

Jones, Brad A., EMNRD

From: Barr, Leigh P EMNRD
Sent: Monday, August 30, 2021 1:13 PM
To: Jones, Brad A., EMNRD
Subject: FW: Sundance Services West, Inc.'s Surface Waste Management Facility, NM-62 2020 Annual Report
Attachments: 2021 Annual Report signed.pdf

Please review/file accordingly.

From: Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>
Sent: Monday, August 30, 2021 12:03 PM
To: Barr, Leigh P EMNRD <leighp.barr@state.nm.us>
Subject: FW: Sundance Services West, Inc.'s Surface Waste Management Facility, NM-62 2020 Annual Report

From: Misty Pratt <mpratt@brownpruitt.com>
Sent: Monday, August 30, 2021 11:57 AM
To: Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>
Cc: andy@wambsganss.com
Subject: RE: Sundance Services West, Inc.'s Surface Waste Management Facility, NM-62 2020 Annual Report

Mr. Griswold,

Attached please find the Annual Report for Sundance Services West, Inc. The attachments are voluminous. Therefore, I am providing the link below for you to access the attachments.

<https://www.dropbox.com/sh/qyj3c22anpph4xz/AADYj9Qk8w5IKkRG2pNh1G5Xa?dl=0>

Let us know if you have questions with this submittal.

Misty M. Pratt

mpratt@brownpruitt.com

Brown Pruitt Wambsganss Dean Forman & Moore, P.C.

FORT WORTH:

201 Main St. Suite 801
Fort Worth, Texas 76102
817.338.4888
817.338.0700 fax

SOUTHLAKE:

600 N. Carroll Avenue, Suite 100
Southlake, Texas 76092
817.203.2000
817.796.2200 fax

www.brownpruitt.com

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August 30, 2021

Mr. Jim Griswold
Environmental Bureau
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: NM1-62 2021 Annual Report
Sundance Services West, Inc. Surface Waste Management Facility

Dear Mr. Griswold:

Sundance Services West Inc. (SSWI) completed development of their Surface Waste Management Facility (SWMF) (NM1-62) in Lea County, New Mexico. SSWI has compiled the following information in support of the required annual report due by September 1, 2021. This report addresses Permit Condition 2D, Annual Report, and then addresses the additional permit conditions issued on July 31, 2017.

Permit Condition 2D, Annual Report required the following:

The operator must submit an annual report to the OCD by September 1st of each year providing the following information for the preceding year:

1) all inspection forms including those for leak detection systems along with analytical results

Subsequent to the initiation of operations in the process area and the landfill in the fourth quarter of 2019, inspection of the process area leak detection system and the landfill leachate and leak detection system are also being monitored. All inspection forms, including those for leak detection systems, are provided in Attachment 1, along with analytical results.

2) hydrogen sulfide monitoring results

SSWI has completed installation of the hydrogen sulfide monitoring system. An updated version of the hydrogen sulfide prevention and contingency plan was submitted to the Oil Conservation Division (OCD) on June 3, 2021. The plan is currently being implemented. Additionally, employees who are working with production have a personal hydrogen sulfide monitors on them at all times. These monitors are tested once a month by an outside safety company. The reports are available upon request. All customers that come to the site are required to have hydrogen sulfide monitors on their person. No hydrogen sulfide incidents have been reported. Results for hydrogen sulfide monitoring around the ponds for May, June, and July 2021 are provided in Attachment 2.

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3) process piping integrity test results

At this time, no process piping integrity test results are required.

4) training records

Documentation of training is provided in Attachment 3.

5) complaint logs and resolutions

At this time, no complaints have been received or logged for this SWMF; therefore, no resolution of complaints has been required.

and 6) a summary of the nature and amount of any reportable releases

At this time, no reportable releases have been identified; therefore, no summaries are provided.

The remaining permit conditions have been addressed as follows:

Permit Condition 1A, Permittee and Permitted Facility

OCD issues surface oil field waste management permit NM1-62 to Sundance West, Inc. (operator subsequently revised to Sundance Services West, Inc.), 1006 6th Street, Eunice, New Mexico 88231 for the construction, operation, and eventual closure of a commercial facility located upon a 320-acre tract in an unincorporated portion of Lea County, New Mexico approximately three miles east of Eunice.

