

13212 N MacArthur Blvd Oklahoma City, Oklahoma 73142 Tel. 832.374.0004 ntgenvironmental.com

November 21, 2024

Mike Bratcher District Supervisor Oil Conservation District 811 S. First Street Artesia, New Mexico 88210

Re: Incident Closure Report

Caza Operating, LLC

Talon 5-8 State Federal Lease Tank Battery Unit B, Section 05, Township 20S, Range 35E Site Coordinates: 32.609323, -103.476126

Lea County, New Mexico

Incident ID: nAPP2217520534

Introduction

NTG Environmental, LLC (NTGE), on behalf of Caza Operating, LLC (Caza), submits this Incident Closure Report to the New Mexico Oil Conservation Division (NMOCD). This report provides documentation of liner inspection activities conducted to date in the affected areas at the Talon 5-8 State Federal Lease Tank Battery (Site). The Site is in Unit Letter B, Section 05, of Township 20 South and Range 35 East in Lea County, New Mexico. The GPS coordinates for the release site are 32.609323° N Latitude and -103.476126° W Longitude. The Site location with respect to the nearest town is shown on Figure 1 and the topography of the area is shown on Figure 2.

Background

Based on the initial C-141 submitted by Caza and obtained by the New Mexico Oil Conservation District (NMOCD), the release was discovered on June 23, 2022. The release was the result of an equipment failure (production tank), resulting in the release of thirty-five (35) barrels (bbls) of crude oil into lined containment, of which thirty-five (35) bbls were recovered. Upon discovery the well was shut-in, and the area was secure. The liner area is shown in Figure 3.

Groundwater and Site Characterization

Based on a review of the New Mexico Office of State Engineers and USGS databases, there are no known water sources within a ½-mile radius of the Site. No other receptors (playas, wetlands, waterways, lakebeds, or ordinance boundaries) are located within each specific boundary or distance from the Site. According to the Karst Potential Map, the Site is located within a Low

Creating a Better Environment For Oil & Gas Operations

Karst area. The Site characterization documentation (Points of Diversion, Karst Potential, Significant Watercourse Map, Wetlands Map, and FEMA Map) is attached to the report.

NTGE characterized the Site according to Table I, Closure Criteria for Soils Impacted by a Release, from the New Mexico Administrative Code (NMCA) Title 19, Chapter 15, Part 29, Section 12 (NMAC 19.15.29.12).

General Site Characterization and Groundwater:

Site Characterization	Average Groundwater Depth (ft)
Low Karst	Unknown

Table 3.1 Closure Criteria for Soils Impacted by a Release (NMAC 19.15.29.12 & 19.15.29.13)

Regulatory Standard	Chloride	ТРН	TPH	BTEX	Benzene
		(GRO+DRO+MRO (GRO+MRO)			
19.15.29.12 NMAC Table					
I Closure Criteria for Soils	600 mg/kg	100 mg/kg		50 mg/kg	10 mg/kg
Impacted by a Release					
Notes:					
= not defined					

Liner Inspection Activities

On November 13, 2024, NTGE conducted site assessment activities to assess the integrity and state of the tank battery's secondary containment liner. Upon inspection it was noted that the liner was intact with no visible holes or breaches, and free of any standing fluids. A photographic log documenting the condition of the liner at the time of the inspection is attached.

Closure Request

Based on the assessment and subsequent site assessment activities, the Site is compliant with NMOCD's regulatory requirements, and no further actions are required at the Site. Caza formally requests closure for the Site (nAPP2217520534). If you have any questions regarding this report or need additional information, please contact us at (832) 374-0004.

