

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

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CASE NO. 15617

IN THE MATTER OF APPLICATION
OF C.K. DISPOSAL, LLC, FOR PERMIT
TO CONSTRUCT AND OPERATE A
COMMERCIAL SURFACE WASTE
MANAGEMENT FACILITY, PERMIT
NO. NM1-61

LOUISIANA ENERGY SERVICES, LLC's
PRE-HEARING STATEMENT

Pursuant to 19.15.4.13(B) NMAC, protesting and interested party Louisiana Energy Services, LLC, d/b/a URENCO USA ("LES"), submits the following pre-hearing statement:

1. Names of Party and Party's Counsel. LES' name is Louisiana Energy Services, LLC.

It is represented by Henry M. Bohnhoff, Cynthia A. Loehr, and Perry D. Robinson; their contact information is set forth below.

2. Statement of the Case and Reasons for Opposing Issuance of Requested Order. C.K.

Disposal, LLC ("C.K. Disposal") has applied with the New Mexico Oil Conservation Division for a permit to build and operate an oil field waste disposal facility immediately to the south of LES' uranium enrichment plant. LES opposes C.K. Disposal's application. The application does not meet the permitting requirements of 19.15.36 NMAC and therefore should be denied, because, among other reasons, C.K. Disposal has not demonstrated in its application, as required by 19.15.36.12(A)(1) NMAC, that it can build and operate the facility in compliance with all applicable statutes and rules, and without endangering fresh water, public health, safety and the environment; on the contrary, the facility cannot be built and operated in compliance with all applicable statutes and rules, and without endangering fresh water, public health, safety and the environment. Specifically,

a. In its application C.K. Disposal does not address its legal right of access to and from Highway 176; C.K. Disposal in fact lacks such legal right;

b. Even assuming it had a legal right of access to and from Highway 176, in its application C.K. Disposal does not address compliance with New Mexico Department of Transportation requirements for obtaining a permit to access Highway 176; C.K. Disposal's proposed access in any event would not comply with New Mexico Department of Transportation access permitting requirements and would endanger traffic safety;

c. C.K. Disposal's proposed stormwater drainage arrangements do not comply with governing regulatory requirements and would endanger the environment;

d. C.K. Disposal's application and proposed facility do not comply with the Oil Conservation Division's requirements and other applicable law for the protection of migratory birds, and would endanger the environment;

e. C.K. Disposal does not address in its application its expected emissions of, and permitting for, air contaminants other than hydrogen sulfide. Further, C.K. Disposal's proposed facility's emission of hydrogen sulfide, volatile organic compounds and other air contamination would not comply with applicable statutes and regulations, and would endanger fresh water, public health, including the health of LES' personnel, safety and the environment, including LES' premises;

f. C.K. Disposal's application does not meet the requirements of 19.15.36.8(C)(2) NMAC;

g. As is discussed in LES' June 2, 2016 letter to the OCD Director and Environmental Bureau Chief, at 2, C.K. Disposal's proposed facility is unnecessary given that there is a nearby existing oil field waste disposal facility; that facility, and its planned adjacent

replacement, will provide the same service to the oil and gas industry with less fresh water, public health, safety and environmental risk to LES and the surrounding community; and

h. As was addressed by members of the local community at the January 9, 2017 public meeting in this proceeding, C.K. Disposal's application will harm economic development efforts in Lea County, New Mexico.

LES reserves the right to assert and present evidence regarding additional reasons for its opposition to C.K. Disposal's application, as and when those reasons arise during the course of the February 8-10, 2017 hearing.

3. Names of Witnesses and, With Respect to Expert Witnesses, Fields of Expertise. LES expects to call the following witnesses to testify at the February 8-10, 2017, hearing in this matter:

- a. Steve Cowne.
- b. Joe Carrillo.
- c. Ron Bohannon. Development engineering, including stormwater drainage, New Mexico Department of Transportation access permitting, and traffic safety; the subject matter of his report, submitted herewith.
- d. Clayton Orwig. Air contaminant emissions, including their measurement, modeling and regulation; the subject matter of his report, submitted herewith.
- e. Jay Peters. Health and safety risk assessment of air contaminant emissions, including hydrogen sulfide; the subject matter of his report, submitted herewith.
- f. Matt McGovern, Ph.D. Analytical chemistry; corrosion and other environmental impact airborne dispersion of contamination generated by CK's proposed facility on LES' premises; the subject matter of his report, submitted herewith.

g. Nadia Glucksberg. Migratory bird protection, including regulatory requirements; impact of airborne dispersion of C.K. Disposal's evaporation pond constituents on LES' ability to comply with Clean Water Act stormwater discharge requirements; the subject matter of her reports, submitted herewith.

h. Lis Bisbey-Kuehn. Air quality permitting.

4. Length of Time to Present Case. LES anticipates that it will need between one and two full days to present its case.

5. Procedural Matters to Be Resolved Before the Hearing.

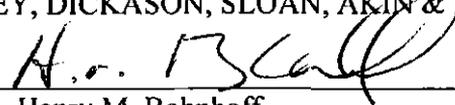
a. Resolution of C.K. Disposal's pending motions.

b. Allocation of hearing time between C.K. Disposal and LES, and adoption of "chess clock" rule for measuring time usage.

(At the conclusion of the hearing the OCC will need to decide on the format and schedule for post-hearing written submissions.)

LES' list of exhibits that it will offer into evidence at the February 8-10, 2017 hearing in this matter, and copies of the exhibits, are submitted herewith. LES reserves the right to introduce into evidence additional rebuttal and other exhibits, the need for which arises during the course of the hearing.

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

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CERTIFICATE OF SERVICE:

We hereby certify that a copy of the foregoing pleading was e-mailed on February 2, 2017, to the following:

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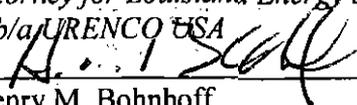
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