

OXY USA, Inc.
South Hobbs Grayburg San Andres Unit
221 B04
Delineation Report and Work Plan

Section 4, T19S, R38E
Lea County, New Mexico

December 9, 2014



Prepared for:

OXY USA, Inc.
1017 W Stanolind Road
Hobbs, New Mexico 88240

By:

Safety & Environmental Solutions, Inc.
703 East Clinton Street
Hobbs, New Mexico 88240
(575) 397-0510

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I. Company Contacts

| Representative | Company | Telephone | E-mail |
|----------------|---------------|--------------|------------------------|
| Austin Tramell | OXY USA, INC. | 575-499-4919 | Austin_Tramell@oxy.com |
| Bob Allen | SESI | 575-397-0510 | ballen@sesi-nm.com |

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by OXY USA, INC to perform site assessment of a release area at the South Hobbs Grayburg San Andres Unit 221 located in Section 4 of Township 19 South, Range 38 East, Lea County, New Mexico.

According to the C-141 the cause of release was external corrosion.

III. Surface and Ground Water

The nearest groundwater of record is approximately 0.4 miles of the site. The New Mexico Office of State Engineer record is in Section 4 Range 38 East and Township 19 South. The reported depth was 33 feet below ground surface (BGS).

IV. Characterization

The target cleanup levels are determined using the *Guidelines for Remediation of Leaks, Spills and Releases* published by the NMOCD (August 13, 1993). Based on the ranking criteria presented below, the applicable Recommended Remediation Action Levels (RRAL) are 10 parts per million (ppm) Benzene, 50 ppm combined benzene, toluene, ethylbenzene, and total xylenes (BTEX), and 100 ppm Total Petroleum Hydrocarbons (TPH).

| Depth to Ground Water: | | | |
|--|-----------------------|-----------|----|
| (Vertical distance from contaminants to seasonal high water elevation of groundwater) | Less than 50 feet | 20 points | X |
| | 50 feet to 99 feet | 10 points | |
| | >100 feet | 0 points | |
| Wellhead Protection Area: | | | |
| (Less than 200 feet from a private domestic water source; or less than 1000 feet from all other water sources) | Yes | 20 points | |
| | No | 0 points | X |
| Distance to Surface Water: | | | |
| (Horizontal distance to perennial lakes, ponds, rivers, streams, creeks, irrigation canals and ditches) | Less than 200 feet | 20 points | |
| | 200 feet to 1000 feet | 10 points | |
| | >1000 feet | 0 points | X |
| RANKING SCORE (TOTAL POINTS) | | | 20 |

V. Work Performed

On 2014, Safety & Environmental Solutions, Inc. was onsite to determine vertical extent of contamination. All samples were properly packaged, preserved and transported to the Laboratory, Hobbs New Mexico and analyzed for Benzene, Toluene, Ethylbenzene, Xylenes, Total BTEX and Chloride (Cl⁻) (Method SM4500Cl-B). The results of the analysis are presented in the table below:

| Sample Date 11/03/2014 | Sample ID | Benzene (mg/kg) | Toluene (mg/kg) | Ethylbenzene (mg/kg) | Xylenes (mg/kg) | Total BTEX |
|---------------------------|------------|--------------------|--------------------|-------------------------|--------------------|---------------|
| Depth | Method | | | | | |
| BH 1 at 4' | BTEX 8021B | <0.050 | <0.050 | <0.050 | <0.150 | <0.300 |
| BH 2 at 3' | BTEX 8021B | <0.050 | <0.050 | <0.050 | <0.150 | <0.300 |
| BH 4 at 3' | BTEX 8021B | <0.050 | <0.050 | <0.050 | <0.150 | <0.300 |
| BH 3 at 6' | BTEX 8021B | <0.050 | <0.050 | <0.050 | <0.150 | <0.300 |

| Sample Date 11/03/2014 | Sample ID | Chloride (Cl) | Sample ID | GRO (C ₆ -C ₁₀) (mg/kg) | DRO (>C ₁₀ -C ₂₈) (mg/kg) |
|---------------------------|------------|------------------|-----------|--|--|
| Depth | Method | | Method | | |
| BH 1 at 4' | SM4500Cl-B | 112 | TPH 8015M | <10.0 | <10.0 |
| BH 2 at 3' | SM4500Cl-B | 240 | TPH 8015M | <10.0 | <10.0 |
| BH 4 at 3' | SM4500Cl-B | 208 | TPH 8015M | <10.0 | 56.8 |
| BH 3 at 6' | SM4500Cl-B | 448 | TPH 8015M | <10.0 | <10.0 |

