



Oxy USA, Inc.
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294
Direct Phone 713-350-4679
Facsimile: 713-985-1269

Submitted via electronic mail

September 16, 2022

Rosa Romero
Environmental Bureau Chief
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
RosaM.Romero@state.nm.us

Re: Oxy Response to the Request for Confirmation of Compliance with 19.15.29 NMAC

Dear Ms. Romero:

OXY USA Inc. (Oxy) respectfully submits this letter in response to the Request for Confirmation of Compliance with 19.15.29 NMAC (Request) that the New Mexico Oil Conservation Division (OCD) provided to Oxy on September 15, 2022, in connection with a release exceeding 25 barrels of flowback fluids from the following well operated by Oxy: DR PI Unit 17-8 DA 31H (30-025-49147). The Request identifies four immediate actions that Oxy is required to take pursuant to the requirements of 19.15.29.8 NMAC. A summary of the actions that Oxy has taken to comply with these requirements is provided below:

1. 19.15.29.8.C.(1) NMAC: Source elimination and site security - Oxy deployed resources to stop the release and gain well control within seven hours of discovery. Site access was controlled, and air monitoring was conducted to identify potential hazards to human health receptors. Onsite personnel controlled the release area to prevent wildlife from entering the release zone. A hydrovac was used to remove pea gravel to expose the valve below grade and the valve was closed.
2. 19.15.29.8.C.(2) NMAC: Containment - The site topography provided a path for fluids to remain on the pad and be directed north to a central and natural collection point. During the blowout, access to the fluid collection area was limited to protect personnel on site.
3. 19.15.29.8.C.(3) NMAC: Site stabilization - Free liquids were recovered as quickly as technically feasible. After well control, vacuum trucks were utilized for free liquid recovery, with the recovered fluids being transported to R360 for disposal. As described on the C-141, the release fluids were estimated to be 305 barrels (bbl) of crude oil, with 200 bbl recovered, resulting in a net loss of 105 bbl of crude oil. Approximately 805 bbl of produced water was also released, 200 bbl of produced water being recovered, resulting in a net loss of 605 bbl of produced water. There was also an estimated 378 MSCF of total gas released during the event.
4. 19.15.29.8.C.(4) NMAC: Remediation - Immediate remediation activities included recovery of free liquids and placing material at the release site to prevent personnel slips,

trips and falls in the immediate area. Site Characterization is in progress and will be completed within 90 days of discovery of the release as required by 19.15.29.11(A). Per BLM request, an Archeological Survey is scheduled and will be completed prior to any excavation or remediation activities.

With respect to the initial notification for this event, Oxy personnel attempted to provide Mike Bratcher, OCD Incident Supervisor, with verbal notice of this release within 24 hours of discovery via telephone calls to his office and cell phone. As these calls were not answered and the associated voicemail boxes were full, a written notification was sent to Mr. Bratcher's email account, also within 24 hours of discovery. An attempt was also made to submit an initial notification through OCD's Permitting Portal within 24 hours of discovery, but this attempt was unsuccessful due to an issue with the portal (please see the email correspondence included as Attachment A). Oxy personnel were able to contact Mr. Bratcher on September 12 to follow-up on this initial notification and provide an update on this incident. This update was followed by submittal of a Form C-141 for this incident on September 12 (see Attachment B). Moving forward, Oxy will ensure that—in addition to providing verbal and/or written notice to the OCD Incident Supervisor—written notice will also be provided within 24 hours of discovery to the OCD Environmental Bureau Chief.

The Request also required Oxy to submit certain information to the OCD online portal by the close of business on September 16. This information is included as Attachment C to this letter, which is being submitted to the OCD Portal along with this letter. Oxy would note, however, that we are still in the process of evaluating the appropriate approach to remediation. Accordingly, there is not yet a Remediation Work Plan to be included with this submittal. Oxy will provide OCD with this plan once it has been prepared.

Finally, the Request asked for Oxy to provide daily updates regarding this incident response until otherwise stated by OCD. Given we are now past the incident response phase and transitioning into the remediation phase, it is unlikely that there will be noteworthy updates on a daily basis. Accordingly, Oxy proposes to provide OCD with regular updates based on achievement of remediation-related milestones—*e.g.*, completion of the Remediation Work Plan and initiation/conclusion of remediation activities contemplated under this plan. Please let me know as soon as possible if OCD would still prefer daily updates in lieu of this proposed approach.

