

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

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

Incident ID	nAPP2218031159
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 # nAPP2218031159
Contact mailing address 1111 Travis Street, Houston, Texas 77002	

### Location of Release Source

Latitude 36.8742104 Longitude -108.1966629  
(NAD 83 in decimal degrees to 5 decimal places)

Site Name Rio Bravo SWD	Site Type Well
Date Release Discovered: 6/19/2022 @ 11:00am (MT)	API# 30-045-33583

Unit Letter	Section	Township	Range	County
E	27	31N	13W	San Juan

Surface Owner: ☐ State ☐ Federal ☐ Tribal ☒ Private (Name: Dun Stevens S and Melinda A Trust)

### 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) 150 bbls	Volume Recovered (bbls) 150 bbls
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Condensate	Volume Released (bbls)	Volume Recovered (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 150 bbls produced water was released from a 300-bbl water storage tank. A CNJ driver observed standing water inside the secondary containment area. Upon further inspection, a hole was found on the 300-bbl water storage tank due to corrosion. All spilled fluids remained within the lined, containment area and have been recovered. The failed storage tank has been isolated from the system and all remaining fluids in the tank have been pulled. On 6/21/2022, the NMOCD received a 48-hour notice prior to the liner inspection. On 6/23/2022, starting at 9:00 am MT, the liner inspection was conducted by Hilcorp personnel. Following the submittal of this initial C-141, a follow-up report will be submitted to the NMOCD with findings from the liner inspection.


The spill amount was determined by operator's monthly tank gauging data.

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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 spill amount exceeded 25 bbls.
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)?  Mitch Killough notified the NMOCD via 24-hour email notification on 06/20/2022 at 06:33 am CT.	

### 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:  	
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: <u></u> Date: <u>06/29/2022</u>	
email: <u>mkillough@hilcorp.com</u> Telephone: <u>713-757-5247</u>	
<b><u>OCD Only</u></b>  Received by: _____ Date: _____	

Incident ID	nAPP2218031159
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## Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

**Closure Report Attachment Checklist:** *Each of the following items must be included in the closure report.*

- ☒ A scaled site and sampling diagram as described in 19.15.29.11 NMAC
- ☒ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)
- ☐ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)
- ☐ Description of remediation activities

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. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: Mitch Killough Title: Environmental Specialist

Signature:  Date: 09/16/2022

email: mkillough@hilcorp.com Telephone: 713-757-5247

### OCD Only

Received by: \_\_\_\_\_ Date: \_\_\_\_\_

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: Nelson Velez Date: 11/15/2022

