

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
DEC - 3 2008 Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form
OCD-ARTESIA

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	OXY USA	Contact	Kelton Beard
Address	102 S Main Carlsbad, NM 88220	Telephone No.	575 887 8337(O) 575 390 1903(C)
Facility Name	NEFF #3 SWD	Facility Type	Disposal Well
Surface Owner	BLM	Mineral Owner	
		Lease No.	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	25	22S	31E					Eddy

Latitude N32 22.054 Longitude W103 44.162

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release +1000 bbls	Volume Recovered 2bbls
Source of Release	Flow Line	Date and Hour of Occurrence	Date and Hour of Discovery
		Unknown	30Jul08 1:00pm
Was Immediate Notice Given?	If YES, To Whom?		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	NM OCD - Gerry Guye; BLM- Jim Amos		
By Whom?	Date and Hour		
Kelton Beard HES Specilaist	See Above		
Was a Watercourse Reached?	If YES, Volume Impacting the Watercourse.		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

If a Watercourse was Impacted, Describe Fully.*
N/A

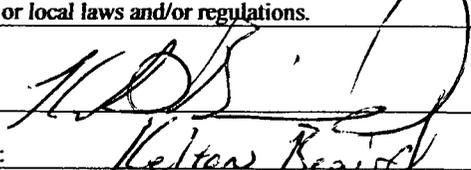
Describe Cause of Problem and Remedial Action Taken.*

Corrosion caused a hole in the steel injection line causing produced to leak into the pasture. A vac-truck was called to remove all standing fluids.

Describe Area Affected and Cleanup Action Taken.*

The affected area is approximately 30,000 sq. feet in the pasture on the north and south side of the access road. The area to the south side of the road was excavated to a depth of 3' below ground surface (BGS), lined with a 20mil synthetic liner, and back filled with like material. The area to the north side of the road was excavated to a depth of 5'BGS, lined with a 20mil synthetic liner, and backfilled using like material. Once backfilling was completed, both areas were contoured to match the surrounding terrain and re-seeded per BLM specifications using BLM #2 seed.

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:	Kelton Beard		Approved by District Supervisor:	Gunn by SB	
Title:	HES Spec		Approval Date:	12-5-08	Expiration Date: N/A
E-mail Address:	Conditions of Approval:			Attached <input type="checkbox"/> N/A	
Date:	12-1-08	Phone:	390-1903	2 RP-205	

* Attach Additional Sheets If Necessary

DEC - 3 2008
OCD-ARTESIA

OXY USA

Site Remediation Summary

Federal NEFF #3

Eddy County, NM

Sec. 25 T22S R31E

GPS N32 22.054 W103 44.162

Start date: 12Aug08

Finish date: 26Nov08

Prepared By: Vernon K. Black

Environmental Technician

Hungry Horse Environmental, LLC

PO Box 1058

Hobbs, NM 88240

(575)-393-3386



Table of Contents

1.0 Introduction	pg. 1
2.0 Area Description	pg. 1
3.0 Site Remediation Summary	pg. 1
Diagram of Affected Area	pg. 2

Attachments

- Attachment 1 – Overhead View
- Attachment 2 – Lab Analytical & Chain of Custody
- Attachment 3 – One call
- Attachment 4 – Photos of Progress
- Attachment 5– C 141
- Attachment 6 – Proposed Work Plan and OCD Approval

1.0 Introduction

This report addresses the site remediation of the flow line release at Oxy USA's Federal NEFF #3. Analytical results and overhead maps are included in this document as attachments. The project manager for Hungry Horse Environmental Services was David Carter.

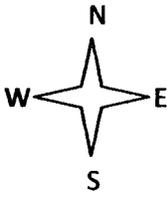
2.0 Area Description

The top three to five feet of soil is mainly sand. Below this layer, the formation begins to turn into a more of a caliche rock base. The caliche becomes less prevalent before turning completely into hard red clay bed at 12-15' below ground surface. The depth to the ground water is approximately 200' based on the Eddy County Depth to ground water Map. There are no known water wells or surface bodies of water within a half of a mile of this location. This location is located Eddy County, New Mexico approximately 30 miles west of Hobbs, New Mexico.

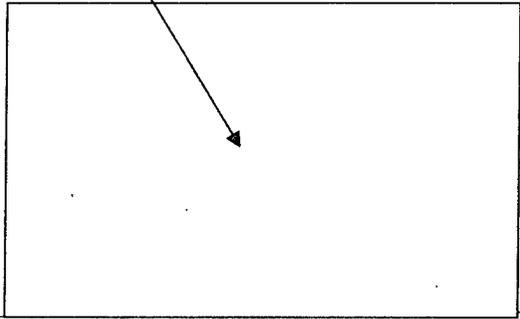
3.0 Site Remediation Summary

The delineation plan, as approved by New Mexico OCD's Sherry Bonham, was to select the lowest elevation on each side (north and south) of the dissecting lease road and determine the depth to which the chlorides reached a level of 250ppm or less. A backhoe was used in this process and field test of the south side indicated a chloride level <250ppm at 8' below ground surface (BGS). The north side was excavated to a depth of approximately 12' BGS at which point a hard clay and rock base was encountered. A drilling rig was then brought in and a bore hole was made to a depth of 15' BGS and field test indicated a chloride level <250ppm. Samples were taken to Cardinal Lab in Hobbs, NM for analysis.

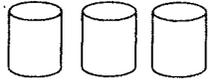
The approved work plan, as approved, was to work the north and south sides of the road separately due to the different level of contaminants. The south side of the road was excavated to a depth of 3' below ground surface (BGS), lined with a 20 mil synthetic liner, and backfilled with clean topsoil. The north side of the road was excavated to a depth of 5' BGS, lined with a 20 mil liner, and backfilled with clean topsoil. All excavated material was transported to CRI for disposal. Both sides of the road were then contoured to match the surrounding terrain and re-seeded to BLM specifications using BLM #2 seed.