Please do not hesitate to contact me should you have any additional questions regarding this incident. I can be reached at (713) 366-5716 or kelley_montgomery@oxy.com.

Regards,

Kelley Montgomery
Director – Regulatory
Oxy USA Inc.

CC: Kaitlyn A. Luck
Attorney, New Mexico EMNRD
kaitlyn.luck@state.nm.us

Mark Hamlin
Senior Counsel
OXY USA Inc.

Attachment A:

Email Correspondence Between Shelby Schoepf (OXY USA Inc.) and Cory Smith (OCD)

Hamlin, Mark G

Subject: FW: [EXTERNAL] FW: [NOTIFY] Notification of Major Venting and/or Flaring Action ID 142123

From: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>

Sent: Tuesday, September 13, 2022 9:16 AM

To: Schoepf, Shelby D <Shelby_Schoepf@oxy.com>

Subject: RE: [EXTERNAL] FW: [NOTIFY] Notification of Major Venting and/or Flaring Action ID 142123

WARNING – This message is from an EXTERNAL SENDER – be CAUTIOUS, particularly with links and attachments.

Shelby,

We were experience an issue with OCD Permitting yesterday/this weekend that was preventing Operators from submitting NOMVF/C-129's. Please try resubmitting your notice this morning.

If you run into any issue please let me know.

Thanks,

Cory Smith • Environmental Specialist Supervisor
Environmental Bureau
EMNRD - Oil Conservation Division
5200 Oakland Avenue N.E Suite 100 | Albuquerque, NM 87113
505.419.2687 | Cory.Smith@state.nm.us
<http://www.emnrd.state.nm.us/OCD/>

From: Schoepf, Shelby D <Shelby_Schoepf@oxy.com>

Sent: Monday, September 12, 2022 3:25 PM

To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>

Subject: [EXTERNAL] FW: [NOTIFY] Notification of Major Venting and/or Flaring Action ID 142123

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hello,

I have been trying to submit [NOTIFY] Notification of Major Venting and/or Flaring Action, Action ID 142123, for Oxy USA Inc, since 9/9/2022 and I continue to receive the error message below. I have tried to submit the notification using multiple browsers, computers, and cell phones and I continue to receive the same error.

Is anyone on your team able to assist with this issue? I spoke with Anna Squires earlier today and she thought you would be the best contact to reach out to.

Thank you,

Shelby Schoepf, E.I.T. | Air Quality Manager | Occidental Petroleum Corporation | 713-871-6485 - Office | 281-744-3618 - Mobile | Shelby_Schoepf@oxy.com

From: Schoepf, Shelby D
Sent: Monday, September 12, 2022 8:49 AM
To: 'ocd.fees@state.nm.us' <ocd.fees@state.nm.us>
Cc: Berge, Margrethe D <Margrethe_Berge@oxy.com>
Subject: RE: [NOTIFY] Notification of Major Venting and/or Flaring Action ID 142123

Hello,

I have continued to try to submit my notification listed below and continue to receive the same error message. Would anyone be able to advise on how I can successfully submit Action ID 142123?

Thank you,

Shelby Schoepf, E.I.T. | Air Quality Manager | Occidental Petroleum Corporation | 713-871-6485 - Office | 281-744-3618 - Mobile | Shelby_Schoepf@oxy.com

From: Schoepf, Shelby D
Sent: Saturday, September 10, 2022 8:57 AM
To: ocd.fees@state.nm.us
Cc: Berge, Margrethe D <Margrethe_Berge@oxy.com>
Subject: [NOTIFY] Notification of Major Venting and/or Flaring Action ID 142123

Hello,

I have been trying to submit Action ID 142123 for a [NOTIFY] Notification of Major Venting and/or Flaring event since 09/09/2022. I keep receiving the error message below after pressing "Submit to OCD". Can you please advise on what steps I need to take to successfully submit the notification? I have closed my browser, attempted on multiple computers/phones, and I am still receiving the error message below.



OCD Permitting

Home > Error Notification

An Unexpected Error Has Occurred

Please restart your browser and try to complete this action again. If you continue to experience this issue please contact an OCD representative.

Thank you.



