

AP - 088

**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. - E.M. ELLIOTT TANK BATTERY
SECTION 22, TOWNSHIP 22 SOUTH, RANGE 37 EAST
LEA COUNTY, NEW MEXICO
OCD CASE NO. AP088**

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 E.M. Elliott Tank Battery, located in Section 22, Township 22 South, Range 37 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 of all 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.



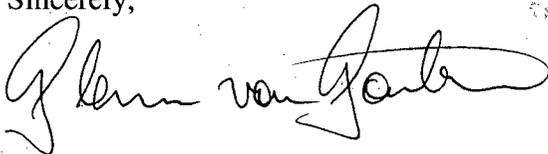
Mr. Dennis Newman

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. AP088** on all future correspondence. If you have any questions, please contact Glenn von Gonten of my staff at (505) 476-3488.

Sincerely,



EO 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 Gonton:

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
Page 2

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". The signature is fluid and cursive, with a large initial "D" and a long horizontal stroke 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 E.M.Elliott Tank Battery | Facility Type Tank Battery |

| | | |
|---------------|---------------|-----------|
| Surface Owner | Mineral Owner | Lease No. |
|---------------|---------------|-----------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------------|----------------------|---------------------|---------------|------------------|---------------|----------------|---------------|
| Unit Letter | Section 22 | Township 22 South | Range 37 East | Feet from the | North/South Line | Feet from the | East/West Line | County Lea |
|-------------|---------------|----------------------|---------------------|---------------|------------------|---------------|----------------|---------------|

Latitude 32.38299 Longitude 103.15532

NATURE OF RELEASE

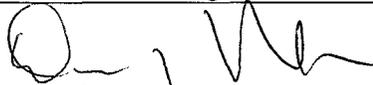
| | | |
|--|--|----------------------------|
| Type of Release Oil and /or produced water | Volume of Release Unknown | Volume Recovered None |
| Source of Release Historic oil and produced water spills | Date and Hour of Occurrence Unknown | Date and Hour of Discovery |
| Was Immediate Notice Given? <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

APOSS



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**
Elliott, E.M. Tank Battery
Section 22, Township 22 South, Range 37 East
Lea County, New Mexico
32° 22.977 N, 103° 09.320 W

Mr. von Gonten:

On behalf of Latigo Petroleum, Inc. (Latigo), Highlander Environmental Corp. (Highlander) performed a limited subsurface investigation at the Latigo Elliott, E.M. Tank Battery, Section 22, Township 22 South, Range 37 East, Lea County, New Mexico. The site location is shown on Figure 1. The soils investigation consisted of placement of hand auger holes and boreholes to assess the subsurface soils. Based on the soil assessment, a well was installed to assess the groundwater qualities at the Site.

The subsurface soils were found to be impacted with total petroleum hydrocarbons from the surface to a maximum depth of 30 feet in the area south of the tank battery. The OVM data did exhibit levels down to 70' below ground surface. The hand auger and borehole locations are shown on Figure 2. The analytical results are shown in Table 1 and Table 2.

Based on the results of the field sampling, the boring was converted to a temporary 2-inch monitor well. Groundwater was encountered at approximately 80 feet below top of casing (TOC). On September 25, 2006 and May 15, 2007, Highlander purged and sampled the well per OCD guidelines for analyses of chlorides and BTEX. Chloride concentrations exceed New Mexico Water Quality Control Commission (NMWQCC) standards, while hydrocarbon constituents (BTEX) were detected at levels below the NMWQCC action levels. 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



