2025 ANNUAL DISCHARGE PERMIT REPORT

Espinosa Canyon Treatment Plant
Discharge Permit GW-356

April 30, 2026

Blackhawk Energy Corporation
700 Dekalb Street
Farmington, New Mexico 87401

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1.0 INTRODUCTION

Pursuant to Title 20, Chapter 6, Part 2 of the New Mexico Administrative Code (NMAC), this annual discharge permit report is being submitted to the New Mexico Oil Conservation Division (NMOCD) to summarize activities that occurred at the Espinosa Canyon Treatment Plant (Facility) during the 2025 reporting period.

The Facility, operated by Blackhawk Energy Corporation (Blackhawk), is located approximately 16 miles southwest of Dulce, within Section 13, Township 30 North, Range 4 West in Rio Arriba County, New Mexico (36.81640°N, -107.20564°W) as depicted on **Figure 1**.

The Facility operates as a natural gas gathering and boosting facility, processing gas produced by nearby Blackhawk wells. Compression and dehydration processing occurs at the Facility, which generates approximately 8,400 to 12,600 gallons per year of condensate, 1,000 gallons per year of wastewater, and 500 gallons per year of lube oil waste. A Facility layout diagram is included as **Figure 2**.

The NMOCD issued discharge permit GW-356 to the Facility on September 1, 2023. The permit expires on September 1, 2028. In accordance with Permit Condition 2.K, this report summarizes activities at the Facility during the 2025 reporting period (January 1, 2025 through December 31, 2025). Consistent with the approved discharge permit application, no groundwater monitoring is required at the Facility, and no monitoring wells were installed during the reporting period. As such, components associated with an Annual Groundwater Monitoring Report are not applicable and not provided herein.

2.0 SUMMARY OF FACILITY ACTIVITIES

During the reporting period, the Facility operated continuously as a natural gas compression and dehydration plant, consistent with the permit application approved by the NMOCD on September 1, 2023. No construction or major changes that would affect compliance with the discharge permit or changes to the Closure/Post Closure Plan described in the permit application occurred at the Facility during the reporting period.

3.0 WASTEWATER MANAGEMENT AND DISPOSAL

The following sections summarize how wastewater was managed and disposed of at the Facility during the reporting period.

3.1 Onsite Disposal

The Facility does not have an onsite disposal system or onsite Underground Injection Control (UIC) Class V injection wells.

Sanitary waste is generated and collected in the septic tank at approximately 40 gallons per day. The waste was treated in a leach field just west of the septic tank. The sanitary waste system meets all requirements of 20.7.3.401 NMAC, and sanitary sewage does not commingle with any waste generated by processing at the Facility.

3.2 Offsite Disposal

As described in the discharge permit application, any oil collected or generated during processing was returned to the closed-loop processing system. Wastewater from processing was transferred to the produced water tanks and transported offsite via pipeline for injection into the nearby Simms Federal #1 saltwater disposal (SWD) well. Accumulated liquids removed from containment areas

were returned to the processing system for separation and transferred to oil or produced water tanks.

During the reporting period, a total of 5,554 barrels of produced water were transported via pipeline to the Simms Federal #1 SWD facility for injection. Injection volumes are summarized on **Table 1**.

3.3 Stormwater Management

The Facility is designed to keep stormwater and other surface flows onsite and to avoid contact with equipment and storage containers and tanks. A berm built along the southern perimeter of the Facility directs surface flows from the south around the Facility rather than across it. The pad is gently sloped toward the center where no equipment is located, and collected water is allowed to evaporate. Stormwater that accumulates inside secondary containment is removed via vacuum truck and transferred to onsite tanks. No stormwater discharges occurred at the Facility during the reporting period.

4.0 SUMMARY OF RELEASES

Pursuant to 20.6.2.1203.A NMAC, any release that could reasonably injure or be detrimental to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of property must be reported to the NMOCD. During the reporting period, no releases occurred at the Facility that met these criteria for notification under Permit Provision 2.G. Any de minimis incidental releases were promptly contained and addressed immediately upon discovery.

