

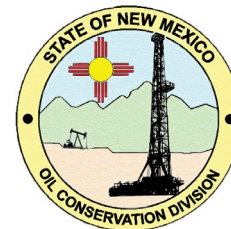
State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval
Director, Oil Conservation Division



BY ELECTRONIC MAIL

October 19, 2022

Michael Montano, General Manager
Basin Disposal
200 Montana
Bloomfield, New Mexico 87413
mmontano@basindisposalinc.com

RE: Notice of Closure of 3RF-2, Basin Water Recycling Facility, Facility ID fCS1519747831

Dear Mr. Montano:

The New Mexico Energy, Minerals and Natural Resource Department's Oil Conservation Division ("OCD") has conducted a review of the C-148 Forms submitted for 3RF-2, Basin Water Recycling Facility (the "Facility"), which is operated by Basin Disposal ("Operator"). OCD's review shows that the Facility has not recycled produced water since October 2020. Based on that review, it appears that the Facility does not meet the following requirement in 19.15.34.13.C. NMAC:

"A recycling containment shall be deemed to have ceased operations if less than 20% of the total fluid capacity is used every six months following the first withdrawal of produced water for use. The operator must report cessation of operations to the appropriate division district office. The appropriate division district office may grant an extension to this determination of cessation of operations not to exceed six months."

The OCD has not received an extension request, which would be submitted using form C-147, for the cessation of operations from the Facility, since the last one was submitted on April 22, 2020. The OCD did grant an annual extension for the Facility on June 30, 2022, with an expiration date of June 11, 2023. However, the OCD's annual extension approval included the following conditions of approval:

- BASIN DISPOSAL INC [1739] will maintain a liquid level in the containment that is at least equal to the weight of the liner plus 20%. BASIN DISPOSAL INC [1739] may maintain a higher liquid level if they choose.
- 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



October 19, 2022

Page 2

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.

The recycling facility has failed to meet the above conditions of approval for the June 2022 extension; therefore, the approved annual extension has been revoked. At this time, Basin Disposal must immediately proceed with the Closure and Site Reclamation at 19.15.34.14 NMAC. 19.15.34.14.A NMAC requires the following:

"Once the operator has ceased operations, the operator shall remove all fluids within 60 days and close the containment within six months from the date the operator ceases operations from the containment for use. The division district office may grant an extension for the removal of all fluids not to exceed two months. The division district office may grant an extension to close the containment not to exceed six months. If the operator wants to use the containment for a purpose other than recycling, then the operator must have that use approved or permitted by the division in accordance with the appropriate rules."

The Facility must start the above activities within 60-days of email receipt of this notification. Failure to comply with this notification may result in subsequent enforcement actions. Should you have any questions, please contact Rosa Romero, Environmental Bureau Chief, at 575-636-0353 or RosaM.Romero@emnrd.nm.gov.

Respectfully,

A handwritten signature in black ink, appearing to read 'ASandoval'.

Adrienne Sandoval
OCD Director

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 151936

CONDITIONS

Operator: BASIN DISPOSAL INC P.O. Box 100 Aztec, NM 87410	OGRID: 1739
	Action Number: 151936
	Action Type: [C-147] Water Recycle Short (C-147S)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	None	10/19/2022