

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural  
Resources Department

Form C-141  
Revised August 24, 2018  
Submit to appropriate OCD District office

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Incident ID	nAPP2308124076
District RP	
Facility ID	
Application ID	

## Release Notification

### Responsible Party

Responsible Party Hilcorp Energy Company	OGRID 372171
Contact Name Mitch Killough	Contact Telephone 713-757-5247
Contact email mkillough@hilcorp.com	Incident # nAPP2308124076
Contact mailing address 1111 Travis Street, Houston, Texas 77002	

### Location of Release Source

Latitude 36.8460274 \_\_\_\_\_ Longitude -108.1248856 \_\_\_\_\_  
(NAD 83 in decimal degrees to 5 decimal places)

Site Name L C Kelly 1E	Site Type Well
Date Release Discovered: 3/8/2023 @ 01:50 pm (MT)	API# 30-045-25349

Unit Letter	Section	Township	Range	County
C	05	30N	12W	San Juan

Surface Owner:  State  Federal  Tribal  Private

### Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

<input type="checkbox"/> Crude Oil	Volume Released (bbls)	Volume Recovered (bbls)
<input checked="" type="checkbox"/> Produced Water	Volume Released (bbls) 10.02 bbls	Volume Recovered (bbls) 0 bbls
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Condensate	Volume Released (bbls) 35.07 bbls	Volume Recovered (bbls) 0 bbls
<input type="checkbox"/> Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
<input type="checkbox"/> Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

#### Cause of Release

A release of approximately 45.09 bbls fluid (35.07 bbls condensate, 10.02 bbls produced water) was released from a drain valve on a 300-bbl condensate storage tank. Due to freezing temperatures, ice formed inside the drain valve causing a rupture to occur. The released fluids migrated east within the secondary containment area settling into an area measuring approximately 20 ft x 6 ft. Although discharged fluids did not migrate laterally outside secondary containment, no fluids could be recovered due to soaking into the ground surface.

OCD / BLM – FFO will be notified 48 hours prior to sampling. The spill amount was determined by operator's monthly tank gauging data.

State of New Mexico  
Oil Conservation Division

Incident ID	nAPP2308124076
District RP	
Facility ID	
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Was this a major release as defined by 19.15.29.7(A) NMAC?  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, for what reason(s) does the responsible party consider this a major release?  The volume released exceeded 25 bbls, as defined in NMAC 19.15.29.7.
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)?  Yes. Following discovery, a 24-hour notification (attached) was submitted via email by Mitch Killough (Hilcorp) to Nelson Velez, Abiodun Adeloje (BLM-FFO), and OCD.Enviro on 3/9/2023 at 10:05 am (MT). MUE filing with the BLM-FFO is attached as well.	

### Initial Response

*The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury*

<input checked="" type="checkbox"/> The source of the release has been stopped. <input checked="" type="checkbox"/> The impacted area has been secured to protect human health and the environment. <input checked="" type="checkbox"/> Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices. <input checked="" type="checkbox"/> All free liquids and recoverable materials have been removed and managed appropriately.
If all the actions described above have <u>not</u> been undertaken, explain why:  In the case of this release, the spilled fluids soaked vertically into the ground surface beneath the storage tank. If any free liquids could have been recovered, Hilcorp would have certainly done so.
Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.
Printed Name: <u>Mitch Killough</u> Title: <u>Environmental Specialist</u>  Signature:  Date: <u>03/22/2023</u>  email: <u>mkillough@hilcorp.com</u> Telephone: <u>713-757-5247</u>
<b><u>OCD Only</u></b>  Received by: <u>Jocelyn Harimon</u> Date: <u>03/22/2023</u>

Mitch Killough

---

From: Mitch Killough  
Sent: Thursday, March 9, 2023 11:05 AM  
To: Velez, Nelson, EMNRD  
Cc: Adeloye, Abiodun A; OCD.Enviro@state.nm.us; Matt Henderson; Christopher Bramwell  
Subject: Hilcorp Energy Company - 24-Hour Release Notification - LC Kelly 1E