Printed Name: Nelson Velez Title: Environmental Specialist – Adv

## Executive Summary

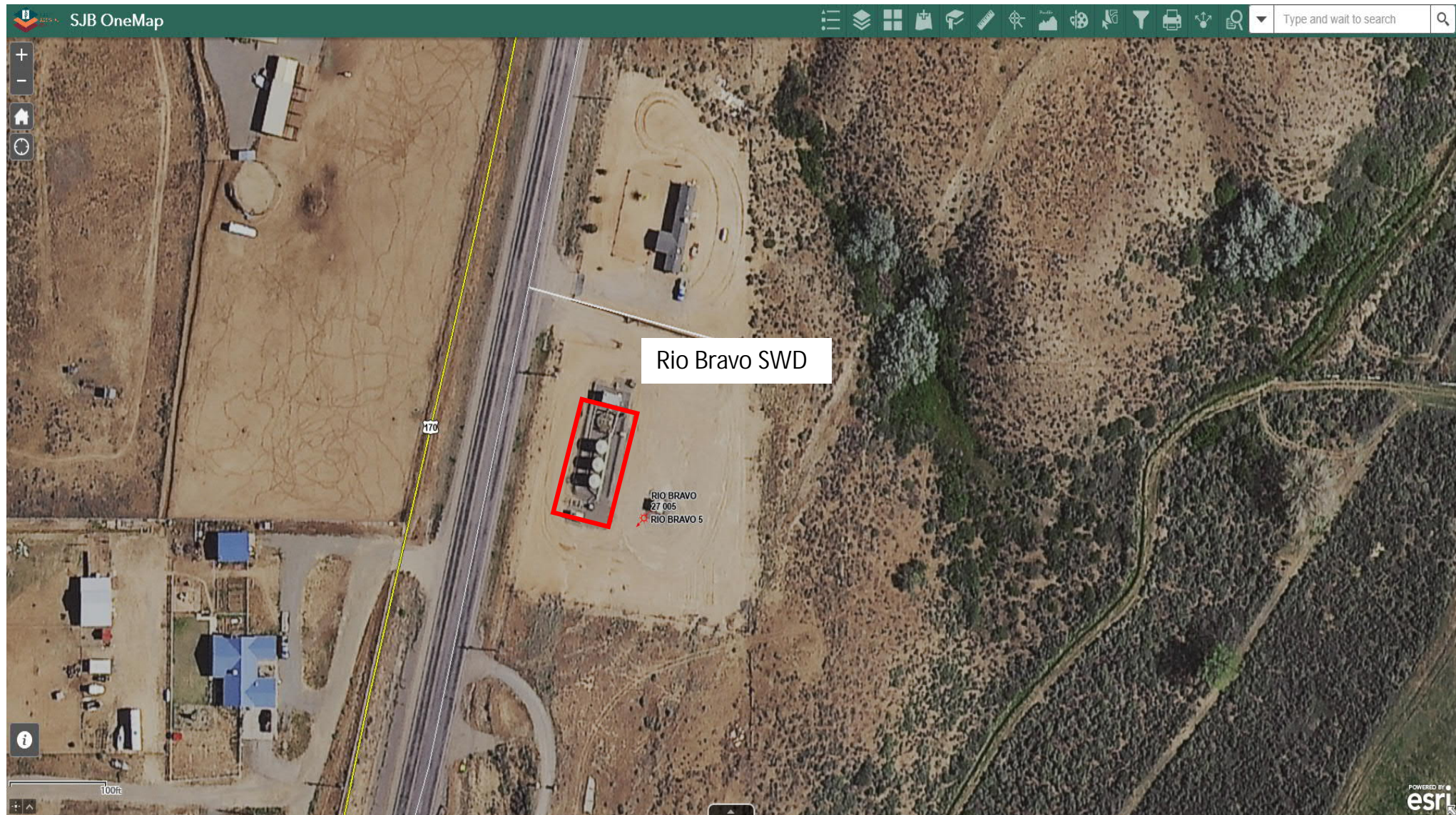
On June 19, 2022 at approximately 11:00 am (MT), Hilcorp Energy Company (Hilcorp) discovered a 150-bbl release of produced water at the Rio Bravo SWD (Rio Bravo 5 SWD; API: 30-045-33583) in San Juan County, NM (36.8742104, -108.1966629). A CNJ Oilfield Services, LLC (CNJ) driver observed standing water inside the secondary containment area. Upon further inspection, a hole was found on the 300-bbl water storage tank due to corrosion (near the bottom ring of the tank). All spilled fluids remained within the lined, containment area and was completely recovered. At the time of the release, the failed storage tank was isolated from the system.

Following discovery, CNJ removed fluids from within the containment area on the day of the release and hauled the fluids to Agua Moss Disposal. In addition to the 150 bbls of spilled fluids removed from the secondary containment area, an additional 10 bbls was removed from the storage tanks still in service since a full truck load is 160 bbls. Refer to attached CNJ spill ticket (dated June 19, 2022).

Liner inspection was conducted on June 23, 2022 at 9:00 am (MT) in accordance with NMAC 19.15.29.11.A.5(a)(ii). Liner integrity was confirmed during this inspection. Rather than replace the gravel, the liner has been left exposed to enable more immediate inspections of the liner when needed. It should be noted that a few abrasions in the liner occurred during the liner inspection as a result of pulling back the gravel. An explanation has been provided below.

No sampling or remedial activities were required.





Note: The spill event originated at the middle 300-bbl water storage tank within secondary containment (immediately south of the BGT).

 Release Area



# Integrity Inspection 1

Hilcorp personnel removed the gravel to fully expose the liner for an integrity assessment and to ensure that the liner remained intact.



