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February 2, 2017

Via Overnight Delivery

ATTN: Ms. Florene Davidson
Commission Clerk
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Case No. 15617; State of New Mexico Energy Minerals and Natural Resources Department Oil Conservation Commission; Application of CK Disposal, LLC for a Permit to Operate a Commercial Surface Waste Management Facility, Lea County, New Mexico.

Dear Ms. Davidson:

Please find enclosed CK Disposal, LLC's ("Applicant") Pre-hearing Statement and six (6) copies of Applicant's exhibits. These copies are intended for use as exhibits of the Applicant at the hearing in the referenced matter, and are in addition to the Permit Application Volumes I and II that were previously sent to you.

Thank you for your attention to this matter, and please feel free to contact me should you have any questions or comments.

Sincerely,

Michael L. Woodward

Enclosures – Applicant's Pre-hearing Statement, expert resumes, and six (6) copies of Applicant's Exhibits.

Cc: David K. Brooks
Henry M. Bohnhoff
Cynthia A. Loehr

**APPLICATION OF CK DISPOSAL, LLC
FOR A PERMIT TO OPERATE A COMMERCIAL
SURFACE WASTE MANAGEMENT FACILITY,
LEA COUNTY, NEW MEXICO**

**§ BEFORE THE
§ NEW MEXICO
§ OIL CONSERVATION
§ COMMISSION**

CASE NO. 15617

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APPLICANT, C.K. DISPOSAL, LLC'S PRE-HEARING STATEMENT

COMES NOW C.K. Disposal, LLC ("Applicant" or "C.K. Disposal") and files this its Prehearing Statement in accordance with 19.15.4.13 NMAC. Applicant's exhibits for its direct case are included as attachments to this Pre-hearing Statement, and are in addition to the permit application volumes I and II previously transmitted to the Commission Clerk and Parties. In accordance with 19.15.4.13 NMAC, Applicant reserves the right to present rebuttal evidence that may not be presented in this Prehearing Statement, and to call any witness or utilize any exhibit designated by any other party.

- a. **Name of the Party:**
C.K. Disposal, LLC ("Applicant")

Party's Attorneys:
Michael L. Woodward
Wesley P. McGuffey
Hance Scarborough, LLP
400 West 15th Street, Suite 950
Austin, TX 78701

- b. **Concise Statement of the Case:**

In November, 2015, C.K. Disposal, LLC applied to the New Mexico Oil Conservation Division ("OCD") for a permit to construct and operate a surface waste management facility (C.K. Facility) in Lea County, New Mexico, approximately 4 miles east of the City of Eunice, New Mexico, and approximately .05 miles south of State Highway 176, pursuant to 19.15.36 NMAC. The C.K. Facility will consist of a landfill and a liquid processing area.¹ The C.K. Facility is designed for the permanent disposal of exempt and non-exempt/non-hazardous oil field waste solids into the landfill, and the storage, processing and reclamation of liquid oil and gas exploration and production wastes in the liquid processing area. The landfill will be situated on 141.5 acres on the west side of the C.K. Facility property and will have a waste capacity of 24.6 million cubic yards. The liquid oil & gas waste processing area will sit on 51.75 acres in the southeast portion of the C.K. Facility and will consist of a liquid waste loadout manifold, settling tanks, oil

¹ A saltwater disposal well is identified in the application as part of possible future expansion of the capabilities of the C.K. Facility; however, C.K. Disposal is not seeking authority for the saltwater disposal well with this application. The notation on the drawings for a saltwater disposal well was included simply for the purposes of identifying where on the facility a well would be located if the decision is made to seek a permit for saltwater disposal in the future.

recovery tanks, oil sales tanks, mechanical oil/water separators, water evaporation ponds, and a stabilization/solidification area.

The OCD completed technical review of the application and issued a tentative decision recommending permit approval with conditions on October 13, 2016. Along with the tentative decision for permit approval, the OCD issued a draft permit with general and specific conditions. Applicant published and mailed notice of the OCD tentative decision in accordance with 19.15.36.9 NMAC. On November 22, 2016, Louisiana Energy Services, LLC d/b/a URENCO USA (LES) filed a request with the OCD for an evidentiary hearing on the application of C.K. Disposal. In its request for hearing, LES states that it seeks a hearing to address the following general and/or additional concerns to those raised previously in its comments dated June 2 and 22, 2016: 1. Hydrogen sulfide; 2. Other air contaminants; 3. Traffic safety; and, 4. Ground water.

C.K. Disposal will show: (1) that its application complies with all applicable requirements of 19.15.36 NMAC for approval of its application and issuance of the draft permit proposed by the OCD; (2) that the requirements of 19.15.36.9 NMAC and 19.15.36.11 NMAC have been met, and (3) that the proposed surface waste management facility will be constructed and operated in compliance with the applicable statutes and rules and without endangering fresh water, public health or the environment. Accordingly, C.K. Disposal will demonstrate that all applicable regulatory requirements are satisfied, the OCC should recommend issuance of the proposed permit by OCD, and no conditions exist which would prohibit the approval of the application and issuance of the proposed permit.

c. Witnesses to be called by C.K. Disposal

1. Bryce Karger – Mr. Karger is the majority owner of C.K. Disposal, LLC and will appear as company representative.
2. Robert H. Holder, PE – Mr. Holder is a Civil Engineer with expertise in waste management, landfill design, landfill construction, and landfill operation. Mr. Holder's resume is attached.
3. Nicholas N. Ybarra, PE – Mr. Ybarra is a Civil Engineer with expertise in landfill design and construction, drainage, site/civil development, and water balance cover analysis and design. Mr. Ybarra's resume is attached.
4. Kevin T. Carel, PG – Mr. Carel is a Hydrogeologist with expertise in subsurface characterization and environmental monitoring at waste disposal sites. Mr. Carel's resume is attached.
5. Todd Stiggins, PE – Mr. Stiggins is an Engineer and Project Manager with expertise in state and federal air permitting and regulatory compliance for landfills. Mr. Stiggins' resume is attached.

6. Clinton Richardson, PE – Dr. Richardson is a board certified professional engineer that holds a PhD in civil engineering and an MS in environmental health engineering. Dr. Richardson performed services relating to technical review of the Application for the OCD. Mr. Richardson's resume is attached.
7. Mark W. Turnbough, PhD – Dr. Turnbough holds a doctorate in Systems Theory (Industrial Engineering) and Environmental Policy with expertise in regulatory permitting compliance, site suitability analysis, environmental impact assessment, site selection, site characterization, analysis of land uses, site remediation/restoration analysis, statistical research and computer applications, including Geographic Information Systems and Inductive Statistical Models. Mr. Turnbough's resume is attached.

d. Approximate Time to Present Case

C.K. Disposal estimates approximately two days for presentation of its case.

e. Procedural Matters

1. Order of presentation. Regarding the order of presentation of parties at the hearing, Applicant respectfully requests that the following order be followed: 1) Applicant's direct case; 2) Protestants direct case; 3) OCD's direct case (if any); 4) Applicant's rebuttal case.
2. Scope of Issues. Applicant respectfully requests that the Commissioners grant the requests of Applicant's Motion to Limit the Scope of Hearing Issues to those Disputed by Protestant URENCO.
3. Motions to Quash. Applicant respectfully requests that the Commissioners quash the subpoenas of Mr. Joe Carrillo and Ms. Elizabeth Bisbey-Kuehn.

Respectfully submitted,

HANCE SCARBOROUGH, LLP



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CERTIFICATE OF SERVICE

I hereby certify that the above pleading was served on the following parties by electronic mail on February 2, 2016.

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dba URENCO USA*



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