

PRELIMINARY SUMMARY OF CHRONOLGY

- February 13, 1935 Moon "A" Well No. 1 completed by J. P. Cusack, Inc.
- July 8, 1935 Moon "A" Well No. 2 completed by J. P. Cusack, Inc.
- January 15, 1951 J. P. Cusack, Inc. liquidated and became Samedan Oil Corp.
- November 18, 1957 OCD Issued Memo by A. L. Porter, Director, precluding disposal of produced water into unlined surface pits and prohibited disposal of waste oil into earthen pits in Hobbs Area
- January 30, 1962 By this date, Samedan had abandoned the original 4-tank battery west of the present location of Johnson's trailer and constructed a replacement 3-tank battery south of the present location of Johnson's trailer.
- October 10, 1978 OCD adopted revised Rulebook
- July 2, 1979 Samedan ratified North Hobbs Unit Agreement and Unit Operating Agreement.
- November 30, 1979 OCD entered Order R-6198 approving North Hobbs Unit
- November 30, 1979 OCD entered Order R-6199 (Case 6653) approving waterflood project for Unit
- January 17, 1980 North Hobbs Unit working interest owner ("WIO") meeting in Midland. Shell, as operator of the Unit, met with representatives of the Unit WIO's in Midland and reviewed procedures to inventory all existing lease equipment that would become part of the Unit operations. They also presented a detailed plan and facilities schedule which called for construction of new facilities to start in June 1980 and all facility construction to be completed in December 1981.
- February 1, 1980 Effective date of the North Hobbs Unit (statutorily-formed unit) Samedan became a working interest owner in Unit by contributing the Moon "A" wells to the Unit.

March 4, 1980 Hand drawing of Moon "A" Lease Tank Battery

December 1980 Shell's plan called for limited water injection to begin in the Unit.
(See Unit production lines Map)

About January, 1982 Shell started taking production from the Moon "A" Wells 1 and 2 into a new central battery located off of the Moon "A" Lease

1981-1982 Moon "A" Replacement Tank Battery dismantled

April 6, 1988 Shell filed report-showing conversion of Well No 2 to injection

April 27, 1988 Samedan advised Shell by letter that Samedan still owned the Moon "A" lease, which is part of the Unit

March 1, 1997 Effective date Altura was created as a joint venture of Amoco and Shell

July 1, 1999 Samedan assigned its interest in the Moon "A" lease to The Prospective Investment and Trading Company

January 3, 2000: OCDEB received Gary Johnson complaint

January 25, 2000: Johnson site inspection by Bill Olson
Finds asphalt pool (tank bottoms)
Takes water sample from Johnson water well

January 26, 2000: Trace Analysis for OCD

February 3, 2000: Trace Analysis Report:
did not detect any oil & gas related contaminants
in Johnson water well

March 27, 2000: Olson letter to Johnson forwarding Trace Analysis Report,
dated 2/3/00

March 27, 2000: Olson letter to Altura (Steve Bishop) advised Altura
of Johnson complaint and evidence of former tank battery's
waste. OCD required Altura to submit information about site by
April 27

April 19, 2000 Occidental Petroleum Corporation bought Altura

- April 26, 2000: Rod Schumacher, Altura attorney (Atwood & Malone [Roswell]), replies to Olson letter stating that
- (a) Altura is now known as Occidental Permian Ltd.
 - (b) The Property was an oil tank battery maintained in connection with Samadan operations prior to formation of North Hobbs (Grayburg-San Andres) Unit.
 - (c) Identified the Moon "A" Lease (W/2NE/4 Sec 28) as the relevant lease
 - (d) Forwards North Hobbs Unit Agreements indicating that Samedan is lessee of record.
 - (e) States that further investigation indicates that Shell Oil Company may have used tank battery for about 1 year following commencement of Unit operations and then dismantled by Shell.
 - (f) Tank battery never operated by Altura.
 - (g) Enclosed site plan.
- May 8, 2002 OPL became operator of the North Hobbs Unit
- September 6, 2000: Olson letter to Shell E&P Company (Wayne A. Hamilton) Advising of Johnson complaint
Required Shell to submit information about site by Oct 6, 2000.
- September 26, 2000: Olson approved Shell's request (Hamilton) for an extension to November 6, 2000 to report (by E-mail)
- November 2, 2000: Shell responded that:
- (a) Shell has no records
 - (b) Shell sold Unit to Occidental Permian Ltd.
 - (c) Lessee of record is Samedan Oil Company
 - (d) Submitted Unit map; Johnson site plan; Exhibit B to Unit Agreement; 3 hand drawings of site
- February 5, 2001: Olson letter to Samedan
Advising of Johnson complaint
Required Samedan to submit by March 5, 2001 a plan to investigate the extent of contamination related to the Samedan former battery and Samedan's closure of battery.
- February 23, 2001: Samedan letter to Olson stating that:
- (a) Samedan has reviewed its files and determined that OXY is the proper party to investigate the contamination
 - (b) Admits that Samedan did operate the Moon A lease where there was located several wells and a tank battery
 - (c) Samedan relinquished all duties and obligations to the Unit Operator, Shell, per the Unit Agreement

