

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval Director
Oil Conservation Division



BY CERTIFIED AND ELECTRONIC MAIL

Mr. Cliff Humphreys
VP of Completions Matador Production Company
One Lincoln Center 5400 LBJ Freeway Suite 1500
Dallas, TX 75240
CHumphreys@matadorresources.com

Mr. Humphreys:

The Oil Conservation Division has reviewed Matador Production Company's Application and Form C 147 for the proposed Modification of Leatherneck Recycling Facility, OCD Administrative Order number 2RF-142. The Application is denied because it fails to meet the requirements of 19.15.34 NMAC. The Application is missing the following required information.

Operators must design, construct, operate, and close recycling facilities and containments according to 19.15.34 NMAC. The following items in the proposed Modification of Leatherneck Recycling Facility are not designed in compliance with 19.15.34 NMAC:

- the above-ground containment vertical slope and lack of an anchor trench (19.15.34.12.A (2) NMAC);
- the above-ground containment lack of an anchor trench and anchors (19.15.34.12.A (3) NMAC);
- the above-ground containment 40-mil LLDPE string-reinforced LLDPE double liner (19.15.34.12.A.(4) NMAC); and
- the leak detection system for the above-ground containments.

19.15.34.16 NMAC allows operators to file a written request for a variance from any requirement of these rules. Matador can resubmit these items, so they comply with the requirements of 19.15.34 NMAC, or request a variance to the requirements of 19.15.34 NMAC. As part of the variance demonstration requirements of 19.15.34.16.A NMAC, variance requests from the

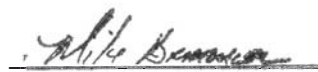
State of New Mexico
Energy, Minerals and Natural Resources Department

primary and secondary liners and the leak detection system requirements of 19.15.34.12.A (4) NMAC must include a statement from a registered professional engineer demonstrating that the proposed variance will provide equal or better protection of fresh water, public health and the environment.

Resubmittals of the entire application package should be sent to the OCD Environmental Bureau mailbox at OCD.Enviro@state.nm.us.

If you have any questions please contact Victoria Venegas at (575) 909-0269 or Victoria.Venegas@state.nm.us.

Sincerely,



Mike Bratcher
Southern District Manager
811 South First Street
Artesia, NM 88210
575-748-1283 Ext 108
575-626-0857 Cell

Hobbs Office:
1625 North French Drive
Hobbs NM 88240
575-393-6161