

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

Form C-141
Revised October 10, 2003

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

AUG - 4 2008
OCD-ARTESIA

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

Release Notification and Corrective Action

ISEB0821756052
ASEB0821755825

OPERATOR

Initial Report Final Report

Name of Company OXY USA	16696	Contact Kelton Beard
Address 102 S Main Carlsbad, NM 88220		Telephone No. (O) 505-887-8337 C) 575-390-1903
Facility Name Federal NEF #3 SWD	3001528281	Facility Type Disposal Well

Surface Owner BLM	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
D	25	22S	31E					Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

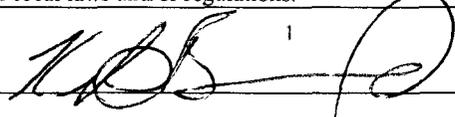
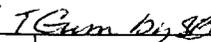
Type of Release Produced Water	Volume of Release +1000 bbls	Volume Recovered 2bbls
Source of Release Flow line	Date and Hour of Occurrence Unknown	Date and Hour of Discovery 7-30-08 / 1:00pm
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD- Gerry Guye; BLM- Jim Amos	
By Whom? Kelton Beard- Oxy HES Specialist	Date and Hour See above	
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.*
Corrosion caused a hole in the steel injection line causing produced water to leak onto the pasture. A vac-truck was called to remove all standing fluids

Describe Area Affected and Cleanup Action Taken.*
The area affected is approx. 30,000 sq. feet in the pasture. Depth of contamination is unknown. Delineation will take place to determine the extent of the contamination and a work plan will be worked up and submitted to the BLM and NMOCD for approval.

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: Kelton Beard	Approved by District Supervisor: 	
Title: HES Specialist	Approval Date: 8-4-08	Expiration Date:
E-mail Address: kelton_beard@oxy.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 7-31-08		2RP-205

* Attach Additional Sheets If Necessary
SEB0821756142



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



CERTIFIED MAIL—RETURN RECEIPT REQUESTED
7007 2680 0001 6451 0823

August 4, 2008

OXY USA
102 S Main
Carlsbad, NM 88220

ATTN: Kelton Beard

RE: Neff Federal 003 D-25-22S-31E
Eddy County, New Mexico 30-015-28281
2RP-205

Dear Sir:

This office is in receipt of your C-141 regarding the produced water release at this facility.

NMOCD Rule 19.15.3.116 states in part, "...The responsible person must complete **division approved corrective action** for releases which endanger public health or the environment. Releases will be addressed in accordance with a **remediation plan** submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

Information and tools for proper corrective action may be found in the Environmental Handbook on our web site at the following link:
http://www.emnrd.state.nm.us/oed/documents/7C_spill1.pdf

The following actions are **required** to be addressed in the **remediation plan**:

- Determine the horizontal and vertical delineation of the spill by sampling.
- Prepare a sketch of the site indicating where and at what depths the samples were taken.
- Submit laboratory results of sampling as well as the proposed remediation with the plan.



August 4, 2008

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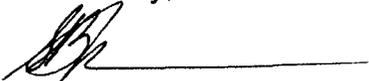
Remediation requirements may be subject to other federal, state, and local laws or regulations.

Within 30 days, **on or before September 5, 2008**, completion of a remediation work plan should be finalized and submitted to the Division summarizing all actions taken or to be taken to mitigate environmental damage related to the leak, spill or release for approval.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance with this matter or should you have any questions, please feel free to contact me.

Sincerely,



Sherry Bonham
NMOCD District II, Artesia
(505) 748-1283 ext 109
E-mail: sherry.bonham@state.nm.us