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Caracara Services Forms Strategic Gas Treatment Joint Venture to Increase Sequestration Access, Drive Toward Carbon Neutrality

Texas Facility to Sequester Harmful Acid Gases to Protect Environment, Reduce Cost, Increase Production Capacity

DALLAS, TX (**May 16, 2022**) Dallas-based Caracara Services, LLC today announced it has entered into a joint venture agreement with a wholly owned subsidiary of Houston-based Battalion Oil Corporation (NYSE American: BATL) to develop and fund Brazos Amine Treater, LLC ("BAT"), a strategic acid gas treatment and carbon sequestration facility in the Delaware Basin of West Texas.

"In partnering with Battalion's demonstrated industry leadership, Caracara Services will provide E&P companies and pipeline operators in the West Texas basins greater access to acid gas treatment and sequestration capabilities that allow them to meet their ESG mandates while reducing their costs and increasing their capacity," said Clane LaCrosse, Chief Executive Officer of Caracara Services. "As the hydrocarbon industry evolves in the global energy transition, Caracara Services is uniquely positioned for growth. We look forward to continuing our partnership with Battalion and designing custom solutions for additional operating partners in high H₂S and CO₂ fields moving forward."

When commissioned, phase one of BAT will be capable of treating 30 million standard cubic feet per day (MMscfd) of up to 10% acid gas, consisting of hydrogen sulfide (H₂S) and carbon dioxide (CO₂), which, in the presence of water, form corrosive acids harmful to anything with which they come in contact.

Caracara is contemplating a second adjacent 30MMscfd amine treating train to maximize treating and sequestration capacity for Battalion and other customers in and around the Monument Draw area of Winkler and Ward counties. After treating, the facility will be able to deliver sweet natural gas to multiple third-party midstream companies operating in West Texas.

Lester Caldwell, Caracara's Director of Gas Assets explained, "Raw natural gas that contains these harmful compounds at levels above industry standards can have impacts on humans, the environment and our climate. Unlike traditional industry processes that released CO₂ into the atmosphere and destroyed H₂S by means of combustion or catalytic reduction, the Brazos Amine Treater plant will sequester the harmful compounds deep underground, in a depleted reservoir, to permanently render the compounds harmless to life, the environment and the atmosphere."

"The Brazos Amine Treater plant is a stepping stone, as we enter the market to offer right-size solutions, using the right technology, in the right locations, for the right customers," said Todd Lechtenberger, Caracara Services Chief Operating Officer. "Unlike treatment plants at large gathering facilities, our custom treatment projects are positioned closer to the wellhead, offering E&P companies greater operational freedom and choice of processors."

Battalion Chief Executive Officer Richard Little, added: “This agreement is a key milestone for Battalion as we transition to profitable growth and further balance sheet improvement. Not only does it provide a comprehensive solution for our current and future sour gas treating needs, but it does so while considerably reducing our operating costs. We are very excited to break ground on this project and look forward to seeing it operational in early 2023.”

Mr. Little continued, “This is a significant development for Battalion and one that is several years in the making. Since obtaining the permits for our AGI wells, we have spent considerable time and effort searching for the right partner to develop this facility. We believe we have found that with Caracara.”

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About Caracara

Caracara Services, LLC (“Caracara”) constructs, owns, and operates carbon capture, utilization, and sequestration (CCUS) infrastructure that unlocks economic value for oil and gas operators and midstream companies. The Caracara team has a track record of providing environmentally friendly and innovative solutions in the water treatment, natural gas treatment and carbon sequestration industries. The company’s proven methods are designed to protect the interests of all stakeholders, including the public, the environment, the climate, and customers transitioning to tomorrow’s energy sources by reducing their carbon footprint, without sacrificing economics. For more information, go to www.caracaraservices.com or call 214.897.3596.

About Battalion

Battalion Oil Corporation is an independent energy company engaged in the acquisition, production, exploration and development of onshore oil and natural gas properties in the United States.