

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 E. Sandoval
Director, Oil Conservation Division



BY ELECTRONIC MAIL ONLY

February 26, 2020

Matthew V. Hairford
President and Chair of the Operating Committee
Matador Production Company
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
mhairford@matadorresources.com

James D. Meier
Vice President of Operations
San Mateo Midstream
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
jmeier@sanmateomidstream.com

RE: Compliance with OCD Rule 19.15.29 NMAC for the Unauthorized Release of Drilling Fluids During Pipeline Boring Activities in Section 9 of Township 24 South, Range 28 East, NMPM (Latitude 32.238874, Longitude -104.090332), Eddy County, New Mexico

Messrs. Hairford and Meier,

The Oil Conservation Division (OCD) received preliminary notification on February 25th from Vertex Resource Group, acting on your behalf, regarding a release of drilling fluid into the Black River at the location described above. Because the release affects a surface watercourse, it is considered to be a major release, and pursuant to 19.15.29.8 NMAC, Matador must take the following actions immediately:

1. Stop the source of the release and limit access to the affected area as necessary to protect human health and the environment;
2. Contain the released materials, prevent any further threat to public health and the environment, and conduct regular monitoring to ensure that the released materials remain effectively contained;

3. Recover the released materials that can be removed and dispose of them in a proper manner at an OCD-approved facility; and
4. Commence remediation as soon as possible.

No later than 24 hours after receipt of this letter and each 24 hours thereafter as necessary, provide written confirmation to the OCD that the required actions have been completed or are in progress, and the nature of the actions taken or to be taken.

No later than the close of business on Friday, February 28th, submit the written release notification on Form C-141 through the OCD online portal, and concurrently notify OCD by electronic mail of such submittal.

No later than the close of business on Friday, February 28th, provide the following information:

- a. MSDS for the drilling fluid and/or the components thereof;
- b. Detailed lab analysis of the drilling fluid;
- c. Matador's internal response plan for human contact with the drilling fluid;
- d. Analytical results of water samples taken during and following the release;
- e. The lateral extent of the area affected by the release;
- f. Identification of persons, animals, and property actually or potentially affected by the release;
- g. Confirmation that Matador has notified all jurisdictions affected or potentially affected by the release, including the date and time of notification and the person notified and his/her contact information; and
- h. Remediation plan.

OCD is analyzing the potential for groundwater impacts in the area affected by the release, which may require additional characterization by Matador.

Provide the requested information and notifications to Jim Griswold at Jim.Griswold@state.nm.us. If you have any questions about this letter, you may call Mr. Griswold at (505) 476-3465.

Respectfully



Adrienne Sandoval
Director

cc: OCD Southern District
Rebecca Roose, NMED
Shelly Lemon, NMED
Shawn Denny, NMDGF
Natalie Gladden, Vertex Resource Group
Casey Snow, Matador Production Company