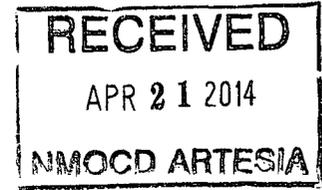




April 9, 2014



2 PP - 2268

Mr. Mike Bratcher
NMOCD District 2
811 S. 1st Street
Artesia, NM 88210

AMARILLO
921 North Bivins
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

ARTESIA
408 West Texas Ave.
Artesia, New Mexico 88210
Phone 575.746.8768
Fax 575.748.8905

HOBBS
318 East Taylor Street
Hobbs, New Mexico 88241
Phone 505.393.4261
Fax 505.393.4658

MIDLAND
2901 State Highway 349
Midland, Texas 79706
Phone 432.522.2133
Fax 432.522.2180

OKLAHOMA CITY
7700 North Hudson Ave
Suite 10
Oklahoma City, Oklahoma 73116
Phone 405.486.7030
Fax 806.467.0622

SAN ANTONIO
13111 Lookout Way
San Antonio, TX 78233
Phone 210.265.8025
Fax 210.568.2191

Subject: **Remediation and Closure Report**
Oxy USA WTP Limited Partnership
Smith Federal No. 3
API # 30-015-31342

Dear Mr. Bratcher,

Oxy USA WTP Limited Partnership (Oxy) has contracted Talon/LPE (Talon) to perform soil assessment and remediation services at the referenced Smith Federal No. 3 release. The results of our soil assessment, completed remediation activities and closure request are submitted herein.

Incident Date

January 10, 2014

Background Information

The Smith Federal No. 3 is located approximately forty (40) miles southwest of Artesia, New Mexico. The legal location for the site is Section 11, Township 22 South and Range 23 East in Eddy County, New Mexico. More specifically the latitude and longitude for the release are 32.408431 North and -104.565277 West. A site plan is presented in Appendix I.

According to the soil survey provided by the United States Department of Agriculture National Resources Conservation Services, the soil in this area is made up of Reagan loam with 0 to 1 percent slopes. Per the New Mexico Bureau of Geology and Mineral Resources, the local surface and shallow geology, Quaternary Age sedimentary deposits, is comprised of alluvial fans and eolian deposits which include alluvium and loamy soils underlain by hard caliches. Drainage courses in this area are normally dry. The New Mexico State Engineer web site indicates the nearest ground water data to be in S8-T22S-R23E. The ground water in Section 8 is reported to be a depth of 628' below ground surface (bgs). See Appendix II for the referenced groundwater data.

The ranking for this site is 0 based on the as following:

Depth to ground water	>100'
Wellhead Protection Area	>1000'
Distance to surface water body	>1000'

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING
CONSTRUCTION
SPILL MANAGEMENT
GENERAL CONTRACTING

Incident Description

On January 10, 2014 a 4-inch steel flow line was found to be leaking due to corrosion causing a release of 12 barrels of produced water. A vac truck was immediately called to the location and recovered 3 barrels. The flow line was isolated, drained of all fluids, replaced and returned to service. The spill area measures approximately 120-feet long by 15 to 20-feet wide in areas.

Remedial Actions Taken

In March, 2014 Talon personnel mobilized to the site to begin excavation of the impacted area in accordance with the New Mexico Oil Conservation Division (NMOCD) approved work plan.

The impacted soil from this release in the vicinity of sample location S-1 was excavated with a backhoe to a depth of 1.5-feet deep. The impacted soil in the vicinity of sample locations S-2 and S-3 were scraped with a backhoe to a depth of 0.5-feet deep. The impacted soil was transported to a NMOCD approved solid waste disposal facility.

The excavated area was backfilled back to grade using new material transported from a local borrow pit and was contoured to match the surrounding location. The area was seeded on April 2, 2014 using BLM Falcon seed mix. The seeding label is attached.

Closure

On behalf of Oxy USA WTP Limited Partnership, we respectfully request that no further actions be required and that closure with respect to this release be granted.

If we can provide additional information or be of further assistance please contact our office at 575.746.8768.