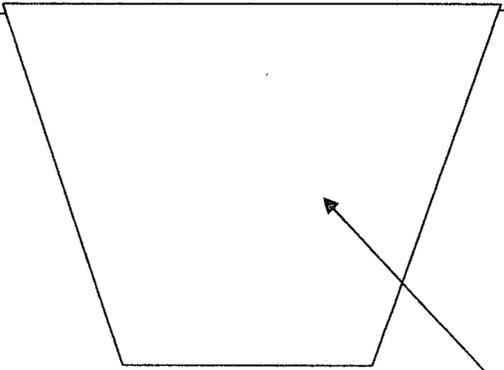
Affected Area



Federal NEFF #3 SWD



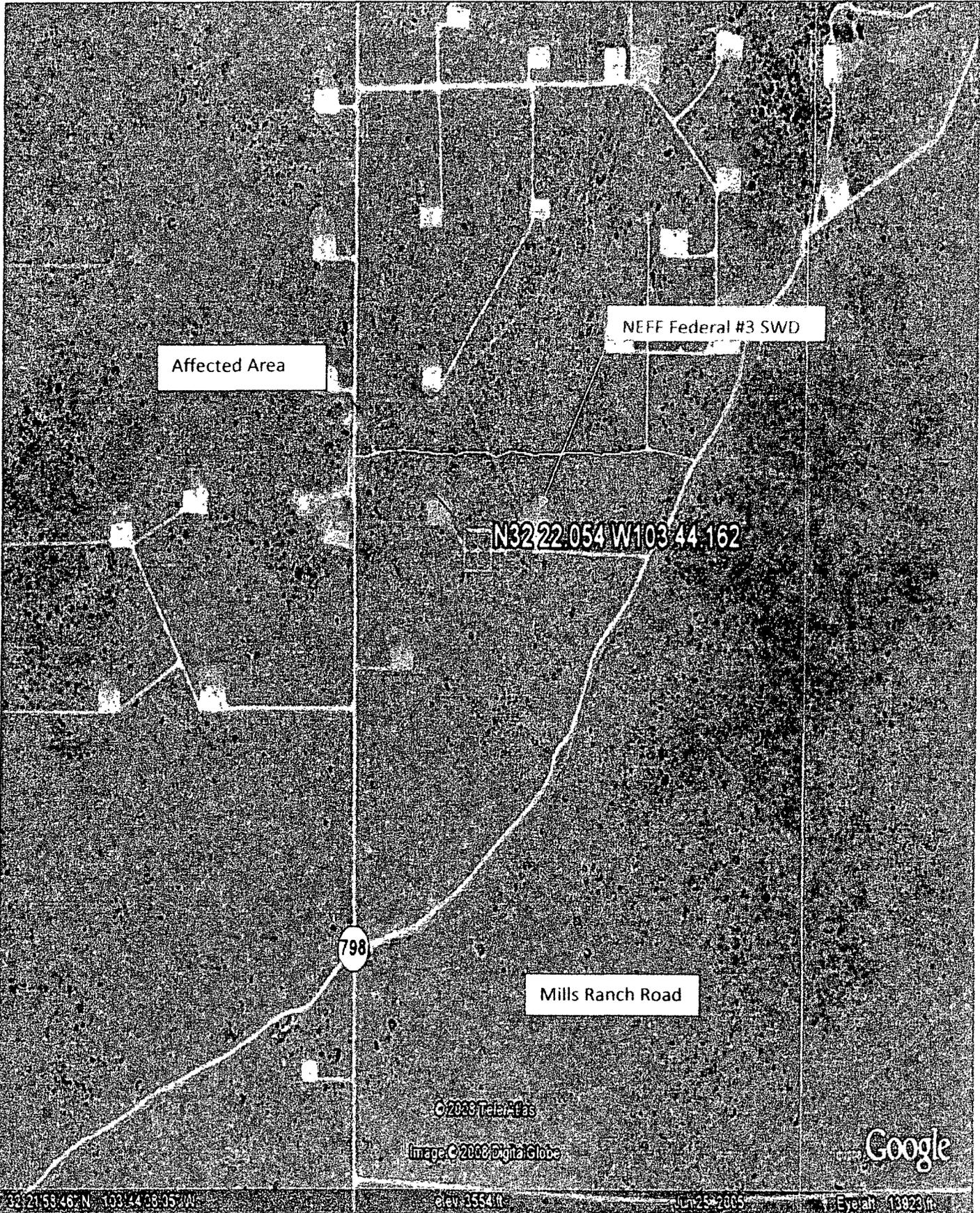
ACCESS ROAD



Affected Area

NOTE: Drawing Not to Scale

Attachment 1



Affected Area

NEFF Federal #3 SWD

N32 22.054 W103 44.162

Mills Ranch Road

798

©2005 TerraFas

Image © 2005 DigitalGlobe

Google

33°21'53.46"N 103°44'05"W

Clm 3553411

Jun 25 2005

Eye alt 13923 ft

Attachment 2



SEP 02 2008

PHONE (575) 393 2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
HUNGRY HORSE ENVIRONMENTAL SERVICES
ATTN VERNON K BLACK
P.O. BOX 1058
HOBBS, NM 88241
FAX TO (575) 391-4585

Receiving Date: 08/22/08
Reporting Date: 08/25/08
Project Owner: OXY USA
Project Name: FEDERAL NEF #3
Project Location: SOUTH SIDE DELINEATION

Analysis Date: 08/25/08
Sampling Date: 08/12/08 & 08/20/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AB
Analyzed By: HM

LAB NO	SAMPLE ID	Cl ⁻ (mg/kg)
H15800-1	SURFACE	6,080
H15800-2	2' BGS	6,400
H15800-3	4' BGS	1,880
H15800-4	6' BGS	1,260
H15800-5	8' BGS	160

Quality Control	510
True Value QC	500
% Recovery	102
Relative Percent Difference	< 0.1

METHOD Standard Methods 4500-Cl⁻B
Note: Analyses performed on 1:4 w/v aqueous extracts

Mark S. Malone
Chemist

08 26 08
Date

H15800 HHE

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising in either based on contract or tort shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the analytical service. In no event shall Cardinal be liable for incidence of, or any part of, damages, including, without limitation, incidental, consequential or punitive damages, or any other damages, including attorneys' fees and costs arising out of or resulting from the performance of services rendered by Cardinal, regardless of whether such claims are based upon any of the above-stated reasons or otherwise. Results apply only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



SEP 02 2008

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
HUNGRY HORSE ENVIRONMENTAL SERVICES
ATTN: VERNON K. BLACK
P.O. BOX 1058
HOBBS, NM 88241
FAX TO: (575) 391-4585

Receiving Date: 08/22/08
Reporting Date: 08/25/08
Project Owner: OXY USA
Project Name: FEDERAL NEF #3
Project Location: NORTH SIDE DELINEATION

Analysis Date: 08/25/08
Sampling Date: 08/12/08, 08/20/08 & 08/22/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AB
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (mg/kg)
H15799-1	SURFACE	15,800
H15799-2	2' BGS	8,800
H15799-3	5' BGS	14,600
H15799-4	10' BGS	9,200
H15799-5	12' BGS	10,600
H15799-6	15' BGS	384

Quality Control	510
True Value QC	500
% Recovery	102
Relative Percent Difference	2.0

METHOD: Standard Methods 4500-ClB
Note: Analyses performed on 1:4 w/v aqueous extracts