FIGURES

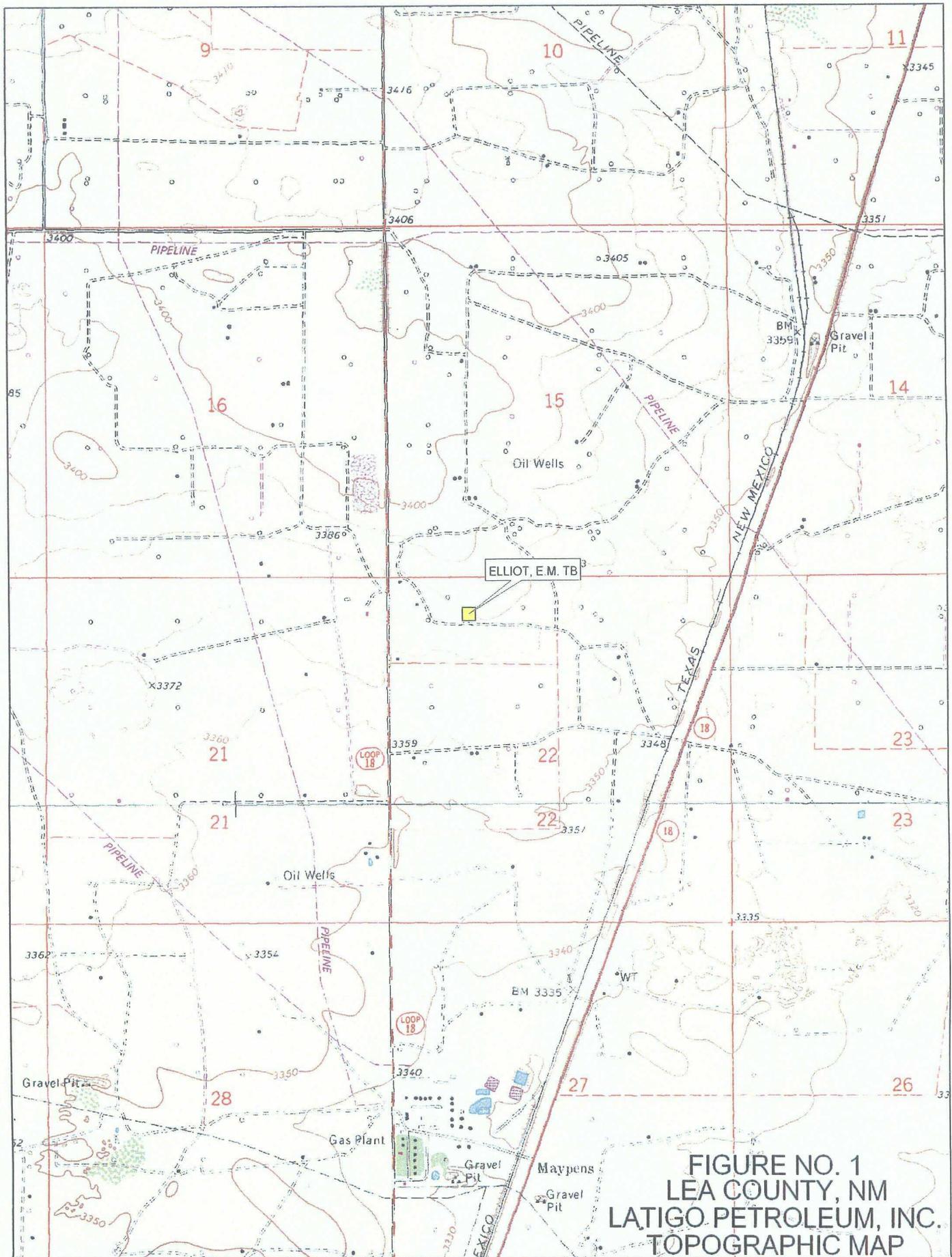
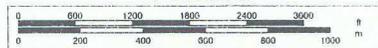


FIGURE NO. 1
LEA COUNTY, NM
LATIGO PETROLEUM, INC.
TOPOGRAPHIC MAP



© 2002 DeLorme, 3-D TopoQuads ©. Data copyright of content owner.
www.delorme.com