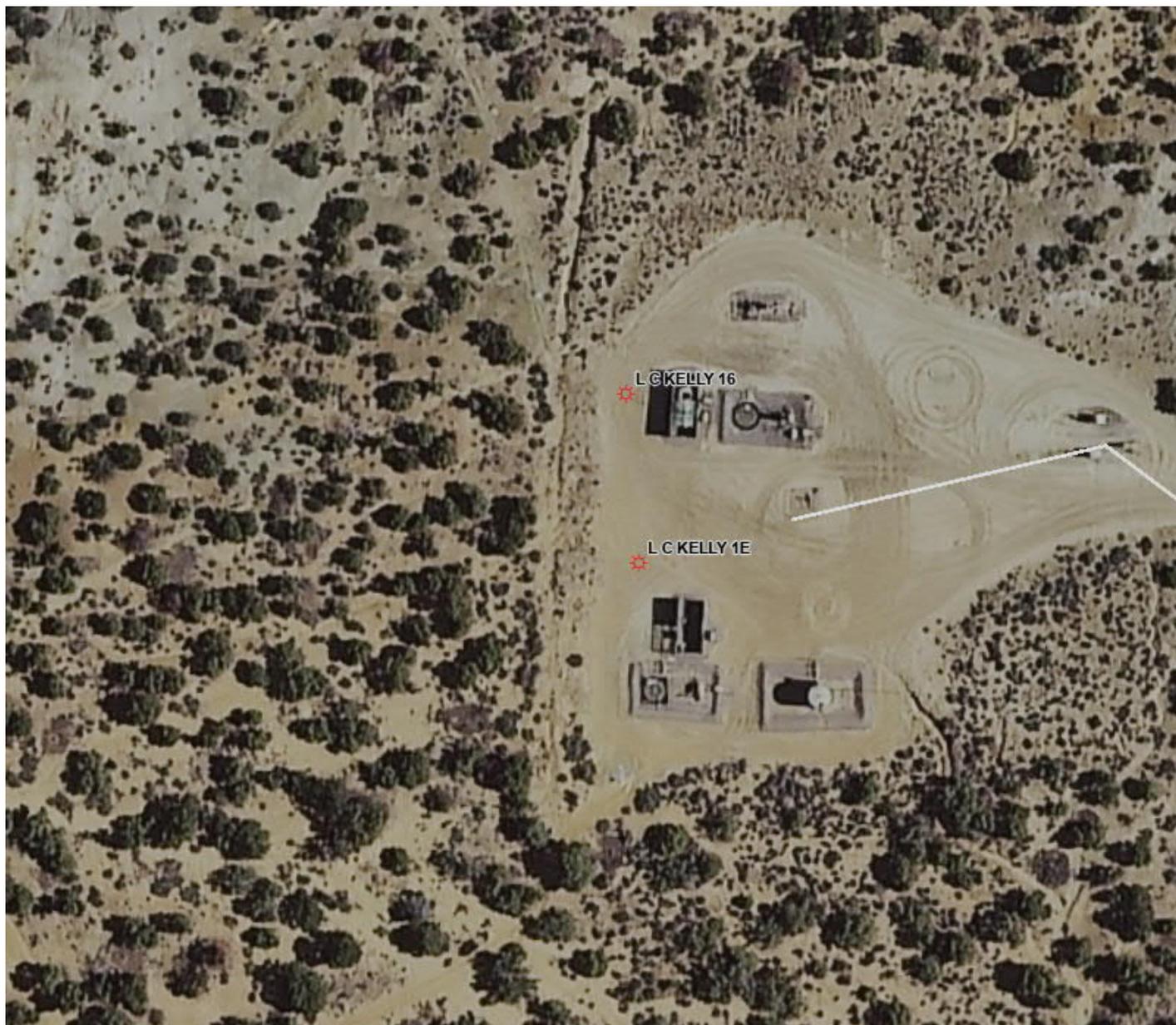
Tracking: Recipient Delivery  
Velez, Nelson, EMNRD  
Adeloye, Abiodun A  
OCD.Enviro@state.nm.us  
Matt Henderson  
Christopher Bramwell Delivered: 3/9/2023 11:06 AM

Hi Nelson.