Sincerely,

NTG Environmental

Keller Duth

Kellan Smith Project Manager



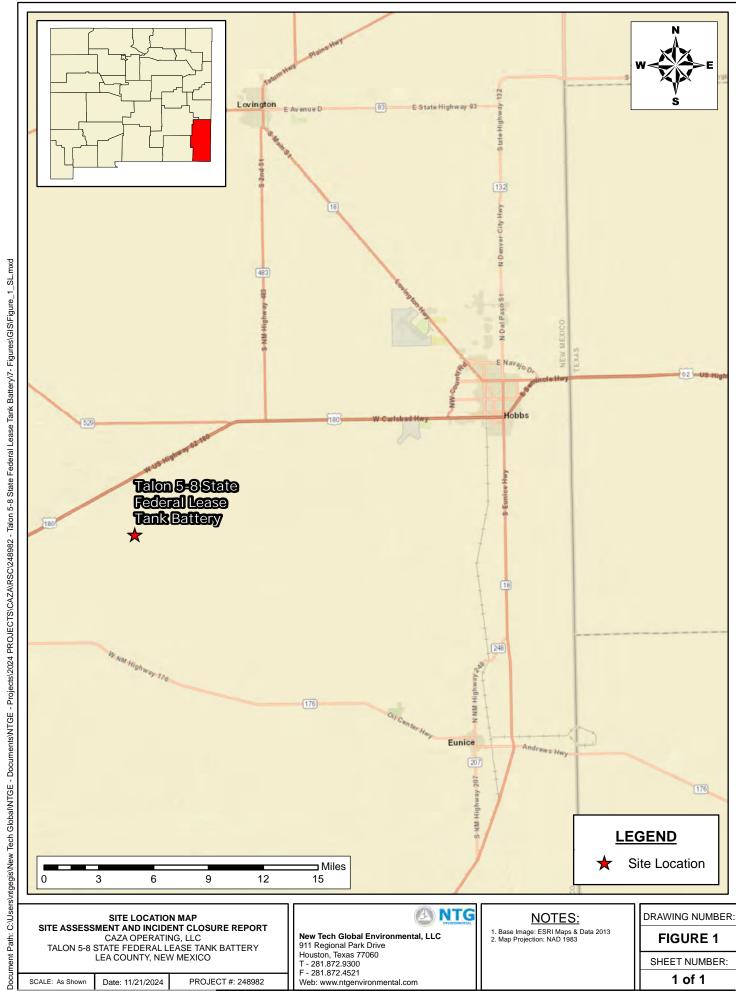
Attachments:

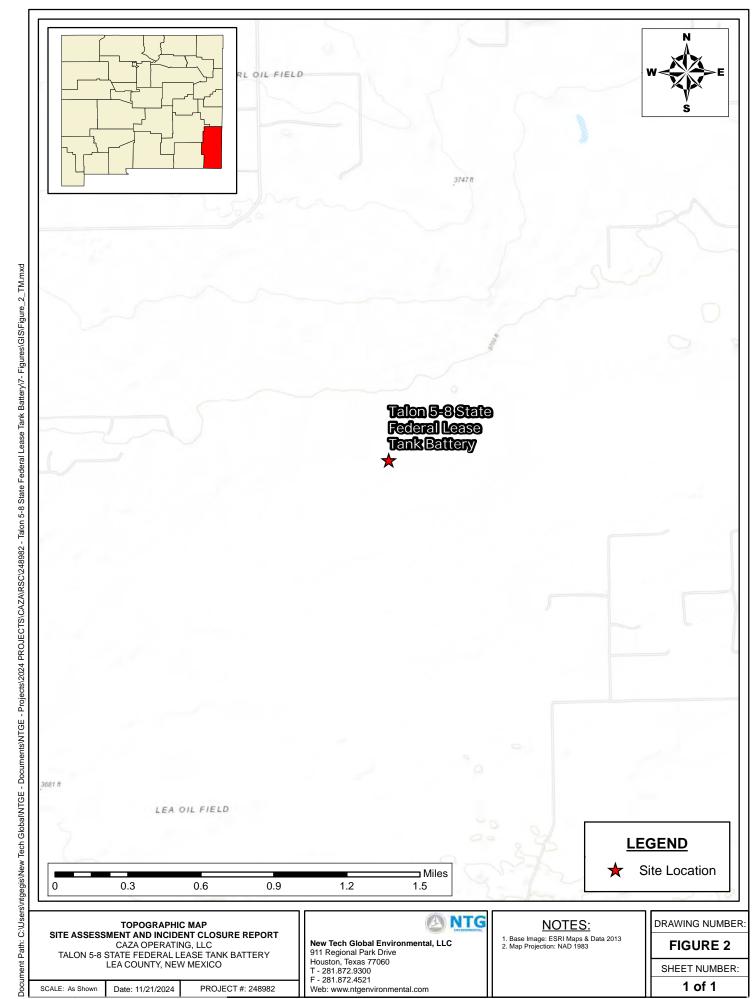
Figures Site Characterization Photographic Log



