

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
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Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

July 22, 2026

Occidental Permian, Ltd.
P.O. Box 4294
Houston, Texas 77210-4294

Leslie Reeves, Manager Regulatory
leslie_reeves@oxy.com
Harold Pirie, Artesia District
Harold_pirie@oxy.com
Cole Wallin, Santa Fe District
Cole_wallin@oxy.com
Kris Allen, Hobbs District
Kris_allen@oxy.com

NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC.

- 1) ***Alleged Violator(s):*** Occidental Permian Ltd., OGRID 157984 (“Operator”).
- 2) ***Factual and Legal Basis for Alleged Violation(s):***

On or about June 9, 2026, a large release occurred at the South Hobbs G/SA Unit #209 and was assigned incident # nAPP2616146127. On or about June 10, 2029, the Operator submitted a Notice of Release (NOR) detailing the purported cause of the release, and initially categorized the release as “other.” The release remains under investigation. Preliminary considerations for the release included potential equipment failure, automation malfunction, and/or human error associated with the injection header. Subsequent site visits and additional contact with the Operator, occurring on June 10, 2026, provided additional details on the volume of the release. The Operator determined that approximately 49,271 barrels of produced water were released based on the measured dimensions of the affected area.

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On or about June 18, 2026, the Operator provided additional details to OCD, via email, which stated that the Operator had completed the recovery of free liquids, with a total of 35,248 barrels of produced water removed from the site. This large volume release is a violation of 19.15.29.8 NMAC.

Specifically, the Rule, in principle part, states that:

19.15.29.8 RELEASES:

- a. *Prohibition. Except as provided in 19.15.27 NMAC or 19.15.28 NMAC, major releases and minor releases are prohibited.*

19.15.29.7(A) NMAC defines a “major release”, in part, as “an unauthorized release of a volume, excluding gases, of 25 barrels or more.”

3) **Compliance:** On receipt of this Notice of Violation, Operator shall:

- a. Follow all requirements for the remediation, reclamation and revegetation of unauthorized oil & gas releases outlined in 19.15.29 NMAC and submit the required documentation through OCD Permitting.

4) **Sanction(s):** OCD may impose one or more sanctions in accordance with 19.15.5.10 NMAC:

- Civil Penalty: \$2,500 for the violation related to the South Hobbs G/SA Unit #209 [nAPP2616146127] as detailed in the civil penalty calculations, attached and incorporated herein as **Exhibit A**.

OCD may recalculate the civil penalties or pursue other sanctions, such as termination of the associated permits, for ongoing or unresolved violations occurring on or after the date of issuance of this NOV and will take into consideration Operator’s good faith effort to comply with the applicable requirements.

5) **Informal Review and Resolution:** A process is available for the informal review and resolution of the alleged violations in the NOV. To initiate the informal review process, contact the OCD employee identified at the end of this letter. If OCD and the alleged violator agree to resolve the alleged violations in the NOV, the agreement will be incorporated into a stipulated final order signed by both parties and stating, in part, that the alleged violator admits OCD’s jurisdiction to file the NOV, consents to the specified relief, including the civil penalty, if any, waives the right of review by the Oil Conservation Commission, and any other provisions that may be necessary.

- OCD must hear back from the operator that they are going to initial an informal review and resolution process within 15 business days of the issuance of the NOV.

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- To expedite the informal resolution, the OCD has provided a proposed Stipulated Final Order (“SFO”) with this violation. The SFO is attached hereto as **Exhibit B**.
 - If OCD does not receive the executed proposed Stipulated Final Order back or affirmation of its agreement within 15 business days from issuance of the NOV, OCD will conclude the terms have been rejected and this offer shall be considered rescinded.

6) **Hearing:** If this Notice of Violation is not resolved within thirty (30) days of receipt of service, OCD will proceed towards a hearing on the matter. Please see 19.15.5.10 NMAC for more information regarding the hearing.

For more information regarding this NOV, contact Michael Hall at (505) 479-1137 or Michael.Hall@emnrd.nm.gov



Albert C.S. Chang
Director, Oil Conservation Division

Date: 8/7/2026

cc: Office of General Counsel, EMNRD

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Exhibit A

Alleged Violator	Occidental Permian Ltd.	
Alleged Violator OGRID	157984	
History of Non-Compliance	No history	0
Economic Impact	101-500 wells or gross sales between \$5,000,000-\$10,000,000	
Total Penalty	#DIV/0!	

