

FORM
NOAV
Rev 08/07State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax (303) 894-2109



FOR OGCC USE ONLY

06/18/2008

2053387

*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 68571
Name of Operator: OXY USA WTP LP
Address: 2754 COMPASS DRIVE, STE 170
City: GRAND JUNCTION State: CO Zip: 81506
Company Representative: DANIEL PADILLA

Date Notice Issued:

06/20/2008

Well Name: LOGAN WASH Well Number: 796-17-53A Facility Number: 290826
Location (Qtr, Sec, Twp, Rng, Meridian): SESW 17 7S 96W 5 County: GARFIELD
API Number: 05 045 14202 00 Lease Number:

COGCC Representative: ANDREWS DAVID Phone Number: 303 894-2100 X145

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 06/16/2008

Approximate Time of Violation:

Description of Alleged Violation:

SEVERAL SPILLS OCCURED FROM THE SAME TANK (NO. FTS28363LM). THE FIRST RELEASE OCCURED ON OR ABOUT 6/08/2008. A SECOND PRODUCED WATER RELEASE OCCURED ON 6/12/2008 AND FLOWED APPROXIMATELY 110 FEET FROM THE PAD. COGCC'S NORTHWEST FIELD INSPECTOR, SHAUN KELLERBY, INSPECTED THE LOCATION ON 6/13/2008 AND 6/16/2008. ACCORDING TO MR. KELLERBY, THE TANK WAS NOT LEVEL, AND FLUIDS APPEARED TO HAVE BEEN OVERFLOWING OUT OF THE TOP THIEF HATCH. OXY FAILED TO TAKE STEPS TO IMPLEMENT MEASURES TO PREVENT RELEASES FROM RECURRING AS A RESULT OF A PROBLEM THAT COULD HAVE BEEN CORRECTED AFTER THE FIRST RELEASE.

Act, Order, Regulation, Permit Conditions Cited:

Rule 324A.a., Rule 906.a., Rule 906.e.(2)

Abatement or Corrective Action Required to be Performed by Operator:

AS DISCUSSED WITH OXY STAFF ON 06/19/2008, DISCONTINUE USE OF TANK NO. FTS28363LM UNTIL THE TANK IS RE-LEVELLED TO PREVENT RELEASES FROM THE THIEF HATCH. NOTIFY COGCC STAFF WHEN THE TANK HAS BEEN RE-LEVELLED. CONTINUE TO COORDINATE WITH CHRIS CANFIELD ON ANY 900 SERIES RULES NOTIFICATION AND REPORTING REQUIREMENTS FOR RELEASES FROM THE TANK. SUBMIT A WRITTEN RESPONSE WHICH EXPLAINS OXY'S FAILURE TO IMPLEMENT MEASURES TO PREVENT A RECURRING RELEASE AND OXY'S PROPOSED CORRECTIVE MEASURES TO PREVENT THIS SITUATION IN THE FUTURE.

Abatement or Corrective Action to be Completed by (date):

07/20/2008

* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Daniel F. Padilla

Title: Regulatory Coordinator

Signature: [Signature]

Date: 7/24/08

Company Comments:

OXY's NOAV response is attached.

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to geocreative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on geocreative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recontamination or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and proactively responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The Commission has final authority over the penalty amount assessed. The Commission has final authority over the penalty amount assessed.

BASE FINE \$250.00 PER DAY PER VIOLATION: RULES 210, 327, 331, 312, 313, 314A, 315, 400, 405, 803, 804
BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 208, 207, 209, 302, 309, 309, 310, 310A, 321, 322, 328, 329, 330, 331, 332, 401
BASE FINE \$150.00 PER DAY PER VIOLATION: RULES 205, 309A, 900, 907
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 200, 301, 303, 305, 305, 310B, 317, 317A, 318, 319, 320, 323, 324, 325, 326, 327, 329, 404, 602, 604, 703, 704, 705, 706, 707, 708, 709, 711, 802, 907, 907, 908, 908, 909, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103

