Elke Environmental, Inc.

P.O. Box 14167 Odessa, TX 79768 Phone (432) 366-0043 Fax (432) 366-0884

January 12, 2009

NMOCD Attn: Mike Bratcher 1301 W. Grand Ave Artesia, NM 88210

Re: Closure Plan for OXY USA - Cypress 33 Federal #1H

Mr. Bratcher,

Oxy USA has completed the Dig and Haul of the drilling mud and drilling liner to Controlled Recovery Inc. (Permit # R9166). The delineation of the pit bottoms is the next step. When the original permit for closure was approved groundwater data showed less than 50°. Oxy USA drilled a borehole at the Oxy USA – Goodnight 27 Federal #2H. The legals on that well are UL 'L' Sec. 27 T23S R29E Eddy County. The borehole has proven groundwater at 87'.

Due to the ranking of the site changing we request that the levels to be test for also be changed to the following: the levels will not exceed 0.2 mg/kg of Benzene, 50 mg/kg of total BTEX, 2,500 mg/kg of TPH 418.1, 500 mg/kg of combined fraction GRO/DRO, 500 mg/kg of Chlorides.

The remainder of the pit closure plan will be followed as originally approved. Any questions feel free to call me.

Thanks,

Logan Anderson

POD NUMBER (WHAT NEMBER)

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| CORRECT RECORD OF THE ABOVE DESCRIBED HOLE AND THAT HE OR SHE WILL FILE THIS WELL RECORD WITH THE STATE ENGINEER AND THE PERMIT HOLDER WITHIN 20 DAYS AFTER COMPLETION OF WELL DRILLING: 1/12/09 | _ r | | | | | | | | |
| CORRECT RECORD OF THE ABOVE DESCRIBED HOLE AND THAT HE OR SHE WILL FILE THIS WELL RECORD WITH THE STATE ENGINEER AND THE PERMIT HOLDER WITHIN 20 DAYS AFTER COMPLETION OF WELL DRILLING: | | | | | | | | | |
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| SIGNATURE OF DRILLER 1/12/09 DATE | 1 3 |] | | 11 | | 11. | | | |
| SIGNATURE OF DRILLER DATE | 3.5 | | Il- | 1 Dr | | 1/12/09 | | | |
| |) zć | 1 | - (| SIGNATURE OF DRI | LLER | / DATE | | _ | |
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| FOR OSE INTERNAL USE | | WELL RECORD & LO | OG (Version 6/9/08) |
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| FILE NUMBER | POD NUMBER | TRN NUMBER | |
| LOCATION | | | PAGE 2 OF 2 |

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Elke Environmental, Inc.

P.O. Box 14167 Odessa, TX 79768 Phone (432) 366-0043 Fax (432) 366-0884

January 12, 2009

NMOCD Attn: Mike Bratcher 1301 W. Grand Ave

Artesia, NM 88210

Re: Closure Plan for OXY USA - Cypress 33 Federal #1H

Mr. Bratcher,

Oxy USA has completed the delineation of the pit bottoms. Attached is a plat map and field analytical of the site. All clean samples have been sent to the lab for third party confirmation for the levels on the pit closure plan. A C-141 has been attached for the leak below the pit liner. Oxy USA proposes the following remediation plan for the leak below the drilling pit.

The pit bottom is 8' below ground surface. The pit partitions will be knocked down and domed and capped with a 20 mil poly liner. The pit will be backfilled using the approved process in the original pit closure plan which is backfilling the site with clean native soil and a minimum of 1' of topsoil over the site to promote revegetation. The site will be reseeded with BLM Seed Mixture #3. A final report will be attached to the Final C-144 once closure is commenced.