On 3/8/2023 at approximately 1:50 pm (MT), Hilcorp Energy Company (Hilcorp) discovered a 45.09-bbl release of condensate/produced water at the LC Kelly 1E (API: 30-045-25349 / Lease No: NMSF081239) in San Juan County, NM (36.846005, -108.124232). Surface owner is BLM. Based on initial assessments conducted by Hilcorp personnel, the cause of the release was determined to be weather-related. Ice formed inside a drain valve on a 300-bbl condensate storage tank causing the valve to split. This event led to the release of product into the secondary containment area surrounding the storage tank. Although the fluids did not migrate horizontally outside of secondary containment, the fluids soaked into the ground surface beneath the bermed area. No fluid could be recovered. At this time, operations has replaced the drain valve on the storage tank. Hilcorp will keep BLM-FFO and NMOCD in the loop on next steps.

An initial C-141 will be submitted to the NMOCD no later than 3/23/2023, along with an Undesirable Report (UE) to the BLM-FFO.

Please contact me if you have any questions. Thanks.



Mitch Killough  
Environmental Specialist  
Hilcorp Energy Company  
1111 Travis Street  
Houston, TX 77002  
713-757-5247 (office)  
281-851-2338 (cell)  
[mkillough@hilcorp.com](mailto:mkillough@hilcorp.com)



**United States Department of Interior  
Bureau of Land Management  
Major Undesirable Event Report**

Report Type: Initial 24-Hour <input checked="" type="checkbox"/> 15-Day/Final <input type="checkbox"/> Other/Follow-up <input type="checkbox"/>					
BLM Field Office: Farmington			State: NM		
BLM Contact: Abiodun Adeloye (Emmanuel)			Date of this Report: 03/09/2023		
Company Official Reporting to BLM: Mitch Killough					
Operator: Hilcorp Energy Company					
Date/Time of Occurrence: 03/08/2023 13:50 pm			Date/Time BLM Notified: 03/09/2023 12:45 pm		
Field/Unit Name: Basin Dakota			Lease Number: NMSF081239		
State: NM	County: San Juan	Twp: 30N	Rng: 12W	Sec: 5	Qtr: NENW
Latitude/ Longitude: 36.8460274, -108.1248856					
Surface Ownership:		Federal: <input checked="" type="checkbox"/>	Indian: <input type="checkbox"/>	State: <input type="checkbox"/>	FEE <input type="checkbox"/>
<b>Type and Relevant Details of Event</b>					
Oil Spill <input type="checkbox"/>	Oil/Water Spill <input checked="" type="checkbox"/>	Gas Venting <input type="checkbox"/>	Toxic Fluid Spill <input type="checkbox"/>		
Saltwater Spill <input type="checkbox"/>	Other Spill (Specific) <input type="checkbox"/>	Blowout <input type="checkbox"/>	Fire <input type="checkbox"/>		
Injury <input type="checkbox"/>	Fatality <input type="checkbox"/>	Property Damage <input type="checkbox"/>	Explosion <input type="checkbox"/>		
Nature and Cause of Event: Drain valve on a 300-bbl condensate storage tank split due to ice formation allowing 45.09 bbls of fluid to be released into the secondary containment berm.					
Environmental Impact: Spilled fluids did not migrate horizontally outside secondary containment (unlined). However, the fluids soaked into the ground surface below the secondary containment area and no fluids could be recovered.					
Time Required to Control Event (Hours):		2 minutes			
Volume Discharged or Consumed:		Oil: 35.07 bbls	Water: 10.02 bbls	Gas: _____ mcf	
Volumes Recovered:		Oil: 0 bbls	Water: 0 bbls		
Net Volume Lost:		Oil: 35.07 bbls	Water: 10.02 bbls	Gas: _____ mcf	
Action Taken to Control Event: Upon discovery, Hilcorp personnel took the storage tank out of surface.					
Resulting Damage: The fluids soaked into the ground surface below the secondary containment area and no fluids could be recovered. The drain valve also needed replacement.					
Clean-Up Procedures: The remaining fluids were drained from the storage tank to the pit tank. No fluids could be recovered from the ground surface.					
Cause/Extent of Personal Injury: None					
Actions the operator has taken or will take to prevent a recurrence of the incident: The drain valve was replaced on 3/8/2023 and is working properly.					
Agency Notification List: (Federal/ State/ Local):	Agency Name	Contact Name	Date/Time		
	NMOCD	Nelson Velez	03/09/2023 10:05 am		
	NMOCD	OCD.Enviro	03/09/2023 10:05 am		

