



April 7, 2025

New Mexico Oil Conservation Division

New Mexico Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Liner Inspection and Closure Report

Apache State SWD 3
Eddy County, New Mexico
Hilcorp Energy Company
NMOCD Incident No: nAPP2502325237

To Whom it May Concern:

Ensolum, LLC (Ensolum), on behalf of Hilcorp Energy Company (Hilcorp), presents this *Liner Inspection and Closure Report* for the release of produced water into a lined secondary containment at the Apache State SWD 3 (Site, Figure 1). The Site is located on State Trust Land managed by the New Mexico State Land Office (NMSLO) in Unit E, Section 30, Township 17 North, Range 31 West, Eddy County, New Mexico (32.806330, -103.914020°).

SITE BACKGROUND

On January 22, 2025, a Hilcorp operator observed liquid discharging out of two 1,000-barrel (bbl) produced water aboveground tanks at the Site. Upon discovery, a water truck was dispatched to remove all free liquids (approximately 1,600 bbls) from within the lined, secondary containment surrounding the storage tanks. Upon further investigation, it was determined high-level alarms went off; however, due to a carrier issue, were not received by operations. Automation did not signal the transfer pump to turn on to the injection well. All liquid remained inside the lined secondary containment. No released fluids migrated horizontally out of secondary containment or off pad. The recovered fluid volume from within secondary containment was approximately 1,600 bbls, per the Water Hauling Ticket/Manifest provided by Empire Energy on the day of the release (Appendix A).

As required by the New Mexico Oil Conservation Division (NMOCD), Hilcorp provided a Notice of Release and Initial Form C-141 on January 23, 2025, and February 3, 2025, respectively, both of which were approved by the NMOCD. NMOCD assigned the release Incident Number nAPP2502325237.

LINER INSPECTION RESULTS

On February 18, 2025 an initial liner inspection was conducted in accordance with Title 19, Chapter 15, Part 29, Section 11.A.5(a)(ii) of the New Mexico Administrative Code (NMAC). This involved exposing the liner by removing the gravel on top of the liner to conduct a thorough

integrity check. Hilcorp determined the liner was in satisfactory condition. As such, a second liner inspection was performed on April 2, 2025 and the NMOCD was provided a 48-hour notice prior to commencing the liner inspection (Appendix B). No NMOCD representative was present at the time of the scheduled liner inspection. Photographs taken during both inspections are included in Appendix C.

CONCLUSIONS

Based on the findings from the liner inspection discussed above, Hilcorp has determined the integrity of the liner is satisfactory and had the ability to contain the spill in question. Remedial actions to address the produced water release, including the recovery of all of the released fluids, has been protective of human health, the environment, and groundwater. As such, Hilcorp respectfully requests closure for Incident Number nAPP2502325237.

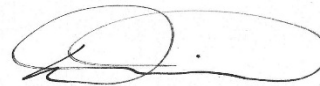
We appreciate the opportunity to provide this report to the NMOCD. If you should have any questions or comments regarding this document, please contact the undersigned.

Sincerely,

Ensolum, LLC



Fatima Smith
Project Geologist
(575) 725-1196
fsmith@ensolum.com



Daniel R. Moir, PG (licensed in WY & TX)
Senior Managing Geologist
(303) 887-2946
dmoir@ensolum.com

