

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 8645

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) received by OXY USA Inc. (OXY USA). In 2010, OXY USA acquired certain properties in California that were later spun off to California Resources Production Corporation (CRPC) in 2014. From 2010 to the date of the Directive, OXY USA/CRPC has drilled 28 wells without the utilization of drilling sumps.

Solely for the purposes of preparing this response, CRPC 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 the oilfields were operated by OXY USA/CRPC or any subsidiary of OXY USA/CRPC.

It is the interpretation of CRPC 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 USA/CRPC has owned or operated the oilfield.

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.

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CALIFORNIA REGIONAL WATER
QUALITY CONTROL BOARD
LOS ANGELES REGION



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

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Plant", is written in a cursive style.

Charlie Plant
Vice President of Operations
California Resources Corporation