Respectfully submitted,

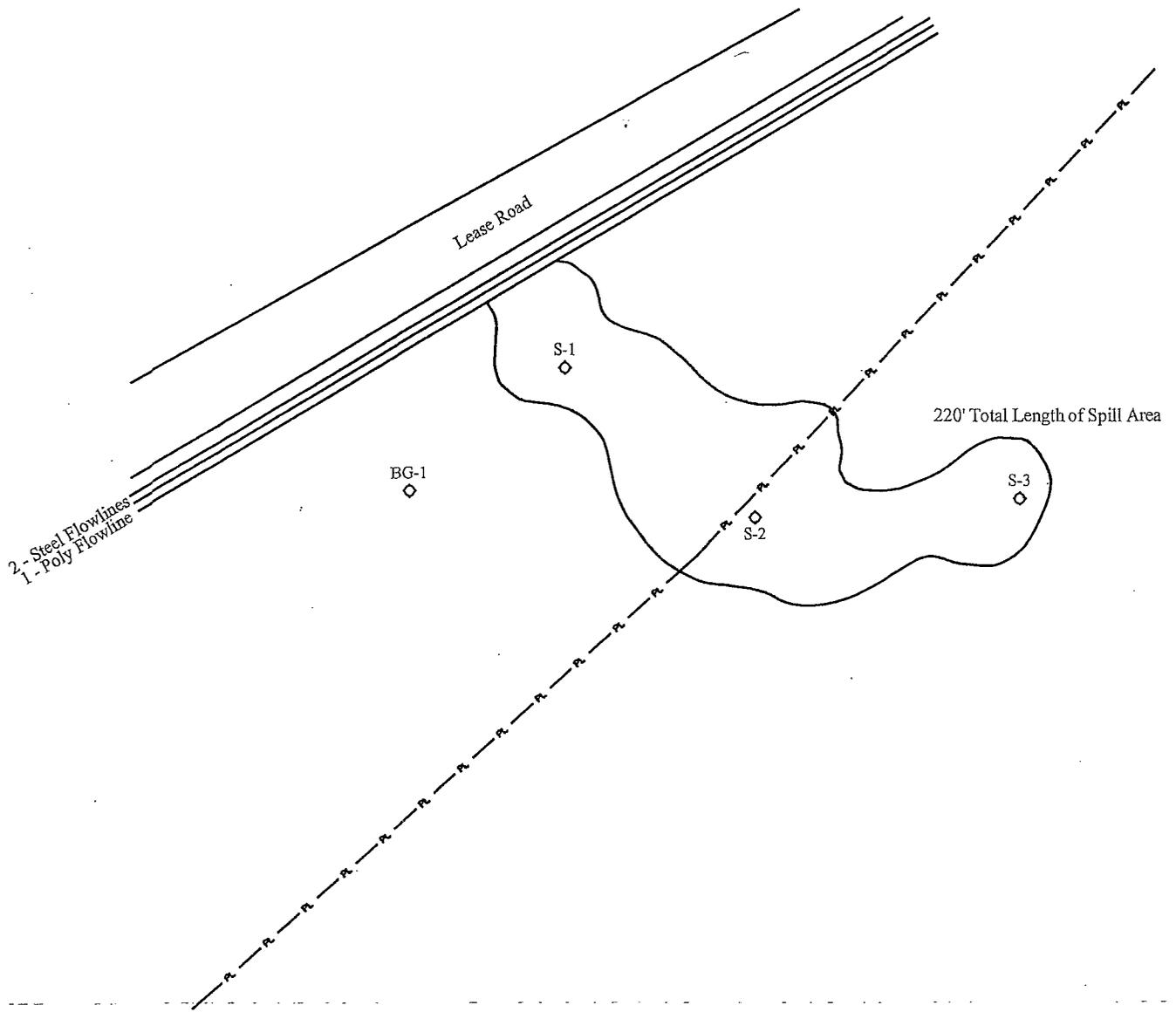
TALON/LPE


Kimberly M. Wilson
Project Manager


David J. Adkins
District Manager

APPENDIX I

SITE MAP



NTS



Scale in Feet

Legend	
◇	- Sample Location
-r-r-	- Pipeline



Date: 01/28/2014
 Scale: NTS
 Drawn By: TJS

Smith Fed #3
 Oxy - NM - North
 Eddy County, New Mexico
 Figure 1 - Site Plan

APPENDIX II
GROUNDWATER DATA



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest)

(NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
<u>C 02406</u>	C		ED	3	08	22S		24E		544703	3585071*	4558	155		
<u>RA 05242</u>			ED	1	1	2	08	22S	23E	535603	3586131*	4630	648	628	20

Average Depth to Water: **628 feet**
 Minimum Depth: **628 feet**
 Maximum Depth: **628 feet**

Record Count: 2

UTMNAD83 Radius Search (in meters):

Easting (X): 540230

Northing (Y): 3585950

Radius: 5000

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

SEEDING LABEL

Curtis & Curtis Seed
 420 N. Prince
 Clovis, NM 88101
 Phone: 505-762-4759

4-2-14

Talon Drilling LE
 2.5 Acre Falcon M
 2 - 1 Acre Bag @ 26.32 Bulk Pounds
 1 - 0.5 Acre Bag @ 13.18 Bulk Pounds
 Job: Oxy North Inlet Bag Unit #13
 30-015-28068
 H-2-21-23

Lot# M-11194

Item	Origin	Purity	Germ	Dormant	Germ's Dormant	Test	Total Pounds
Duffelgrass	Texas	15.63%	97.00%	0.00%	97.00%	117.100	
Teroka	Texas	4.52%	80.00%	4.00%	84.00%	2.5	
Blue Grama	Texas	4.52%	80.00%	4.00%	84.00%	2.5	
Alme	Texas	4.52%	80.00%	4.00%	84.00%	2.5	
Prairie Junegrass	Canada	21.34%	89.00%	2.00%	89.00%	12.1	
VNS	Canada	21.34%	89.00%	2.00%	89.00%	12.1	
Sideoats Grama	New Mexico	25.66%	73.00%	1.00%	74.00%	09/12	
Vaughn	New Mexico	25.66%	73.00%	1.00%	74.00%	09/12	
Annual Ryegrass	Oregon	25.32%	90.00%	0.00%	90.00%	07/12	
Gulf	Oregon	25.32%	90.00%	0.00%	90.00%	07/12	

Other Crop: 00.19%
 Weed Seed: 00.36%
 Inert Matter: 06.95%

There is 3 Bags For This Mix
 This Bag Weighs 13.18 Bulk Pounds
 Use This Bag For 0.5 Acres

Total Bulk Pounds: 66

OXY Smith Feed #3

FINAL C-141

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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 August 8, 2011

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company: OXY USA Limited Partnership	Contact: Chris Jones
Address: 102 S. Main St. Carlsbad, NM 88220	Telephone No.: 575-628-4121
Facility Name: Smith Federal #3	Facility Type: Gas Well
Surface Owner: BLM	Mineral Owner: Federal
API No.: 30-015-31342	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	11	22S	23E	1514'	North	870'	East	Eddy

Latitude 32.408431 N Longitude -104.565277 W

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: 12 bbls	Volume Recovered: 3 bbls
Source of Release: 4" Steel Flow Line	Date and Hour of Occurrence 1/10/14	Date and Hour of Discovery 1/10/14
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher of NMOCD & Jim Amos & Jennifer Van Curen @ BLM	
By Whom? Chris Jones	Date and Hour: 1/14/2014 8:34 am	
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.* A 4 inch steel flow line was found to be leaking causing 12 barrels of produced water to be released. The line was shut-in and repaired. A vacuum truck was called to the location and recovered 3 barrels of produced water. The affected area is approximately 120' X 20'.

Describe Area Affected and Cleanup Action Taken.* Talon/LPE was contracted for the correction of the release. The impacted soil from this release in the vicinity of sample location S-1 was excavated with a backhoe to a depth of 1.5-feet deep. The impacted soil in the vicinity of sample locations S-2 and S-3 were scraped with a backhoe to a depth of 0.5-feet deep. The impacted soil was transported to a Lea Land, LLC an approved NMOCD disposal facility. The excavated area was backfilled back to grade using new material transported from a local borrow pit and was contoured to match the surrounding location. The area was seeded on April 2, 2014 using BLM Falcon seed mix.

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: Chris Jones	Approved by Environmental Specialist:		
Title: HES Specialist	Approval Date:	Expiration Date:	
E-mail Address: Christopher.Jones@oxy.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 4/7/2014	Phone: 575-628-4121		

* Attach Additional Sheets If Necessary