Figures

ANTG







Date: 11/21/2024 Released to Imaging: 12/9/2024 1:33:17 PM

SCALE: As Shown

PROJECT #: 248982

New Tech Global Environmental, LLC 911 Regional Park Drive Houston, Texas 77060 T - 281.872.9300

F - 281.872.4521 Web: www.ntgenvironmental.com Base Image: ESRI Maps & Data 2013
 Map Projection: NAD 1983

FIGURE 3

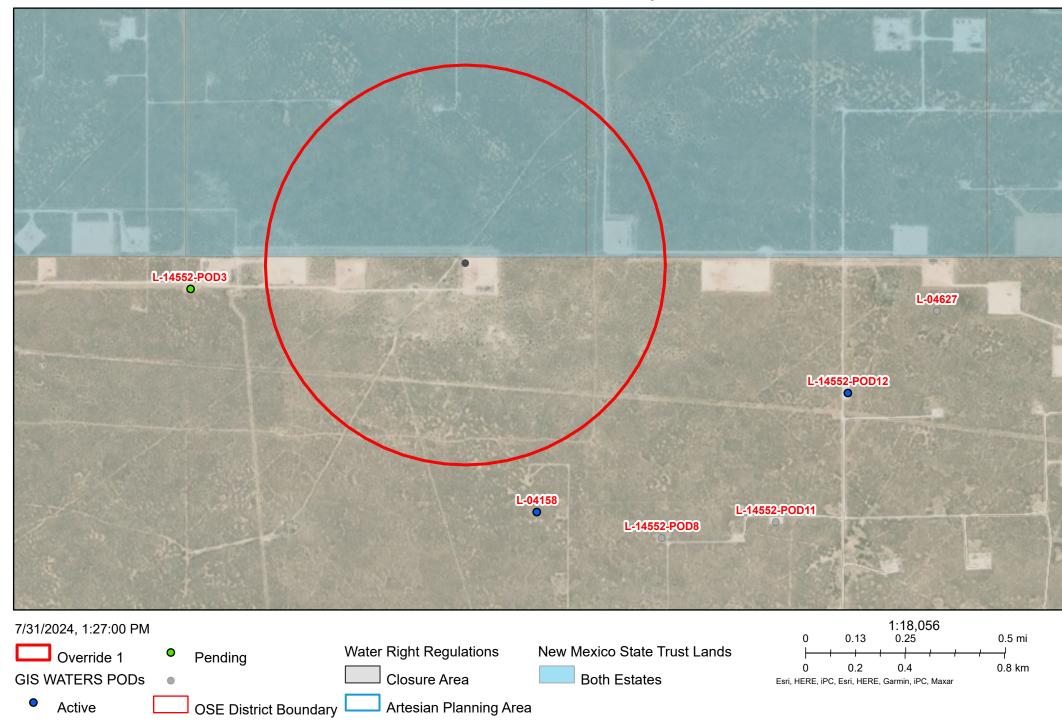
SHEET NUMBER:

1 of 1

Site Characterization



OSE POD Location Map



OCD Well Locations

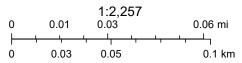


Wells - Large Scale Oil, New

Karst Occurrence Potential Oil, Active

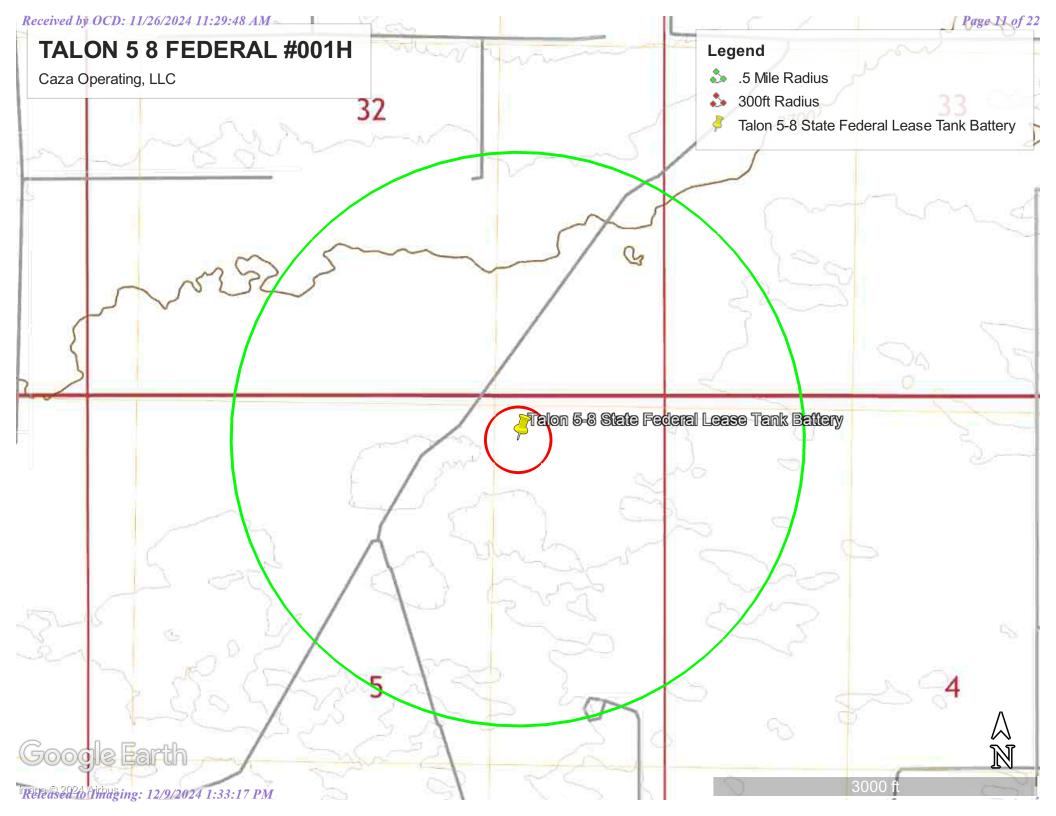
PLSS Second Division





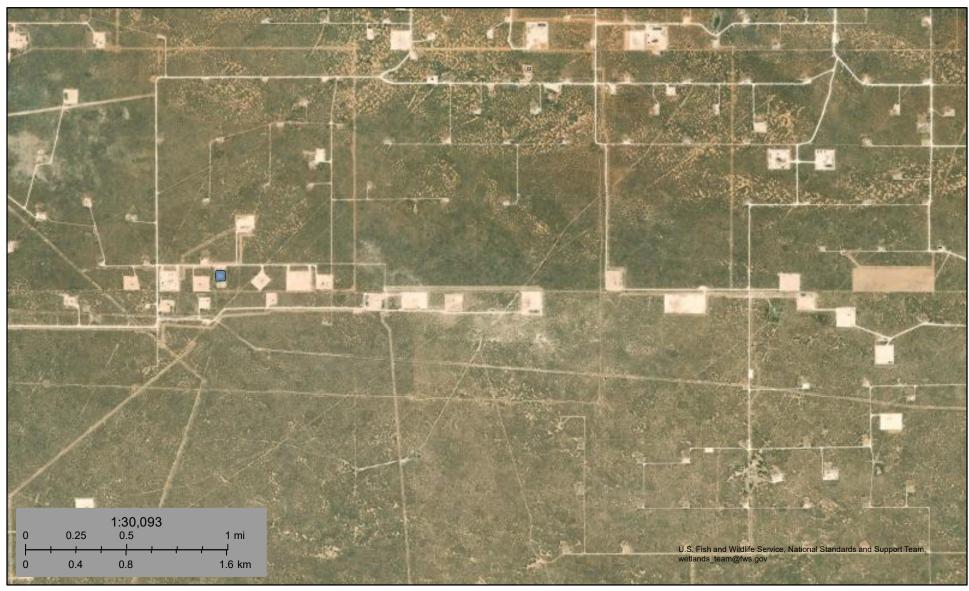
BLM, OCD, New Mexico Tech, Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department., Sources: Esri, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodatastyrelsen, Rijkswaterstaat, GSA, Geoland, FEMA, Intermap and the GIS