Thanks,

Logan Anderson

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

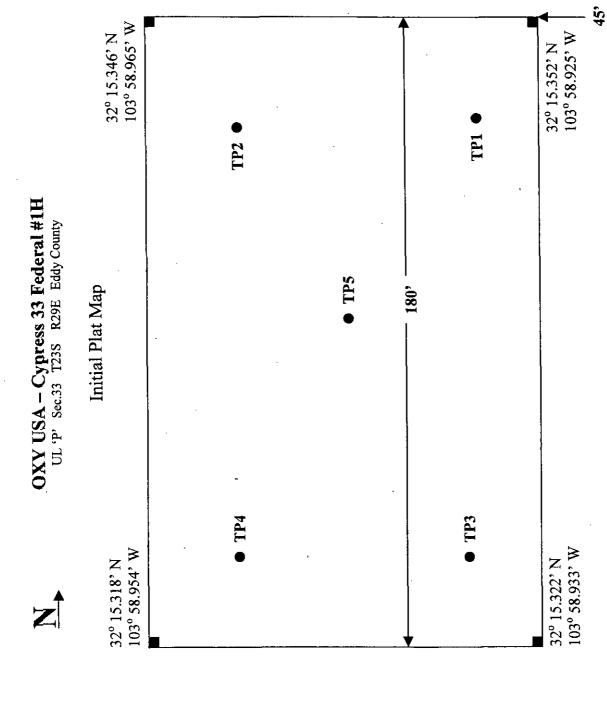
Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-141 Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

| | OPERATOR | | | | | | | | | |
|--|---|--|--|--|--|--|--|--|--|--|
| Name of Company - Oxy USA | Contact - Kelton Beaird | | | | | | | | | |
| Address – P O Box 1988 Carlsbad, NM 88221 | Telephone No 575-887-8337 | | | | | | | | | |
| Facility Name – Cypress 33 Fed #1H | Facility Type – Drilling Pit | | | | | | | | | |
| Surface Owner – Federal Mineral Owner | – Federal | Lease No. | | | | | | | | |
| LOCATIO | N OF RELEASE | | | | | | | | | |
| | | /West Line County Eddy | | | | | | | | |
| Latitude 32° 15.333' N Longitude 103° 58.948' W | | | | | | | | | | |
| NATURE OF RELEASE | | | | | | | | | | |
| Type of Release - Drilling Fluids | Volume of Release – N/A | Volume Recovered – N/A | | | | | | | | |
| Source of Release – Drilling Pit | Date and Hour of Occurrence NA | Date and Hour of Discovery 1-8-09 | | | | | | | | |
| Was Immediate Notice Given? | If YES, To Whom? | | | | | | | | | |
| ☐ Yes ☐ No ☒ Not Required | 1 | | | | | | | | | |
| By Whom? | Date and Hour | | | | | | | | | |
| Was a Watercourse Reached? ☐ Yes ☒ No | If YES, Volume Impacting the Wa | atercourse. | | | | | | | | |
| | | , | | | | | | | | |
| If a Watercourse was Impacted, Describe Fully.* | | | | | | | | | | |
| | | | | | | | | | | |
| Describe Cause of Problem and Remedial Action Taken.* Drilling pit l | eaked into underlying soil. | · | | | | | | | | |
| | | | | | | | | | | |
| • | | | | | | | | | | |
| | | | | | | | | | | |
| Describe Area Affected and Cleanup Action Taken.* Pit bottoms were | | | | | | | | | | |
| were sent to a third party lab. Remediation plan is to knock down the probability and an advantage of the original aid along the Afral property. | | | | | | | | | | |
| backfilled and seeded per the original pit closure plan. A final report wi | ii de sent with the Final C-144 once th | ie pit ciosure is complete. | | | | | | | | |
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| | | | | | | | | | | |
| I hereby certify that the information given above is true and complete to | | | | | | | | | | |
| regulations all operators are required to report and/or file certain release | notifications and perform corrective a | ctions for releases which may endanger | | | | | | | | |
| public health or the environment. The acceptance of a C-141 report by should their operations have failed to adequately investigate and remedi | me NMOCD marked as "Final Report" | does not relieve the operator of liability | | | | | | | | |
| or the environment. In addition, NMOCD acceptance of a C-141 report | does not relieve the operator of respon | esibility for compliance with any other | | | | | | | | |
| federal, state, or local laws and/or regulations. | does not remove the operator of respon | islomity for computance with any other | | | | | | | | |
| | OIL CONSERVATION DIVISION | | | | | | | | | |
| | <u> </u> | (************************************* | | | | | | | | |
| Signature: | | | | | | | | | | |
| Printed Name: Logan Anderson | Approved by District Supervisor: | | | | | | | | | |
| | | | | | | | | | | |
| Title: Consultant | Approval Date: | Expiration Date: | | | | | | | | |
| E-mail Address: la_elkeenv@yahoo.com | Conditions of Approval: | Attached | | | | | | | | |
| Date: 1-12-09 Phone: 432-366-0043 | | | | | | | | | | |