Thank you,

Shelby Schoepf, E.I.T. | Air Quality Manager | Occidental Petroleum Corporation | 713-871-6485 - Office | 281-744-3618 - Mobile | Shelby_Schoepf@oxy.com

Attachment B:

Form C-141, ID# NAPP2225849972

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 Department

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

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	NAPP2225849972
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party OXY USA, Inc.	OGRID 16696
Contact Name Wade Dittrich	Contact Telephone 575-390-2828
Contact email Wade_Dittrich@oxy.com	Incident # (assigned by OCD)
Contact mailing address P.O. Box 4294 Houston TX 77210	

Location of Release Source

Latitude 32.3852977 Longitude -103.7018584
(NAD 83 in decimal degrees to 5 decimal places)

Site Name Dr. Pi Federal Unit 17 8 DA #31H	Site Type E&P
Date Release Discovered 09/09/2022	API# (if applicable) 30-025-49147

Unit Letter	Section	Township	Range	County
M	17	22S	32E	Lea

Surface Owner: State Federal Tribal Private (Name: _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

<input checked="" type="checkbox"/> Crude Oil	Volume Released (bbls) 305	Volume Recovered (bbls) 200
<input checked="" type="checkbox"/> Produced Water	Volume Released (bbls) 805	Volume Recovered (bbls) 200
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Condensate	Volume Released (bbls)	Volume Recovered (bbls)
<input type="checkbox"/> Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
<input type="checkbox"/> Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release

Well valve washed out during flowback operations.

State of New Mexico
Oil Conservation Division

Incident ID	NAPP2225849972
District RP	
Facility ID	
Application ID	

Was this a major release as defined by 19.15.29.7(A) NMAC? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, for what reason(s) does the responsible party consider this a major release? Yes, per the definition in 19.15.29.7.A, this release meets the definition of an unauthorized release of a volume of 25 bbls or more and is thus a major release.
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)? Email from Wade Dittrich to OCD.enviro@state.nm.us & BLM_NM_CFO_Spill@blm.gov on 09/15/2022	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury

<input checked="" type="checkbox"/> The source of the release has been stopped. <input checked="" type="checkbox"/> The impacted area has been secured to protect human health and the environment. <input checked="" type="checkbox"/> Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices. <input checked="" type="checkbox"/> All free liquids and recoverable materials have been removed and managed appropriately.	
If all the actions described above have <u>not</u> been undertaken, explain why: 	
Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.	
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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.	
Printed Name: <u>Wade Dittrich</u>	Title: <u>Environmental Coordinator</u>
Signature: <u></u>	Date: <u>9/15/2022</u>
email: <u>Wade_Dittrich@oxy.com</u>	Telephone: <u>575-390-2828</u>
<u>OCD Only</u>	
Received by: <u>Jocelyn Harimon</u>	Date: <u>09/16/2022</u>

******* LIQUID SPILLS - VOLUME CALCULATIONS *******

Location of spill: DR. PI FEDERAL UNIT 17 8 DA #31H (32.3852977,-103.7018584)

Date of Spill: 9/9/2022

Site Soil Type: PU — Pyote and Majamar fine sands

Estimated Daily Production Loss: 305 BBL Oil 805 BBL Water

Total Area Calculations

Total Surface Area	width		length		wet soil depth	oil (%)
Rectangle Area #1	1,500.0 ft	X	1,200.0 ft	X	0.165 in	27%
Rectangle Area #2	ft	X	ft	X	in	0%
Rectangle Area #3	ft	X	ft	X	in	0%
Rectangle Area #4	ft	X	ft	X	in	0%
Rectangle Area #5	ft	X	ft	X	in	0%
Rectangle Area #6	ft	X	ft	X	in	0%
Rectangle Area #7	ft	X	ft	X	in	0%
Rectangle Area #8	ft	X	ft	X	in	0%

Porosity 0.160 gal per gal

Saturated Soil Volume Calculations:

	<u>H2O</u>	<u>OIL</u>
Area #1 1,800,000 sq. ft.	18,068 cu. ft.	6,683 cu. ft.
Area #2 0 sq. ft.	cu. ft.	cu. ft.
Area #3 0 sq. ft.	cu. ft.	cu. ft.
Area #4 0 sq. ft.	cu. ft.	cu. ft.
Area #5 0 sq. ft.	cu. ft.	cu. ft.
Area #6 0 sq. ft.	cu. ft.	cu. ft.
Area #7 0 sq. ft.	cu. ft.	cu. ft.
Area #8 0 sq. ft.	cu. ft.	cu. ft.
Total Solid/Liquid Volume: 1,800,000 sq. ft.	18,068 cu. ft.	6,683 cu. ft.