Oil, Cancelled





Wetlands



September 4, 2024

Wetlands

Estuarine and Marine Deepwater

Estuarine and Marine Wetland

Freshwater Emergent Wetland

Lake

Freshwater Forested/Shrub Wetland

Other

Freshwater Pond



This map is for general reference only. The US Fish and Wildlife Service is not responsible for the accuracy or currentness of the base data shown on this map. All wetlands related data should be used in accordance with the layer metadata found on the Wetlands Mapper web site.

National Flood Hazard Layer FIRMette



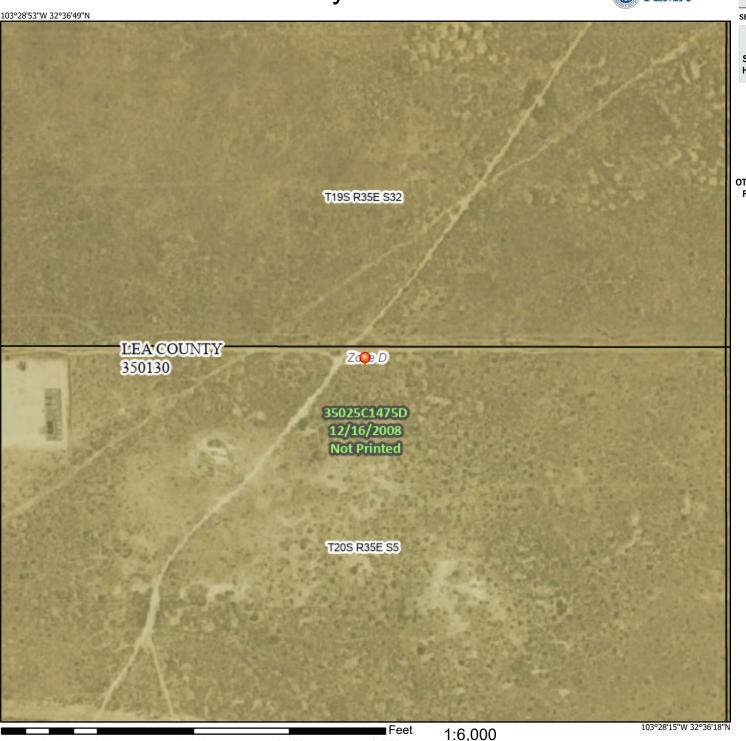


SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT Without Base Flood Elevation (BFE) With BFE or Depth Zone AE, AO, AH, VE, AR SPECIAL FLOOD HAZARD AREAS Regulatory Floodway 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or 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 OTHER AREAS OF Area with Flood Risk due to Levee Zone D FLOOD HAZARD NO SCREEN Area of Minimal Flood Hazard Zone X Effective LOMRs OTHER AREAS Area of Undetermined Flood Hazard Zone D - - - Channel, Culvert, or Storm Sewer **GENERAL** STRUCTURES | LILLIL Levee, Dike, or Floodwall 20.2 Cross Sections with 1% Annual Chance 17.5 Water Surface Elevation **Coastal Transect** www 513 www Base Flood Elevation Line (BFE) Limit of Study **Jurisdiction Boundary** -- -- Coastal Transect Baseline OTHER **Profile Baseline FEATURES** Hydrographic Feature Digital Data Available No Digital Data Available MAP PANELS 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 7/31/2024 at 3:31 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.