# Integrity Inspection 2



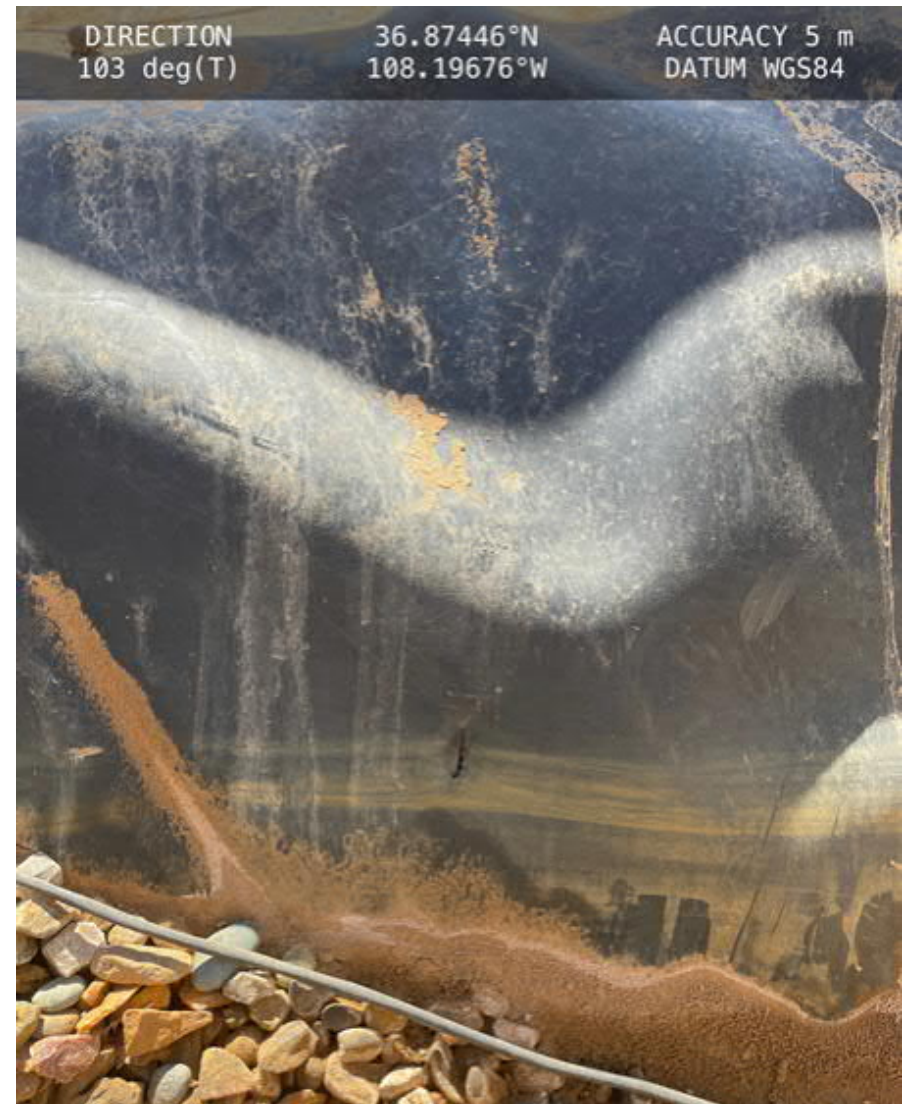
Taken 6/23/2022

Released to Imaging: 11/15/2022 7:21:20 AM



# Integrity Inspection 3

Example photographs are shown from the day of the liner inspection. However, as discussed with the NMOCD via email on June 28, 2022, when pulling back the gravel to expose the liner, shovels being used caused a few abrasions in the liner. This is not a trend all over the liner, but in a few random areas where the liner got poked on the day of the gravel removal. However, all abrasions observed were patched up.





## Agency Correspondence

Mitch Killough

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From: Mitch Killough  
Sent: Tuesday, June 21, 2022 9:02 AM  
To: Velez, Nelson, EMNRD  
Cc: OCD.Enviro@state.nm.us; Matt Henderson; Joey Becker  
Subject: RE: Hilcorp Release Notification - Rio Bravo SWD

Morning Nelson.