Hope S. Moreno
Chemist

08-26-08
Date

H15799 HHE

DISCLAIMER: Liability and Damages: Cardinal's liability to client is exclusive (limited) to any claim or suit, whether based in contract or tort, shall be limited to the amount paid by client for analysis. Results, including those for negligence and any other cause, shall not be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable analysis. In event that Cardinal is liable for accidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or relating to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise, results for only the sample(s) identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Page _____ of _____

Company Name: <u>Hungry Horse Environmental Services</u>		BILL TO			ANALYSIS REQUEST														
Project Manager: <u>Vernon K. Black</u>		P.O. #:																	
Address: <u>PO Box 1058</u>		Company: <u>SAME</u>																	
City: <u>Hobbs</u> State: <u>NM</u> Zip: <u>88241</u>		Attn:																	
Phone #: <u>575-393-3386</u> Fax #: <u>575-391-4585</u>		Address:																	
Project #: _____ Project Owner: <u>OXY USA</u>		City:																	
Project Name: <u>Federal NEF #3</u>		State: _____ Zip: _____																	
Project Location: <u>Eddy County NM</u>		Phone #:																	
Sampler Name: <u>Vernon K. Black</u>		Fax #:																	
FOR LAB USE ONLY																			
Lab I.D.	Sample I.D.	(C)RAB OR (C)OMP	# CONTAINERS	MATRIX			PRESERV	SAMPLING		<i>Chlorides</i>									
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER						ACID/BASE	ICE / COOL	OTHER	DATE	TIME
				X	X													<u>20 Aug 07</u>	<u>0700</u>
				X															

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort shall be limited to the amount paid by the client for the analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished:		Date:	Received By:		Phone Result:	<input type="checkbox"/> No	Add'l Phone #:
Relinquished By: <i>[Signature]</i>		Time:	Received By: <i>[Signature]</i>		Fax Result:	<input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One)		Temp:	Sample Condition		REMARKS: <i>e-mail & fax</i>		
Sampler - UPS - Bus - Other:			Cool Intact				
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
			CHECKED BY: <i>[Signature]</i>				
			(Initials)				

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

Attachment 3

NEW MEXICO ONE CALL
Locate Request Confirmation

Ticket #:2008441973 Reason Code:STANDARD LOCATE
Work to Begin Date: 10/31/2008 Time: 12:44:00 PM

CALLER INFORMATION

VERNON BLACK Excavator Type:CONTRACTOR
HUNGRY HORSE LLC Tel.:(575)631-2253

DIG LOCATION

City:RURAL EDDY
Subdivision:
Address : To:
Street : FED NEFF #3 SALT WATER DISPOSAL FLOWLINE
Nearest Intersecting Street :
Second Intersecting Street :

Additional Dig Information:

SOIL REMEDIATION
FROM HOBBS W ON HWY 62/180 TO MM67- S ON CR29 TO
WHERE RD BECOMES CR789- CONTIN TO MILLS RANCH RD-
L TO 1ST LEASE RD- L PASSING SALT WATER DISPOSAL-
W APPROX 200YD TO LOCATION MARKED W/ PIN FLAGS AND

Remarks: PINK RIBBON
SPOT 200FT RADIUS OUTSIDE OF MARKED LOCATION

Township: 22S Range: 31E Section 1/4: 25 NW

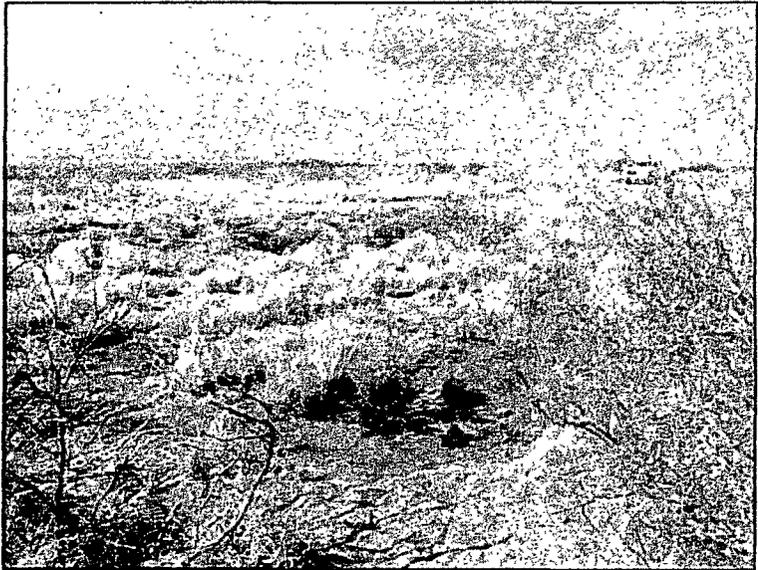
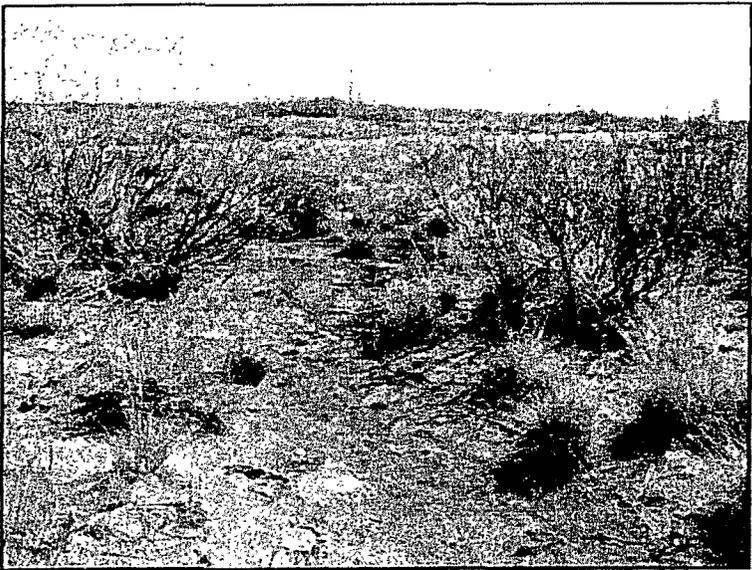
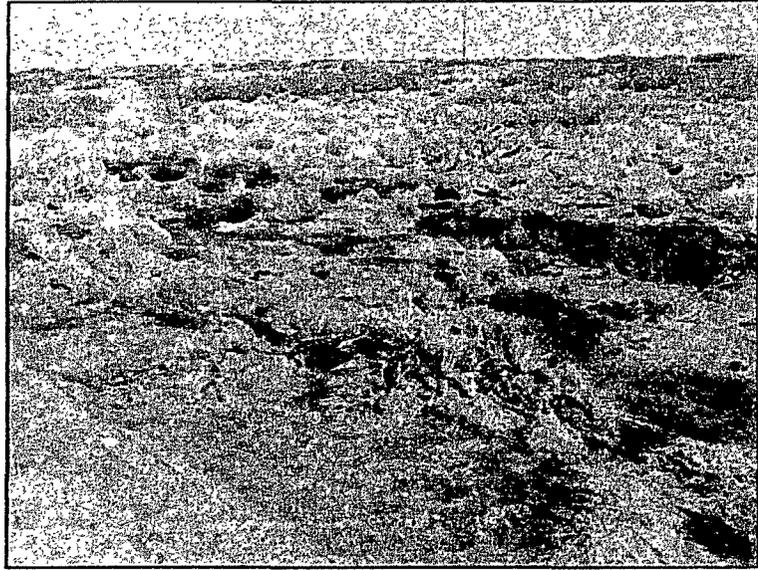
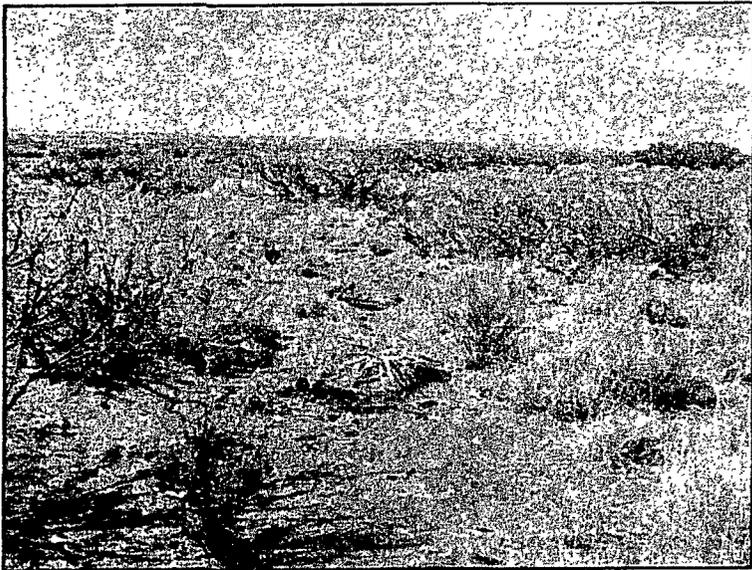
Type of Work: OIL/GAS-PIPELINE CONSTRUCTION

