

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

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

Form C-141
Revised August 8, 2011

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☒ Final Report

Name of Company: Silver Spike Energy Operating of NM, LLC	Contact: Mike Evans
Address: 203 W Wall Suite 920 Midland, TX 79701	Telephone No. 432-413-6483
Facility Name: Knowles SWD #002	Facility Type: SWD

Surface Owner Fee	Mineral Owner Fee	API No. 30-025-07287
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LOCATION OF RELEASE

Unit Letter P	Section: 34	Township: 26S	Range 38E	Feet from the 660	North/South Line South	Feet from the 660	East/West Line East	County: Lea
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Latitude 32.8726654 Longitude -103.1286621

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release 540 bbls	Volume Recovered 520 bbls
Source of Release Tank Overflow	Date and Hour of Occurrence Unknown	Date and Hour of Discovery 01-04-16
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom:	Date and Hour:	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

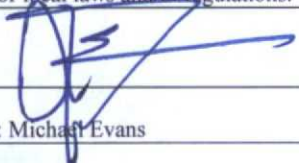
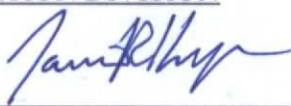

Describe Cause of Problem and Remedial Action Taken.*

Due to the failure of the check valve on well allowing a back flow out of the well into the dike area. All equipment was closed upon discovery. All produced water was removed and pumped back into the tank.

Describe Area Affected and Cleanup Action Taken.*

SESI was contacted to assess and remediate the site according to NMOCD guidelines.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD 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.

Signature: 	OIL CONSERVATION DIVISION		
Printed Name: Michael Evans	Approved by Environmental Specialist: 		
Title: EHS Representative	Approval Date: 7/14/16	Expiration Date: _____	
E-mail Address: Michael@silverspikeenergy.com	Conditions of Approval: _____		Attached <input type="checkbox"/> 
Date: 01/05/2015 Phone: 432-413-6483			

* Attach Additional Sheets If Necessary

Silver Spike Energy Operating of NM, LLC
Knowles SWD #2
Closure Report

Section 34, T16S, R38E

Date of Incident
01/02/2016

Date of Work Performed
6/8/2016-6/22/2016

Table of Contents

- I Company Contacts
- II Background
- III Work Performed
- IV Conclusion
- IV Appendix

I Company Contact

Representative Michael Evans Managing Member of SSEONM, LLC
(432)-413-6483
michael@silverspikeenergy.com

Representative MY "Merch" Merchant, Consultant
(575)-631-7450

II Background

According to the C-141, a failure of a check valve caused a back flow of produced water out of the tanks/well and into the dike area. All equipment and was shut down upon discovery. All produced water was removed and pumped back into tanks. The area impacted was approx. 1,580 square feet. The NMOCD was notified January 4, 2016 and the C-141 was filed January 5, 2016 and assigned 4108.

It should be noted that a previous C-141 was remediated on the same battery, and a 40mm liner was installed throughout the berm at a depth of 4'.

III Work Performed

On June 7, 2016, Joshua Rube of Victory Services, LLC arrived on location and took three samples from inside the berm area. The soil samples were retrieved, packaged and transported to Cardinal Labs for analysis. The results of those samples are listed below.

Location	Depth	Chloride Level
NE Corner	1'	5,520
SE Corner	1'	5,920
W Corner (by tank)	1'	5,760

On June 9, Victory services with SSEONM, LLC representative on location to excavate and remove contaminated soil to Sundance Services. After reaching a depth of 2', a second round of samples were retrieved, packaged and transported to Cardinal Labs for analysis. The results of those samples are listed below:

<u>Location</u>	<u>Depth</u>	<u>Chloride Level</u>
NE Corner	2'	<16
SE Corner	2'	<16
W Corner (by tank)	2'	<16

A conference telephone conversation with Jaimie Keys as representative of the NMOCD, June 15, 2016, concluded that the chloride levels were acceptable.

After test result finding and conference call, Victory Services hauled 12 loads of dirt to Sundance Services, Inc. (NM 01003) for disposal. The excavated area was back filled with clean dirt and returned to grade.

IV Conclusion

Based on the depth of groundwater, the installed 40mm liner and the below required test results, Silver Spike Energy Operating of NM, LLC respectfully requests closure of the regulatory file for this incident.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

June 14, 2016

JOSH RUTH

VICTORY SERVICES

P. O. BOX 1148

EUNICE, NM 88231

RE: KNOWLES SWD

Enclosed are the results of analyses for samples received by the laboratory on 06/07/16 12:15.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-15-7. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/ga/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

VICTORY SERVICES
JOSH RUTH
P. O. BOX 1148
EUNICE NM, 88231
Fax To: NONE

Received: 06/07/2016
Reported: 06/14/2016
Project Name: KNOWLES SWD
Project Number: NONE GIVEN
Project Location: LEA COUNTY, NM

Sampling Date: 06/07/2016
Sampling Type: Soil
Sampling Condition: ** (See Notes)
Sample Received By: Jodi Henson

Sample ID: #1 NE CORNER 1' (H601239-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	5520	16.0	06/08/2016	ND	432	108	400	3.77	

Sample ID: #2 SE CORNER 1' (H601239-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	5920	16.0	06/08/2016	ND	432	108	400	3.77	

Sample ID: #3 W SIDE BY TANKS @ 1' (H601239-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	5760	16.0	06/08/2016	ND	432	108	400	3.77	

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

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PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

June 14, 2016

JOSH RUTH

VICTORY SERVICES

P. O. BOX 1148

EUNICE, NM 88231

RE: KNOWLES SWD

Enclosed are the results of analyses for samples received by the laboratory on 06/08/16 12:20.

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Sincerely,

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 VICTORY SERVICES
 JOSH RUTH
 P. O. BOX 1148
 EUNICE NM, 88231
 Fax To: NONE

 Received: 06/08/2016
 Reported: 06/14/2016
 Project Name: KNOWLES SWD
 Project Number: NONE GIVEN
 Project Location: LEA COUNTY, NM

 Sampling Date: 06/08/2016
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: #1 NE CORNER (H601257-01)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	06/09/2016	ND	432	108	400	3.77	

Sample ID: #2 SE CORNER (H601257-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	06/09/2016	ND	432	108	400	3.77	

Sample ID: #3 W CORNER BY TANK (H601257-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	06/09/2016	ND	432	108	400	3.77	

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



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* Cardinal cannot accept verbal changes. Please fax written changes to (575) 393-2526





