

January 15, 2016

VIA E-MAIL AND U.S. MAIL

Attn: Josh Cwikla
Los Angeles Regional Water Quality Control Board
320 W. Fourth Street, Suite 200
Los Angeles, CA 90013

RE: California Water Code Directive Pursuant to Section 13267 Dated December 18, 2015
CLAIM NO. 7015 0640 0006 6057 9260

Dear Mr. Josh Cwikla,

This letter is in response to the December 18, 2015 California Regional Water Quality Control Board, Los Angeles Region, Order letter (Directive) addressed to Tidelands Oil Production Company (Tidelands). In 2006, Tidelands was acquired by Occidental Petroleum Corporation (OXY). In 2014, as part of a spinoff of OXY's assets in California, Tidelands became a wholly-owned subsidiary of California Resources Corporation (CRC). From 2006 to the date of the Directive, Tidelands has drilled 314 wells without the utilization of drilling sumps.

Solely for the purposes of preparing this response, Tidelands has used the definitions set forth in the Directive, including the use of the terms "drilling fluid," "completion fluid" and "stimulation fluid." Oil and gas processing occurs in closed systems in tanks, vessels, and pipelines. There are no processes for oil and gas drilling and/or production that discharge any waste material or other fluids that could directly affect the quality of waters within its region. All of the drilling and production wastes are handled in accordance with DTSC regulations and are sent to approved and regulated disposal facilities. Based on our detailed review of internal company well documentation and reports, no drilling discharges to sumps occurred during the period in which Tidelands was owned by OXY/CRC.

Tidelands currently operates a lease owned by the Port of Long Beach located at 421 Henry Ford Avenue in the city of Wilmington. The site has been used for oil field operations since the 1930s and was purchased in 1994 by the Port of Long Beach from Union Pacific Resources Company. Between 1948 and 1970, liquid wastes such as drilling muds, tank bottoms, solid debris, solvents, spent catalysts, paint, sludge and other liquids that did not conform to the site's disposal permits were deposited into 19 shallow clay lined sumps. In 1970, disposal of liquid wastes ceased, residual liquids were removed, and the sumps were covered with 2 to 3 feet of clean soil. The Port, in accordance with a cleanup and abatement order issued by the Regional Water Board on July 27, 2007, has remediated the property and submitted a Removal Action Completion Report dated October 9, 2009.

It is the interpretation of Tidelands that that concrete-lined fully enclosed units are not considered a discharge to land and were not identified as "sumps" for the purposes of this analysis. These units are considered exempt per California Code of Regulations, Title 27 section 20090 (i) and are permitted and regulated by the South Coast Air Quality Management District.

In summary, none of the facilities were intended to discharge drilling or oil and gas process wastes to land and no discharges to drilling sumps occurred during the period in which OXY or CRC has owned Tidelands Oil Production Company.

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

Please contact Clint Harris at (562) 624-3311 if you wish to discuss this information.

Sincerely,



Charlie Plant
Vice President of Operations
California Resources Corporation