Estimated Volumes Spilled

	<u>H2O</u>	<u>OIL</u>
Liquid in Soil:	514.8 BBL	190.4 BBL
Liquid Recovered :	200.0 BBL	200.0 BBL
Spill Liquid	714.8 BBL	390.4 BBL
Total Spill Liquid:	1105.3	

Recovered Volumes

Estimated oil recovered: **200.0 BBL**
 Estimated water recovered: **200.0 BBL**

Soil Type	Porosity
Clay	0.15
Peat	0.40
Glacial Sediments	0.13
Sandy Clay	0.12
Silt	0.16
Loess	0.25
Fine Sand	0.16
Medium Sand	0.25
Coarse Sand	0.26
Gravelly Sand	0.26
Fine Gravel	0.26
Medium Gravel	0.25
Coarse Gravel	0.18
Sandstone	0.25
Siltstone	0.18
Shale	0.05
Limestone	0.13
Basalt	0.19
Volcanic Tuff	0.20
Standing Liquids	

Attachment C:

Please see below for responses to the requests for information to be submitted to the OCD online portal:

- Request 1: Plan for initial investigation of the affected areas - A Remediation Work Plan is not yet drafted. The ARCH survey will determine our next path forward for remediation.
- Request 2: Detailed composition analysis of the fluids released - Please see below:

DA 31H release estimates		
Total OBM	203	BBLs
Total Produced Oil	177	BBLs
Total Produced Water	770	BBLs
Total Produced Gas	378	MSCF
Total OIL	305	BBLs
Total Water	805	BBLs
Total Gas	378	MSCF

- Request 3: FracFocus disclosure for the site - Please refer to Exhibit 1, attached.
- Request 4: Verification that the failed equipment has been adequately repaired or replaced - Please refer to Exhibit 2 for before and after pictures of the affected valve.
- Request 5: Detailed identification of the affected area, including persons, animals, and property – Please refer to Exhibit 3 for imagery of the facility.

Exhibit 1: FracFocus Disclosure

Hydraulic Fracturing Fluid Product Component Information Disclosure

Job Start Date:	8/9/2022
Job End Date:	8/23/2022
State:	New Mexico
County:	Lea
API Number:	30-025-49147-00-00
Operator Name:	Occidental Oil and Gas
Well Name and Number:	DR PI FED UNIT 17_8 DA 31H
Latitude:	32.38517485
Longitude:	-103.70137044
Datum:	NAD27
Federal Well:	YES
Indian Well:	NO
True Vertical Depth:	12,107
Total Base Water Volume (gal):	16,395,025
Total Base Non Water Volume:	0



Hydraulic Fracturing Fluid Composition:

Trade Name	Supplier	Purpose	Ingredients	Chemical Abstract Service Number (CAS #)	Maximum Ingredient Concentration in Additive (% by mass)**	Maximum Ingredient Concentration in HF Fluid (% by mass)**	Comments
Water	Operator	Carrier	Water	7732-18-5	100.00000	83.11534	None
Crystalline Silica Quartz / US Silica	Liberty Oilfield Services	Sand	Crystalline Silica (quartz)	14808-60-7	99.90000	15.94415	None
			Aluminum Oxide	1344-28-1	1.00000	0.15960	None
			Iron Oxide	1309-37-1	0.10000	0.01596	None
			Titanium Oxide	13463-67-7	0.10000	0.01596	None
SpearPoint-WL	Liberty Oilfield Services	Solvent	Synthetic Organic Salts	Proprietary	100.00000	0.19293	None
FR-1018	Rockwater Energy Solutions	Friction Reducer	Mineral Oil	Proprietary	30.00000	0.02849	None
			Surfactant	Proprietary	10.00000	0.00950	None
BioRCK-1038	Rockwater Energy Solutions	Biocide	Glutaraldehyde	111-30-8	10.00000	0.00197	None
			Quaternary Ammonium Chloride	68424-85-1	10.00000	0.00197	None
			Ethanol	64-17-5	3.00000	0.00059	None

Ingredients shown above are subject to 29 CFR 1910.1200(i) and appear on Material Safety Data Sheets (MSDS). Ingredients shown below are Non-MSDS.