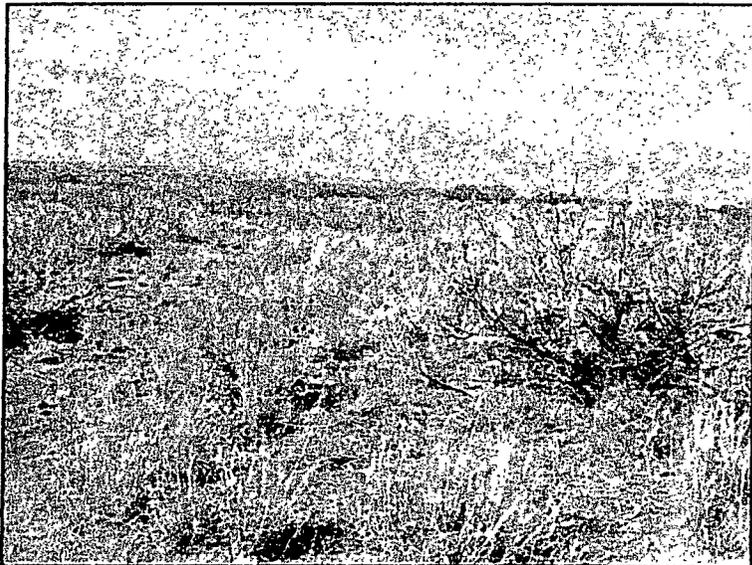
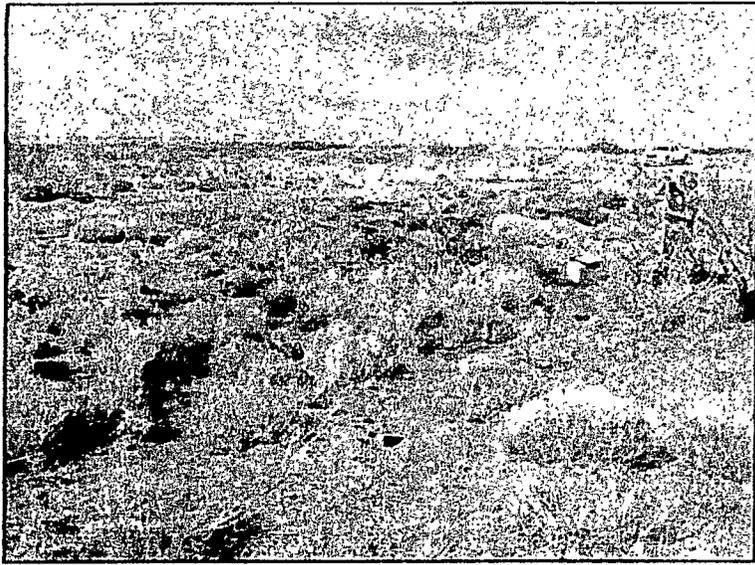
The following utility owners have been notified of
your proposed excavation site:
AGAVE ENERGY COMPANY
PLAINS PIPELINE, LP