Remarks: Include available Major Undesirable Events (MUE) history (attach additional sheet, if needed) for the past 3 years of the same well. Include pictures, if available.

Based on a review of the OCD Permitting Database, the last documented spill at this site occurred on 11/13/2007. No other spills or releases were identified by Hilcorp.

Note 1: Although this release was less than 100 bbls of total fluid, Hilcorp is submitting a MUE due to the site being located within the Glade Run RSA.

Note 2: All times above are reported as MT.



75 Suttle Street  
Durango, CO 81303  
970.247.4220 Phone  
970.247.4227 Fax  
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21 March 2023

Kevin Fredrickson  
Hilcorp  
382 CR 3100  
Aztec, NM 87410  
RE: North

Enclosed are the results of analyses for samples received by the laboratory on 03/17/23 09:35. The data to follow was performed, in whole or in part, by Green Analytical Laboratories. Any data that was performed by a subcontract laboratory is included within the GAL report, or with an additional report attached.

If you need any further assistance, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Jeremy D. Allen'.

Jeremy D Allen  
Laboratory Director

All accredited analytes contained in this report are denoted by an asterisk (\*). For a complete list of accredited analytes please do not hesitate to contact us via any of the contact information contained in this report. All of our certifications can be viewed at <http://greenanalytical.com/certifications/>

Green Analytical Laboratories is NELAP accredited through the Texas Commission on Environmental Quality. Accreditation applies to drinking water and non-potable water matrices for trace metals and a variety of inorganic parameters. Green Analytical Laboratories is also accredited through the Colorado Department of Public Health and Environment and EPA region 8 for trace metals, Cyanide, Fluoride, Nitrate, and Nitrite in drinking water. TNI Certificate Number: T104704514-23-17

Our affiliate laboratory, Cardinal Laboratories, is also NELAP accredited through the Texas Commission on Environmental Quality for a variety of organic constituents in drinking water, non-potable water and solid matrices. Cardinal is also accredited for regulated VOCs, TTHM, and HAA-5 in drinking water through the Colorado Department of Public Health and Environment and EPA region 8. TNI Certificate Number: T104704398-22-15



jeremy.allen@greenanalytical.com p: 970.247.4220 f: 970.247.4227 75 Suttle Street Durango, CO 81303

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Hilcorp	Project: Chloride	
382 CR 3100	Project Name / Number: North	<b>Reported:</b>
Aztec NM, 87410	Project Manager: Kevin Fredrickson	03/21/23 13:00

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received	Notes
L C Kelly 1E	2303176-01	Water	03/17/23 08:00	03/17/23 09:35	

Green Analytical Laboratories

Jeremy D Allen, Laboratory Director

The results in this report apply to the samples analyzed in accordance with the chain of custody document. This analytical report must be reproduced in its entirety. In no event shall Green Analytical Laboratories be liable for incidental or consequential damages. GALs liability, and clients exclusive remedy for any claim arising, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever, shall be deemed waived unless made in writing and received within thirty days after completion of the applicable service.