^{*} Attach Additional Sheets If Necessary



125,

Wellhead

Elke Environmental, Inc. P.O. Box 14167 Odessa, TX 79768

Field Analytical Report Form

Analyst Jason Jessup Client Oxy USA Site Cypress 33 Federal #1H

| Sample ID | Date | Depth | TPH / PPM | Cl/PPM | PID / PPM | GPS |
|-----------|----------------|------------|--|--|-----------|---------------------------------|
| TP1 | | 8, | | 365 | | 32° 15.348' N |
| | | ļ <u> </u> | | 303 | | 103° 58.941' W |
| TP2 | 1 | 8, | | 406 | | 32° 15.345' N |
| | | | | | | 103° 58,960' W |
| TP3 | | 8, | | 2,900 | | 32° 15.324' N |
| | | <u> </u> | <u> </u> | , , , , , , , , , , , , , , , , , , , | | 103° 58.939' W |
| TP3 | | 10' | • | 1,323 | | 32° 15.324' N |
| | | | <u>, , , , , , , , , , , , , , , , , , , </u> | | | 103° 58.939' W |
| TP3 | | 12' | | 1,474 | | 32° 15.324' N |
| | <u> </u> | | | | | 103° 58.939' W 32° 15.324' N |
| TP3 | | 14' | | 1,676 | | |
| | | | | _ | | 103° 58.939' W 32° 15.324' N |
| TP3 | | 16' | | 3,748 | 1 | 103° 58.939' W |
| | - | | | | | 32° 15.324' N |
| TP3 | | 18' | | 801 | | 103° 58.939' W |
| TIPO . | | 201 | | 1.010 | | 32° 15.324' N |
| TP3 | | 20' | | 1,913 | | 103° 58.939' W |
| TD2 | | 22' | | 1.452 | | 32° 15.324' N |
| TP3 | | 22 | <u> </u> | 1,453 | | 103° 58.939' W |
| TP3 | | 24' | | 1.025 | | 32° 15.324' N |
| 1173 | | | | 1,035 | | 103° 58.939' W |
| TP3 | | 26' | | 441 | | 32° 15.324' N |
| . 113 | | 20 | | 441 | | 103° 58.939' W |
| TP4 | | 8, | | 4,558 | | 32° 15.321' N |
| | <u> </u> | | 1 | 1,550 | | 103° 58.952' W |
| TP4 | | 10' | | 2,168 | | 32° 15.321' N |
| | _ | | | | | 103° 58.952' W |
| TP4 | | 12' | | 878 | | 32° 15.321' N |
| | | | | | | 103° 58.952' W |
| TP4 | | 14' | | 411 | | 32° 15.321' N |
| | | | | | | 103° 58.952' W |
| TP5 | | 8' | | 13,646 | | 32° 15.333' N |
| | | | | 15,010 | | 103° 58.948' W |

Analyst Notes_

Elke Environmental, Inc. P.O. Box 14167 Odessa, TX 79768

Field Analytical Report Form

| ent_Oxy USA | | | | Analyst _ | Jason Jessu | р |
|-------------|------------|---------|-----------|-----------|-------------|---------------------------------|
| Cypress 33 | Federal #1 | H | | | | |
| Sample ID | Date | Depth | TPH / PPM | Cl/PPM | PID / PPM | GPS |
| TP5 | | 10' | | 16,135 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 12' | | 21,080 | | 32° 15.333' N 103° 58.948' W |
| TP5 . | | 14' | | 937 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 16' | | 822 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 18' | | 1,699 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 20' | | 1,483 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 22' | | 2,415 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 24' | | 2,667 | | 32° 15.333' N 103° 58.948' W |
| TP5 | | 26' | | 483 | | 32° 15.333' N 103° 58.948' W |
| Background | | Surface | | 241 | | |
| Background | | 15' | | 293 | | |
| Background | | 20' | | 448 | | |
| | | | | | | |
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| | | - | | | | |