5.0 GROUNDWATER MONITORING

No groundwater or vadose zone contamination concerns were identified during the reporting period, and no groundwater sampling or monitoring was conducted. There are no active abatement projects or ongoing investigations at the Facility that require groundwater monitoring, and there are no known exceedances of Water Quality Control Commission (WQCC) standards.

6.0 LEAK DETECTION AND LINER INSPECTIONS AND MAINTENANCE

Routine inspections, maintenance, and training procedures during the reporting period were consistent with the practices outlined in the discharge permit application.

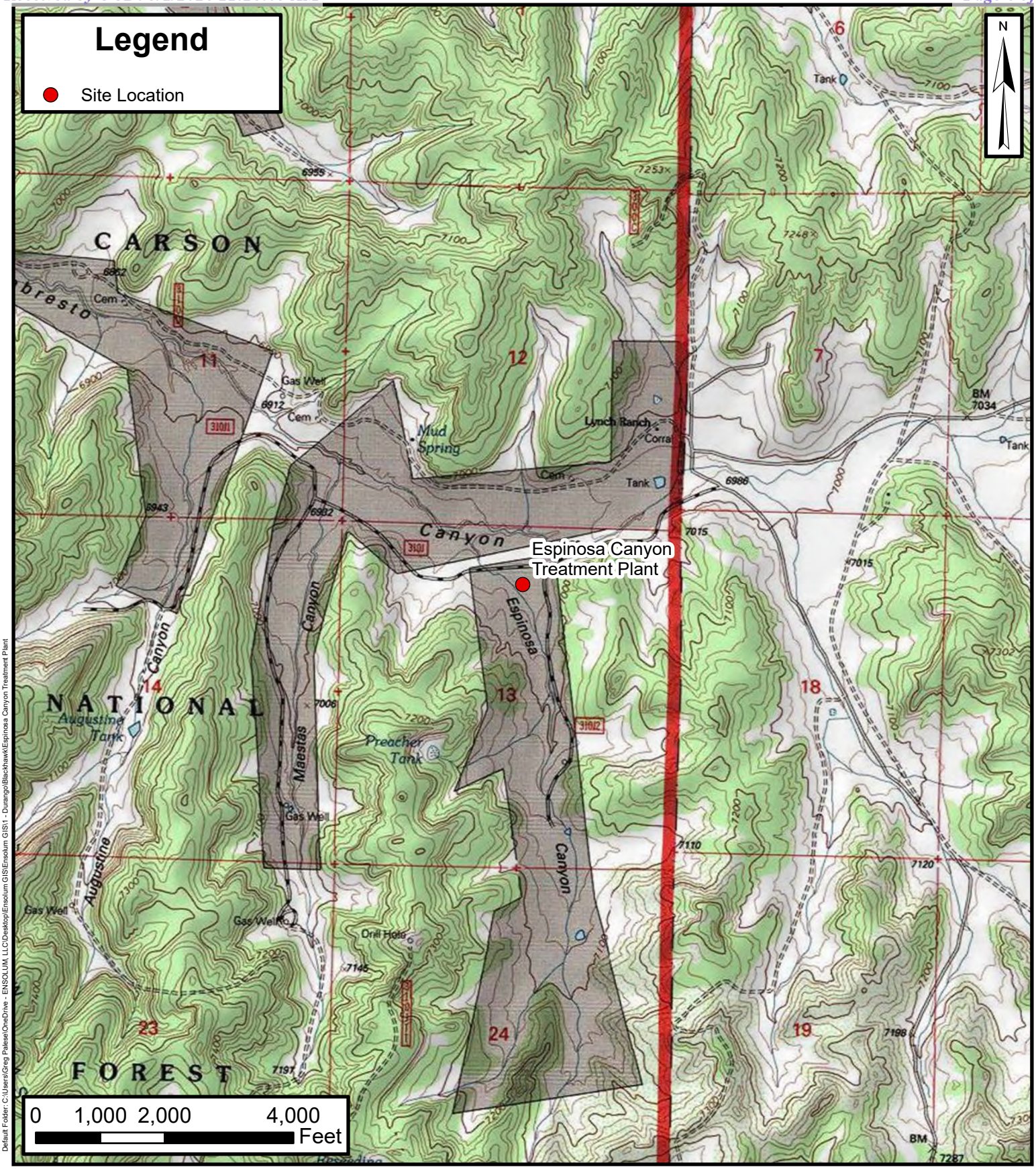
There are two belowground tanks (BGT) that store waste oil and triethylene glycol (TEG). The tanks are constructed with a double wall design for leak detection and protection of groundwater. The leak detection system of each tank was inspected monthly for fluid in the interstitial space. No fluid was observed or removed from the leak detection system during the reporting period.