After speaking with ops, they are preparing to commence the liner inspection at the Rio Bravo SWD on Thursday, June 23 at 9 am MT. If you need any additional information, please let me know.

Thanks.

Mitch Killough  
Hilcorp Energy Company  
713-757-5247 (Office)  
281-851-2338 (Mobile)

---

From: Mitch Killough  
Sent: Monday, June 20, 2022 6:33 AM  
To: Velez, Nelson, EMNRD <Nelson.Velez@state.nm.us>  
Cc: OCD.Enviro@state.nm.us; Matt Henderson <mhenderson@hilcorp.com>  
Subject: Hilcorp Release Notification - Rio Bravo SWD

Hi Nelson.

On 6/19/2022 at approximately 11:00 am (MT), Hilcorp Energy Company (Hilcorp) discovered a 150-bbl release of produced water at the Rio Bravo SWD in San Juan County, NM (36.874207, -108.196031). Upon further inspection, a hole was observed in a 300-bbl water storage tank. At this time, the primary cause has been determined to be corrosion. All released fluids remained in a lined, secondary containment berm and did not flow off the pad. Following discovery, all standing fluids were removed from the containment area and were hauled to another Hilcorp-operated SWD. Prior to Hilcorp conducting a liner inspection, a 48-hour notice will be provided to the NMOCD.

An initial C-141 will be submitted to the NMOCD no later than 7/4/2022. Please contact me if you have any questions.

Sincerely,

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)



Mitch Killough

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From: Velez, Nelson, EMNRD <Nelson.Velez@state.nm.us>  
Sent: Tuesday, June 28, 2022 5:04 PM  
To: Mitch Killough  
Cc: Bratcher, Mike, EMNRD  
Subject: RE: [EXTERNAL] RE: Hilcorp Release Notification - Rio Bravo SWD

Good afternoon Mitch,

Thank you for the update.

Bullet #1 answer: Yes to the liner inspection being adequate. Please document and provide photos of the mishaps.

Bullet #2 answer: Liner repairs is at the RPs discretion. If continual use is approached, then yes is the obvious answer.

Bullet #3 answer: In order to verify liner integrity, the gravel will have to be removed at a minimum, 1) in lower depressed areas identified where the release may have accumulated, 2) any seams within the identified release perimeters, & 3) heavier stained areas that are visible apparent. These are some examples, but primarily, site specifics will predicate how varying scenarios may be resolved.

Let me know if you have any further questions.

**Nelson Velez** • Environmental Specialist - Adv  
Environmental Bureau | EMNRD - Oil Conservation Division  
1000 Rio Brazos Road | Aztec, NM 87410  
(505) 469-6146 | [nelson.velez@state.nm.us](mailto:nelson.velez@state.nm.us)

Hrs.: 7:00–11:00 am & 12:00–3:30 pm Mon.–Thur.  
7:00–11:00 am & 12:00–4:00 pm Fri.

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From: Mitch Killough <mkillough@hilcorp.com>  
Sent: Tuesday, June 28, 2022 6:31 AM  
To: Velez, Nelson, EMNRD <Nelson.Velez@state.nm.us>  
Subject: [EXTERNAL] RE: Hilcorp Release Notification - Rio Bravo SWD

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Morning Nelson.

I wanted to loop back on the liner inspection that was conducted last week at the Rio Bravo SWD (also known as the Rio Bravo 5). To help with this, I am attaching a log of photos with time stamp/date.

The liner was in overall good shape, but according to ops, when pulling back the gravel to expose the liner, it appears that shovels being used most likely caused a few abrasions and small holes in the liner. This is not a trend all over the liner, but in a few random areas where the liner got poked. In light of this, I have a few questions:

- Will the NMOCD consider this liner inspection to be adequate?