VI. Action Plan

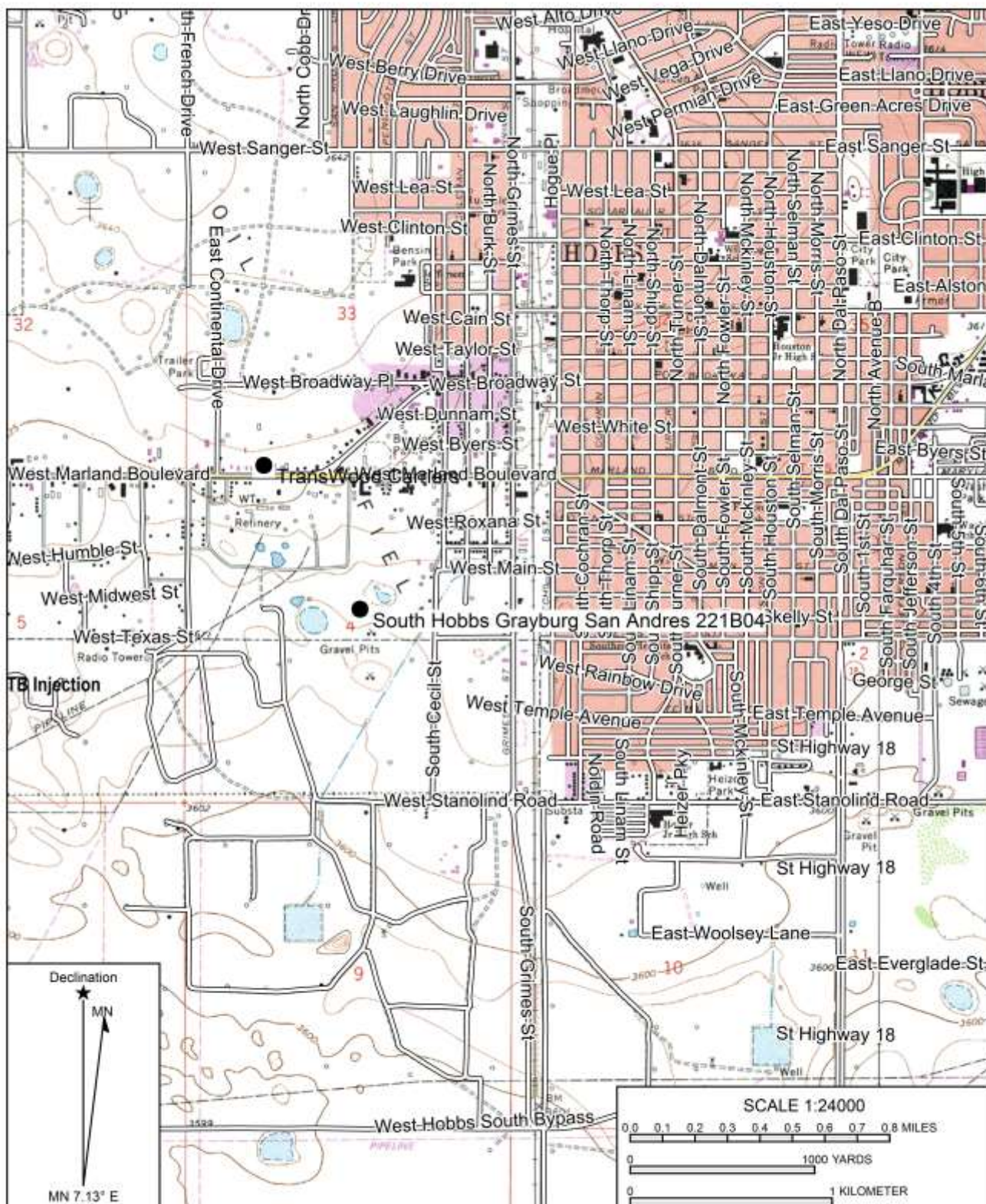
Due to the results listed above the following action plan is proposed:

1. Excavate 18" remove all contaminated soil transport to an approved NMOCD facility for disposal.
2. The excavated area will be backfilled with native soil and returned to natural grade.
3. No further action is necessary.