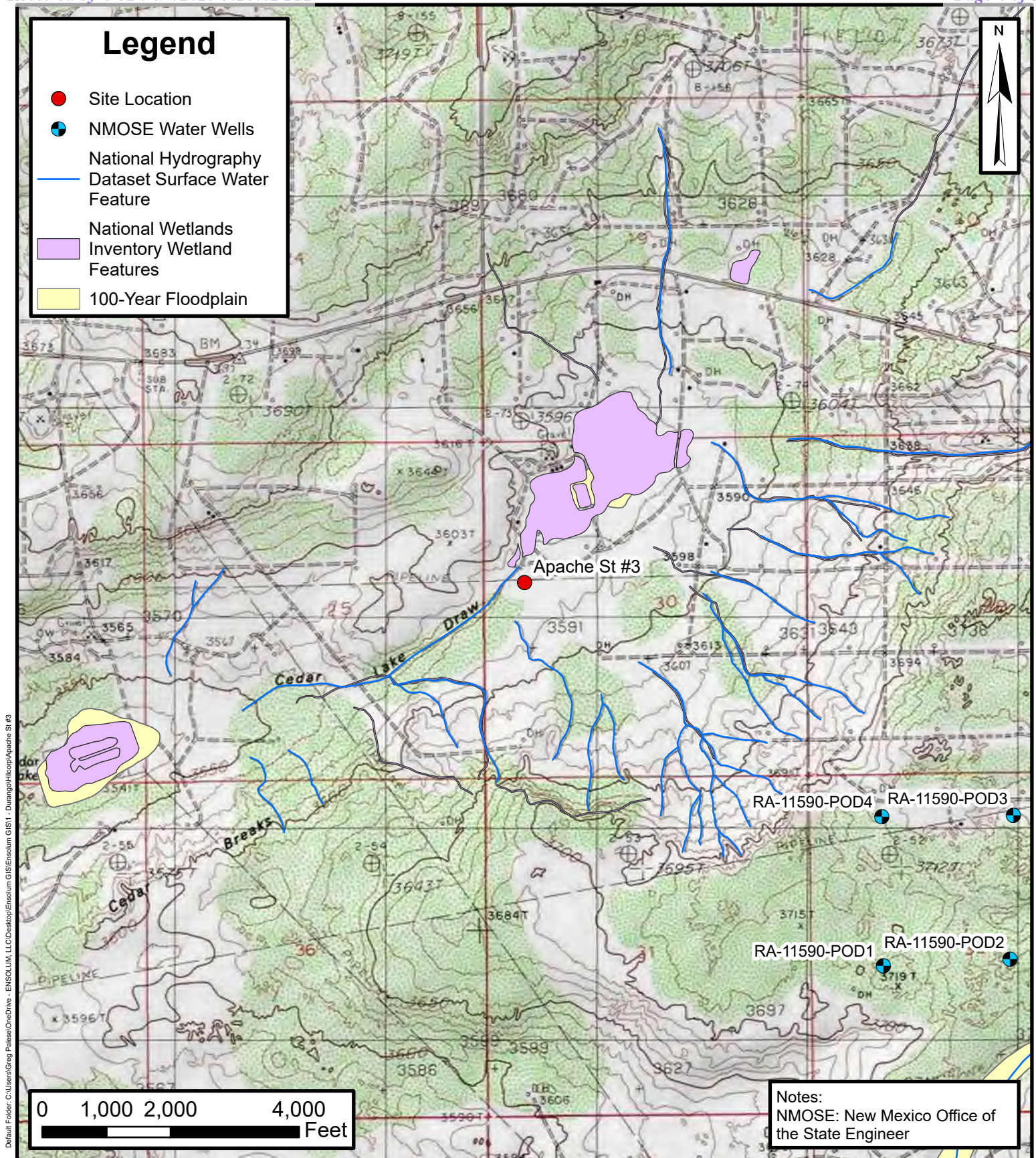
cc: NMSLO

Attachments:

Figure 1: Site Receptor Map
Appendix A Water Hauler Trucking Ticket
Appendix B NMOCD Correspondence
Appendix C Photographic Log – Liner Survey Photos



Figures



Site Receptor Map

Apache Stat SWD 3
Hilcorp Energy Company
32.8065730, -103.9146566
Eddy County, New Mexico

FIGURE
1





Appendix A Water Hauler Trucking Ticket

M&R TRUCKING, INC.



PO BOX 600
FARMINGTON, NM 87499
505-334-5541

DIS # 15389

Time in: _____

Time Out: _____

Date: 1 / 22 / 25Company: HilcorpLease: Apache SWD 34

DESCRIPTION	TOP GUAGE	BOTTOM GUAGE
390 BBLs		

By: Norma

3PT DISPATCH PADS

Employee # _____

Truck # 2346

NICHOLS PRINTING, INC. • 575-885-3313

M&R TRUCKING, INC.



