

## **PRELIMINARY SUMMARY OF CHRONOLGY**

February 13, 1935	Moon "A" Well No. 1 completed by J. P. Cusack, Inc.
July 8, 1935	Moon "A" Well No. 2 completed by J. P. Cusack, Inc.
January 15, 1951	J. P. Cusack, Inc. liquidated and became Samedan Oil Corp.
November 18, 1957	OCD Issued Memo by A. L. Porter, Director, precluding disposal of produced water into unlined surface pits and prohibited disposal of waste oil into earthen pits in Hobbs Area
January 30, 1962	By this date, Samedan had abandoned the original 4-tank battery west of the present location of Johnson's trailer and constructed a replacement 3-tank battery south of the present location of Johnson's trailer.
October 10, 1978	OCD adopted revised Rulebook
July 2, 1979	Samedan ratified North Hobbs Unit Agreement and Unit Operating Agreement.
November 30, 1979	OCD entered Order R-6198 approving North Hobbs Unit
November 30, 1979	OCD entered Order R-6199 (Case 6653) approving waterflood project for Unit
January 17, 1980	North Hobbs Unit working interest owner ("WIO") meeting in Midland. Shell, as operator of the Unit, met with representatives of the Unit WIO's in Midland and reviewed procedures to inventory all existing lease equipment that would become part of the Unit operations. They also presented a detailed plan and facilities schedule which called for construction of new facilities to start in June 1980 and all facility construction to be completed in December 1981.
February 1, 1980	Effective date of the North Hobbs Unit (statutorily-formed unit) Samedan became a working interest owner in Unit by contributing the Moon "A" wells to the Unit.

March 4, 1980	Hand drawing of Moon "A" Lease Tank Battery
December 1980	Shell's plan called for limited water injection to begin in the Unit. (See Unit production lines Map)
About January, 1982	Shell started taking production from the Moon "A" Wells 1 and 2 into a new central battery located off of the Moon "A" Lease
1981-1982	Moon "A" Replacement Tank Battery dismantled
April 6, 1988	Shell filed report-showing conversion of Well No 2 to injection
April 27, 1988	Samedan advised Shell by letter that Samedan still owned the Moon "A" lease, which is part of the Unit
March 1, 1997	Effective date Altura was created as a joint venture of Amoco and Shell
July 1, 1999	Samedan assigned its interest in the Moon "A" lease to The Prospective Investment and Trading Company
January 3, 2000:	OCDEB received Gary Johnson complaint
January 25, 2000:	Johnson site inspection by Bill Olson Finds asphalt pool (tank bottoms) Takes water sample from Johnson water well
January 26, 2000:	Trace Analysis for OCD
February 3, 2000:	Trace Analysis Report: did not detect any oil & gas related contaminants in Johnson water well
March 27, 2000:	Olson letter to Johnson forwarding Trace Analysis Report, dated 2/3/00
March 27, 2000:	Olson letter to Altura (Steve Bishop) advised Altura of Johnson complaint and evidence of former tank battery's waste. OCD required Altura to submit information about site by April 27
April 19, 2000	Occidental Petroleum Corporation bought Altura

- April 26, 2000: Rod Schumacher, Altura attorney (Atwood & Malone [Roswell]), replies to Olson letter stating that
- (a) Altura is now known as Occidental Permian Ltd.
  - (b) The Property was an oil tank battery maintained in connection with Samadan operations prior to formation of North Hobbs (Grayburg-San Andres) Unit.
  - (c) Identified the Moon "A" Lease (W/2NE/4 Sec 28) as the relevant lease
  - (d) Forwards North Hobbs Unit Agreements indicating that Samedan is lessee of record.
  - (e) States that further investigation indicates that Shell Oil Company may have used tank battery for about 1 year following commencement of Unit operations and then dismantled by Shell.
  - (f) Tank battery never operated by Altura.
  - (g) Enclosed site plan.
- May 8, 2002 OPL became operator of the North Hobbs Unit
- September 6, 2000: Olson letter to Shell E&P Company (Wayne A. Hamilton) Advising of Johnson complaint  
Required Shell to submit information about site by Oct 6, 2000.
- September 26, 2000: Olson approved Shell's request (Hamilton) for an extension to November 6, 2000 to report (by E-mail)
- November 2, 2000: Shell responded that:
- (a) Shell has no records
  - (b) Shell sold Unit to Occidental Permian Ltd.
  - (c) Lessee of record is Samedan Oil Company
  - (d) Submitted Unit map; Johnson site plan; Exhibit B to Unit Agreement; 3 hand drawings of site
- February 5, 2001: Olson letter to Samedan  
Advising of Johnson complaint  
Required Samedan to submit by March 5, 2001 a plan to investigate the extent of contamination related to the Samedan former battery and Samedan's closure of battery.
- February 23, 2001: Samedan letter to Olson stating that:
- (a) Samedan has reviewed its files and determined that OXY is the proper party to investigate the contamination
  - (b) Admits that Samedan did operate the Moon A lease where there was located several wells and a tank battery
  - (c) Samedan relinquished all duties and obligations to the Unit Operator, Shell, per the Unit Agreement