The waste management facility is intended for the permanent disposal of exempt and non-exempt/nonhazardous oil field waste, and will include a processing area on 80 acres and a landfill on 180 acres. SSWI currently consists of 10 evaporation ponds, Cells 1A and 1B of the landfill, the jet-out facility and associated processing unit, and the drying pad. The remaining 60 acres incorporates associated infrastructure and buffer areas. The landfill will have a waste capacity of approximately 17.4 million cubic yards.

No action is required by SSWI relative to this condition.

Permit Condition 1B, Scope of Permit

OCD regulates the disposition of water produced or used in connection with the exploration and production of oil and gas and to direct disposal of that water in a manner which will afford reasonable protection against contamination of fresh water supplies pursuant to authority granted in the Oil & Gas Act (Chapter 70, Article 2 NMSA 1978). Under that Act, OCD also regulates the disposition of nondomestic wastes resulting from exploration, production, or storage of crude oil and natural gas to protect public health and the environment. Similarly, OCD regulates the disposition of nondomestic wastes resulting from the oil field service industry, the transportation of crude oil and natural gas, the treatment of natural gas, and the refinement of crude oil to protect public health and the environment pursuant to jurisdiction and authority granted by the same Act.

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This permit does not convey any property rights of any sort or any exclusive privilege to the operator and does not authorize any injury to property or persons, any invasion of other private rights, or any infringement of state, federal, or local laws, rules, or regulations.

No action is required by SSWI relative to this condition.

Permit Condition 1C, Owner/Operator Commitments

The operator must ensure that all operations are consistent with the terms and conditions of this permit and in conformance with all pertinent rules and regulations under the Oil & Gas Act. Furthermore, the operator shall abide by the approval conditions contained herein, along with all commitments submitted in its permit application of October 11, 2016 including any attachments and/or amendments all of which are incorporated into this Permit by reference.

SSWI confirms that, to the best of their knowledge, their operations to date are consistent with the terms and conditions of Permit NM1-62 and in conformance with all pertinent rules and regulations under the Oil & Gas Act.

SSWI confirms that, to the best of their knowledge, they are abiding by the approval conditions contained within Permit NM1-62, along with all commitments submitted in the October 11, 2016 permit application, including any attachments and/or amendments, all of which were incorporated into Permit NM1-62 by reference.

Permit Condition 1D, Modifications

The operator must notify the OCD in advance of any increase in the land area the facility occupies, any change in the design capacity, any change in the nature of the oil field waste streams, or addition of a new treatment process. As a result, the OCD Director may require a modification in the permit conditions.

SSWI has no current plans to increase the land area the facility occupies, change the design capacity, or change the nature of the oil field waste streams.

Permit Condition 1E, Definitions

Terms not specifically defined in the permit shall have the same meanings as those in the Oil & Gas Act or the rules adopted pursuant to the Act, as the context requires.

No compliance issue is addressed by this permit condition.

Permit Condition 1F. General Performance Standards

The operator must operate in accordance with the permit conditions, comply with the Oil & Gas Act and rules issued pursuant to the Act, protect public health and the environment, prevent the waste of oil and gas, and prevent the contamination of fresh waters.

SSWI confirms that, to the best of their knowledge, the SSWI SWMF has been operating in accordance with the permit conditions, complying with the Oil & Gas Act and rules issued pursuant

Mr. Jim Griswold
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to the Act, protecting public health and the environment, preventing the waste of oil and gas, and preventing the contamination of fresh waters.

Permit Condition 1G, Effective Date, Expiration, Renewal, and Penalties for Operating Without a Permit

This permit is effective once OCD receives adequate financial assurance [see Section 1.H below] and will expire ten years thereafter. If it so desires, the owner/operator may submit an application for renewal to OCD no later than 120 calendar days before the expiration date. If the operator submits such a renewal application before the required date and is in compliance with the existing permit, then that existing permit will not expire until the OCD approves or denies the renewal application. Operating with an expired permit will subject the owner/operator to civil and/or criminal penalties (see Section 70-2-31 NMSA 1978).

SSWI provided adequate evidence of financial assurance prior to the issuance of Permit NM1-62. This condition requires no further action at this time.

Permit Condition 1H, Financial Assurance

The operator must provide financial assurance in a form acceptable to OCD for the waste management facility's estimated closure and post-closure cost. The initial financial assurance currently provided is \$1,048,311.00, which includes the cost of closure construction and post-closure operations for Phase I described in the application. On an annual basis, or should unforeseen conditions arise, the operator will update the closure/post-closure estimate and thus the amount of financial assurance.