Scale 1 : 24,000
1" = 2000 ft



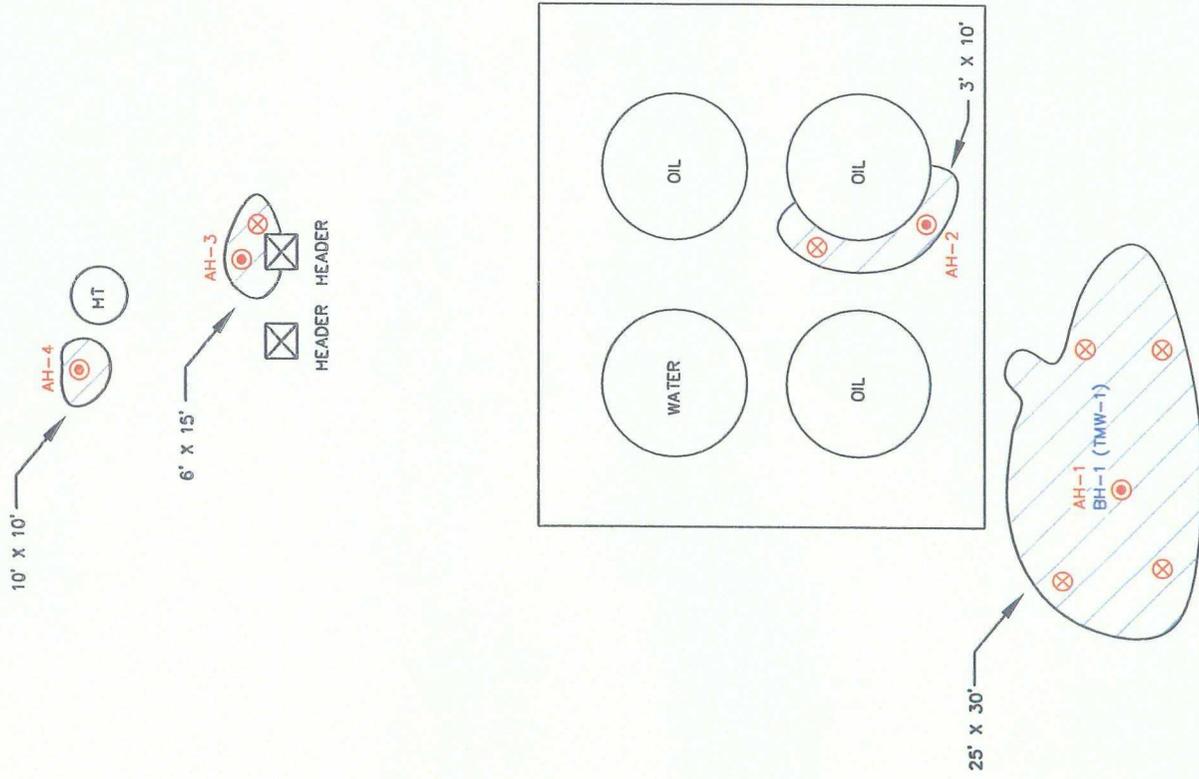


FIGURE NO. 2

LEA COUNTY, NEW MEXICO

LATIGO PETROLEUM, INC.
ELLIOTT E.M. TB

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

DATE: 7/18/07

DWN. BY: RC

FILE: CAP0002817A
EM ELLIOTT FEB 08

NOT TO SCALE

- BORE HOLE
- SPILL AREAS
- SAMPLE LOCATIONS

TABLES

Table 1
 Pogo Producing Company
 E.M. ELLIOTT FEDERAL TANK BATTERY
 Lea County, New Mexico

| Sample ID | Date Sampled | Sample Depth (ft) | TPH (mg/kg) | | Benzene (mg/kg) | Toluene (mg/kg) | Ethylbenzene (mg/kg) | Xylene (mg/kg) | Chloride (mg/kg) |
|-----------|--------------|-------------------|-------------|---------|-----------------|-----------------|----------------------|----------------|------------------|
| | | | C6-C12 | C12-C35 | | | | | |
| AH-1 | 8/10/2006 | 0-1 | 431 | 6140 | <.500 | <.500 | <.500 | 2.69 | 316 |
| | 8/10/2006 | 1-1.5 | 301 | 3370 | 0.266 | 0.331 | 3.67 | 5.30 | 870 |
| AH-2 | 8/10/2006 | 0-1 | 16.8 | 9200 | <.100 | <.100 | <.100 | <.100 | 1900 |
| AH-3 | 8/10/2006 | 0-1 | 91.6 | 17300 | <.100 | <.100 | <.100 | 1.23 | <50 |
| | 8/10/2006 | 1-1.5 | 256 | 16800 | 0.0915 | <.0500 | 1.86 | 3.25 | <50 |
| AH-4 | 8/10/2006 | 0-1 | 150 | 6030 | <.0500 | <.0500 | <.0500 | 0.0625 | <50 |
| | 8/10/2006 | 1-1.5 | <1.00 | <50.0 | <.0100 | <.0100 | <.0100 | <.0100 | <50 |

(-) not analyzed

Table 2
Pogo Producing Company
E.M. ELLIOTT FEDERAL TANK BATTERY
Lea County, New Mexico

| Sample ID | Date Sampled | Sample Depth (ft) | TPH (mg/kg) | | Benzene (mg/kg) | Toluene (mg/kg) | Ethylbenzene (mg/kg) | Xylene (mg/kg) | Chloride (mg/kg) |
|-----------|--------------|-------------------|-------------|---------|-----------------|-----------------|----------------------|----------------|------------------|
| | | | C6-C12 | C12-C35 | | | | | |
| BH-1 | 9/14/2006 | 5-7' | 884 | 5300 | 0.285 | <0.200 | 9.76 | 17.6 | <200 |
| | 9/14/2006 | 10-12' | 246 | 983 | - | - | - | - | <200 |
| | 9/14/2006 | 15-17' | 153 | 1510 | - | - | - | - | <200 |
| | 9/14/2006 | 20-22' | 197 | 1030 | - | - | - | - | <200 |
| | 9/14/2006 | 30-32' | <1.00 | <50.0 | - | - | - | - | <200 |
| | 9/14/2006 | 40-42' | <1.00 | <50.0 | - | - | - | - | <200 |
| | 9/14/2006 | 50-52' | <1.00 | <50.0 | - | - | - | - | 215 |
| | 9/14/2006 | 60-62' | <1.00 | <50.0 | - | - | - | - | <200 |
| | 9/14/2006 | 70-72' | <1.00 | <50.0 | - | - | - | - | <200 |