- I am attaching a haul ticket for the Rio Bravo site. It shows 160 bbls, but when the hauler picked up the 150 bbls (the reported spill volume), they also picked up 10 bbls of additional fluid from one of the tanks in order to get a full load. A full load for the hauler is 160 bbls.
- Are we able to patch up these holes? We are actually considering not placing the gravel back in place, but instead will most likely leave the liner exposed.
- Going forward, is it required for gravel to be completely pulled back during liner inspections? It seems as though this ends up being destructive to the liner's integrity, but at the same time, we do need to conduct a visual. Maybe next time we pull back random areas, but not expose the entire liner? All questions from operations, so any feedback will be appreciated.

Let me know what you think.

Mitch Killough  
Hilcorp Energy Company  
713-757-5247 (Office)  
281-851-2338 (Mobile)

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From: Mitch Killough  
Sent: Tuesday, June 21, 2022 9:02 AM  
To: Velez, Nelson, EMNRD <[Nelson.Velez@state.nm.us](mailto:Nelson.Velez@state.nm.us)>  
Cc: [OCD.Enviro@state.nm.us](mailto:OCD.Enviro@state.nm.us); Matt Henderson <[mhenderson@hilcorp.com](mailto:mhenderson@hilcorp.com)>; Joey Becker <[jobecker@hilcorp.com](mailto:jobecker@hilcorp.com)>  
Subject: RE: Hilcorp Release Notification - Rio Bravo SWD

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Sent: Monday, June 20, 2022 6:33 AM  
To: Velez, Nelson, EMNRD <[Nelson.Velez@state.nm.us](mailto:Nelson.Velez@state.nm.us)>  
Cc: [OCD.Enviro@state.nm.us](mailto:OCD.Enviro@state.nm.us); Matt Henderson <[mhenderson@hilcorp.com](mailto:mhenderson@hilcorp.com)>  
Subject: Hilcorp Release Notification - Rio Bravo SWD

Hi Nelson.

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An initial C-141 will be submitted to the NMOCD no later than 7/4/2022. Please contact me if you have any questions.



Sincerely,

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)

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While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

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## Water Hauler Ticket



CNJ

Oilfield Services LLC

P.O. BOX 568  
FARMINGTON, NEW MEXICO 87499  
(505) 326-2968

Run # 202 250261

Service For Hilcorp Rig Name \_\_\_\_\_ Customer Rep Victor Ruelas  
 Legal Description SECTION \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ RANGE \_\_\_\_\_  
 Truck/Trailer 236/720 Driver Cal Haines Date 6-19-22  
 From Tank To Luna Moss End

Produced Water ☐ Rig Water ☐ KCL ☐ Frac Water ☐ Flowback Water ☐ Fresh Water ☐

	BBLS HAULED	START TIME	STOP TIME	STAND BY TIME	HAUL TIME	LOADED MILES Highway Dirt	WATER SOURCE
<b>RTO</b>	XXX	A.M. P.M.	A.M. P.M.			25 /	← Mileage Out
1	660	1200 <del>PM</del>	200			/	
2		A.M. P.M.	A.M. P.M.			/	
3		A.M. P.M.	A.M. P.M.			/	
4		A.M. P.M.	A.M. P.M.			/	
5		A.M. P.M.	A.M. P.M.			/	
6		A.M. P.M.	A.M. P.M.			/	
<b>RTI</b>	XXX	A.M. P.M.	A.M. P.M.			/	← Mileage In
<b>TOTAL</b>	160		2 hrs			25	← TOTAL TIME

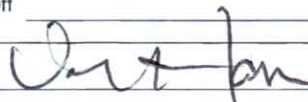
ROAD CONDITIONS: ☒ CLEAR ☐ MUD  
☐ SNOW PACK ☐ EXTRA ROUGH  
☐ EXTRA STEEP ☐ CHAINS REQUIRED

REMARKS:

Tank leak on middle tank  
need to chain.

Total Fluid	Water
Top Gauge _____	_____
Bottom Gauge _____	_____
Seal Off _____	On _____

SIGNED



THE SIGNED EMPLOYEE ACKNOWLEDGES THAT THEY WERE NOT INVOLVED IN AN ON THE JOB ACCIDENT/INJURY TODAY

**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 144211

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 144211
	Action Type: [C-141] Release Corrective Action (C-141)

CONDITIONS

Created By	Condition	Condition Date
nvelez	None	11/15/2022