SSWI has reviewed required financial assurance provided in the amount of \$1,048,611.00 prior to the issuance of Permit NM1-62. Based on our review of the required financial assurance, we have determined SSWI will require financial assurance for closure and post-closure care in the amount of \$1,201,313.00. Upon concurrence by the OCD that this represents adequate financial assurance for closure and post closure care, SSWI will plan to provide for the additional amount required. Attachment 4 provides the updated financial assurance estimate.

Permit Condition 2A, Labeling

The operator must clearly label all tanks, drums, and other containers to identify the contents along with other emergency notification information. The operator may use a tank coding system if it is incorporated into their emergency response planning.

SSWI has clearly labeled all tanks, drums, and other containers currently installed at the SWMF Processing Area.

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Permit Condition 2B, Inspections and Maintenance of Secondary Containment Systems

The operator must inspect all secondary containment systems and sumps at least monthly to ensure proper operation and to prevent over filling or system failure. The operator must empty all secondary containment systems of any fluids within 48 hours of discovery, notify the OCD, and initiate corrective actions. The operator must keep written records of its inspections and of any fluid analyses. The operator shall maintain and make the documentation available for OCD inspection.

SSWI established a schedule for the inspection of all secondary containment systems and sumps on a monthly basis to ensure proper operation and to prevent overfilling or system failure upon the completion of the evaporation pond system installation.

SSWI implemented the inspection of all secondary containment systems and sumps on a monthly basis upon the completion of the evaporation ponds, process area, and landfill cell to ensure proper operation and to prevent overfilling or system failure.

As previously reported in the 2020 annual report, on June 23, 2020, SSWI informed OCD that they were monitoring increased liquid levels in two of their evaporation ponds (Ponds 5 and 6). In compliance with the facility leachate management plan, efforts were undertaken to increase liquid level monitoring and pumping frequencies. The extracted liquids were compared to the liquids within the identified ponds and confirmed to be similar in nature, and were therefore not submitted for analytical analyses. Actions undertaken to locate the source of the leakage included draining the two ponds and taking them out of service in preparation for inspection of the primary liner for damage and repair. This inspection activity took place on June 25, 2020 by an inspection crew from Southwest Liner Systems (SWLS). Upon finding some surface liner damage, the SWLS inspection team evaluated the geonet and secondary liner and documented their undamaged condition at the location where damage to the primary liner was observed. All damage observed was documented, and repairs were undertaken to return the original integrity of the pond liner system. The bottoms of the ponds were cleaned to evaluate further damage.

Repairs were made to the primary liner systems of Ponds 5 and 6. A new 60-mil HDPE liner was installed on top of the existing primary liner following repairs. A completion report documenting methods and testing results was issued to OCD on June 8, 2021. Ponds 5 and 6 are currently back in operation with no further issues

Permit Condition 2C. Release Reporting and Corrective Action for Releases

The operator must comply with the spill reporting and corrective action provisions of the Oil & Gas Regulations (19.15.29 and 19.15.30 NMAC) as may be amended from time to time.

SSWI confirms that, to the best of their knowledge, the SSWI SWMF is in compliance with the spill reporting and corrective action provisions of the Oil & Gas Regulations (19.15.29 and 19.15.30 NMAC).

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Permit Condition 2D, Annual Report

This condition was previously addressed.

Permit Condition 3A, Process, Maintenance, and Material Storage Areas

The operator must pave and curb all process, maintenance, and material storage areas at the facility excluding evaporation ponds, below-grade tanks, and sumps, or incorporate another appropriate spill collection device for these areas approved by the OCD.

SSWI confirms that they have paved and curbed all process, maintenance, and material storage areas at the facility or have incorporated another appropriate spill collection devices for these areas approved by the OCD.

Permit Condition 3B, Above Ground Tanks

The operator must place above ground tanks on impermeable pads and surround the tanks with lined berms or other impermeable secondary containment system having a capacity of at least one and one-third times the capacity of the largest tank, or the combined volume of any interconnected tanks. This does not apply to tanks containing fresh water.

SSWI confirms that they have placed aboveground tanks on impermeable pads and surrounded the tanks with an impermeable secondary containment system having a capacity of at least one and one-third times the capacity of the largest tank, or the combined volume of any interconnected tanks.