Photographic Log



PHOTOGRAPHIC LOG

Caza Operating LLC

Talon 5-8 State Federal Lease Tank Battery

Photograph No. 1

Facility: Talon 5-8 State Federal Lease Tank

Battery

County: Lea County, New Mexico

Description: View of Liner



Photograph No. 2

Facility: Talon 5-8 State Federal Lease Tank

Battery

County: Lea County, New Mexico

Description: View of Liner



Photograph No. 3

Facility: Talon 5-8 State Federal Lease Tank

Battery

County: Lea County, New Mexico

Description: View of Liner



PHOTOGRAPHIC LOG

Caza Operating LLC

Talon 5-8 State Federal Lease Tank Battery

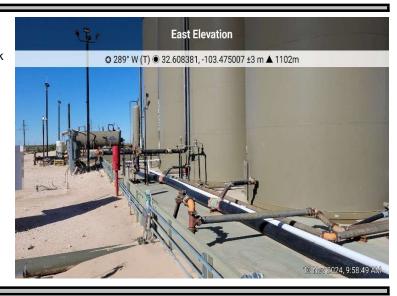
Photograph No. 4

Facility: Talon 5-8 State Federal Lease Tank

Battery

County: Lea County, New Mexico

Description: View of Liner



Photograph No. 5

Facility: Talon 5-8 State Federal Lease Tank

Battery

County: Lea County, New Mexico

Description: View of Liner



Photograph No. 6

Facility: Talon 5-8 State Federal Lease Tank

Battery

County: Lea County, New Mexico

Description: View of Liner



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 406618

QUESTIONS

ı	Operator:	OGRID:
ı	CAZA OPERATING, LLC	249099
ı	200 N Loraine St	Action Number:
ı	Midland, TX 79701	406618
ı		Action Type:
ı		[C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Prerequisites	
Incident ID (n#)	nAPP2217520534
Incident Name	NAPP2217520534 TALON 5-8 STATE FEDERAL LEASE TANK BATTERY @ 30-025-47457
Incident Type	Oil Release
Incident Status	Remediation Closure Report Received
Incident Well	[30-025-47457] TALON 5 8 FEDERAL #001H

Location of Release Source		
Please answer all the questions in this group.		
Site Name	TALON 5-8 STATE FEDERAL LEASE TANK BATTERY	
Date Release Discovered	06/23/2022	
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: Equipment Failure Production Tank Crude Oil Released: 35 BBL Recovered: 35 BBL Lost: 0 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 cause of the spill was a loss of power to the automation equipment caused by the thunderstorm that went through the area. The containment was emptied of any fluid and a steamer sprayed down the production tank. No fluid was released outside the containment.		

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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 406618

QUESTI	IONS (continued)
Operator:	OGRID:
CAZA OPERATING, LLC	249099
200 N Loraine St Midland, TX 79701	Action Number: 406618
Wildiana, 1X 19701	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.	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 s	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	n/a
	idition immediately after discovery of a release. If remediation has begun, please prepare and attach a narrative ted or if the release occurred within a lined containment area (see Subparagraph (a) of Paragraph (5) of evaluation in the follow-up C-141 submission.
to report and/or file certain release notifications and perform corrective actions for releathe OCD does not relieve the operator of liability should their operations have failed to a	knowledge and understand that pursuant to OCD rules and regulations all operators are require ases which may endanger public health or the environment. The acceptance of a C-141 report by adequately investigate and remediate contamination that pose a threat to groundwater, surface t does not relieve the operator of responsibility for compliance with any other federal, state, or
	Name: Kelly Arrendondo
I hereby agree and sign off to the above statement	Title: Production Reporting Manager
Thoropy agree and sign on to the above statement	Email: karredondo@ntglobal.com
	Date: 11/26/2024

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 406618

QUESTIONS (continued)

