



ENFORCEMENT WATCH:

Matador Production Company

Matador Production Company (Matador) has agreed to pay a civil penalty and ensure compliance with both state and federal clean air regulations at all 239 of its New Mexico oil and gas well pads to resolve liability alleged in a civil complaint filed today under the Clean Air Act and state regulations.

As part of the \$6.2 million-valued settlement, Matador will pay a civil penalty of \$1.15 million, to be split between the United States and the State of New Mexico. In addition, Matador will spend no less than \$1.25 million on a supplemental environmental project involving diesel engine replacements, which will result in significant reductions of both NOx and CO2. Matador will also spend another \$500,000 to conduct aerial monitoring of its New Mexico facilities for leaks of methane and other pollutants and to address any problems identified. Finally, Matador will spend an estimated \$2.5 million in injunctive relief and \$800,000 in mitigation costs to offset the harm caused by the alleged violations by reducing emissions from pneumatic devices and vapor recovery units used in its oil and gas operations.

“This settlement begins to hold the ninth largest oil and gas producer in our state accountable and mitigate the harmful impacts to our communities and ability to breathe clean air,” said **New Mexico Environment Department Cabinet Secretary James Kenney**. “We are committed to holding companies accountable when they violate our air quality regulations.”

The complaint, filed jointly by the United States, on behalf of the U.S. Environmental Protection Agency (EPA), and the New Mexico Environment Department (NMED), alleges that Matador failed to capture and control air emissions from storage vessels; comply with inspection, monitoring, and recordkeeping requirements; and obtain required state and federal permits at 25 of its oil and gas production operations in New Mexico. These alleged violations resulted in significant excess emissions of volatile organic compounds (VOC), nitrogen oxide (NOx) and carbon monoxide (CO) into the atmosphere. NMED and EPA identified the alleged violations through flyover surveillance and field investigations conducted in 2019. The alleged violations occurred at numerous storage vessels that are part of Matador’s production system located in Lea and Eddy Counties in New Mexico.

Environmental Benefits:

Matador’s compliance with the consent decree will result in a reduction of:

- **More than 16,000 tons of oxides of NOx, VOCs, and CO combined.**
- **A significant reduction of greenhouse gas emissions, such as methane – a powerful greenhouse gas – in an amount equating to over 31,000 tons of CO2.**

Environmental Costs:

The \$6.2 million-valued settlement is as follows:

- \$1.15 million in civil penalties;
- \$1.75 million for two supplemental environmental projects;
- \$2.5 million in injunctive relief;
- \$800,000 in mitigation projects to offset the harm caused by the alleged violations

To see video footage of the leaking equipment from Matador’s operations, please visit our YouTube channel: [**@newmexicoenvironmentdepart8718**](#)



A photo still from a 2019 flyover video of a Matador facility.

Matador violated federal and state permitting and regulatory requirements that protect air quality. These requirements include the standards of performance for crude oil and natural gas facilities (40 C.F.R. Part 60 Subpart (NMSA 1978, §§ 74-2-1 et seq.) and corresponding regulations and permits issued by NMED.

The consent decree, filed together with the complaint, requires Matador to ensure that all 239 of its tank batteries in New Mexico are operated properly and in compliance with the law. Under the settlement, Matador will implement extensive design, operation, maintenance and monitoring improvements, including installing new tank pressure monitoring systems that will provide advance notification of potential emissions

and allow for immediate response action by the company.

Under the settlement agreement, Matador is required to undertake projects and perform various compliance requirements, including:

1. Field Surveys – A comprehensive inventory of their equipment and compliance with applicable requirements under federal and state laws.
2. Sampling – Matador will be the first producer to implement measures that will serve as a model in future resolution of violations by other oil and gas operators.
3. Emissions determinations – Proper calculation of storage tank and other equipment emissions.
4. Directed inspection/Preventative maintenance for subject vapor control units.
5. Storage vessel pressure monitoring for subject vapor control systems.
6. Vapor recovery unit and control device monitoring for subject vapor control systems.
7. Combustion control device pilot monitoring.
8. Root cause analysis and corrective action for subject vapor control systems.
9. Mitigation Projects – Undertake projects to remedy, reduce, or offset past excess emissions resulting from Matador’s alleged violations of the Act and the AQCA in this matter.
10. Supplemental Environmental Projects – Two projects that will further reduce emissions and assure compliance with applicable federal and state rules, including the requirements of the settlement.
 - a. *Well Completion Engine Replacement Project*: Matador shall permanently decommission two diesel Tier 2 Engines (with a maximum load rating of 2500 BHP) that were used for well completions and procure and utilize two dual-fuel Tier 4 Engines in no fewer than 45 percent of Matador’s well completions each year for three years following their procurement. Matador shall spend no less than \$1,250,000 to implement this SEP.
 - b. *Aerial Surveillance Project*: Matador shall conduct monitoring for methane or VOC emissions using aerial optical gas imaging or other innovative detection technology at all 239 Facilities identified in Appendix A. Matador shall spend no less than \$500,000 to implement this SEP.