

PALOMA RESOURCES

EK 29 BS2 FEDERAL COM #004H

Site Characterization / Volume Justification

NAPP2518436224

API No. 30-025-42700

P-30-18S-34E

Federal Surface Ownership

32.7122349, -103.5915304 NAD83



2525 NW County Rd
Hobbs, NM 88240
[\(575\) 392-9996](tel:(575)392-9996)

Site Characterization Report

Site Name: EK 29 BS2 FEDERAL COM #004H

Incident Number: NAPP2518436224

Date of Release: 6/27/25

Operator: Paloma Permian AssetCo, LLC

Prepared by: Diamondback Disposal Services, Inc.

Volume Determination and Justification

The release volume was estimated at 23 barrels (bbl) of produced oil. This figure was determined by comparing tank gauge measurements recorded prior to and immediately following the incident. The discrepancy in fluid level corresponds to a 23 bbl loss.

Recovery efforts commenced the same day, and 20 bbl of oil were recovered from the containment area using a vacuum truck operated by Double R. The recovered oil was returned to the production system. The remaining 3 bbl are presumed to be residual fluids adsorbed into the ground within the bermed area and will require remediation.

This method of volume determination is consistent with NMOCD guidance, using direct tank measurements and verified recovery logs. No migration outside the containment was observed.

Cause of Release and Immediate Action

The release was caused by corrosion of the fire tube on the heater treater. Upon discovery, the source was immediately isolated. The fire tube was then blanked off to prevent recurrence of the issue.

The release was entirely contained within the bermed secondary containment system surrounding the heater treater. No overflow, breach, or loss of fluid outside the containment area occurred.

Site Conditions and Environmental Receptors

The site is located within an actively managed well pad in southeastern New Mexico and features flat to gently sloping topography. Surface conditions are typical of regional oilfield infrastructure, with compacted caliche covering the bermed containment area.

Depth to groundwater at this site is conservatively assumed to be less than 50 feet below ground surface for the purposes of this characterization. This assumption is precautionary and based on the absence of qualifying water well data within the immediate area. However, available regional well data strongly suggest that actual groundwater occurs at depths greater than 100 feet. Until definitive site-specific data is obtained, the conservative estimate remains in effect for regulatory consideration.

There is no evidence of impact to groundwater or surface water. The Pecos River lies approximately 41 miles west of the site, and the nearest wetland is located slightly east of Smith Ranch, about 1.2 miles to the northeast.

The site is located in an area with low risk for karst development and lies within a zone classified as having undetermined flood hazard potential. No 100-year floodplain intersects the release area.

Conclusion

The release was promptly addressed, fully contained within existing secondary containment, and posed no threat to groundwater, surface water, or nearby receptors. Recovery operations were completed on the day of the incident, and corrective measures were implemented to prevent recurrence. Site conditions have been evaluated, and any remaining impacts will be addressed through appropriate remediation in accordance with NMOCD regulations.

Appendix A

Site Characterization

National Flood Hazard Layer FIRMette



103°35'48"W 32°42'59"N



0 250 500 1,000 1,500 2,000 Feet

1:6,000

103°35'11"W 32°42'29"N

Released to Imaging: 7/3/2025 1:28:39 PM

Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS		Without Base Flood Elevation (BFE) Zone A, V, A99
		With BFE or Depth Zone AE, AO, AH, VE, AR
		Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD		0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
		Future Conditions 1% Annual Chance Flood Hazard Zone X
		Area with Reduced Flood Risk due to Levee. See Notes. Zone X
		Area with Flood Risk due to Levee Zone D
OTHER AREAS		NO SCREEN Area of Minimal Flood Hazard Zone X
		Effective LOMRs
		Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES		Channel, Culvert, or Storm Sewer
		Levee, Dike, or Floodwall
OTHER FEATURES		20.2 Cross Sections with 1% Annual Chance Water Surface Elevation
		17.5 Cross Sections with 1% Annual Chance Water Surface Elevation
		Coastal Transect
		Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
		Coastal Transect Baseline
		Profile Baseline
MAP PANELS		Digital Data Available
		No Digital Data Available
		Unmapped



The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 7/3/2025 at 5:02 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

↓ Release Point

BLM Karst Potential

Critical

High - Survey Required

Not Karst

Medium

5 Mile Radius



0 2.5 5 mi



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Diamondback Disposal
Services, Inc
P.O. Box 2491
Hobbs, NM 88241
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Appendix B