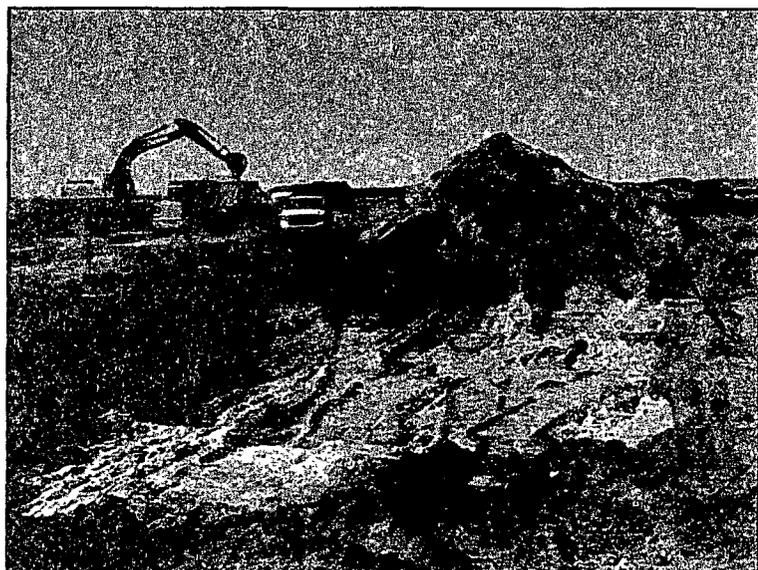
IMPORTANT CONFIRMATION NOTICE

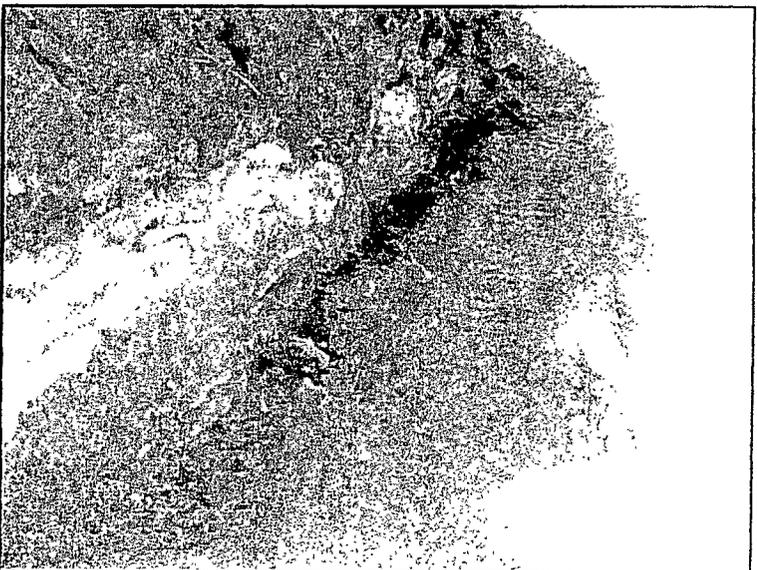
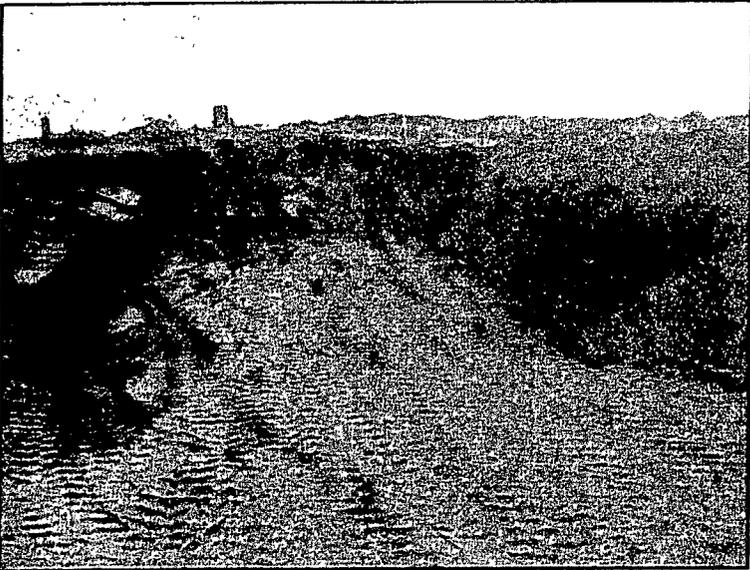
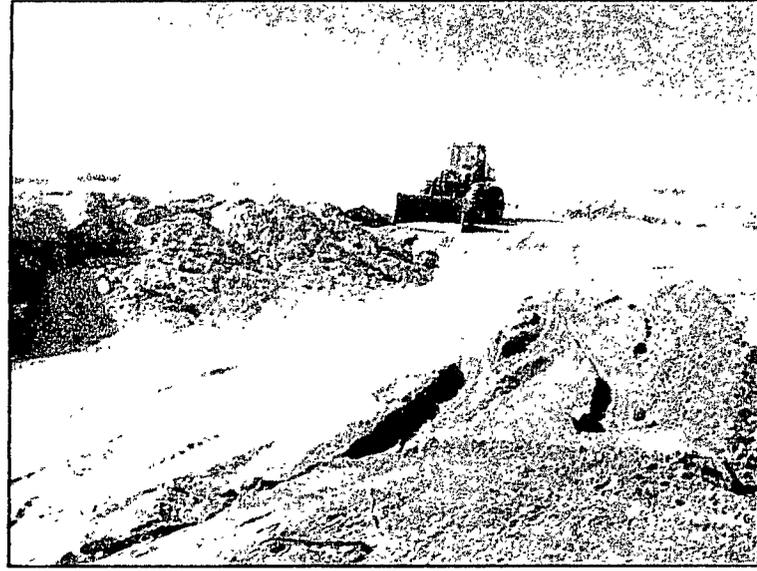
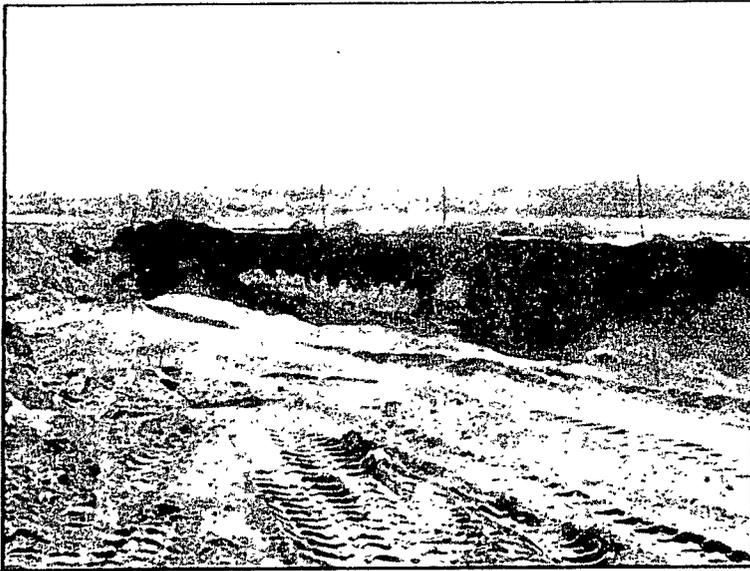
Your fax request has been received and processed. It is your
responsibility to review the information provided on this faxback
confirmation ticket and ensure it has been correctly interpreted from
your request. Notify us immediately of any corrections or errors.
Acceptance of this faxback confirmation ticket means you accept
responsibility for the accuracy of the information contained in the
ticket and you agree to indemnify New Mexico One Call Systems, Inc. of
all liability, claims, fees, or damages, including reasonable attorney
fees arising from or resulting from the use of the information provided
on this confirmation ticket.

