024. It is attached to this request as OCD's Response.	6/7/2024