



MICHELLE LUJAN GRISHAM
GOVERNOR

JAMES C. KENNEY
CABINET SECRETARY

**SENT BY ELECTRONIC MAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

February 27, 2024

Tony Sam
Caza Operating, LLC
200 N. Loraine, Suite 1550
Midland TX 79701
Sent by electronic mail to: tsam@cazapetro.com

Notice of Violation for Caza Operating, LLC, AQB Case No. CAZ-Multi-2101

Dear Tony Sam,

The New Mexico Environment Department ("NMED") has identified Caza Operating, LLC ("Caza") as having violated state and federal regulations for air quality. This Notice of Violation (NOV) is regarding 13 facilities owned and operated by Caza. The 13 facilities and their locations in New Mexico are identified in Attachment A.

This NOV is issued pursuant to NMSA 1978, Section 74-2-5.1(A), which states that NMED's "investigations shall be reduced to writing if any enforcement action is contemplated, and a copy shall be furnished to the owner or occupants of the premises before the action is filed." In accordance with Section 74-2-5.1(C), the purpose of this NOV is to "encourage and make every reasonable effort to obtain voluntary cooperation by the owner or occupants to preserve, restore or improve air quality."

Alleged Violations

Evidence to support this NOV was obtained in information received by NMED from Caza on October 16, 2020 (Lennox 33 State No 6H), January 11, 2021 (Alisa Ogden), and January 26, 2021 (rest of facilities). NMED requested the information in response to two complaints received about Caza on October 8, 2020 and January 4, 2021.

The investigation found evidence of the following violations of air quality regulations and permit.

1. Violation 1: Failure to apply for and obtain air quality construction permits for 13 facilities before commencement of construction and operation in violation of 20.2.72.200.E NMAC which states, "For all sources subject to this part, applications for permits shall be filed prior to the commencement of construction, modification, or installation. Regardless of the anticipated commencement date, no construction, modification or installation shall begin prior to issuance of the permit." And also 20.2.72.200.A(1) NMAC which states, "Permits must be obtained from the department by: Any person constructing a stationary source which has a potential emission rate greater than 10 pounds per hour or 25 tons per year of any regulated air contaminant for which there is a National or New Mexico Ambient Air Quality Standard. If the specified threshold in this subsection is exceeded for any

one regulated air contaminant, all regulated air contaminants with National or New Mexico Ambient Air Quality Standards emitted are subject to permit review..." See Attachment B – Facility Construction Status at Permit Registration and Approval.

2. Violation 2: Failure to construct and operate the Alisa Ogden 15 No. 1H & 4H Production Facility as specified in Caza's certified Registration Form for the General Construction Permit-Oil and Gas (GCP-O&G), by constructing and operating an unauthorized flare. This is a violation of GCP-O&G # 8870, Specific Condition A100.F, which states, "The Facility shall operate as specified in the Registration Form. The emission limits and equipment specified in the Registration Form are federally enforceable, and shall become the terms and conditions of this Permit."
3. Violation 3: At Lennox 32 State Nos. 9H 10H and 34 State No. 1H Facility, failure to comply with the deadlines for completing the initial monitoring survey and subsequent semiannual monitoring surveys of well site fugitive components in violation of 40 C.F.R § 60.5397a(f)(1) and (g)(1), Subpart OOOOa. 40 C.F.R. § 60.5397a(f)(1) states "You must conduct an initial monitoring survey within 90 days of the startup of production, as defined in § 60.5430a, for each collection of fugitive emissions components at a new well site ..." 40 C.F.R § 60.5397a(g)(1) states, "Except as provided in this paragraph (g)(1), a monitoring survey of each collection of fugitive emissions components at a well site must be conducted at least semiannually after the initial survey. Consecutive semiannual monitoring surveys must be conducted at least 4 months apart and no more than 7 months apart..."

Please note that the facilities will appear on NMED's Enforcement Watch as a result of this NOV (see: <https://www.env.nm.gov/enforcement-watch/>). Further, NMED may issue a press release to local media highlighting your facilities as appearing on this webpage. Your facilities will remain on the Enforcement Watch website as an active matter until this matter is fully resolved, including the payment of the assessed civil penalty.