OXY Preliminary Summary of Relevant Facts

- (d) At the time the Unit was created, the tank battery and lease wells were intact, fully operational and in a producing status and became a part of the Unit operations
 - (e) A year or so after Shell became the Unit operator, Shell removed the tank battery as gathering facilities and flow lines were consolidated.
 - (f) Samedan now only owns an interest in the Unit.
- April 11, 2001: Olson Letter to Shell E & P Company (Hamilton) stated that:
- (a) Shell is the most recent operator of the tank battery and also the operator that closed and dismantled the tank battery
 - (b) Therefore, OCD requires Shell to submit plans to investigate the extent of contamination related to the site by May 11, 2002
- May 3, 2001: Shell (Hamilton) letter to Olson requesting an extension to June 11, 2001.
- May 14, 2001: Olson letter granting Shell its requested extension
- June 18, 2001: Olson received Shell letter (undated, by Kathleen Phillips) stating that:
- (a) Shell is not the current operator and that it has forwarded the OCD letter to OXY
 - (b) OXY assumed responsibility for such matters
- September 27, 2001: Olson letter to OXY USA Inc stated that:
- (a) Samedan and Shell maintain that OXY is the current Operator of the lease and responsible for investigation and remediation
 - (b) Asked OXY to respond as to whether or not it is the responsible party by October 12, 2001
- October 11, 2001: OXY letter (Schumacher) advising Olson that OXY response will be submitted by October 12, 2001, (extended to October 19 by Olson).
- October 19, 2001: OXY letter (Schumacher) to Olson stated that:
- (a) provided summary in 3-page letter that Altura (now Occidental Permian Ltd) has operated the Unit since 1997.
 - (b) That OXY USA Inc. is not the current operator of the North Hobbs Unit
 - (c) Unit Agreement did not impose liability for cleanup of alleged contamination from pre-unit events on OPL
 - (d) Tank battery on Moon "A" lease never operated by Altura/OPL.
 - (e) That Samedan is the responsible person.

October 22, 2001 Division entered Order R-6199-B (Case 12722) approving OPL application to convert Unit waterflood to a CO2 project

October 22, 2001 Effective date that OPL converted of the Unit to a tertiary recovery project

February 8, 2002: McMahan (Samberson law firm) letter to Lawrence Romero/Roger Anderson requesting public records inspection of Johnson site files

February 11, 2002: Olson letter to McMahan advised that file available (Case #1R0167)

May 28, 2002: McMahan letter to Olson requesting copy of sample and test results

June 25, 2002: Olson samples of Johnson water well

June 26, 2002: McMahan sent Olson a copy of Shell/OXY sales Agreement dated March 7, 2000.
Referenced Seller's indemnity obligations (Article 6.3)

July 10, 2002: Trace Analysis Report

January 13, 2003: OCD filed Compliance Application:
(a) against OXY, Shell and Samedan to determine responsible person per Rule 116.D
(b) Samedan operator prior to February 1, 1980
(c) On February 1, 1980, the site was incorporated into the North Hobbs Unit and Shell assumed operations of site
(d) In 1997, Altura (now OPL) assumed Unit operations
(e) Samedan and Shell have refused to submit plans for corrective action
(f) OXY denied that it is a responsible person