

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 | |

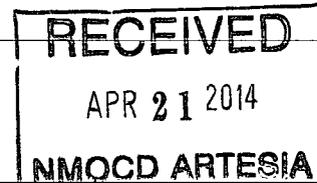
LOCATION OF RELEASE

| 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: 5/8/14 | Expiration Date: NA |
| E-mail Address: Christopher.Jones@oxy.com | Conditions of Approval: Final | Attached <input type="checkbox"/> |
| Date: 4/7/2014 | Phone: 575-628-4121 | |

* Attach Additional Sheets If Necessary

2RP-2208