

**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

QUESTIONS  
  
Action 325075

QUESTIONS

|                                                                                     |                                                        |
|-------------------------------------------------------------------------------------|--------------------------------------------------------|
| Operator:<br>SCOUT ENERGY MANAGEMENT LLC<br>13800 Montfort Road<br>Dallas, TX 75240 | OGRID:<br>330949                                       |
|                                                                                     | Action Number:<br>325075                               |
|                                                                                     | Action Type:<br>[NOTIFY] Notification Of Release (NOR) |

QUESTIONS

|                                                                                            |                    |
|--------------------------------------------------------------------------------------------|--------------------|
| <b>Location of Release Source</b><br><i>Please answer all the questions in this group.</i> |                    |
| Site Name                                                                                  | WDDU #137 Flowline |
| Date Release Discovered                                                                    | 03/19/2024         |
| Surface Owner                                                                              | Private            |

|                                                                                                      |                        |
|------------------------------------------------------------------------------------------------------|------------------------|
| <b>Incident Details</b><br><i>Please answer all the questions in this group.</i>                     |                        |
| Incident Type                                                                                        | Produced Water 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                     |

|                                                                                                                                                                                                                                    |                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Nature and Volume of Release</b><br><i>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.</i> |                                                                                                                     |
| Crude Oil Released (bbls) Details                                                                                                                                                                                                  | Cause: Corrosion   Flow Line - Production   Crude Oil   Released: 26 BBL   Recovered: 5 BBL   Lost: 21 BBL.         |
| Produced Water Released (bbls) Details                                                                                                                                                                                             | Cause: Corrosion   Flow Line - Production   Produced Water   Released: 495 BBL   Recovered: 20 BBL   Lost: 475 BBL. |
| Is the concentration of chloride in the produced water >10,000 mg/l                                                                                                                                                                | Yes                                                                                                                 |
| Condensate Released (bbls) Details                                                                                                                                                                                                 | Not answered.                                                                                                       |
| Natural Gas Vented (Mcf) Details                                                                                                                                                                                                   | Not answered.                                                                                                       |
| Natural Gas Flared (Mcf) Details                                                                                                                                                                                                   | Not answered.                                                                                                       |
| 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)                                                                               | Not answered.                                                                                                       |

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QUESTIONS, Page 2  
  
Action 325075

**QUESTIONS (continued)**

|                                                                                     |                                                        |
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**QUESTIONS**

| 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:<br>(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 19.15.29.11(A)(5)(a) NMAC), please prepare and attach all information needed for closure evaluation in the follow-up C-141 submission. |               |

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ACKNOWLEDGMENTS  
  
Action 325075

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ACKNOWLEDGMENTS

|                                     |                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | I acknowledge that I am authorized to submit notification of a release on behalf of my operator.                                                                                                                                                                                                                                             |
| <input checked="" type="checkbox"/> | I acknowledge that upon submitting this application, I will be creating a new incident file (assigned to my operator) to track the notification(s) and corrective action(s) for a release, pursuant to NMAC 19.15.29.                                                                                                                        |
| <input checked="" type="checkbox"/> | I acknowledge that creating a new incident file will require my operator to file subsequent submission(s) of form "C-141, Application for administrative approval of a release notification and corrective action", pursuant to NMAC 19.15.29.                                                                                               |
| <input checked="" type="checkbox"/> | 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. |
| <input checked="" type="checkbox"/> | I acknowledge the fact that 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.                                              |
| <input checked="" type="checkbox"/> | I acknowledge the fact that, 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.                                                                                                                                   |

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CONDITIONS

Action 325075

CONDITIONS

|                                                                                     |                                                        |
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|                                                                                     | Action Type:<br>[NOTIFY] Notification Of Release (NOR) |

CONDITIONS

| Created By | Condition                                                                                                                                                           | Condition Date |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| thaigood   | When submitting future reports regarding this release, please submit the calculations used or specific justification for the volumes reported on the initial C-141. | 3/20/2024      |