Secondary containment liners were inspected as part of routine Facility inspections. No damage or deficiencies were identified, and no liner-related maintenance was required.

7.0 CONCLUSIONS AND RECOMMENDATIONS

As summarized in this report, Facility operations remained consistent with the discharge permit application throughout the reporting period, with no significant changes to processes, discharge management practices, or infrastructure. No releases requiring notification occurred, and no corrective actions or remediation activities were implemented. Routine inspections and preventative maintenance activities were conducted in accordance with permit requirements, and no deficiencies were identified that impact compliance. Based on the information presented herein, the Facility remained in compliance with applicable NMOCD discharge permit conditions

during the reporting period. Blackhawk will continue to adhere to the discharge permit requirements in 2026.



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ENSOLUM
Environmental, Engineering and Hydrogeologic Consultants

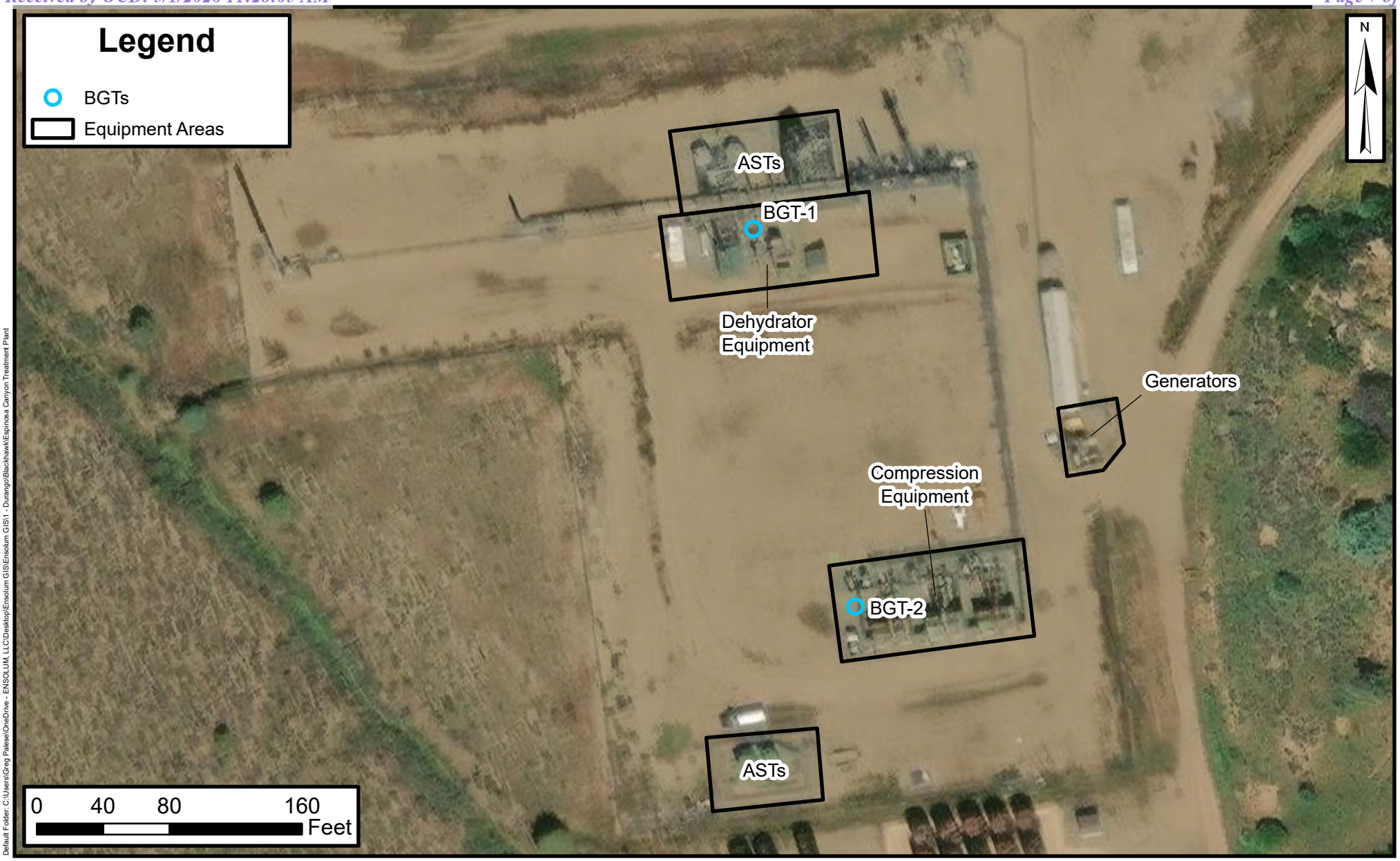
Site Location Map

Espinosa Canyon Treatment Plant
Blackhawk Energy Corporation

36.81640, -107.20564
Rio Arriba County, New Mexico

FIGURE
1

Sources: Environmental Systems Research Institute (ESRI), National Geographic Society, i-Cubed



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ENSOLUM
Environmental, Engineering and Hydrogeologic Consultants

Site Layout Map

Espinosa Canyon Treatment Plant
Blackhawk Energy Corporation

