

Initial Response – Calculation and Justification of Volumes

Battery Overflow Details:

On the morning of February 7, 2025, routine gauging of the Neste Williams battery by SEC personnel recorded the following tank levels:

- **500 BBL Oil Tank:** 9 feet 4 inches (~310 BBL of 500 BBL capacity)
- **300 BBL Oil Tank:** 6 feet 5 inches (~128 BBL of 300 BBL capacity)
- **500 BBL Water Tank:** 6 feet 8 inches (~220 BBL of 500 BBL capacity)

The interconnected overfill lines of these tanks are designed to prevent spillage, collectively providing approximately 640 BBL of available capacity. Notably, this battery typically processes an average of 35 barrels of oil per day (BOPD) and 5 barrels of water per day (BWPD).

Sequence of Events:

1. **Initiation of Frac Operations:** Matador commenced hydraulic fracturing on the Cedar FED 32-31 wells on February 7, 2025.
2. **Overflow Notification:** On February 8, SEC received an urgent call reporting that the Neste Williams battery tanks were overflowing. Upon arrival, SEC personnel observed approximately 50 BBL of fluid contained within the battery's berm. Immediate action was taken to shut-in (SI) the wells, halting further inflow to the battery. Analysis indicated that roughly 700 BBL of fluid had entered the battery within a 24-hour timeframe, a volume nearly 17 times the normal daily intake.

Because all the overflow was in containment, we were able to hydro-vac inside the berm and move the recovered oil to a spare tank where it was gauged to be 55 bbl. An estimated 1 bbl remained in containment after initial cleanup. Best estimate for the total release was 56 bbl.

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 434806

QUESTIONS

Operator: SPECIAL ENERGY CORP P.O. Drawer 369 Stillwater, OK 74076	OGRID: 138008
	Action Number: 434806
	Action Type: [C-141] Initial C-141 (C-141-v-Initial)

QUESTIONS

Prerequisites	
Incident ID (n#)	nAPP2504147746
Incident Name	NAPP2504147746 NEST WILLIAMS FEDERAL #002 BATTERY @ 30-015-25933
Incident Type	Oil Release
Incident Status	Initial C-141 Received
Incident Well	[30-015-25933] NESTE WILLIAMS FEDERAL #002

Location of Release Source

Please answer all the questions in this group.

Site Name	Nest Williams Federal #002 Battery
Date Release Discovered	02/08/2025
Surface Owner	Federal

Incident Details

Please answer all the questions in this group.

Incident Type	Oil Release
Did this release result in a fire or is the result of a fire	No
Did this release result in any injuries	No
Has this release reached or does it have a reasonable probability of reaching a watercourse	No
Has this release endangered or does it have a reasonable probability of endangering public health	No
Has this release substantially damaged or will it substantially damage property or the environment	No
Is this release of a volume that is or may with reasonable probability be detrimental to fresh water	No

Nature and Volume of Release

Material(s) released, please answer all that apply below. Any calculations or specific justifications for the volumes provided should be attached to the follow-up C-141 submission.

Crude Oil Released (bbls) Details	Cause: Other Production Tank Crude Oil Released: 56 BBL Recovered: 55 BBL Lost: 1 BBL.
Produced Water Released (bbls) Details	Cause: Other Production Tank Produced Water Released: 0 BBL Recovered: 0 BBL Lost: 0 BBL.
Is the concentration of chloride in the produced water >10,000 mg/l	No
Condensate Released (bbls) Details	Cause: Other Production Tank Condensate Released: 0 BBL Recovered: 0 BBL Lost: 0 BBL.
Natural Gas Vented (Mcf) Details	Cause: Other Production Tank Natural Gas Vented Released: 0 MCF Recovered: 0 MCF Lost: 0 MCF.
Natural Gas Flared (Mcf) Details	Cause: Other Production Tank Natural Gas Flared Released: 0 MCF Recovered: 0 MCF Lost: 0 MCF.
Other Released Details	Not answered.
Are there additional details for the questions above (i.e. any answer containing Other, Specify, Unknown, and/or Fire, or any negative lost amounts)	Frac by Matador on new well due north of our lease hit one of our wells with flow line open & pushed fluids to battery overrunning production tank

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QUESTIONS (continued)

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Nature and Volume of Release (continued)	
Is this a gas only submission (i.e. only significant Mcf values reported)	No, according to supplied volumes this does not appear to be a "gas only" report.
Was this a major release as defined by Subsection A of 19.15.29.7 NMAC	Yes
Reasons why this would be considered a submission for a notification of a major release	From paragraph A. "Major release" determine using: (1) an unauthorized release of a volume, excluding gases, of 25 barrels or more.
With the implementation of the 19.15.27 NMAC (05/25/2021), venting and/or flaring of natural gas (i.e. gas only) are to be submitted on the C-129 form.	

Initial Response

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

The source of the release has been stopped	True
The impacted area has been secured to protect human health and the environment	True
Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices	True
All free liquids and recoverable materials have been removed and managed appropriately	True
If all the actions described above have not been undertaken, explain why	Not answered.

Per Paragraph (4) of Subsection B of 19.15.29.8 NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please prepare and attach a narrative of actions to date in the follow-up C-141 submission. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see Subparagraph (a) of Paragraph (5) of Subsection A of 19.15.29.11 NMAC), please prepare and attach all information needed for closure evaluation in the follow-up C-141 submission.

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.

I hereby agree and sign off to the above statement	Name: Don Terry Title: Engineer/Operations Manager Email: don.terry@specialenergycorp.com Date: 02/24/2025
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QUESTIONS, Page 3

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QUESTIONS (continued)

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QUESTIONS

Site Characterization	
<i>Please answer all the questions in this group (only required when seeking remediation plan approval and beyond). This information must be provided to the appropriate district office no later than 90 days after the release discovery date.</i>	
What is the shallowest depth to groundwater beneath the area affected by the release in feet below ground surface (ft bgs)	Not answered.
What method was used to determine the depth to ground water	Not answered.
Did this release impact groundwater or surface water	Not answered.
What is the minimum distance, between the closest lateral extents of the release and the following surface areas:	
A continuously flowing watercourse or any other significant watercourse	Not answered.
Any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)	Not answered.
An occupied permanent residence, school, hospital, institution, or church	Not answered.
A spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes	Not answered.
Any other fresh water well or spring	Not answered.
Incorporated municipal boundaries or a defined municipal fresh water well field	Not answered.
A wetland	Not answered.
A subsurface mine	Not answered.
An (non-karst) unstable area	Not answered.
Categorize the risk of this well / site being in a karst geology	Not answered.
A 100-year floodplain	Not answered.
Did the release impact areas not on an exploration, development, production, or storage site	Not answered.

Remediation Plan	
<i>Please answer all the questions that apply or are indicated. This information must be provided to the appropriate district office no later than 90 days after the release discovery date.</i>	
Requesting a remediation plan approval with this submission	No
<i>The OCD recognizes that proposed remediation measures may have to be minimally adjusted in accordance with the physical realities encountered during remediation. If the responsible party has any need to significantly deviate from the remediation plan proposed, then it should consult with the division to determine if another remediation plan submission is required.</i>	

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CONDITIONS

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CONDITIONS

Created By	Condition	Condition Date
scwells	None	2/24/2025