VII. Figures & Appendices

Figure 1 – Vicinity Map
 Figure 2 – Site Plan
 Figure 3 – NMOCD Trend Map
 Appendix A – Analytical Results
 Appendix B – C-141

Figure 1
Vicinity Map



Name: HOBBS WEST,
 Date: 12/02/14
 Scale: 1 inch = 2,000 ft.

Location: 032.6907038° N, 103.1455887° W
 Hobbs Grayburg San Andres Unit 221 B04

Figure 2
Site Plan



South Hobbs Grayburg San Andres Unit 221

Appendix A

Analytical Results



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

November 12, 2014

Bob Allen
Safety & Environmental Solutions
703 East Clinton
Hobbs, NM 88240

RE: SHU GSA UNIT WELL #221

Enclosed are the results of analyses for samples received by the laboratory on 11/06/14 8:00.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-13-5. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

| | |
|------------------|------------------------------|
| Method EPA 552.2 | Haloacetic Acids (HAA-5) |
| Method EPA 524.2 | Total Trihalomethanes (TTHM) |
| Method EPA 524.4 | Regulated VOCs (V1, V2, V3) |

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene
Lab Director/Quality Manager



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 11/06/2014
Reported: 11/12/2014
Project Name: SHU GSA UNIT WELL #221
Project Number: OXY-14-023
Project Location: HOBBS, NEW MEXICO

Sampling Date: 11/03/2014
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: BH-1 4' BGS (H403418-01)

| BTEX 8021B | | mg/kg | | Analyzed By: ms | | | | | | |
|----------------|--------|-----------------|------------|-----------------|------|------------|---------------|------|-----------|--|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier | |
| Benzene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.84 | 91.9 | 2.00 | 4.93 | | |
| Toluene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.79 | 89.5 | 2.00 | 1.72 | | |
| Ethylbenzene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.72 | 86.0 | 2.00 | 2.09 | | |
| Total Xylenes* | <0.150 | 0.150 | 11/10/2014 | ND | 5.10 | 84.9 | 6.00 | 3.06 | | |
| Total BTEX | <0.300 | 0.300 | 11/10/2014 | ND | | | | | | |

Surrogate: 4-Bromofluorobenzene (PID) 98.9 % 61-154

| Chloride, SM4500Cl-B | | mg/kg | | Analyzed By: AP | | | | | |
|----------------------|--------|-----------------|------------|-----------------|-----|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Chloride | 112 | 16.0 | 11/06/2014 | ND | 400 | 100 | 400 | 0.00 | |
| TPH 8015M | | mg/kg | | Analyzed By: ms | | | | | |

| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
|--------------|--------|-----------------|------------|--------------|-----|------------|---------------|------|-----------|
| GRO C6-C10 | <10.0 | 10.0 | 11/06/2014 | ND | 189 | 94.3 | 200 | 2.33 | |
| DRO >C10-C28 | <10.0 | 10.0 | 11/06/2014 | ND | 195 | 97.3 | 200 | 3.40 | |

Surrogate: 1-Chlorooctane 90.3 % 47.2-157

Surrogate: 1-Chlorooctadecane 96.2 % 52.1-176

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*=Accredited Analyte

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Celestine D. Keene

Celestine D. Keene, Lab Director/Quality Manager

Page 2 of 7



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

| | | | |
|-------------------|------------------------|---------------------|---------------|
| Received: | 11/06/2014 | Sampling Date: | 11/03/2014 |
| Reported: | 11/12/2014 | Sampling Type: | Soil |
| Project Name: | SHU GSA UNIT WELL #221 | Sampling Condition: | Cool & Intact |
| Project Number: | OXY-14-023 | Sample Received By: | Jodi Henson |
| Project Location: | HOBBS, NEW MEXICO | | |

Sample ID: BH-2 3' BGS (H403418-02)

| BTEX 8021B | | mg/kg | | Analyzed By: ms | | | | | | |
|----------------|--------|-----------------|------------|-----------------|------|------------|---------------|------|-----------|--|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier | |
| Benzene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.84 | 91.9 | 2.00 | 4.93 | | |
| Toluene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.79 | 89.5 | 2.00 | 1.72 | | |
| Ethylbenzene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.72 | 86.0 | 2.00 | 2.09 | | |
| Total Xylenes* | <0.150 | 0.150 | 11/10/2014 | ND | 5.10 | 84.9 | 6.00 | 3.06 | | |
| Total BTEX | <0.300 | 0.300 | 11/10/2014 | ND | | | | | | |

Surrogate: 4-Bromofluorobenzene (PID) 94.6 % 61-154

| Chloride, SM4500Cl-B | | mg/kg | | Analyzed By: AP | | | | | |
|----------------------|--------|-----------------|-----------------|-----------------|-----|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Chloride | 240 | 16.0 | 11/06/2014 | ND | 400 | 100 | 400 | 0.00 | |
| TPH 8015M | mg/kg | | Analyzed By: ms | | | | | | |

| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
|--------------|--------|-----------------|------------|--------------|-----|------------|---------------|------|-----------|
| GRO C6-C10 | <10.0 | 10.0 | 11/06/2014 | ND | 189 | 94.3 | 200 | 2.33 | |
| DRO >C10-C28 | <10.0 | 10.0 | 11/06/2014 | ND | 195 | 97.3 | 200 | 3.40 | |

Surrogate: 1-Chlorooctane 99.8 % 47.2-157

Surrogate: 1-Chlorooctadecane 102 % 52.1-176

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Celey D. Keene, Lab Director/Quality Manager



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Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 11/06/2014
Reported: 11/12/2014
Project Name: SHU GSA UNIT WELL #221
Project Number: OXY-14-023
Project Location: HOBBS, NEW MEXICO

Sampling Date: 11/03/2014
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: BH-4 3' BGS (H403418-03)

| BTEX 8021B | | mg/kg | | Analyzed By: ms | | | | | |
|----------------|--------|-----------------|------------|-----------------|------|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Benzene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.84 | 91.9 | 2.00 | 4.93 | |
| Toluene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.79 | 89.5 | 2.00 | 1.72 | |
| Ethylbenzene* | <0.050 | 0.050 | 11/10/2014 | ND | 1.72 | 86.0 | 2.00 | 2.09 | |
| Total Xylenes* | <0.150 | 0.150 | 11/10/2014 | ND | 5.10 | 84.9 | 6.00 | 3.06 | |
| Total BTEX | <0.300 | 0.300 | 11/10/2014 | ND | | | | | |

Surrogate: 4-Bromofluorobenzene (PID) 99.3 % 61-154

| Chloride, SM4500Cl-B | | mg/kg | | Analyzed By: AP | | | | | |
|----------------------|--------|-----------------|------------|-----------------|-----|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Chloride | 208 | 16.0 | 11/06/2014 | ND | 400 | 100 | 400 | 0.00 | |
| TPH 8015M | | mg/kg | | Analyzed By: ms | | | | | |

Surrogate: 1-Chlorooctane 102 % 47.2-157

Surrogate: 1-Chlorooctadecane 105 % 52.1-176

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Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 11/06/2014
Reported: 11/12/2014
Project Name: SHU GSA UNIT WELL #221
Project Number: OXY-14-023
Project Location: HOBBS, NEW MEXICO

Sampling Date: 11/03/2014
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: BH-3 6' BGS (H403418-04)

| BTEX 80218 | | mg/kg | | Analyzed By: ms | | | | | |
|----------------|--------|-----------------|------------|-----------------|------|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Benzene* | <0.050 | 0.050 | 11/11/2014 | ND | 1.84 | 91.9 | 2.00 | 4.93 | |
| Toluene* | <0.050 | 0.050 | 11/11/2014 | ND | 1.79 | 89.5 | 2.00 | 1.72 | |
| Ethylbenzene* | <0.050 | 0.050 | 11/11/2014 | ND | 1.72 | 86.0 | 2.00 | 2.09 | |
| Total Xylenes* | <0.150 | 0.150 | 11/11/2014 | ND | 5.10 | 84.9 | 6.00 | 3.06 | |
| Total BTEX | <0.300 | 0.300 | 11/11/2014 | ND | | | | | |

Surrogate: 4-Bromofluorobenzene (PID) 96.4 % 61-154

| Chloride, SM4500Cl-B | | mg/kg | | Analyzed By: AP | | | | | |
|----------------------|--------|-----------------|------------|-----------------|-----|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Chloride | 448 | 16.0 | 11/06/2014 | ND | 400 | 100 | 400 | 0.00 | |
| TPH 8015M | | mg/kg | | Analyzed By: ms | | | | | |
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |

| | | | | | | | | | |
|--------------|-------|------|------------|----|-----|------|-----|------|--|
| GRO C6-C10 | <10.0 | 10.0 | 11/06/2014 | ND | 189 | 94.3 | 200 | 2.33 | |
| DRO >C10-C28 | <10.0 | 10.0 | 11/06/2014 | ND | 195 | 97.3 | 200 | 3.40 | |

Surrogate: 1-Chlorooctane 90.5 % 47.2-157

Surrogate: 1-Chlorooctadecane 96.4 % 52.1-176

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

| | |
|-----|--|
| ND | Analyte NOT DETECTED at or above the reporting limit |
| RPD | Relative Percent Difference |
| ** | Samples not received at proper temperature of 6°C or below. |
| *** | Insufficient time to reach temperature. |
| - | Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report |

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(505) 393-2326 Fax (505) 393-2476

Page 1 of 1

[illegible]

Appendix B

C-141

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

| | | | |
|-------------------------------------|--------------------|--|---------------------------------------|
| OPERATOR | | <input checked="" type="checkbox"/> Initial Report | <input type="checkbox"/> Final Report |
| Name of Company: OXY USA | | Contact: Tony Aguilar | |
| Address: 1017 W Stanolind Road | | Telephone No. 575-390-6312 | |
| Facility Name: South Hobbs Unit 221 | | Facility Type: Well Location | |
| Surface Owner: DCP Midstream | Mineral Owner: OXY | Lease No. 30-025-29892 | |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| C | 4 | 19S | 38E | | | | | |

Latitude: 32.693470 Longitude: -103.153740

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release: Produced Water and Oil | Volume of Release: 1BBL Oil, 500 BBLs Water | Volume Recovered: 50 BBLs Water |
| Source of Release: Wellhead | Date and Hour of Occurrence: 8/17/2014 10:37:49 AM | Date and Hour of Discovery: 8/17/2014 10:30 AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Tomas Oberding | |
| By Whom? Tony Aguilar | Date and Hour: 8/17/2014 12:56 PM (Left Message) | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

Cause of leak external corrosion, leak is at wellhead. Standing water was picked up by vacuum truck.

Describe Area Affected and Cleanup Action Taken.*

Safety & Environmental Solutions, Inc. will delineate spill area and submit appropriate work plan.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD 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.

| | | | |
|---|-------------------------|----------------------------------|-----------------------------------|
| Signature: | | OIL CONSERVATION DIVISION | |
| Printed Name: Tony Aguilar | | Approved by District Supervisor: | |
| Title: HSE Specialist | Approval Date: | Expiration Date: | |
| E-mail Address: Raymond_Aguilar@oxy.com | Conditions of Approval: | | Attached <input type="checkbox"/> |
| Date: 8/20/2014 | Phone: 575-390-6312 | | |

* Attach Additional Sheets If Necessary

Appendix C

Site Photographs



Release area on pad looking North



Release area on pad looking East



Release area on pad looking Southeast



SHU # 221 & release point



Lease road looking Northwest



Pad looking North



Lease road looking East



Release area looking Southeast



Release area looking Southeast



Lease road looking West



End of lease road East by fence



Entrance lease road looking East-Southeast