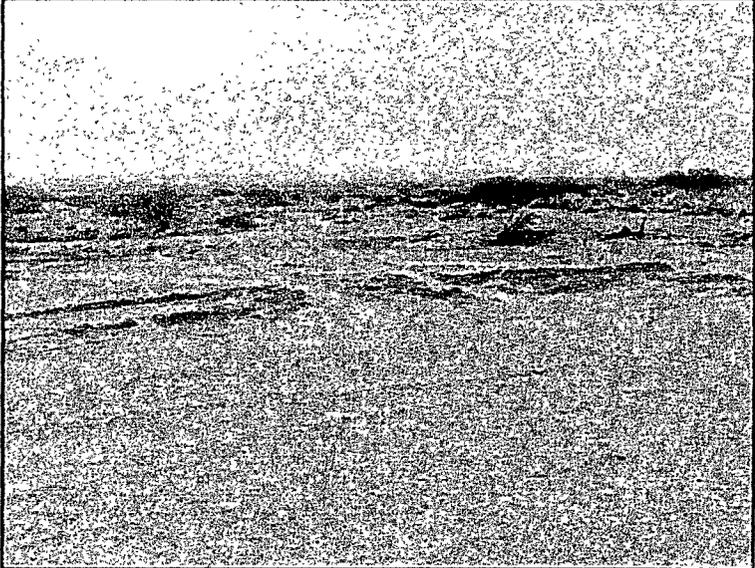
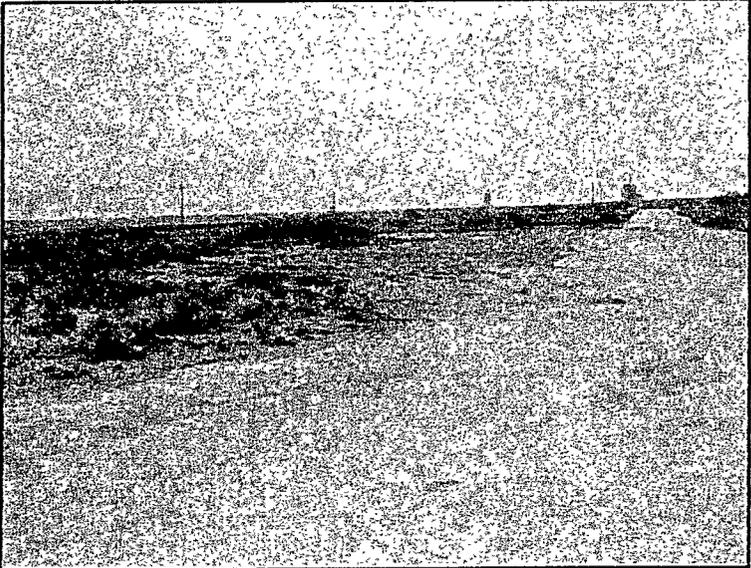
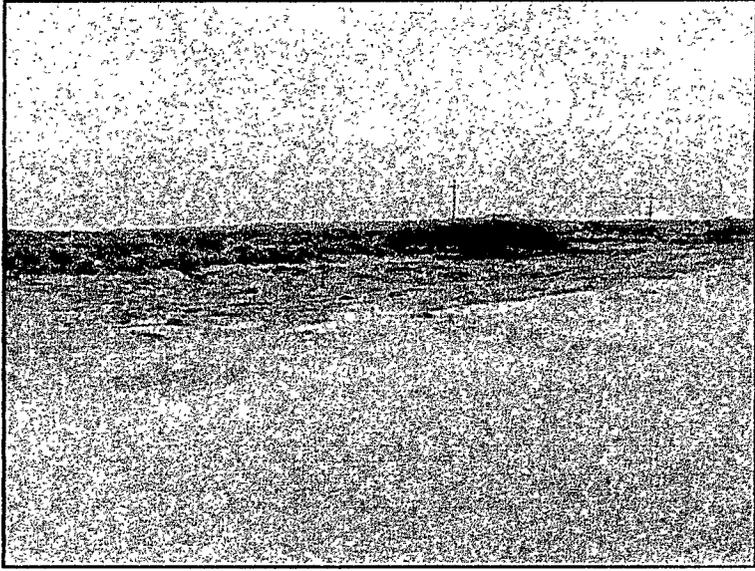
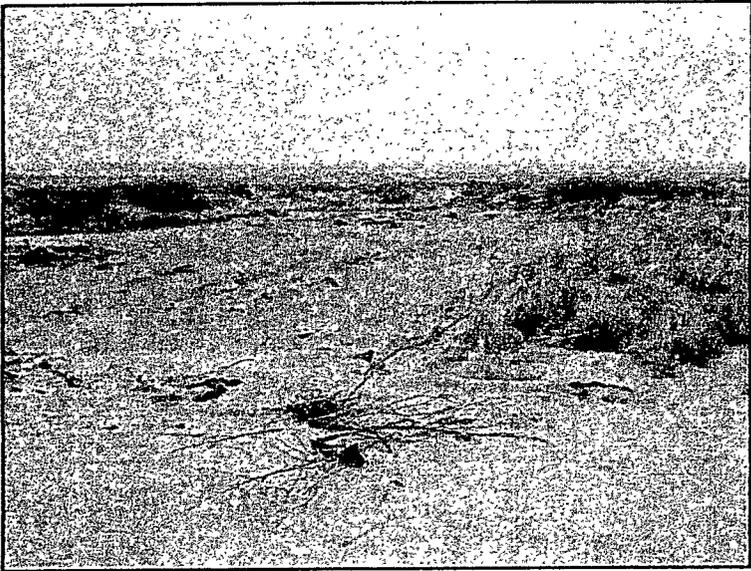
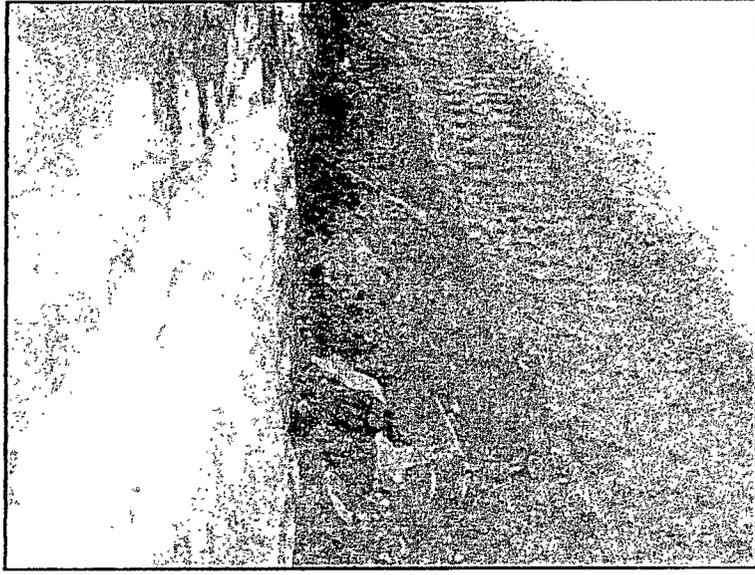
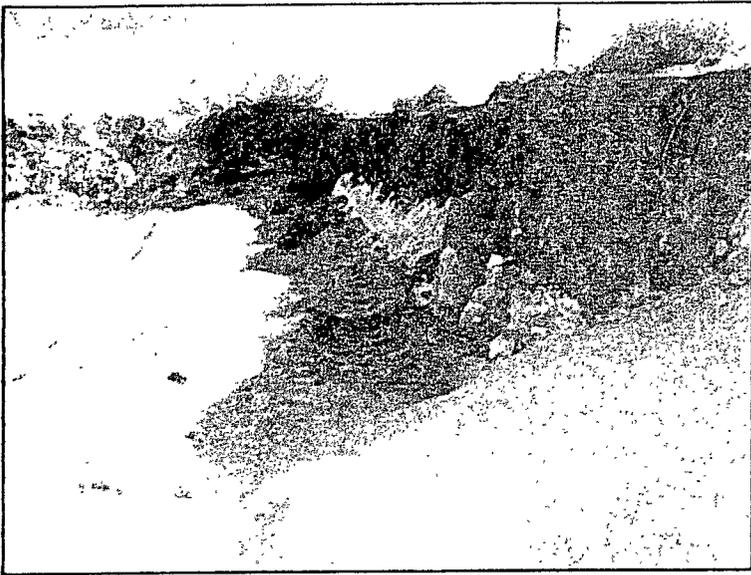
New Mexico Law requires you to wait two working days from the date and
time of this confirmation notice before you begin excavation. This