Operator:	OGRID:
CAZA OPERATING, LLC	249099
200 N Loraine St	Action Number:
Midland, TX 79701	406618
	Action Type:
	[C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Site Characterization	
Please answer all the questions in this group (only required when seeking remediation plan approva release discovery date.	l and beyond). This information must be provided to the appropriate district office no later than 90 days after the
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 ar	nd the following surface areas:
A continuously flowing watercourse or any other significant watercourse	Between 1 and 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	Greater than 5 (mi.)
A spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes	Greater than 5 (mi.)
Any other fresh water well or spring	Greater than 5 (mi.)
Incorporated municipal boundaries or a defined municipal fresh water well field	Greater than 5 (mi.)
A wetland	Greater than 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	
Please answer all the questions that apply or are indicated. This information must be provided t	o the appropriate district office no later than 90 days after the release discovery date.
Requesting a remediation plan approval with this submission	Yes
Attach a comprehensive report demonstrating the lateral and vertical extents of soil contamination	on associated with the release have been determined, pursuant to 19.15.29.11 NMAC and 19.15.29.13 NMAC.
Have the lateral and vertical extents of contamination been fully delineated	Yes
Was this release entirely contained within a lined containment area	Yes
Per Subsection B of 19.15.29.11 NMAC unless the site characterization report includes complete which includes the anticipated timelines for beginning and completing the remediation.	ed efforts at remediation, the report must include a proposed remediation plan in accordance with 19.15.29.12 NMAC,
On what estimated date will the remediation commence	11/11/2024
On what date will (or did) the final sampling or liner inspection occur	11/13/2024
On what date will (or was) the remediation complete(d)	11/11/2024
What is the estimated surface area (in square feet) that will be remediated	6800
What is the estimated volume (in cubic yards) that will be remediated	0
These estimated dates and measurements are recognized to be the best guess or calculation at t	the time of submission and may (be) change(d) over time as more remediation efforts are completed.

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.

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QUESTIONS, Page 4

Action 406618

QUESTIONS (continued)

Operator:	OGRID:
CAZA OPERATING, LLC	249099
200 N Loraine St	Action Number:
Midland, TX 79701	406618
	Action Type:
	[C-141] Remediation Closure Request C-141 (C-141-v-Closure)

QUESTIONS

Remediation Plan (continued)			
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.			
This remediation will (or is expected to) utilize the following processes to remediate / reduce contaminants:			
(Select all answers below that apply.)			
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)	No		
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.			

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 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: Kelly Arrendondo Title: Production Reporting Manager Email: karredondo@ntglobal.com

Date: 11/26/2024

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.

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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 406618

1220 S.	. St Francis Dr.			
Santa	Fe, NM 87505			
QUESTIONS (continued)				
Operator:	ORO (CONTINUES)			
CAZA OPERATING, LLC	249099			
200 N Loraine St Midland, TX 79701	Action Number: 406618			
wildidid, IA 79701	Action Type: [C-141] Remediation Closure Request C-141 (C-141-v-Closure)			
QUESTIONS	[0-141] Remediation Glosule Request 0-141 (0-141-1-0-closule)			
Liner Inspection Information				
Last liner inspection notification (C-141L) recorded	401081			
Liner inspection date pursuant to Subparagraph (a) of Paragraph (5) of Subsection A of 19.15.29.11 NMAC	11/13/2024			
Was all the impacted materials removed from the liner	Yes			
What was the liner inspection surface area in square feet	6500			
Remediation Closure Request Only answer the questions in this group if seeking remediation closure for this release because all re Requesting a remediation closure approval with this submission	emediation steps have been completed. 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	6800			
What was the total volume (cubic yards) remediated	0			
Summarize any additional remediation activities not included by answers (above)	n/a			
	losure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents			
to report and/or file certain release notifications and perform corrective actions for relea the OCD does not relieve the operator of liability should their operations have failed to a water, human health or the environment. In addition, OCD acceptance of a C-141 report	knowledge and understand that pursuant to OCD rules and regulations all operators are required ses which may endanger public health or the environment. The acceptance of a C-141 report by adequately investigate and remediate contamination that pose a threat to groundwater, surface t does not relieve the operator of responsibility for compliance with any other federal, state, or ally restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed no notification to the OCD when reclamation and re-vegetation are complete.			
I hereby agree and sign off to the above statement	Name: Kelly Arrendondo Title: Production Reporting Manager Email: karredondo@ntglobal.com Date: 11/26/2024			

General Information Phone: (505) 629-6116

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

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CONDITIONS

Action 406618

CONDITIONS

Operator:	OGRID:
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200 N Loraine St	Action Number:
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	Action Type:
	[C-141] Remediation Closure Request C-141 (C-141-v-Closure)

CONDITIONS

Created By	Condition	Condition Date
nvelez	Liner inspection approved, release resolved.	12/9/2024