Analyst Notes_

POD SUMBUR (WELL NUMBER)

GOODNIGHT 27 FEDERAL #2H SB-1

| OCA | OXY US | | 9121F.091 | | | | | | Prosecup | 1107/121 | | | |
|--------------------------|---|-------------------|-----------|---------------------|--------------------------------|-----------------------------------|------------------------|------------------------|--|---|-------------|----------------------|------------------|
| WELL | PO BOX | | | ADDRESS | | | | ` | CARLS | BAD | STATE NM | 88 | 201 221 |
| I, GENERAL AND WELL LOCA | OFROMATES) | | 1,05 | 1.5 TTO DIA. | | | 16 58 | 16 41.00 N *ACCHONCY N | | | SHIOFASE | IONO | |
| 1. GE | | | | | ONTO STREET ADDRES W MEXICO | S AND C | OMMON EA | NDMARKS | | | | | |
| ONAL, | C f ACE | 4 | | ere ACRE) | (PVACRE) X | 11 | 160 ACRE) | grano Tot N | 27 . | TOWNSTIP 235 BLOCK NUMBER | | 29 ENTER V | Eusa Dass |
| 2, OPTIONAL | HYDROXIRAPHIC SURVEY | | | | | | | | | MAP NI MBER | | TRACENT | Mätk |
| | LICENSES | ···· 1 - ### | | EDWARD | | | | | | STRAUB CO | DRPORA | TION | |
| N.C | DRILLING STARTED DRILLING ENDED 1/8/09 1/8/09 | | | | DEF DEP1H OF COM | DEPTH OF COMPLETED WELL ACT BORRY | | | 98 98 | 98 87 | | | |
| RMATI | COMPLETED WELL IS. ARTESLAN DRY HOLE SHALLOW (UNCONFINED) | | | | | | | | | | | .1.1573 | |
| OHNEO. | ORIGEING FEIDD | | | | | | ADDITIVES CMILE 100 | | HER - SPIR.IFY | | | | |
| S. DIRILLING INFORMATION | DFP1 PROM | H (FT TO | | BOREHOI DIA (IN) | t t | JASINÜ ATERIA | | L | NNECTION E (CASING) | 'INSIDE DIA. CASING (IN) | | G WALL, NESS (IN) | SLOT SiZE(iN) |
| ۍ. | 0 | 9. | 8 | 6" | | N/A | | | N/A | N/A | 1 | I/A | N/A |
| | r=1514 | | | | | | | | | | | | |
| £4,EA | FROM 87 | H (FP 10 90 | .) | THICKNES (FT) | | | LUDE WA | TER-BEARD | G CAVITIES | WATER-BEARING OR FRACTURE ZO AY/GRAY CLAY | | | SHEO (GPAU |
| EARINGSTRAEA | 07 | | | | | | 11000 | TETT OFFICE | 731211 027 | ATGRAT CLAT | | | |
| Ξ | | | | | | | | | The state of the s | | | | |
| 4, W.VTER | METHOD | SEDTO | 1881 | MAR MELTOCH | WATER-REARING STR | AT A | | | | TOTAL ESTIMAT | PERMITTED | EpiGPAB | |
| | FOR OSI | | | t. USE | | | · | _· | | | ORD & LO | G (Version 6 | /9/08) |
| | FILE NU | | | | | | POD NU | MBER | | TRN NUM | BER | 1 0100 | 05.3 |
| | LOCATI | ON | | | <u>.</u> | _ | | | | | | PAGE 1 | OF 2 |