**OXY Preliminary Summary of Relevant Facts**

- (d) At the time the Unit was created, the tank battery and lease wells were intact, fully operational and in a producing status and became a part of the Unit operations
  - (e) A year or so after Shell became the Unit operator, Shell removed the tank battery as gathering facilities and flow lines were consolidated.
  - (f) Samedan now only owns an interest in the Unit.
- April 11, 2001: Olson Letter to Shell E & P Company (Hamilton) stated that:
- (a) Shell is the most recent operator of the tank battery and also the operator that closed and dismantled the tank battery
  - (b) Therefore, OCD requires Shell to submit plans to investigate the extent of contamination related to the site by May 11, 2002
- May 3, 2001: Shell (Hamilton) letter to Olson requesting an extension to June 11, 2001.
- May 14, 2001: Olson letter granting Shell its requested extension
- June 18, 2001: Olson received Shell letter (undated, by Kathleen Phillips) stating that:
- (a) Shell is not the current operator and that it has forwarded the OCD letter to OXY
  - (b) OXY assumed responsibility for such matters
- September 27, 2001: Olson letter to OXY USA Inc stated that:
- (a) Samedan and Shell maintain that OXY is the current Operator of the lease and responsible for investigation and remediation
  - (b) Asked OXY to respond as to whether or not it is the responsible party by October 12, 2001
- October 11, 2001: OXY letter (Schumacher) advising Olson that OXY response will be submitted by October 12, 2001, (extended to October 19 by Olson).
- October 19, 2001: OXY letter (Schumacher) to Olson stated that:
- (a) provided summary in 3-page letter that Altura (now Occidental Permian Ltd) has operated the Unit since 1997.
  - (b) That OXY USA Inc. is not the current operator of the North Hobbs Unit
  - (c) Unit Agreement did not impose liability for cleanup of alleged contamination from pre-unit events on OPL
  - (d) Tank battery on Moon "A" lease never operated by Altura/OPL.
  - (e) That Samedan is the responsible person.

#### **OXY Preliminary Summary of Relevant Facts**

October 22, 2001	Division entered Order R-6199-B (Case 12722) approving OPL application to convert Unit waterflood to a CO2 project
October 22, 2001	Effective date that OPL converted of the Unit to a tertiary recovery project
February 8, 2002:	McMahon (Samberson law firm) letter to Lawrence Romero/Roger Anderson requesting public records inspection of Johnson site files
February 11, 2002:	Olson letter to McMahon advised that file available (Case #1R0167)
May 28, 2002:	McMahon letter to Olson requesting copy of sample and test results
June 25, 2002:	Olson samples of Johnson water well
June 26, 2002:	McMahon sent Olson a copy of Shell/OXY sales Agreement dated March 7, 2000. Referenced Seller's indemnity obligations (Article 6.3)
July 10, 2002:	Trace Analysis Report
January 13, 2003:	OCD filed Compliance Application: (a) against OXY, Shell and Samedan to determine responsible person per Rule 116.D (b) Samedan operator prior to February 1, 1980 (c) On February 1, 1980, the site was incorporated into the North Hobbs Unit and Shell assumed operations of site (d) In 1997, Altura (now OPL) assumed Unit operations (e) Samedan and Shell have refused to submit plans for corrective action (f) OXY denied that it is a responsible person