(-) not analyzed

Table 3
 Pogo Producing Company
 E.M. ELLIOTT FEDERAL TANK BATTERY
 Lea County, New Mexico

| Sample ID | Date Sampled | Sample No. | TPH (mg/kg) | | | Benzene (mg/L) | Toluene (mg/L) | Ethylbenzene (mg/L) | Xylene (mg/L) | Chloride (mg/L) |
|-----------|--------------|------------|-------------|---------|-------|----------------|----------------|---------------------|---------------|-----------------|
| | | | C6-C12 | C17-C35 | Total | | | | | |
| TMW-1 | 9/25/2006 | 104457 | - | - | - | 0.00130 | <0.00100 | <0.00100 | 0.00650 | 8,260 |
| | 5/15/2007 | - | - | - | - | <0.001 | <0.001 | <0.001 | 0.00150 | 2,020 |
| | | | | | | | | | | |

(-) not analyzed

SAMPLE LOG

SAMPLE LOG

Boring/Well: MW-1
Project Number: 2617
Client: Pogo Production Inc.
Site Location: E. M. Elliott Federal Tank Battery
Location: Lea County, New Mexico
Total Depth: 83
Date Installed: 09/22/06

| DEPTH (Ft) | OVM | SAMPLE DESCRIPTION |
|------------|-----|---|
| 0-4 | -- | Sandy topsoil with some black and gray caliche |
| 5-30 | -- | Sandy caliche with very fine silty tan sand |
| 30-40 | -- | Tan to reddish tan very fine grain silty sand |
| 40-50 | -- | Reddish/tan very fine grain silty sand |
| 50-70 | -- | Reddish/tan very fine grain silty sand becoming slightly damp |
| 70-78 | -- | Reddish/tan very fine grain silty sand that is wet |
| 78-83 | -- | Hard sandstone (damp) |

Total Depth is 83 feet

Groundwater encountered at 70 feet below ground surface.



Highlander Environmental Corp.

Midland, Texas

RECEIVED
2007 JUL 5 PM 1 54

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
ELLIOTT, E.M. TANK BATTERY
SEC. 22, T22S, R37E
LEA COUNTY, NEW MEXICO**

Mr. Price:

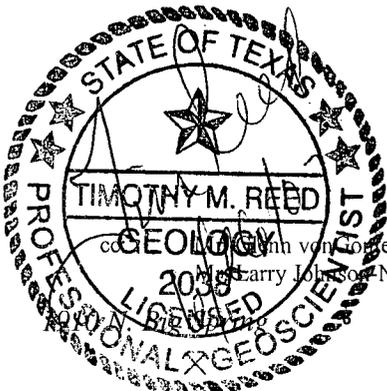
On behalf of Latigo Petroleum, Inc. (Latigo), Highlander Environmental Corp. (Highlander) notifies the Director of the New Mexico Oil Conservation Division (OCD), Environmental Bureau of groundwater impact at the above-referenced site in accordance with NM Rule 116.

Highlander of Midland, Texas was engaged to investigate this site. Highlander installed one soil boring at the site. The soils were found to be impacted from the surface to the vadose zone with chlorides and from the surface to maximum depth of 30 feet with total petroleum hydrocarbons. Both the chlorides and the TPH exceed state regulated levels for soils. Based on the results of the field sampling, the boring was converted to a temporary 2-inch monitor well. Groundwater was encountered at approximately 72 feet below ground surface (bgs). After appropriate development, the well was sampled pursuant to OCD guidelines by Highlander and submitted to Environmental Lab of Texas for analysis of chlorides and BTEX. Chloride concentrations exceed New Mexico Water Quality Control Commission (NMWQCC) standards, while hydrocarbon constituents (BTEX) were detected at levels below the NMWQCC action levels. 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 (432) 682-4559.

Highlander Environmental Corp.

Timothy M. Reed, P.G.
Vice President



cc: John von Cullen - NMOCD, Santa Fe
Larry Johnson - NMOCD, Hobbs

Midland, Texas 79705

(432) 682-4559

Fax (432) 682-3946