Permit Condition 4A, Waste Streams

This permit authorizes the operator to handle the RCRA exempt streams. OCD approval must be obtained to receive any waste stream not specified in its application prior to collection, storage, treatment, or disposal.

SSWI is currently handling only RCRA exempt waste streams.

Permit Condition 4B, Waste Storage

The operator must store wastes at the facility only in clearly marked storage areas that have been specified in the application except any waste that may be generated during emergency response operations. However, such emergency waste may be stored elsewhere for no more than 72 hours. OCD may approve additional storage on a case-by-case basis.

The operator must not store non-oil field waste generated at the facility by the operator for more than 180 calendar days from the date any container is filled without OCD approval.

SSWI is not currently providing waste storage at this SWMF.

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Permit Condition 4C, Class V Wells

Leach fields and other wastewater disposal systems at OCD-regulated facilities which inject non-hazardous fluids into or above an underground source of drinking water are Underground Injection Control Class V wells pursuant to 20.6.2.5002 NMAC. This permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the facility. Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

The SSWI SWMF is in compliance with this permit condition.

Permit Condition 5, Below Grade Tanks and Sumps

Below grade tanks and sumps must have secondary containment systems with leak detection and meet construction and operating requirements of 19.15.17 NMAC.

SSWI confirms that they have provided secondary containment systems with leak detection that meet the construction and operating requirements of 19.15.17 NMAC for any below grade tanks and sumps.

Permit Condition 6A

Prior to construction activities within the facility, the operator shall determine that all abandoned oil wells within the area are properly plugged in accordance with OCD regulations. If any wells are found to be unplugged or improperly plugged, the operator shall take the appropriate corrective actions.

SSWI completed an evaluation of the site property to confirm that no abandoned oil wells were located in the areas proposed for development.

Permit Condition 6B

Naturally Occurring Radioactive Material (NORM) waste cannot be accepted at the facility unless in compliance with 19.15.35 NMAC.

SSWI confirms that they have not accepted naturally occurring radioactive material (NORM) at this facility.

Permit Condition 6C

At least 30 days prior to the start of construction of the landfill, evaporation ponds, stabilization and solidification area, or process area the operator shall furnish OCD with a complete set of construction drawings including a major milestone schedule for construction. These construction drawings must substantially comply with the engineering design provided with the application and show the location of pond discharge for the purposes of identifying the location of the sacrificial liner. The major milestone schedule shall be updated throughout construction activities.

Plans for construction of the next disposal cell in the landfill (Cell 2A/2B) are included as Attachment 5. This cell complies with the engineering design provided in the permit application. A schedule is provided as Attachment 6.

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Permit Condition 6D

If disposal wells are to be incorporated into facility operations at a later date, those wells must be separately permitted under provisions of the New Mexico Underground Injection Control program.

SSWI confirms that they have no current plans for the incorporation of disposal wells at this SWMF.

Permit Condition 6E

Based upon the nature of the waste material and the lack of internal moisture, the operator in its application has stated the production of landfill gas should be negligible and thus no gas control system is required. However, continuous hydrogen sulfide monitors will be located across the facility with a 10-ppm alarm threshold. If OCD determines landfill gases are unreasonably problematic, a gas control system/plan will need to be implemented with OCD approval.

SSWI completed installation of continuous hydrogen sulfide monitors.

Permit Condition 6F

Given the significant depth to the uppermost aquifer beneath the facility, a groundwater monitoring program relative to that aquifer (19.15.36.14 B NMAC) is not herein required. However, as provided in the application, the operator shall monitor the vadose zone within a group of ten wells for the presence and quality of water that might emanate from the facility or otherwise appear as the result of stormwater infiltration. The operator shall notify the OCD prior to the installation of vadose zone monitoring wells not already in place. The final number and location of such wells may be modified by conditions encountered in the field. All groundwater samples must also be analyzed by EPA Method 8260 (full list) for volatile organic compounds in addition to those parameters outlined in the application.

SSWI verbally notified OCD in March 2018 regarding the installation of vadose zone monitoring wells not already in place.

SSWI provided documentation confirming the installation of the vadose monitoring program in a completion report delivered to OCD on June 28, 2018.

SSWI has monitored the vadose zone wells, purging any liquids present, in an effort to sample these wells. To date, there has not been sufficient liquid present to properly sample any of the vadose zone wells.