In accordance with Rule 523(a), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative:

[Signature]

Date: 06/20/2008

Time: 10:00AM

Resolution Approved by:

Date:

Appendix B:

Figures, Maps and Photos



RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 2000'

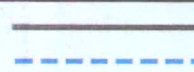
JOB No. 15305

REVISED: 6/20/07

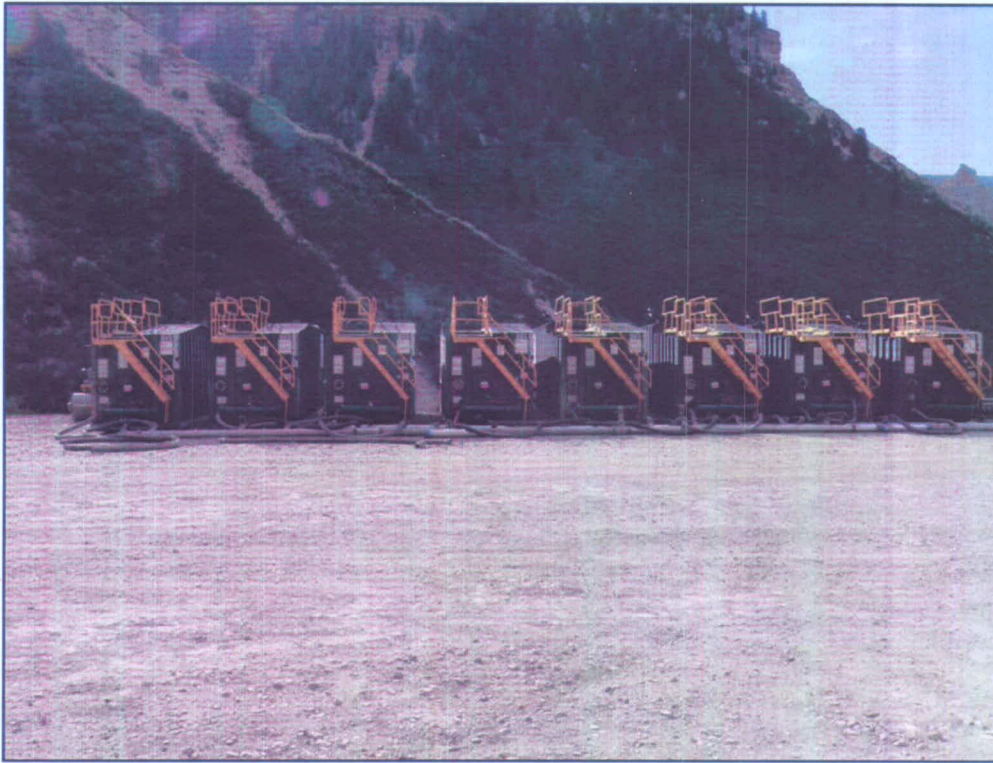
PROPOSED ACCESS FOR
OXY USA WTP LP
LOGAN WASH 796-17-53A

TOTAL PROPOSED LENGTH: 6713'±

EXISTING ROAD
PROPOSED ROAD



TOPO MAP
B



OXY Valley pad: Two and one half foot spacing added in between frac tanks to allow for inspection and spill clean up response if necessary.



Close up view of two and one half foot spacing between frac tanks.



Back view of frac tanks showing minimum 3 foot spacing from edge of pad.

Appendix C:

OXY's Expenses Incurred to Date

OXY's Expenses Incurred to Date

OXY Incident Response Expenses as of July 20, 2008:		Costs reflect Logan Wash 17C pad:
Task	Contractor	~Amount
Earthwork	DIA/Kiewitt	\$8,000
Trucking	Old West	\$1,600
Fencing/Containment	Fort Mackey	\$3,000
Inspection/General Support	Roadrunner	\$800
Third Party (Stormwater)	Cordilleran	\$600
OXY Staff Hours (time and expenses)	OXY	\$4,500
	TOTAL:	~\$18,500