

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert Chang
Division Director
Oil Conservation Division



NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC.

(1) *Alleged Violators:* Oxy USA Inc., OGRID 16696 (“Operator”).

(2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.29.8 RELEASES:

A. Prohibition. Except as provided in 19.15.27 NMAC or 19.15.28 NMAC, major releases and minor releases are prohibited.

Oxy Mesa Verde West Recycling Containment [fOY1720856443] and Oxy Mesa Verde East Recycling containment [fOY1716651072]

1. On July 15, 2025, a large release occurred at the Oxy Mesa Verde West Recycling Containment [fOY1720856443] and was assigned incident # NAPP2519665278.
2. On July 15, 2025, the Operator submitted a Notice of Release (NOR) detailing that the release was caused by equipment failure to a water tank releasing 20,625 BBL of crude oil with 187 BBS recovered and 20,438 BBLs lost. NOR also reported 34,375 BBL of produced water released with 312 BBL recovered and 34,063 BBL lost. OCD phoned the operator to obtain additional details.
3. On July 16, 2025, the operator provided additional details to OCD, via email, which stated the release was “*an accidental release occurred caused by the failure of the wall of the AST. The equipment failure resulted in a produced water and produced oil release that impacted the pad and pasture area.*” This large volume release is a violation of **19.15.29.8 NMAC**.
4. The Mesa Verde Produced Water Recycling Facility consists of two permitted facilities, Oxy Mesa Verde West Recycling Containment [fOY1720856443] and Oxy Mesa Verde East Recycling containment [fOY1716651072]. Each facility has a permitted below ground recycling containment and both facilities utilize two permitted 60,000 BBL above ground modular tanks which provide a steady stream flow into the recycling facility.

State of New Mexico
Energy, Minerals and Natural Resources Department

(3) *Compliance:* On receipt of this Notice of Violation Operator shall:

1. Follow all requirements for the Remediation, Reclamation and Revegetation of unauthorized Oil & Gas releases outlined in 19.15.29 NMAC and submit the required documents through OCD Permitting.
2. The Operator must immediately implement an inspection program for the entire recycling facility that includes weekly inspections of all fluid containment areas. The Operator must submit the inspection form(s) within 15 days of NOV issuance for OCD approval.
3. Within 30 days initiate a re-permitting process for the recycling facility ASTs which incorporates a synthetic liner as the primary and secondary containment device as a recycling containment.

(4) *Sanction(s):* OCD may impose one or more sanctions in accordance with 19.15.5.10 NMAC:

- Civil Penalty: **\$2,500** for the violation related to the Oxy Mesa Verde West Recycling Containment [fOY1720856443] and Oxy Mesa Verde East Recycling containment [fOY1716651072] as detailed in the civil penalty calculations, attached and incorporated as Exhibit A.

OCD may recalculate the civil penalties or pursue other sanctions, such as termination of the associated permits, for ongoing or unresolved violations occurring on or after the date of issuance of this NOV and will take into consideration Operator's good faith effort to comply with the applicable requirements.

The civil penalty calculations are attached.

(5) *Informal Review and Resolution:* A process is available for the informal review and resolution of the alleged violations in the NOV. To initiate the informal review process, contact the OCD employee identified at the end of this letter. If OCD and the alleged violator agree to resolve the alleged violations in the NOV, the agreement will be incorporated into a stipulated final order signed by both parties and stating that the alleged violator admits OCD's jurisdiction to file the NOV, consents to the specified relief, including the civil penalty, if any, and waives the right of review by the Oil Conservation Commission.

- **OCD must hear back from the operator that they are going to initial an informal review and resolution process within 15 business days of the issuance of the NOV.**
- **To expedite the informal resolution process the OCD has provided a proposed Stipulated Final Order with this violation.**
 - **If OCD does not receive the executed proposed Stipulated Final Order back or affirmation of its agreement within 15 business days from issuance of the NOV, OCD will conclude the terms have been rejected and this offer shall be considered rescinded.**

(6) *Hearing:* If this Notice of Violation is not resolved within thirty (30) days of receipt of service, OCD will proceed towards a hearing on the matter. Please see 19.15.5.10 NMAC for more information regarding the hearing.

For more information regarding this NOV, contact Chris Moander, Assistant General Counsel, (505) 231-9312 or chris.moander@emnrd.nm.gov.

State of New Mexico
Energy, Minerals and Natural Resources Department

Regards,



10/20/2025

Albert Chang
Director

Date

cc: EMNRD-OGC

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 549096

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 549096
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	None	2/2/2026