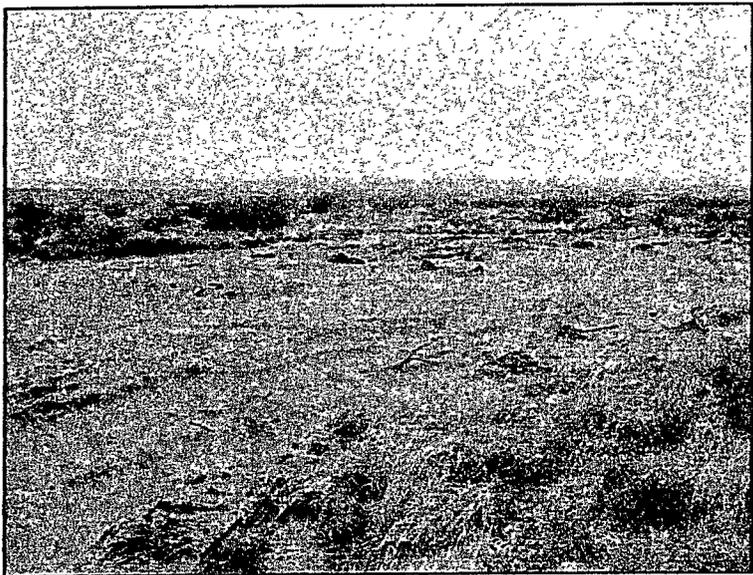
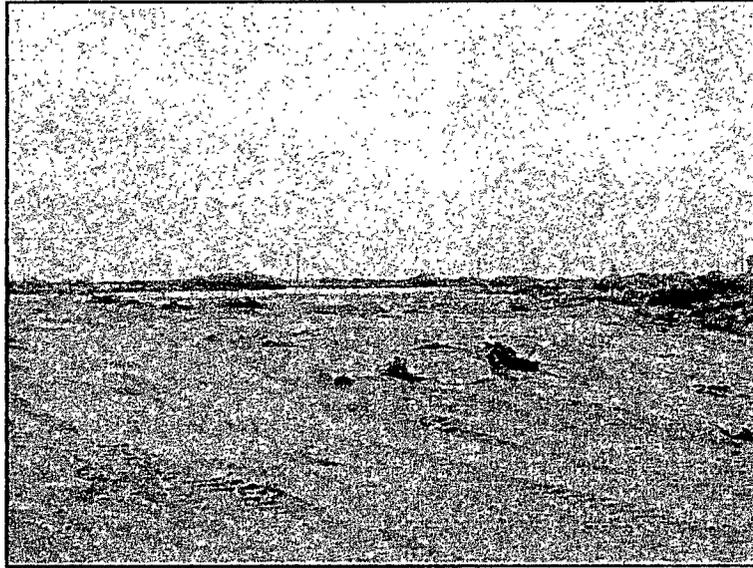
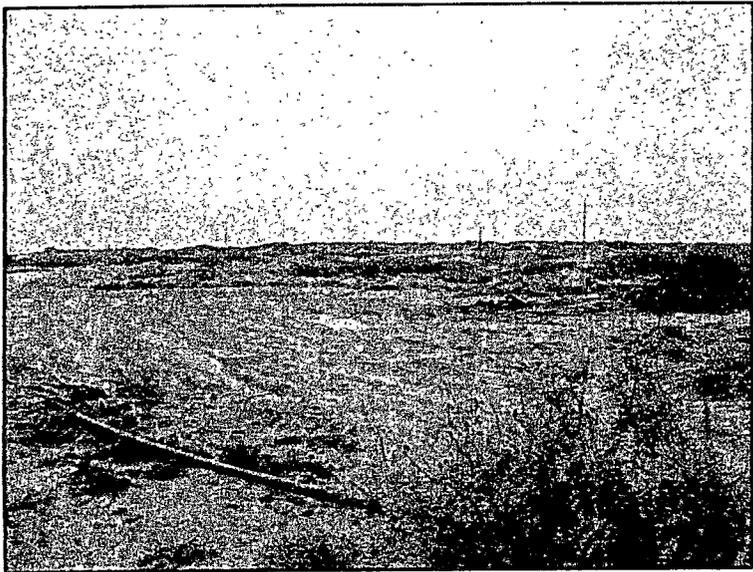
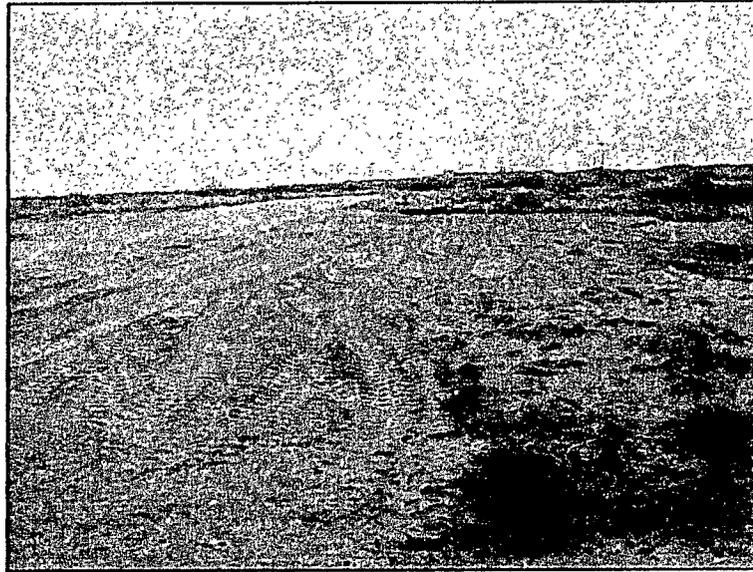
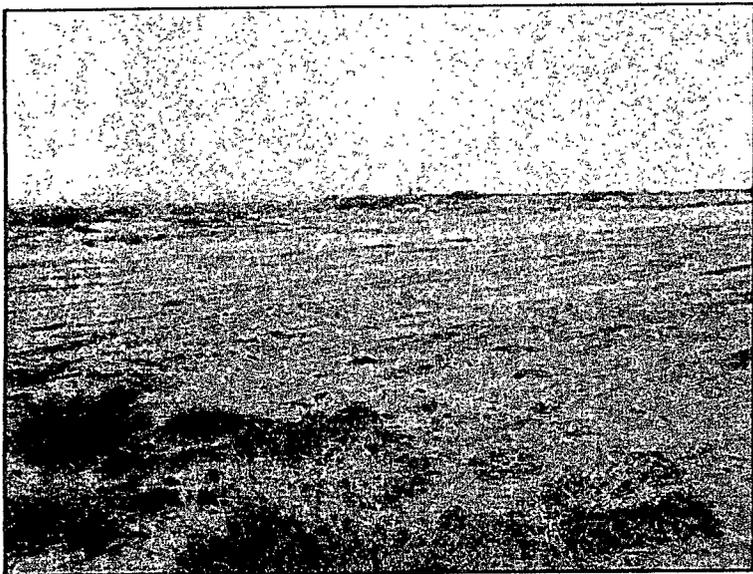












