

NM1 - 35

Part 36

**PERMIT
APPROVAL**

June 24, 2020

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



June 22, 2020

Stephanie Grantham
Lea Land LLC
1300 West Main Street
Oklahoma City, Oklahoma 73106

RE: Modification of Commercial Surface Waste Management Facility Permit NM1-35. Section 32, Township 20 South, Range 32 East NMPM, Lea County, New Mexico, Lea County, New Mexico

Ms. Grantham,

Pursuant to applicable parts of the Oil Conservation Commission regulations 19.15.36 NMAC, the Oil Conservation Division (OCD) has completed its review of your application for a major modification of commercial waste management facility at the location described above. OCD hereby modifies permit NM1-35 with conditions. Attached are the general and specific conditions.

If you have any questions, please contact Susan Lucas Kamat of my staff at (505) 670-8745 or by email at Susan.LucasKamat@state.nm.us. On behalf of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this permit review.

Respectfully,

Adrienne Sandoval
Director

AS/slk

Attachment – NM1-35 Permit Conditions

SURFACE WASTE MANAGEMENT FACILITY PERMIT CONDITIONS

NM1-35

Lea Land, LLC

Section 32, Township 20 South, Range 32 East NMPM

June 22, 2020

Upon confirmation that Lea Land, LLC of 1300 West Main Street in Oklahoma City, Oklahoma 73106 (the operator) has provided financial assurance required under Section 1.H of this permit modification, the operator is permitted to modify and operate the existing surface waste management facility as described in the Modification Application filed by the operator and in accordance with (a) the terms of this Permit Modification, (b) the rules governing solid waste management facilities 19.15.36 NMAC, and (c) all other applicable provisions of the Oil and Gas Act and the rules promulgated under the Act. The operator is responsible for ensuring any oil and gas operations located within the overall facility area do not interfere with the proper operation of the facility as described in the Application and authorized by this Permit Modification. Any change to the operations proposed or any change to the area covered will require a subsequent modification to the Permit including any necessary changes to the amount of financial assurance. The Oil Conservation Division (OCD) of the Energy, Minerals, and Natural Resources Department will determine if any Permit changes constitute a "major modification" under 19.15.36 NMAC.

1. GENERAL PROVISIONS

- A. Permittee and Permitted Facility.** OCD modifies surface oil field waste management permit NM1-35 to the operator for the modification, operation, and eventual closure of a commercial facility located upon a 474.41-acre tract in an unincorporated portion of Lea County, New Mexico, approximately 38 miles west of Hobbs.

The waste management facility is intended for the permanent disposal of Resource Conservation and Recovery Act (RCRA) exempt and non-exempt/non-hazardous oil field waste and will include a waste processing area (~82 acres), a landfill (~100 acres), and associated infrastructure (~118 acres). The landfill will have a waste capacity of approximately 14.6 million cubic yards.

- B. 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.

This permit modification 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.

- C. Owner/Operator Commitments.** The operator must ensure 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 June 2019, including any attachments and/or amendments, all of which are incorporated into this Permit Modification by reference.

- D. Modifications.** The operator must notify the OCD in advance of any further increase in the land area the facility occupies, any changes in the design capacity, any changes in the nature of the oil field waste streams, or any additions of a new treatment process. As a result, the OCD Director may require a modification to the permit conditions.
- E. 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.
- F. General Performance Standards.** The operator must operate in accordance with these 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.
- G. Effective Date, Expiration, Renewal, and Penalties for Operating Without a Permit.** This permit is effective June 22, 2020 and will expire ten years thereafter on June 22, 2030. 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).
- H. 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 estimated amount currently required is \$1,385,673.00, which includes the cost of closure construction and post-closure operations for Phase I described in the application. On an annual basis, or prior to development of each phase of the facility, or should unforeseen conditions arise, the operator will update the closure/post-closure estimate and, thus, the amount of financial assurance.

2. GENERAL FACILITY OPERATIONS

- A. Labeling.** The operator must clearly label all tanks, drums, and other containers to identify the contents and to provide emergency notification information. The operator may use a tank coding system if it is incorporated into their emergency response planning.
- B. 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 of the discovery, 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.
- C. 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.
- D. Annual Report.** The operator must submit a comprehensive annual report to the OCD by September 1st of each year detailing the operator's activities during the preceding year (where a year is defined as July 1st through June 30th). The annual report must include the following information for the preceding year: (1) all inspection forms, including those for leak detection systems; (2) all analytical results, (3) hydrogen sulfide monitoring results, (4) process piping integrity test results, (5) training records, (6) complaint logs and resolutions, and (7) a summary of the nature, amount, and any related remediation of any reportable releases.

3. MATERIAL STORAGE

- A. 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 as approved by the OCD.
- B. Above Ground Tanks.** The operator must place above ground tanks on impermeable pads and surround the tanks with lined berms or with 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.

4. WASTE MANAGEMENT

- A. Waste Streams.** This permit authorizes the operator to handle the RCRA-exempt waste streams. OCD approval must be obtained to receive any waste stream not specified in the application prior to its collection, storage, treatment, or disposal.
- B. Waste Storage.** The operator must store wastes at the facility only in clearly marked storage areas that have been specified in the application, except for 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.

- C. 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.