[illegible]

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Exhibit B

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN RE: OCCIDENTAL PERMIAN LTD.'S NOTICE OF VIOLATION

CASE NO. 26449

STIPULATED FINAL ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD") and Occidental Permian, Ltd., OGRID 157984 ("Operator"), enter into this Stipulated Final Order ("SFO") to resolve the above-referenced matter.

1. OCD is charged with the administration and enforcement of the Act and the implementing rules and has jurisdiction to regulate Operator's wells and facilities in the state of New Mexico.
2. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and its rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. See 19.15.5.10 NMAC.
3. Operator is engaged in the production of oil and/or gas in the state of New Mexico and is the operator of record for: South Hobbs G/SA Unit #2099 (30-025-29522).
4. On or about August 7, 2026 (but dated July 22, 2026), OCD issued a Notice of Violation ("NOV") to Operator alleging that Operator engaged in the unauthorized major release(s) at the South Hobbs G/SA Unit #2099 (30-025-29522) in violation of 19.15.29.8 NMAC. Said NOV was sent to Operator on or about August 12, 2026.
5. Operator requested informal resolution of the NOV.
6. Operator admits the alleged violations.
7. To resolve the alleged violations, Operator agrees that no later than 30 days after the OCD Director signs this Order, Operator shall:
 - a. Pay a cumulative civil penalty of two-thousand, five-hundred dollars (\$2,500.00). Payments shall be made to the State of New Mexico, Oil Conservation Division and sent to the attention of the Melissa Shelley. The address for the payment is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505.
 - b. Follow all requirements for the Remediation, Reclamation and Revegetation of unauthorized Oil & Gas releases outlined in 19.15.29 NMAC and submit the required documents through OCD Permitting.

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8. If Operator fails to pay a penalty or portion thereof within 30 days, it shall pay interest on the penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent as provided in NMSA 1978, § 56-8-4(A).
9. Operator admits OCD's jurisdiction to file the NOV, consent to the relief specified herein, and waive the right of review by the Oil Conservation Commission or judicial relief. Operator also consents to continued corrective actions, per OCD's approval, including suspension of permits for facilities outlined in the NOV and/or for failure to comply with this Order.
10. Operator understands that nothing in this agreement shall be construed to prevent OCD from, in any way, issuing further or additional compliance actions against Operator for any past, current, or future violations of the Oil and Gas Act or OCD regulations.
11. The persons executing this Order represent that they have the requisite authority to bind their respective parties and such representation shall be legally sufficient evidence of their actual or apparent authority.
12. Operator shall submit any notice or document required by this Order through the OCD Permitting system. Any other communication related to this Order shall be submitted by electronic mail to OCD.Enviro@emnrd.nm.gov and Michael.hall@emnrd.nm.gov.
13. Operator may not transfer the well/release to a third-party operator without prior OCD authorization.
14. Operator understands and agrees that this Order does not resolve any dispute or claim concerning any party which is not a signatory of this agreement. Notwithstanding the foregoing provisions, OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.
15. This Order will remain in full force and effect as to all successors-in-interest of Occidental Permian Ltd., including, but not limited to, any entity or entities that procure or acquire from Operator the well/release in the NOV that resulted in this Order. Operator shall provide a copy of this Order to any entity to which Operator intends to transfer assets covered by this Order or any entity that is otherwise a successor-in-interest of Operator.
16. This Order becomes effective on the date of final execution by the OCD Director.
17. Notwithstanding the foregoing provisions, OCD reserves the right to sanction the Operator for any alleged violation not addressed in this Order.

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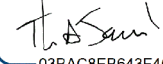
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Albert Chang

8/27/2026

Albert C.S. Chang
Director, Oil Conservation Division
OPERATOR, Occidental Permian, Ltd.

Date

DocuSigned by:

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8/24/2026

Signature

Date

Tom Janiszewski, Vice President Land, Regulatory, Government Relations, and Corporate
Affairs and Attorney-in-Fact