PO BOX 600
FARMINGTON, NM 87499
505-334-5541

DIS # 15814

Time in: _____

Time Out: _____

Date: 1 / 22 / 25Company: HilcorpLease: Apache State SWD #3

DESCRIPTION	TOP GUAGE	BOTTOM GUAGE
130	Reder Lake SWD	
130	Loce Hill SWD	
130	Loce Hill SWD	
390 BBLs Total		

By: JEFF B

3PT DISPATCH PADS

Employee # _____

Truck # 2365

NICHOLS PRINTING, INC. • 575-885-3313

DOUBLE R TRANSPORTATION, LLC

P.O. DRAWER 1080
 JAL, NEW MEXICO 88252
 575-395-2622
 575-390-2455

MC 103041

DATE 01-22-25
 TRUCK 09 TIME OUT _____ TIME IN _____
 Company HILCORP
 Lease APACHE ST. #3 SWD

DESCRIPTION	TOP GAUGE	BOTTOM GAUGE
HAULED LOADS		
P/W 130 EBL5		
EACH 5 LOADS		
650 EBL5		

By: A. C. 0550

HYDROSTEAM OIL FIELD SERVICES, L.L.C.

COMPANY HILCORP
 LEASE Apache 3 SWD
 TOP GAUGE _____
 BOTTOM GAUGE _____
 FLUID HAULED 170
 DATE 01/22/25
 DRIVER/TRUCK NO. Alexi Aguirre 129



Appendix B NMOCD Correspondence



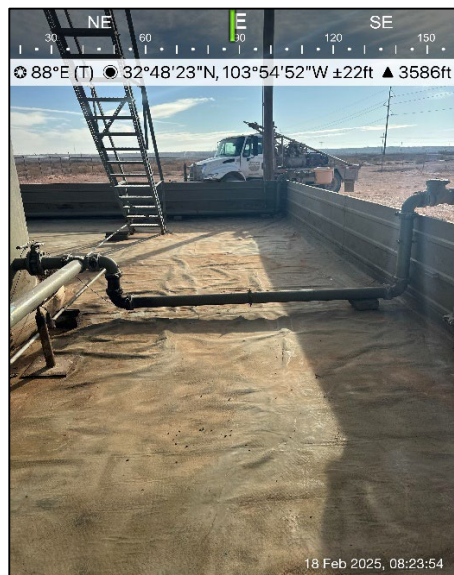
Appendix C Photographic Log



Photographic Log
Hilcorp Energy Company
Apache St #3
Eddy County, NM



Photograph: 1 Date: 2/18/2025
Description: Liner Inspection
View: Southwest



Photograph: 2 Date: 2/18/2025
Description: Liner Inspection
View: East



Photograph: 3 Date: 2/18/2025
Description: Liner Inspection
View: Southeast



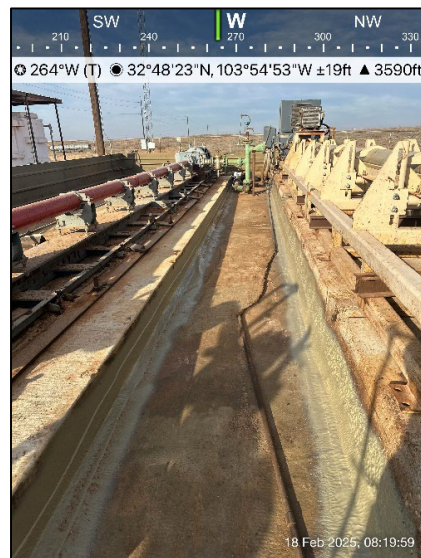
Photograph: 4 Date: 2/18/2025
Description: Liner Inspection
View: West/Northwest