5. BELOW GRADE TANKS AND SUMPS

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

6. FACILITY-SPECIFIC CONDITIONS, EXCEPTIONS, WAIVERS, AND ALTERNATIVES

- A.** The request for waiving the landfill gas control requirements of 19.15.36.13.O NMAC is adequately addressed and supported in the application and hereby approved.
- B.** The request for an alternative to the groundwater monitoring requirements of 19.15.36.14.B NMAC by incorporation of a vadose zone monitoring system around the landfill, evaporation ponds, and stabilization/solidification areas is adequately addressed and supported in the application and hereby approved. The operator shall notify the OCD 30 days prior to installation of the vadose zone monitoring wells and system. Final vadose zone monitoring well locations may be modified based on field conditions. The operator shall furnish OCD with maps detailing the final vadose zone monitoring well locations and logs. The vadose zone monitoring system shall be installed and operational prior to the commencement of operations in the new landfill units, evaporation ponds, and of stabilization/solidification areas.

The operator shall inspect and monitor the vadose zone monitoring wells on a regular basis for the presence of liquids, along with gaseous hydrogen sulfide and methane. If liquids or gases are found to be present, the operator shall notify the OCD immediately. If liquids are present, the operator shall also gather representative samples. 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.

- C. The request for an alternative to the geonet detection and drainage layers requirements of 19.15.36.14.C NMAC is adequately addressed and supported in the application and hereby approved.
- D. The request for a final cover alternate has been adequately addressed and supported in the application and hereby approved. The final cover requirements otherwise specified in 19.15.36.14.C.(9) NMAC shall incorporate either of the following options.

Option 1 – Three layers with a total thickness of 50 inches consisting of the required vegetative cover layer (Layer 1) being 12 inches in thickness having hydraulic conductivity of 5.2×10^{-4} cm/sec, the evapotranspiration layer (Layer 2) being 26 inches in thickness having hydraulic conductivity of 1.9×10^{-4} cm/sec, and the required intermediate cover layer (Layer 3) being 12 inches in thickness having hydraulic conductivity of 1.9×10^{-4} cm/sec.

Option 2 – Three layers with a total thickness of 44 inches consisting of the required vegetative cover layer (Layer 1) being 12 inches in thickness having hydraulic conductivity of 3.3×10^{-5} cm/sec, the evapotranspiration layer (Layer 2) being 20 inches in thickness having hydraulic conductivity of 1.0×10^{-5} cm/sec, and the required intermediate cover layer (Layer 3) being 12 inches in thickness having hydraulic conductivity of 1.0×10^{-5} cm/sec.

The operator shall notify the OCD as to which option is selected prior to final cover construction. The operator shall submit pre-construction testing results to the OCD as part of the construction quality assurance (CQA) plan. Should the operator select Option 2 above (i.e. lower values of hydraulic conductivity) and the on-site soils do not meet the required parameters, the final cover shall be implemented as per the Option 1 parameters for both thickness and hydraulic conductivity.

- E. The request for an alternative to the bird control requirements of 19.15.36.13.I and 19.15.36.17.C.(3) NMAC is adequately addressed and supported in the application and hereby approved.
- F. The request for an exception to the intermediate cover stabilization requirements of 19.15.36.14.A.(7) NMAC providing for a 2-year extension on vegetating the intermediate cover that has not yet reached final grade is adequately addressed and supported in the application and hereby approved.
- G. The request for an alternative to the final cover stabilization requirements of 19.15.36.18.C.(2)(b) NMAC to use alternate materials for stabilization is adequately addressed and supported in the application and hereby approved. No additional time to stabilize the area is approved.
- H. The request for an alternative to the base layer compacted soil requirements of 19.15.36.14.C.(1) NMAC is adequately addressed and supported in the application and hereby approved.
- I. The request for a proposed alternative to the leachate collection system requirements of 19.15.36.14.C.(5) and (6) NMAC to use a chimney drain is adequately addressed and supported in the application and hereby approved.

The operator shall submit pre-construction testing results to the OCD as part of the CQA plan. Should the on-site soils to be used as part of the leachate collection system fail to comply with the proposed uniformity coefficient of 30 (obtained by dry sieve) and maximum 10 percent passing the No. 200 sieve, the operator shall notify the OCD of its intent to use a chimney drain. The operator shall demonstrate, using the Hydrologic Evaluation of Landfill Performance (HELP) model and associated engineering calculations, that the chimney drain will not affect the liner, leachate collection system, or final cover performance.

- J.** 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.
- K.** Naturally Occurring Radioactive Material (NORM) waste cannot be accepted at the facility unless in compliance with 19.15.35 NMAC.
- L.** The operator shall provide a survey plat to the OCD upon the final approval of the permit.
- M.** At least 30 days prior to the start of construction of the landfill, evaporation ponds, vadose zone monitoring system, stabilization and solidification area, or process areas, 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 the pond evaporation units, including liner and spray evaporation units.

The major milestone schedule shall be regularly updated throughout construction activities.

The operator shall provide a detailed description of the processes and equipment for the process area with the construction drawings.

An updated project-specific CQA plan shall be submitted with the construction drawings and schedule. The CQA plan shall include a concrete section detailing the mix design, placement, and cracking control.

- N.** The operator shall submit as-built drawings to OCD within 30 days of the completion of construction of landfill cells, evaporation ponds, vadose zone monitoring system, stabilization and solidification area, or process areas,.
- O.** If disposal wells are incorporated into facility operations at a later date, those wells must be separately permitted under provisions of the New Mexico Underground Injection Control program.
- P.** An updated list of emergency coordinators and their contact information shall be provided to the OCD by the operator before waste can be accepted into the facility.
- Q.** The operator shall monitor the leak detection sumps for the presence of liquids at least monthly. If liquids are present, the operator shall notify the OCD immediately and shall sample and test the liquid as directed by the OCD.