Attachment 5

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

Initial Report Final Report

Name of Company OXY USA	Contact Kelton Beard	
Address 102 S Main Carlsbad, NM 88220	Telephone No. (O) 505-887-8337 C) 575-390-1903	
Facility Name Federal NEF #3 SWD	Facility Type Disposal Well	
Surface Owner BLM	Mineral Owner	Lease No.

LOCATION OF RELEASE

Unit Letter	Section 25	Township 22S	Range 31E	Fcet from the	North/South Line	Feet from the	East/West Line	County Eddy
-------------	---------------	-----------------	--------------	---------------	------------------	---------------	----------------	----------------

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release +1000 bbls	Volume Recovered 2bbls
Source of Release Flow line	Date and Hour of Occurrence Unknown	Date and Hour of Discovery 7-30-08 / 1:00pm
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD- Gerry Guye; BLM- Jim Amos	
By Whom? Kelton Beard- Oxy HES Specialist	Date and Hour See above	
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.*
Corrosion caused a hole in the steel injection line causing produced water to leak onto the pasture. A vac-truck was called to remove all standing fluids

Describe Area Affected and Cleanup Action Taken *
The area affected is approx. 30,000 sq. feet in the pasture. Depth of contamination is unknown. Delineation will take place to determine the extent of the contamination and a work plan will be worked up and submitted to the BLM and NMOCD for approval

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	
		Approved by District Supervisor.	
Printed Name: Kelton Beard		Approval Date	Expiration Date.
Title: HES Specialist		Conditions of Approval	
E-mail Address: kelton_beard@oxy.com		Attached <input type="checkbox"/>	
Date: 7-31-08			

* Attach Additional Sheets If Necessary

Attachment 6

**HUNGRY HORSE, LLC
ENVIRONMENTAL SERVICES**

Dirt Work * On-Site Remediation * Soil Testing * Excavation

29Oct08

TO: Sherry Bonham,
NM OCD Dist II
REFERENCE: Remediation Work Plan

OPERATOR: OXY USA
LOCATION: Federal NEFF #3 Salt Water Disposal Flow line
API:
LEGALS: SEC. 25, T22S, R31E
GPS: N32 22.054 W103 44.162
DEPTH to GROUND WATER: >100 ft

General Site Characteristics: This a flow line release for on a line going to the Federal NEFF #3 Salt Water Disposal. The affected area consists of an area of pasture on each side, north and south, of the access road. The natural contour of the land helped contain this release to a minimal exposure.

Site ranking Score: 0 Depth to ground water is >100', distance to the nearest water source is >1000' and there are no domestic wells with in 200', there are no surface bodies of water within 1000'.

Soil Remediation Action Levels: As per OCD Guidance

Delineation: Delineation was conducted by use of heavy equipment and air rotary drill truck. Lab analytical results were previously submitted with the firs work plan proposal.

Sketch of Affected Area: previously submitted

Work Plan Proposal: The proposed work plan is to divide the affected area into two areas, north and south of the access road, and remediate as follows: South side-remove three feet of soil from the affected area and line with a 20mil welded seam liner, North side-remove five feet from the affected area and line with a 20mil welded seam liner. Both areas will be backfilled with like material that will be obtained from a local pit. Once backfilled, contouring and re-seeding of the areas will be done to BLM standards.

Notes/Comments:

HUNGRY HORSE, LLC
ENVIRONMENTAL SERVICES

Dirt Work * On-Site Remediation * Soil Testing * Excavation

Submitted By: Vernon K. Black, Hungry Horse Environmental Services

Signature: VKBA

OCD Approval By: _____

Signature: _____

Date: _____

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 30, 2008

OXY USA, Inc
Attn Kelton Beard
PO Box 1988
Carlsbad, NM 88221-1988

Reference: NEFF Federal 003 30-015-28281
D-25-22S-31E Eddy County, New Mexico
2RP-205

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation plan for the release of produced fluids occurring at the above referenced facility on or about July 30, 2008

The plan is accepted with the following stipulations

- Remediation requirements may be subject to change as site conditions warrant
- A final Report C-141 is to be submitted to the OCD upon satisfactory completion of remediation project
- Remediation to be completed on or before December 15, 2008

Please be advised that NMOCD acceptance of this plan 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 this plan does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations

Respectfully,

Sherry Bonham
NMOCD District 2
1301 W Grand Avenue
Artesia, NM 88210
575 748.1283 ext. 109
sherry.bonham@state.nm.us

cc Vernon Black, Hungry Horse Environmental