Photographic Log
Hilcorp Energy Company
Apache St #3
Eddy County, NM



Photograph: 5 Date: 2/18/2025
Description: Liner Inspection
View: West



Photograph: 6 Date: 2/18/2025
Description: Liner Inspection
View: West



Photograph: 7 Date: 2/18/2025
Description: Liner Inspection
View: North



Photograph: 8 Date: 2/18/2025
Description: Liner Inspection
View: Southeast



Photographic Log
Hilcorp Energy Company
Apache St #3
Eddy County, NM



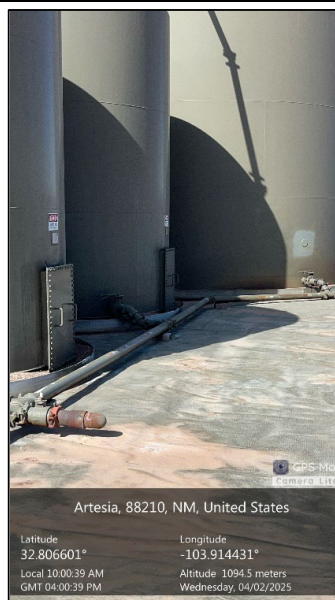
Photograph: 9 Date: 2/18/2025
Description: Liner Inspection
View: Southeast



Photograph: 10 Date: 2/18/2025
Description: Liner Inspection
View: East



Photograph: 11 Date: 2/18/2025
Description: Liner Inspection
View: West



Photograph: 12 Date: 4/2/2025
Description: Liner Inspection
View: West

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 442689

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 442689
	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Prerequisites	
Incident ID (n#)	nAPP2502325237
Incident Name	NAPP2502325237 APACHE STATE SWD 3 @ 30-015-38978
Incident Type	Produced Water Release
Incident Status	Remediation Closure Report Received
Incident Well	[30-015-38978] APACHE STATE SWD #003

Location of Release Source	
<i>Please answer all the questions in this group.</i>	
Site Name	Apache State SWD 3
Date Release Discovered	01/22/2025
Surface Owner	State

Incident Details	
<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

Nature and Volume of Release	
<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	Not answered.
Produced Water Released (bbls) Details	Cause: Equipment Failure Water Tank Produced Water Released: 1,600 BBL Recovered: 1,600 BBL Lost: 0 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.

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS, Page 2

Action 442689

QUESTIONS (continued)

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 442689
	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)

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: (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 Subparagraph (a) of Paragraph (5) of Subsection A of 19.15.29.11 NMAC), please prepare and attach all information needed for closure evaluation in the follow-up C-141 submission.

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.

I hereby agree and sign off to the above statement	Name: Stuart Hyde Title: Senior Geologist Email: shyde@ensolum.com Date: 04/07/2025
--	--

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS, Page 3

Action 442689

QUESTIONS (continued)

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 442689
	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Site Characterization	
<i>Please answer all the questions in this group (only required when seeking remediation plan approval and beyond). This information must be provided to the appropriate district office no later than 90 days after the release discovery date.</i>	
What is the shallowest depth to groundwater beneath the area affected by the release in feet below ground surface (ft bgs)	Between 51 and 75 (ft.)
What method was used to determine the depth to ground water	NM OSE iWaters Database Search
Did this release impact groundwater or surface water	No
What is the minimum distance, between the closest lateral extents of the release and the following surface areas:	
A continuously flowing watercourse or any other significant watercourse	Between 100 and 200 (ft.)
Any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)	Between 500 and 1000 (ft.)
An occupied permanent residence, school, hospital, institution, or church	Between 1 and 5 (mi.)
A spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes	Between 1 and 5 (mi.)
Any other fresh water well or spring	Between 1 and 5 (mi.)
Incorporated municipal boundaries or a defined municipal fresh water well field	Greater than 5 (mi.)
A wetland	Between 200 and 300 (ft.)
A subsurface mine	Between 1 and 5 (mi.)
An (non-karst) unstable area	Greater than 5 (mi.)
Categorize the risk of this well / site being in a karst geology	Low
A 100-year floodplain	Between 1000 (ft.) and ½ (mi.)
Did the release impact areas not on an exploration, development, production, or storage site	No