Permit Condition 6G

The operator has proposed an alternative landfill design which incorporates a geonet layer rather than compacted soil within the leak detection portion (19.15.36.14 C.(3) NMAC), another geonet layer rather than compacted soil within the leachate collection and removal portion (19.15.36.14 C.(5) NMAC), and an evapotranspiration layer for the top landfill cover thereby eliminating the need for a synthetic hydraulic barrier layer beneath the cover and above the waste (19.15.36.14 C.(8) NMAC). The OCD hereby approves these alternatives as they are supported by numeric modeling provided within the application as allowed

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Mr. Jim Griswold
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under 19.15.36.14 C.(9) and appear to provide equivalent protection of fresh water, public health and the environment.

SSWI provided construction plans reflecting this design for the landfill liner in the August 1, 2017 submittal.

Permit Condition 6H

The operator in its application requested an exception to 19.15.36.13 INMAC with respect to the protection of migratory birds. That exception is hereby granted. Rather than installing netting over the evaporation ponds, the owner/operator shall remove all oil from the water prior to discharge to the ponds and undertake daily inspections of the ponds for the presence of either oil or birds. Any oil found on the ponds will be removed immediately. If a consistent bird presence is noted, the operator will be required to implement more aggressive protective actions which may include the use of netting or screens.

SSWI has been diligent with their oil management within the evaporation ponds, decanting liquids below the surface from the discharge ponds and collecting any oil observed on the evaporation ponds.

We appreciate your review of this 2021 annual report for the SSWI SWMF (NM1-62). Please let us know if you have any questions regarding this information.

Sincerely,

Sundance Services West, Inc.



Tariq Mussani
CFO

Attachments

Jones, Brad A., EMNRD

From: Jones, Brad A., EMNRD
Sent: Friday, April 22, 2022 10:42 AM
To: 'andy@wambsganss.com'
Cc: 'mpratt@brownpruitt.com'
Subject: Sundance Services West, Inc.'s Surface Waste Management Facility, NM-62 2020 Annual Report Review
Attachments: 2022 0422 NM1-62 Sundance West Inc 2020 Annual Report Review and FA Increase Request review.pdf

Mr. Mussani,

Please see the attached OCD's review of the 2020 Annual Report. If you have any questions regarding this matter, 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@state.nm.us
www.emnrd.nm.gov

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 Secretary

Adrienne Sandoval
Director, Oil Conservation Division



April 22, 2022

Mr. Arif Mussani
Sundance Services West, Inc.
1006 6th Street
Eunice, New Mexico 88231
andy@wambsganess.com

**RE: 2020 Annual Report
Sundance Services West, Inc. (OGRID 371811)
Permit NM1-62
South 1 / 2 of Section 30, Township 21 South, Range 38 East NMPM,
Lea County, New Mexico**

Mr. Mussani:

The Oil Conservation Division (OCD) has completed its review of Sundance Services West, Inc.'s (SSWI) 2020 Annual Report, dated August 30, 2021, which addresses the permit conditions for the Sundance West surface waste management facility under permit NM1-62. The OCD has discovered a request to update the financial assurance.

Under Condition H1, Financial Assurance, SSWI informs OCD that based upon their reassessment of the initial closure and post-closure cost estimate of \$1,048,611.00, SSWI has determined it "will require financial assurance for closure and post-closure care in the amount of \$1,201,313.00." Provide an updated closure and post-closure cost estimate demonstration, like Attachment II.4.A in the June 16, 2014 permit application, that supports the reassessment. Also provide the replacement financial assurance mechanism or rider to the existing financial assurance mechanism.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 469-7486 or brad.a.jones@state.nm.us.

Respectfully,

Brad A. Jones
Environmental Specialist

Cc: Misty Pratt, Brown Pruitt Wambsganess Dean Forman & Moore, P.C., mpratt@brownpruitt.com

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3441 • Fax (505) 476-3462 • <https://www.emnrd.nm.gov/ocd/>

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 100901

CONDITIONS

Operator: Sundance Services West, Inc. 1006 6th Street Eunice, NM 88231	OGRID: 371811
	Action Number: 100901
	Action Type: [C-137] Non-Fee SWMF Submittal (SWMF NON-FEE SUBMITTAL)

CONDITIONS

Created By	Condition	Condition Date
bjones	OCD emailed the review to Arif Mussani ((SSWI) and Misty Pratt (Brown Pruitt) on April 22, 2022. Please see the OCD's Response attached to the bottom of the report for the conditions of approval.	4/22/2022