* Total Water Volume sources may include fresh water, produced water, and/or recycled water

** Information is based on the maximum potential for concentration and thus the total may be over 100%

Note: For Field Development Products (products that begin with FDP), MSDS level only information has been provided.

Ingredient information for chemicals subject to 29 CFR 1910.1200(i) and Appendix D are obtained from suppliers Material Safety Data Sheets (MSDS)

Exhibit 2: Photographs Confirming Repair

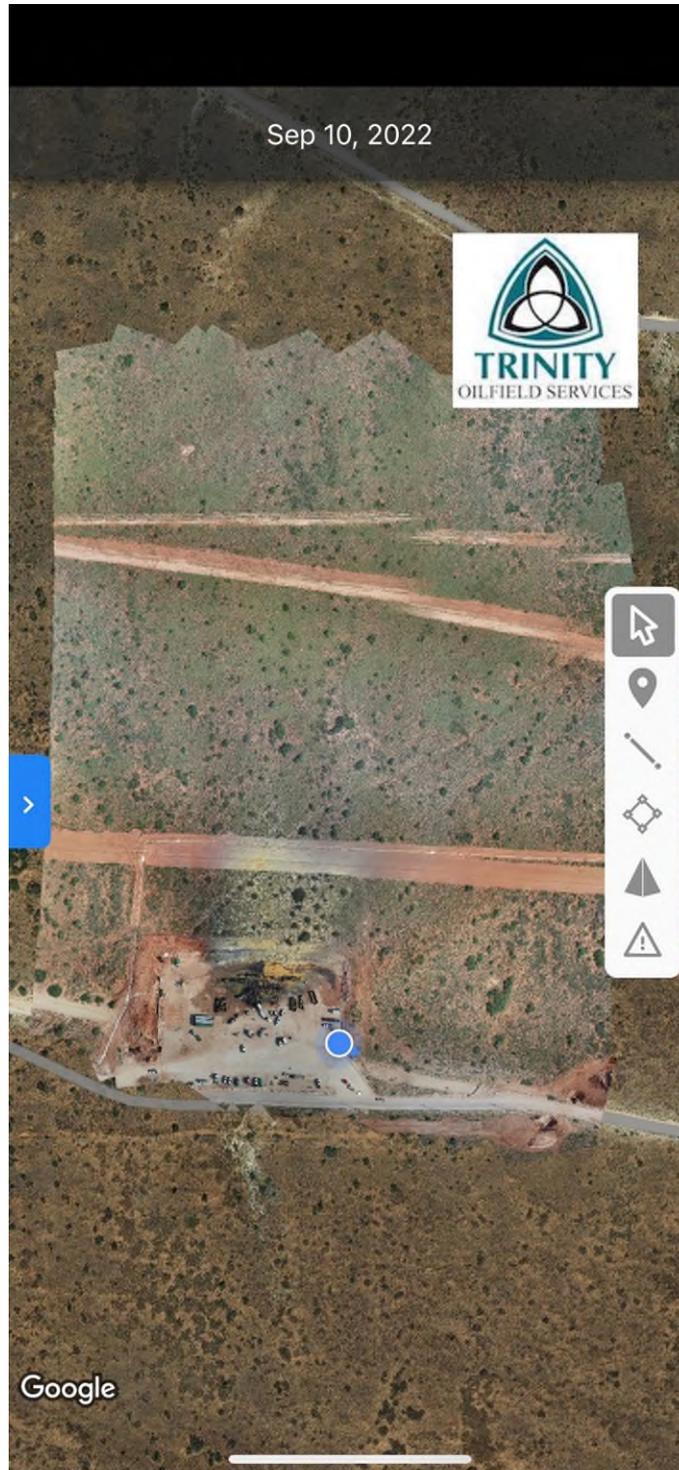
The following two pictures show the ball valve/needle valve failed that was used to bleed pressure off the annulus on the DA 31H and that eventually failed, leading to the incident. Please note that the cellar where the master valve is located is buried (this is standard practice).



The following image depicts the new configuration to safely bleed down pressure from the intermediate casing, with multiple layers of protection including two ball valves, a choke valve and with the master valve dug out.



Exhibit 3: Imagery of the Facility



The following image depicts the area of release:



District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 144204

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 144204
	Action Type: [C-141] Release Corrective Action (C-141)

CONDITIONS

Created By	Condition	Condition Date
scwells	Approving App ID 144204 for records retention purposes. Submit closure report to OCD by 2/16/2024.	1/17/2024