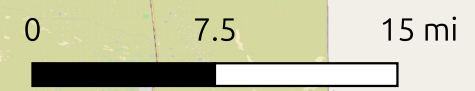
Depth to Groundwater

Topographical Information

↓ Release Point

Pecos River 41.4 miles 5 Mile Radius 26 miles

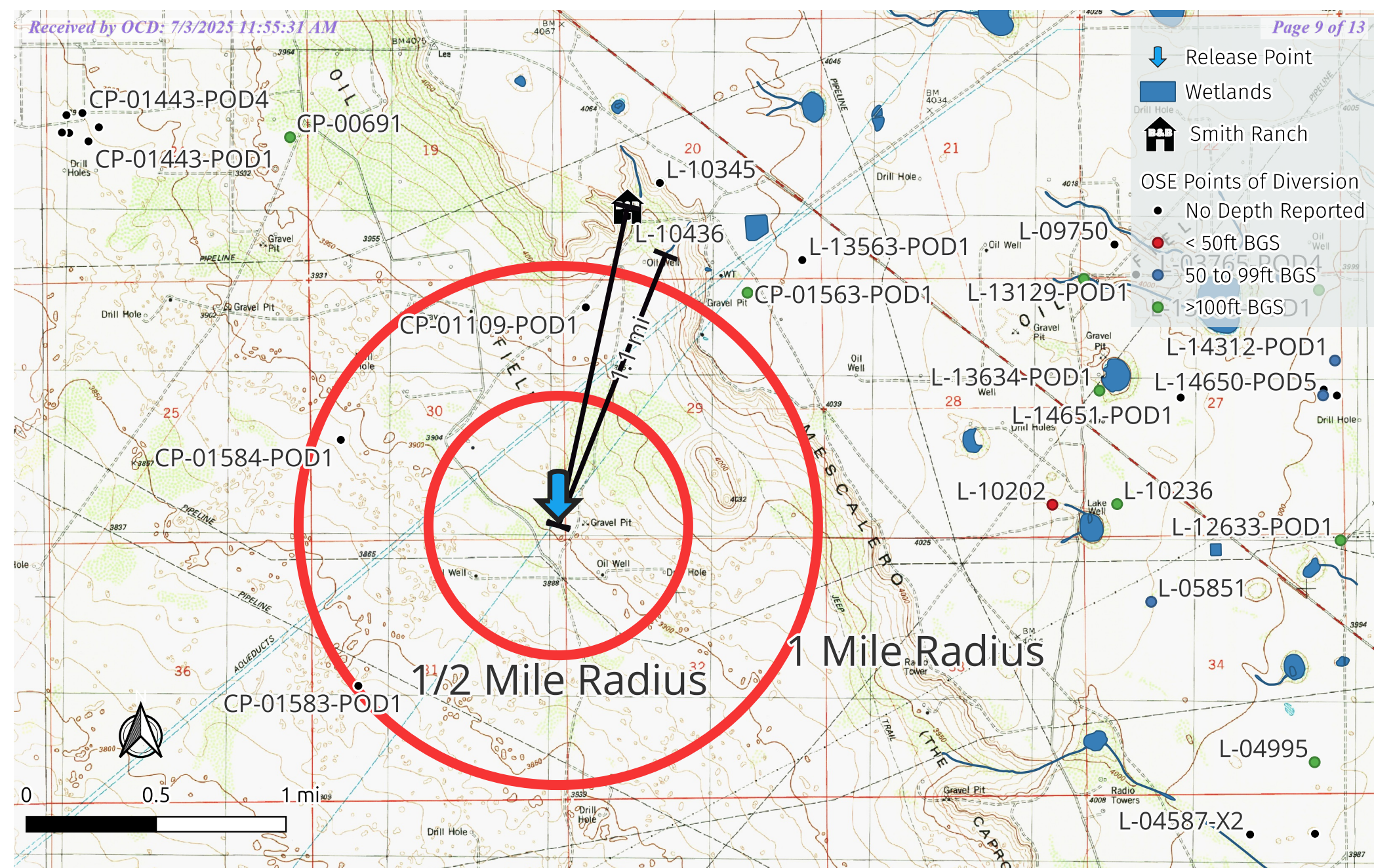
28.7 miles Potash Mines



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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 481565

QUESTIONS

Operator: Paloma Permian AssetCo, LLC 1100 Louisiana, Ste. 5100 Houston, TX 77002	OGRID: 332449
	Action Number: 481565
	Action Type: [C-141] Initial C-141 (C-141-v-Initial)

QUESTIONS

Prerequisites	
Incident ID (n#)	nAPP2518436224
Incident Name	NAPP2518436224 EK 29 BS2 FEDERAL COM #004H @ 30-025-42700
Incident Type	Oil Release
Incident Status	Initial C-141 Received
Incident Well	[30-025-42700] EK 29 BS2 FEDERAL COM #004H

Location of Release Source

Please answer all the questions in this group.

Site Name	EK 29 BS2 FEDERAL COM #004H
Date Release Discovered	06/27/2025
Surface Owner	Federal

Incident Details

Please answer all the questions in this group.

Incident Type	Oil 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

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.

Crude Oil Released (bbls) Details	Cause: Corrosion Treating Tower Crude Oil Released: 23 BBL Recovered: 20 BBL Lost: 3 BBL.
Produced Water Released (bbls) Details	Not answered.
Is the concentration of chloride in the produced water >10,000 mg/l	No
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)	The release was caused by corrosion of the heater treater's fire tube

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QUESTIONS, Page 2

Action 481565

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	No
Reasons why this would be considered a submission for a notification of a major release	Unavailable.
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: Jason Owsley Email: jasono@diamondbacknm.com Date: 07/03/2025
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QUESTIONS, Page 3

Action 481565

QUESTIONS (continued)

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	Action Number: 481565
	Action Type: [C-141] Initial C-141 (C-141-v-Initial)

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)	Less than or equal 25 (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	Greater than 5 (mi.)
Any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)	Greater than 5 (mi.)
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 1 and 5 (mi.)
A subsurface mine	Greater than 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	Greater than 5 (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	No
<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>	

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CONDITIONS

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CONDITIONS

Created By	Condition	Condition Date
scott.rodgers	Initial C-141 approved. In the next application, please provide the tank gauges as well as the tank diameter to support the stated spill volume.	7/3/2025