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Hilcorp 382 CR 3100 Aztec NM, 87410	Project: Chloride Project Name / Number: North Project Manager: Kevin Fredrickson	<b>Reported:</b> 03/21/23 13:00
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**L C Kelly 1E  
Area 2**

**2303176-01 (Produced Water)**

Analyte	Result	RL	MDL	Units	Dilution	Analyzed	Method	Notes	Analyst
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**General Chemistry**

Chloride*	13900	250	13.9	mg/L	250	03/21/23 02:46	EPA300.0		AES
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Green Analytical Laboratories

Jeremy D Allen, Laboratory Director

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www.GreenAnalytical.com

Hilcorp 382 CR 3100 Aztec NM, 87410	Project: Chloride Project Name / Number: North Project Manager: Kevin Fredrickson	Reported: 03/21/23 13:00
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**General Chemistry - Quality Control**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
<b>Batch B230636 - IC- Ion Chromatograph</b>										
<b>Blank (B230636-BLK1)</b>										
Prepared & Analyzed: 03/20/23										
Chloride	ND	1.00	mg/L							
<b>LCS (B230636-BS1)</b>										
Prepared & Analyzed: 03/20/23										
Chloride	25.1	1.00	mg/L	25.0		100	90-110			
<b>LCS Dup (B230636-BSD1)</b>										
Prepared & Analyzed: 03/20/23										
Chloride	25.1	1.00	mg/L	25.0		100	90-110	0.0398	20	

**Notes and Definitions**

- DET Analyte DETECTED
- ND Analyte NOT DETECTED at or above the reporting limit
- NR Not Reported
- dry Sample results reported on a dry weight basis  
\*Results reported on as received basis unless designated as dry.
- RPD Relative Percent Difference
- LCS Laboratory Control Sample (Blank Spike)
- RL Report Limit
- MDL Method Detection Limit

Green Analytical Laboratories

Jeremy D Allen, Laboratory Director

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SAMPLE CONDITION RECEIPT FORM

Client Name: Hilcorp

Work Order # 2303-176

Courier:  Fed Ex  UPS  USPS  Client  Kangaroo

Custody Seals on Box/Cooler Present:  Yes  No Seals Intact:  Yes  No

Thermometer Used: #2 Samples on ice, cooling process has begun:  Yes  No

Type of Ice:  Wet  Blue  None

Cooler Temp: Observed Temp: 23.8 °C Correction Factor: 0 °C Final Temp: 23.8 °C

\*Temp should be above freezing to 6°C

Date/Initials of person examining contents: MRN 3/17/23  
Labeled by Initials: \_\_\_\_\_  
(if different than above)

Chain of Custody Present:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1.
Chain of Custody Filled Out:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2.
Chain of Custody Relinquished:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	3.
Sampler Name and Signature on COC:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	4.
Samples arrived within hold time:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	5.
Short Hold Time Analysis (<72hr):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6.
Rush Turn Around Time Requested:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	7. <u>3 day Push Due 3/22</u>
Sufficient Volume:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	8.
Correct Containers Used:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	9.
Containers Intact:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	10.
Dissolved Testing Needed:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	11.
Field Filtered: <input type="checkbox"/> Yes <input type="checkbox"/> No		
Sample Labels match COC: -Includes Date/Time/ID	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	12.
Matrix:	<input checked="" type="checkbox"/> WT <input type="checkbox"/> SL <input type="checkbox"/> OT	
Trip Blank Present:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	13.
Trip Blank Custody Seals Present:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	

Client Notification/Resolution:

Person Contacted: \_\_\_\_\_

Date/Time: \_\_\_\_\_

Comments/Resolution: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
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**District IV**  
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 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 199538

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 199538
	Action Type: [C-141] Release Corrective Action (C-141)

**CONDITIONS**

Created By	Condition	Condition Date
jharimon	None	3/22/2023