You may obtain a copy of the AQB's Civil Penalty Policy located on the Compliance and Enforcement website at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/>.

Requested Information

In the response to this NOV please provide this information for each violation:

1. a description of the causes of these violations;
2. documentation of the steps taken to correct the violation to date; and
3. documentation of steps taken or to be taken to prevent the recurrence of the violation.

With the documentation, please include specific, measurable, and time-bound changes made or to be made addressing any problems causing the violations. Attachment C has been included at the end of the NOV and can be used as a checklist for organizing the response.

Use these instructions to submit the response:

1. All correspondence pertaining to this NOV must be submitted under cover of a properly completed Reporting Submittal Form, emailed to the Enforcement Specialist (contact information below). A copy of the form can be found online at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.
2. Submit requested information no later than thirty (30) days after the date of this NOV.

3. Any documents claimed as Confidential Business Information (CBI) pursuant to 20.2.1.115 NMAC must be submitted in separate electronic files from non-CBI documents and identified as CBI.
4. If files cannot be submitted by electronic mail, contact the Enforcement Specialist to request a link to a file transfer platform, or submit records on a thumb drive mailed to the Air Quality Bureau, 525 Camino de los Marquez, Suite 1, Santa Fe, NM 87505 to the attention of Cember Hardison.
5. Please include any facts, information, or documentation to refute the alleged violations, with the requested information.

After receiving the response to this NOV, NMED will send a settlement offer or compliance order outlining the penalties and corrective actions associated with each of the violations. As NMED's review of the alleged violations is ongoing, NMED reserves the right to assert additional violations at the Facilities if new information becomes available.

If you have questions or believe any statement in this notice is erroneous, please contact Cember Hardison, Enforcement Specialist, at (505) 629-6688 or ember.hardison@env.nm.gov or Teresa McDill, Enforcement Manager, at (505) 629-8732 or teresa.mcdill@env.nm.gov. If you are represented by counsel, please contact Chris Vigil, Assistant General Counsel, at (505) 469-4696 or ChristopherJ.Vigil@env.nm.gov.

Thank you for your prompt attention to this matter.
Sincerely,



Liz Bisbey-Kuehn
Bureau Chief
Air Quality Bureau

cc: Chris Vigil, NMED-OGC
Section Chief, AQB
Enforcement Manager, AQB
Enforcement specialist, AQB

Attachment C

This form must be completed and signed by the facility's Responsible Official (Title V) or other designee and returned no later than thirty (30) days after the date of this Notice of Violation. Documentation for additional information (in addition to this form) must be submitted electronically to Enforcement Specialist Cember Hardison at ceMBER.hardison@env.nm.gov or Enforcement Manager Teresa McDill at teresa.mcdill@env.nm.gov.

All submittals must be submitted using the Reporting Submittal Form. The Reporting Submittal Form and instructions can be located at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.

I hereby verify that Caza Operating, LLC has initiated the required additional information response outlined in this Notice of Violation. The following information has been submitted or will be submitted by the dates indicated below for each violation. All required documentation will be submitted electronically no later than thirty (30) days after the date of this Notice of Violation.

Date NOV received: _____

Alleged Violation 1

_____ *A description of the cause of the violation*

_____ *Documentation of the steps taken to correct the violation to date*

_____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation (include date if not yet completed)*

Alleged Violation 2

_____ *A description of the cause of the violation*

_____ *Documentation of the steps taken to correct the violation to date*

_____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation (include date if not yet completed)*

Alleged Violation 3

_____ *A description of the cause of the violation*

_____ *Documentation of the steps taken to correct the violation to date*

_____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation (include date if not yet completed)*

Signature

Date

Printed Name:

Title:

Attachment A – Caza Facilities Subject to Enforcement Case Number CAZ-Multi-2101

FACILITY NAME	CURRENT PERMIT NUMBER	AGENCY INTEREST No.	AQB AIRS No.	COUNTY	FACILITY COORDINATES	FACILITY SOURCE CLASS
Forehand Ranch 22 State Nos. 8H-9H Production Facility	GCP-O&G 7994	38150	350152009	Eddy	32.28194 -104.1797	Synthetic Minor
Eagleclaw Federal No. 1H Production Facility	GCP-O&G 7989	38255	350251504	Lea	32.60889 -103.4861	Synthetic Minor
Lennox 33 State No. 6H Production Facility	GCP-O&G 7990	38609	350251505	Lea	32.355 -103.38167	Minor
Forehand 22 Federal Com No. 6H Production Facility	GCP-O&G 7991	38610	350152006	Eddy	32.2883 -104.1714	Minor
Igloo 19 State Nos. 1H-4H Production Facility	GCP-O&G 7987	38611	350251502	Lea	32.5567 -103.4989	Synthetic Minor
Mad River 13 State Com No. 4H Production Facility	GCP-O&G 7992	38612	350152007	Eddy	32.2158 -104.1361	Minor
Mad River 13 State Com Nos. 3H, 6H Production Facility	GCP-O&G 7993	38613	350152008	Eddy	32.2107 -104.13628	Synthetic Minor
Sioux 36 State No. 1H Production Facility	GCP-O&G 7988	38614	350251503	Lea	32.09361 -103.32806	Minor
Eagleclaw Federal No. 2H Production Facility	GCP-O&G 8405	39071	350251689	Lea	32.60907 -103.48101	Synthetic Minor
Desert Rose 17-8 Federal No. 1H Production Facility	GCP-O&G 8404	39072	350251688	Lea	32.56664 -103.48608	Synthetic Minor > 80%
Forehand Ranch 22-21 State Com No. 2H and 4H Production Facility	GCP-O&G 8869	39599	350152378	Eddy	32.29402 -104.17029	Synthetic Minor > 80%
Alisa Ogden 15 No. 1H and 4H Production Facility	GCP-O&G 8870	39602	350152379	Eddy	32.30155 -104.1703	Synthetic Minor
Lennox 32 State Nos 9H 10H and 34 State No 1H Facility	GCP-O&G 8876M1	39717	350251954	Lea	32.35521 -103.38481	Synthetic Minor

Attachment B - Facility Construction Status at Permit Registration and Approval

Facility Name	Permit #	Agency Interest #	First Production	Permit Registration Received	Facility Status Identified in Registration	1st Permit Approved
Forehand Ranch 22 State Nos 8H-9H	GCP-O&G-7994	38150	January 2018	8/28/2018	Constructed and Operating	9/20/2018
Eagleclaw Federal No 1H	GCP-O&G-7989	38255	November 2017	8/28/2018	Constructed and Operating	9/18/2018
Lennox 33 State No 6H	GCP-O&G-7990	38609	December 2016	8/28/2018	Constructed and Operating	9/20/2018
Forehand 22 Federal Com No 6H	GCP-O&G-7991	38610	March 2017	8/28/2018	Constructed and Operating	9/20/2018
Igloo 19 State Nos 1H-4H	GCP-O&G-7987	38611	November 2016	8/28/2018	Constructed and Operating	9/18/2018
Mad River 13 State Com No 4H	GCP-O&G-7992	38612	April 2017	8/28/2018	Constructed and Operating	9/26/2018
Mad River 13 State Com Nos 3H 6H	GCP-O&G-7993	38613	January 2017	8/28/2018	Constructed and Operating	9/26/2018
Sioux 36 State No 1H	GCP-O&G-7988	38614	October 2017	8/29/2018	Constructed and Operating	9/20/2018
Eagleclaw Federal No 2H	GCP-O&G-8405	39071	July 2018	7/10/2019	Constructed and Operating	8/1/2019
Desert Rose 17-8 Federal No 1H	GCP-O&G-8404	39072	March 2019	7/5/2019	Constructed and Operating	8/2/2019
Forehand Ranch 22-21 State Com No 2H and 4H	GCP-O&G-8869	39599	October 2019	7/20/2020	Constructed and Operating	8/19/2020
Alisa Ogden 15 No. 1H and 4H Production Facility	GCP-O&G-8870	39602	7/1/2019	7/20/2020	Constructed and Operating	8/19/2020
Lennox 32 State Nos 9H 10H and 34 State 1H Facility	GCP-O&G-8876M1	39717	6/1/2019	12/9/2020	Constructed and Operating	12/21/2020