36.81640, -107.20564
Rio Arriba County, New Mexico

FIGURE
2

Sources: ESRI, Microsoft, Vantor

TABLE 1
SUMMARY OF WASTE
BLACKHAWK ENERGY CORPORATION
ESPINOSA CANYON TREATMENT PLANT
RIO ARRIBA COUNTY, NEW MEXICO

Disposal Date Range	Waste Type	Amount Disposed (barrels)	Transfer Method	Approved Waste Site
1/1/2025 - 1/31/2025	Produced Water	0	Pipeline	Not Applicable
2/1/2025 - 2/28/2025	Produced Water	494	Pipeline	Simm's Federal #1 SWD
3/1/2025 - 3/31/2025	Produced Water	651	Pipeline	Simm's Federal #1 SWD
4/1/2025 - 4/30/2025	Produced Water	412	Pipeline	Simm's Federal #1 SWD
5/1/2025 - 5/31/2025	Produced Water	353	Pipeline	Simm's Federal #1 SWD
6/1/2025 - 6/30/2025	Produced Water	279	Pipeline	Simm's Federal #1 SWD
7/1/2025 - 7/31/2025	Produced Water	523	Pipeline	Simm's Federal #1 SWD
8/1/2025 - 8/31/2025	Produced Water	378	Pipeline	Simm's Federal #1 SWD
9/1/2025 - 9/30/2025	Produced Water	1,239	Pipeline	Simm's Federal #1 SWD
10/1/2025 - 10/31/2025	Produced Water	475	Pipeline	Simm's Federal #1 SWD
11/1/2025 - 11/30/2025	Produced Water	375	Pipeline	Simm's Federal #1 SWD
12/1/2025 - 12/31/2025	Produced Water	375	Pipeline	Simm's Federal #1 SWD

Total = **5,554**

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 581173

CONDITIONS

Operator: JICARILLA ENERGY CO P.O. 1048 Farmington, NM 87401	OGRID: 11859
	Action Number: 581173
	Action Type: [UF-DP] Discharge Permit (DISCHARGE PERMIT)

CONDITIONS

Created By	Condition	Condition Date
joel.stone	The 2025 Annual Discharge Permit Report fulfills the requirement in Section 2.K. of discharge permit GW-356.	5/8/2026