Remediation Plan	
<i>Please answer all the questions that apply or are indicated. This information must be provided to the appropriate district office no later than 90 days after the release discovery date.</i>	
Requesting a remediation plan approval with this submission	Yes
<i>Attach a comprehensive report demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined, pursuant to 19.15.29.11 NMAC and 19.15.29.13 NMAC.</i>	
Have the lateral and vertical extents of contamination been fully delineated	Yes
Was this release entirely contained within a lined containment area	Yes
<i>Per Subsection B of 19.15.29.11 NMAC unless the site characterization report includes completed efforts at remediation, the report must include a proposed remediation plan in accordance with 19.15.29.12 NMAC, which includes the anticipated timelines for beginning and completing the remediation.</i>	
On what estimated date will the remediation commence	01/22/2025
On what date will (or did) the final sampling or liner inspection occur	02/18/2025
On what date will (or was) the remediation complete(d)	02/18/2025
What is the estimated surface area (in square feet) that will be remediated	7000
What is the estimated volume (in cubic yards) that will be remediated	0
<i>These estimated dates and measurements are recognized to be the best guess or calculation at the time of submission and may (be) change(d) over time as more remediation efforts are completed.</i>	
<i>The OCD recognizes that proposed remediation measures may have to be minimally adjusted in accordance with the physical realities encountered during remediation. If the responsible party has any need to significantly deviate from the remediation plan proposed, then it should consult with the division to determine if another remediation plan submission is required.</i>	

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS, Page 4

Action 442689

QUESTIONS (continued)

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 442689
	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Remediation Plan (continued)	
<i>Please answer all the questions that apply or are indicated. This information must be provided to the appropriate district office no later than 90 days after the release discovery date.</i>	
This remediation will (or is expected to) utilize the following processes to remediate / reduce contaminants:	
<i>(Select all answers below that apply.)</i>	
Is (or was) there affected material present needing to be removed	Yes
Is (or was) there a power wash of the lined containment area (to be) performed	Yes
OTHER (Non-listed remedial process)	Not answered.
<i>Per Subsection B of 19.15.29.11 NMAC unless the site characterization report includes completed efforts at remediation, the report must include a proposed remediation plan in accordance with 19.15.29.12 NMAC, which includes the anticipated timelines for beginning and completing the remediation.</i>	
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.	
I hereby agree and sign off to the above statement	Name: Stuart Hyde Title: Senior Geologist Email: shyde@ensolum.com Date: 04/07/2025
<i>The OCD recognizes that proposed remediation measures may have to be minimally adjusted in accordance with the physical realities encountered during remediation. If the responsible party has any need to significantly deviate from the remediation plan proposed, then it should consult with the division to determine if another remediation plan submission is required.</i>	

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS, Page 6

Action 442689

QUESTIONS (continued)

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 442689
	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Liner Inspection Information	
Last liner inspection notification (C-141L) recorded	446342
Liner inspection date pursuant to Subparagraph (a) of Paragraph (5) of Subsection A of 19.15.29.11 NMAC	04/02/2025
Was all the impacted materials removed from the liner	Yes
What was the liner inspection surface area in square feet	7380

Remediation Closure Request	
<i>Only answer the questions in this group if seeking remediation closure for this release because all remediation steps have been completed.</i>	
Requesting a remediation closure approval with this submission	Yes
Have the lateral and vertical extents of contamination been fully delineated	Yes
Was this release entirely contained within a lined containment area	Yes
What was the total surface area (in square feet) remediated	7380
What was the total volume (cubic yards) remediated	0
Summarize any additional remediation activities not included by answers (above)	no remediation needed
<i>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 (in .pdf format) 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.</i>	
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.	
I hereby agree and sign off to the above statement	Name: Stuart Hyde Title: Senior Geologist Email: shyde@ensolum.com Date: 04/07/2025

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 442689

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 442689
	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)

CONDITIONS

Created By	Condition	Condition Date
nvez	Liner inspection approved, release resolved.	4/11/2025