OSE FILE NUMBER(N)

| | TVPE OF | PHMP: | SUBMERSIBLE | □ Jer | ☐ NO PUMP – WELE NOT EQUIPPED | | | |
|--|--|--------------|-----------------------|------------------|---|-------------------|----------|-------------|
| = | TYPE OF PUMP: | | TURBINE | CYLINDER | CYLINDER OTHER - SPECIFY: | | | |
| SEAL AND PUMP | | | DEPTH(FT) | | BORE HOLE AMOUNT | | | |
| <u> </u> | ANNU | H.AR | FROM TO | DIA. (IN) | MATERIAL TYPE AND SIZE | (CUBIC FT) | PLACE | MENT |
| 3 | SEAL. | AND | | | | |] | |
| .v. | GRAVE | L PACK | | | | | _ | |
| | | | | | | | <u> </u> | |
| | DEPTI | t (FT) | THICKNESS | C | OLOR AND TYPE OF MATERIAL ENCOUNT | TERED | WA | TER |
| | FROM | To | (FT) | (INCLUI | DE WATER-BEARING CAVITIES OR FRACT | URE ZONES) | BEARING? | |
| | 0 | 4 | 4 | | TAN FINE SAND/CALICHE | | □ YES | ON 🖸 |
| | 4 | 37 | 33 | Т | AN FINE SAND/SANDSTONE/CAL | ICHE | ☐ YES | OZ 🖸 |
| | 37 | 39 | 2 | | TAN SILTY SAND WITH CLAY | | □ YES . | Ø NO |
| | 39 | 43 | . 4 | | RED SILTY CLAY | | ☐ YES | Ø NO |
| <u></u> | 43 | 46 | 3 | TA | AN FINE VERY FINE SAND/SANDS | TONE | ☐ YES | Ø 80 |
| N-E | 46 | 58 | 12 | - | TAN SILTY SAND/CALICHE | | ☐ YES | Ø NO |
| i C | 58 | 64 | 6 | | RED SANDY CLAY | | ☐ YES | ☑ NO |
| Ä | . 64 | 90 | 26 | RE | D SILTY SAND/SILTY CLAY/GRAY | / CLAY | ☐ YES | Ø NO |
| GEOLOGIC LOG OF WELL | 90 | 98 | 8 | | GRAY SANDY CLAY | | ☐ YES | Ø NO |
| ğ | | | | | | | ☐ YES | |
| 2 | | | | | | | ☐ YES | □ NO |
| ي ا | | | | | | | ☐ YES | □NO |
| ĺ | ĺ | | ` | | | | ☐ YES | □ NO |
| } | | | | | | | ☐ YES | □ 80 |
| } | | | | | | | ☐ YES | □ 80 |
| | | | | | | | ☐ YES | □ NO |
| | | | | · | | | ☐ YES | <u>□</u> 80 |
| } | | | ATTACH ADDUTO | DNAL PAGES AS NE | EDED TO FULLY DESCRIBE THE GEOLOGIC | C LOG OF THE WELL | : | |
| | | | METHOD, BAI | LER PUMP | ☐ AIR LIFT ☐ OTHER – SPECIFY: | | | |
| ADDITIONAL INFO | WELL TEST TEST RESULTS - ATTACH A COPY OF DATA COLLECTED DURING WILL TESTING, INCLUDING START TIME, END TIME. | | | | | | | |
| 1 | | | | | ND DRAWDOWN OVER THE TESTING PER | 1(11) | | |
| 91 | | | MENTS OR EXPLANATIONS | | IZED BENTONITE UPON COMPLE | TION OF SAMPL | IMC | |
| = | SOIL B | ONING | UNLY, PLUGGEL | WITH PELLET | ZED BENTONTE OF ON COMPLE | HON OF SAMPL | iiNG. | |
| 1 2/2 | į | | | | | | | |
| TEST | | | • | | | | | |
| 1. | | | | | | | | |
| | 1 | | | | | | | |
| | | | | | ST OF HIS OR HER KNOWLEDGE AND BIE. THAT HE OR SHE WILL FILE THIS WELL I | | | |
| SKINATURE | THEPE | RMUCHOI Z | DER WITHIN 20 DAYS | AFTER COMPLETION | ON OF WELL DRILLING: | | | |
| ES | | 40 | 14- | | 1/12/09 | | | |
| ∞ | - | of the said | SIGNATURE OF DR | ILLER | DATE | | | |
| | 1 | | | | | | | |
| | | | | | | | | |

| FOR OSE INTERNAL USE | | WELL RECORD & LOG (Version 6/9/08) |
|----------------------|------------|------------------------------------|
| FILE NUMBER | POD NUMBER | TRN NUMBER |
| LOCATION | | PAGE 2 OF 2 |

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