District I 1625 N. French Dr., Hobbs, NM 88240 District II

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

Form C-141 Revised August 8, 2011

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

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

Name of Co						OPERA'	ГOR			al Report	Final Rep		
Name of Company: Silver Spike Energy Operating of NM, LLC						Contact: Mike Evans							
Address: 20	3 W Wall	Suite 920 M	idland, T	X 79701		Telephone 1	No. 432-413-64	83					
Facility Name: Knowles SWD #002						Facility Typ	e: SWD						
Surface Owner Fee Mineral Owner)wner F	ee			API No	. 30-025-0	7287		
ourius on							LE A CIE		1111111	. 50 025 0	207		
Unit Letter	Section:	Townshin	Damma	Feet from the		South Line		L East/	West Line	Countries			
P	34	Township: 26S	Range 38E	660	South	South Line	Feet from the 660	East	west Line	County: Lea			
				Latitude 32.8	372665	4 Longitude	e -103.1286621						
				NAT	URE	OF REL	THE COURT OF THE C						
	elease Tank						Release 540 bbl			Recovered 52	ALL DO ALD DE CHICAGO		
ource of Ke	elease Tank	Overnow				Unknown	four of Occurrence	e	01-04-16	Hour of Dis	covery		
Was Immedi	ate Notice (Given?				If YES, To	Whom?		01-04-10				
			Yes 🛚	No Not Re	equired								
By Whom:						Date and Hour:							
Was a Water	course Read	ched?				If YES, Volume Impacting the Watercourse.							
			Yes 🛚	No									
Due to the fa	ilure of the		n well allo	owing a back flow	out of	the well into	the dike area. All	equipm	ent was clo	sed upon dis	covery. All		
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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:

Location	Depth	Chloride Level
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.



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 accredited certif.html.

Cardinal Laboratories is accreditated 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.

Celeg D. Keine

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 NONE Fax To:

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

Analyzed Method Blank

BS

% Recovery True Value QC RPD

Qualifier

Chloride

Result 5520

Reporting Limit 16.0

Reporting Limit

06/08/2016

ND

432 108 400

3.77

3.77

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

Chloride, SM4500CI-B

Analyte

mg/kg

Analyzed By: AP

Analyzed

Method Blank ND

BS % Recovery True Value QC

Qualifier RPD

Chloride

5920

16.0 06/08/2016

432

108 400

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

Chloride, SM4500CI-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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Celley D. Karne



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

Cardinal Laboratories

*=Accredited Analyte

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Celey & Keine



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240

RELASE NOTE Labely and Dan analysis. All claims including this service, in the outst shall Candina distance in transmissions in this or in Relinquished By:	Lab I.D. Map 1.39 # 1 2 # 2 3 # 2 3 # 3 3 3 3 3 3 3 3	Sampler Name:	Project Location:	Project Name:	Project #:	Phone #:	City:	Address: Y	Project Manager:	Company Name:
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dis 1530 a) MSn. CDM										ANALYSIS REQUEST

† Cardinal cannot accept verbal changes. Please fax written changes to (575) 383-(326

Sampler - UPS - Bus - Other: Delivered By: (Circle One)



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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Total Trihalomethanes (TTHM)

Method EPA 524.4

Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

Celeg D. Keine

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:

06/08/2016

Reported:

06/14/2016

Project Name: Project Number: KNOWLES SWD NONE GIVEN

Project Location:

LEA COUNTY, NM

Sampling Date:

06/08/2016

Sampling Type:

Soll

Sampling Condition:

** (See Notes)

Sample Received By:

Jodi Henson

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

Chloride, SM4500CI-B

mg/kg

Analyzed By: AP

Analyte

Result

Analyzed

Method Blank

% Recovery

True Value QC 400

RPD Qualifier

Chloride 06/09/2016 ND 432 <16.0 16.0 108

Reporting Limit

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

-				-		-		 _	
Ch	IOI	ride	ь,	S	M4	56	10	-6	۱

Analyzed By: AP mg/kg

Analyte

Result Reporting Limit

Analyzed Method Blank

BS

% Recovery

True Value QC

Qualifier RPD

3.77

Chloride <16.0 16.0 06/09/2016 ND 432 108 400 3.77

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

Chloride, SM4500CI-B	mg/	kg	Analyze	d 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	

Cardinal Laboratories

*=Accredited Analyte

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Celley D. Kenna

Celey D. Keene, Lab Director/Quality Manager



Notes and Definitions

ND Analyte NOT DETECTED at or above the reporting limit

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*=Accredited Analyte

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Celeg D. Keine



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

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

Relinquished By: Relinquished By: Date: Relinquished By: Reli	Company Name: Victory Services Project Manager: City: State: Zip: Attn: City: Fax #: Address: Project Location: Lea County NM Sampler Name: L'10 LLO County NM Sampler Name: Lea County NM Sampler Name: Lea County NM Sampler Name: Lea County NM Sampler Name: Project Location: Lea County NM Sampler Name: Project Location: Lea County NM Sampler Name: Project County NM Sampler Name: Sample I.D. Sampler Name: Project County NM Sampler Name: State: Zip: Phone #: State: Zip: Phone #: Sampler Name:
S No Add'l Phone #:	ANALYSIS REQUEST

29.20

Sample Condition Cool Intact Yes Yes No No

Delivered By: (Circle One) Sampler - UPS - Bus - Other:

Time:





