

AP - 089

**GENERAL
CORRESPONDENCE**

2008 - 2007



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



April 25, 2008

Mr. Dennis Newman
OXY USA, Inc.
P.O. Box 4294
Houston, TX 77210-4294

**RE: REQUIREMENT TO SUBMIT ABATEMENT PLAN
OXY USA, INC. - STATE L-2 TANK BATTERY
SECTION 2, TOWNSHIP 10 SOUTH, RANGE 33 EAST
LEA COUNTY, NEW MEXICO
OCD CASE NO. AP089**

Dear Mr. Newman:

The Oil Conservation Division (OCD) has determined that OXY USA, Inc. (OXY) must submit a Stage 1 Abatement Plan in accordance with OCD's Rule 19 (19.15.1.19 NMAC) to investigate ground water contamination at its State L-2 Tank Battery, Section 2, Township 10 South, Range 33 East, Lea County, New Mexico. The Stage 1 Abatement Plan proposal must be submitted to the OCD Santa Fe Office with a copy provided to the OCD Hobbs District Office and must meet all of the requirements specified in OCD Rule 19 (19.15.1.19 NMAC), including, but not limited to, the public notice and participation requirements specified in Rule 19G. The Stage 1 Abatement Plan is due sixty (60) days from the receipt by OXY of this written notice.

OXY's Stage 1 Abatement Plan must specifically meet all of the requirements specified in OCD Rule 19E.3, including, but not limited to, a site investigation work plan and monitoring program that will enable it to characterize the release using an appropriate number of isoconcentration maps and cross sections and to provide the data necessary to select and design an effective abatement option. OXY's proposal must include the installation of at least one monitor well beneath the tank battery screened below the water table to determine whether "plume diving" is occurring. OXY may, if it chooses, concurrently submit a Stage 2 Abatement Plan that addresses appropriate proactive abatement options.

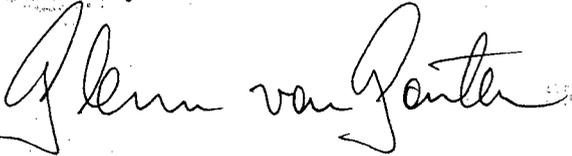
Mr. Dennis Newman

April 25, 2008

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OXY should submit one paper copy with and an electronic copy on CD of all future workplans and/or reports. Please refer to **OCD Case No. AP089** on all future correspondence. If you have any questions, please contact Glenn von Gonten of my staff at (505) 476-3488.

Sincerely,



~~PO~~ Wayne Price
Environmental Bureau Chief

WP/gvg

cc: Chris Williams
Larry Johnson





Occidental Permian Ltd.
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294
Phone 713.215.7000
www.oxy.com

RECEIVED
2008 MAR 17 PM 2 00

VIA REGULAR MAIL AND EMAIL

March 11, 2008

Mr. Glenn von Gonten
New Mexico Energy, Mineral and Natural Resources Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Submission of Form C-141 – Release Notification and Corrective Action and OXY USA
Inc. Authorized Representative
Todd ATB#1
State L-2 Tank Battery
E. M. Elliott Tank Battery
Todd Water Injection Station
Todd Hobbs R #10 Tank Battery
E. C. Hill "B" ATB at Well #24
E. C. Hill B-D Tank Battery
E. C. Hill Federal #7 Tank Battery

Dear Mr. von Gonten:

OXY USA Inc. ("Oxy") appreciates the time you and Wayne Price with the Oil Conservation Division ("OCD") spent meeting with Oxy representatives (Rick Passmore with Glenn Springs Holding, Inc., Tim Reed with Highlander Environmental, and myself) on February 27, 2008 to discuss Oxy's role as the new operator for the subject sites effective March 1, 2008.

Per your request, attached are Form C-141s for the eight (8) referenced sites. Note Rule 116 letter notifications for these sites were sent to the OCD on June 25, 2007 by Latigo Petroleum Inc. ("Latigo"). Pogo Producing ("Pogo") acquired Latigo in 2006 followed by Plains Exploration and Production ("PXP") acquiring Pogo in November 2007. Oxy has recently acquired majority interest in these sites from PXP and is the new operator.

OXY's remediation company, Glenn Springs Holding, Inc. ("GSH") will be responsible for managing the referenced sites; GSH is a subsidiary of Occidental Petroleum Corporation. OXY's authorized project manager for the referenced sites will be:

Mr. Rick Passmore
Glenn Springs Holding, Inc.
5005 LBJ Freeway, Suite 1350
Dallas Texas 75244
Office: 972-687-7504
Mobile: 859-221-7616
Rick_passmore@oxy.com

March 11, 2008

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If you or District I have any questions concerning the C-141s for the referenced sites, please contact Mr. Passmore. Again, we thank you for your time meeting with us.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Newman", with a stylized flourish at the end.

Dennis L. Newman, P.E.

cc: New Mexico Energy, Mineral and Natural Resources Department
Oil Conservation Division
District I
1625 N. French Dr.
Hobbs, New Mexico 88240

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

Initial Report Final Report

Name of Company OXY USA, Inc.	Contact Rick Passmore
Address P.O. Box 4294, Houston, Texas 77210-4294	Telephone No. 972-687-7504
Facility Name State L-2 Tank Battery	Facility Type Tank Battery

Surface Owner	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	2	10 South	33 East					Lea

Latitude 33.47277 Longitude 103.53635

NATURE OF RELEASE

Type of Release Oil and /or produced water	Volume of Release Unknown	Volume Recovered None
Source of Release Historic oil and produced water spills	Date and Hour of Occurrence Unknown	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
By Whom?	Date and Hour N/A	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	

If a Watercourse was Impacted, Describe Fully.*
N/A

Describe Cause of Problem and Remedial Action Taken.*
Historic spills.
Latigo Petroleum, Inc. made initial notification to the NMOCD on June 25, 2007, based on due diligence. Latigo was bought by Pogo Producing in 2006. Plains Exploration and Production (PXP) bought Pogo Producing in 2007, and finally OXY, USA Inc. purchased a majority interest in the PXP New Mexico assets on February 29, 2008 and became the operator on March 1, 2008.

Describe Area Affected and Cleanup Action Taken.*
Site Investigation and Characterization is in progress.

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: 	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: Dennis Newman	Approved by District Supervisor:	
Title: Senior Environmental Consultant	Approval Date:	Expiration Date:
E-mail Address: dennis_newman@oxy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: March 7, 2008 Phone: 713-366-5485		

* Attach Additional Sheets If Necessary

AP089



Highlander Environmental Corp.

Midland, Texas

February 18, 2008

Mr. Glenn von Gonten
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

**RE: Latigo Petroleum, Inc. – Project Summary
State L-2 Tank Battery
Section 2, Township 10 South, Range 33 East
Lea County, New Mexico
33.47277° N, 103.53635° W**

Mr. von Gonten:

On behalf of Latigo Petroleum, Inc. (Latigo), Highlander Environmental Corp. (Highlander) performed a limited subsurface investigation at the Latigo State L-2 Tank Battery, Section 2, Township 10 South, Range 33 East, Lea County, New Mexico. The site location is shown on Figure 1.

During the inspection, the site was found to have previously been drilled and one monitor well installed at the site. In addition, the site had been capped with a clay liner to prevent further infiltration of contaminants to the groundwater. As part of the assessment, Highlander sampled the monitor well. On September 6, 2006 and May 15, 2007, Highlander purged and sampled the monitor well per NMOCD guidelines. The depth to water measured at 40 feet below top of casing (TOC). The benzene and chloride concentrations did exceed the New Mexico Water Quality Control Commission (NMWQCC) standards. The remaining BTEX continents were below the NMWQCC standards. The analytical results are shown in Table 3. Additional monitor wells are pending for this site.

Should you have any questions or concerns regarding this site, please do not hesitate to contact me at (432) 682-4559.

Highlander Environmental Corp.

Ike Tavarez, P.G.
Sr. Geologist/Project Manager
(432) 682-4559

FIGURES

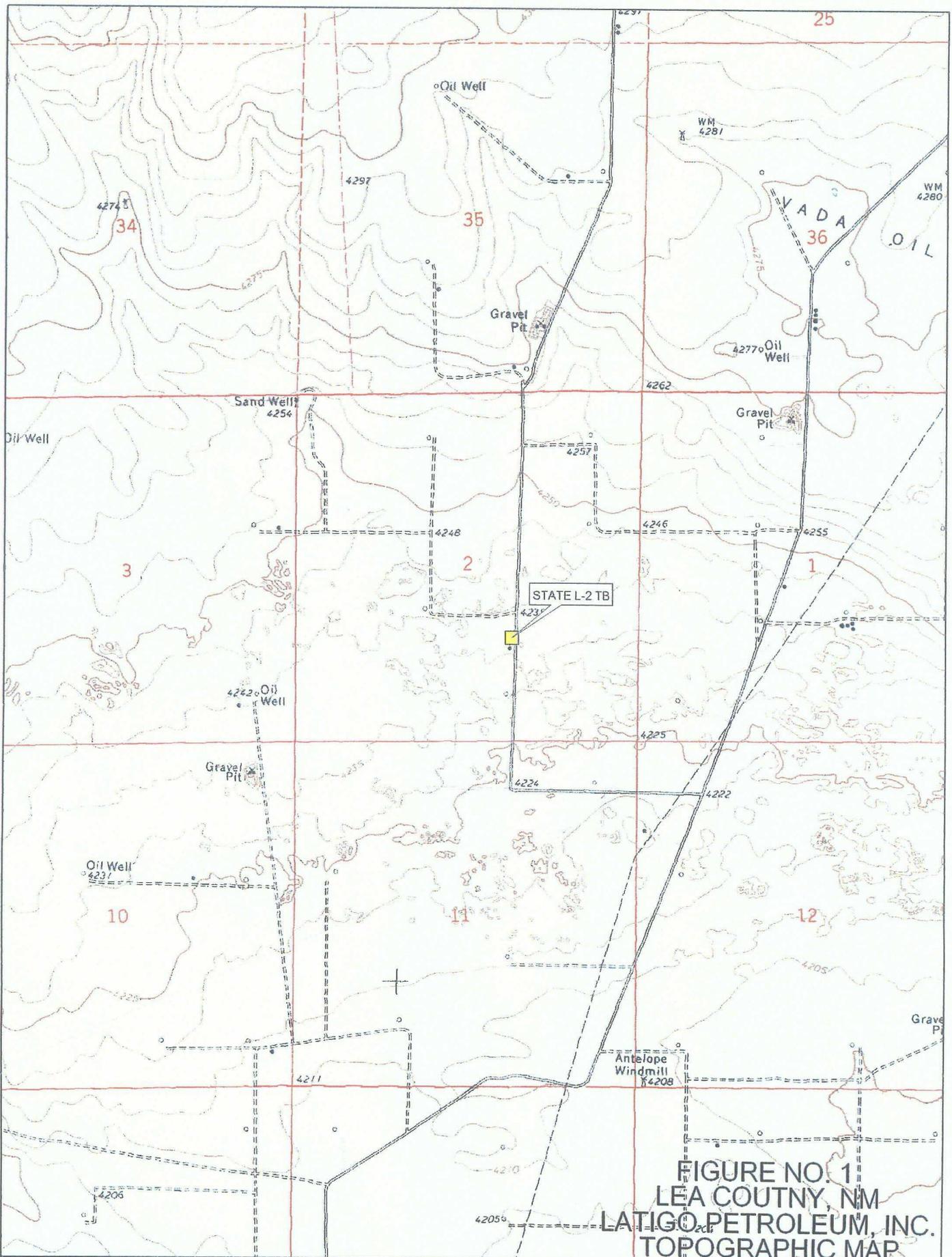
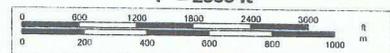


FIGURE NO. 1
 LEA COUNTY, NM
 LATIGO PETROLEUM, INC.
 TOPOGRAPHIC MAP



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 www.delorme.com

Scale 1 : 24,000
 1" = 2000 ft



TABLES

Table 1
Pogo Producing Company
STATE L TANK BATTERY
Lea County, New Mexico

Sample ID	Date Sampled	Sample Number	TPH (mg/kg)			Benzene (mg/L)	Toluene (mg/L)	Ethylbenzene (mg/L)	Xylene (mg/L)	Chloride (mg/L)
			C6-C12	C12-C35	Total					
MW-1	9/6/2006	102408	-	-	-	0.524	0.849	0.273	1.26	6060
	5/15/2007	124645	-	-	-	0.043	<0.001	0.003	<0.001	12,700

(-) not analyzed



Highlander Environmental Corp.

Midland, Texas

COPY

CERTIFIED MAIL

RETURN RECEIPT NO. . 7005 1160 0005 3780 6047

June 25, 2007

Mr. Wayne Price
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

**RE: NOTIFICATION OF GROUNDWATER IMPACT
STATE L-2
SEC. 2, T10S, R33E
LEA COUNTY, NEW MEXICO**

Mr. Price:

On behalf of Latigo Petroleum, Inc. (Latigo), Highlander Environmental Corp. (Highlander) notifies the Director of the New Mexico Oil Conservation Division (OCD), Environmental Bureau of groundwater impact at the above-referenced site in accordance with NM Rule 116.

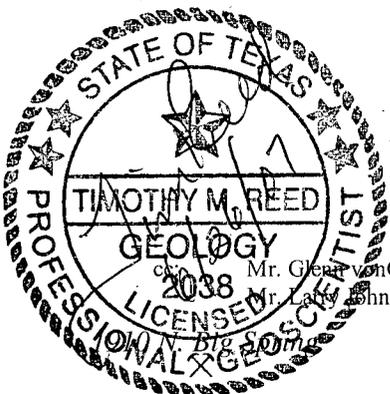
Highlander of Midland, Texas was engaged to investigate this site. The site was found to have previously been drilled and one monitor well installed at the site. In addition, the site had been capped with a clay liner to prevent further infiltration of contaminants to the groundwater.

As part of the assessment, Highlander was onsite to sample the well pursuant to OCD guidelines with the samples submitted to Environmental Lab of Texas for analysis of chlorides and BTEX. Chloride concentrations and traces of hydrocarbons in the form of benzene exceeded New Mexico Water Quality Control Commission standards. Highlander will present a remedy for this site in the submission of a Corrective Action Plan.

Please accept this notification for the above-referenced site. Should you have any questions or concerns regarding this site, please do not hesitate to contact me at (462) 682-4559.

Highlander Environmental Corp.

Timothy M. Reed, P.G.
Vice President



Mr. Glen vonGonten - NMOCD, Santa Fe
Mr. Larry Johnson-NMOCD, Hobbs

• Midland, Texas 79705

• (432) 682-4559

• Fax (432) 682-3946