

Los Angeles Regional Water Quality Control Board

March 2, 2016

Mr. Charlie Plant
OXY USA Incorporated
C/O California Resources Corporation
111 W. Ocean Boulevard, Suite 800
Long Beach, California 90802

Certified Mail
Return Receipt Requested
CLAIM NO. 7015 0640 0006 6057 2865

**REVIEW OF TECHNICAL REPORT PURSUANT TO CALIFORNIA WATER CODE SECTION
(13267) ORDER R4-2015-0425
OXY USA OPERATIONS
LOS ANGELES COUNTY, CALIFORNIA
GLOBAL ID T10000008433, CASE NO. OG90802-3**

Dear Mr. Plant:

On December 18, 2015, the California Regional Water Quality Control Board, Los Angeles (Regional Board) directed OXY USA Incorporated (OXYUSA) to submit a technical report. On January 15, 2016, Regional Board staff received the following document:

- Letter Regarding California Water Code Directive Pursuant to Section 13267, from California Resources Corporation (CRC), Claim No. 7015 0640 0006 6057 8645, dated January 15, 2016.

SUMMARY OF LETTER

As detailed in the letter, in 2010 OXY USA, Incorporated (OXYUSA) acquired certain properties in California that were later spun off to California Resources Production Corporation (CRPC) in 2014.

CRC reported that from 2010 to the present, OXYUSA/CRPC have drilled 28 wells without the utilization of drilling sumps.

CRC stated that 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. CRC noted that oil and gas processing occurs in closed systems in tanks, vessels, and pipelines. All drilling and production wastes are handled in accordance with Department of Toxic Substances Control (DTSC) regulations and are sent to approved and regulated disposal facilities.

CRC interpreted that a concrete-lined, fully enclosed unit was not considered a discharge to land and was not identified as a sump for the purpose of their response. CRC noted that the concrete-lined, fully enclosed 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 (SCAQMD).

REGIONAL BOARD COMMENTS

In the California Water Code Section 13267 Order (Order) sent to OXYUSA, a "sump" was defined as any open pit, pond, excavation, natural depression, or any other area serving as a receptacle for collecting and/or storing fluids or solid waste material from an oil and gas well or group of oil and gas wells. In addition, for the purpose of the Order, discharges to sumps include any fluids associated with oil/gas drilling and production operations in the fields OXYUSA operates. OXYUSA was directed in the Order to submit a Technical Report including information specified in numbers 1-9 of the Order. The Order specified that if no discharges occurred during the period in which OXYUSA or any subsidiary has owned and/or operated within the oilfield or fields OXYUSA operates in, a requirement was to include a description of disposal methods, destinations, and volumes for fluids associated with drilling practices and oil/gas operations.

The Regional Board considers the submitted report incomplete. While CRC noted that all drilling and production wastes are handled in accordance with DTSC regulations and are sent to approved and regulated disposal facilities, the required details of disposal methods, destinations, and volumes for fluids were not provided.

If a concrete-lined, fully enclosed unit, as described by CRC, is used as a receptacle for collecting and/or storing fluids or solid waste material from an oil and gas well or group of oil and gas wells, these features would fit the definition of a sump for the purpose of the Order and should be reported in details as required by the Order.

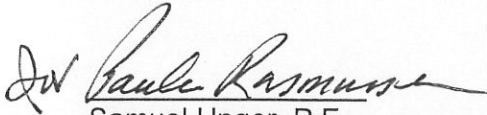
OXYUSA is required to complete the report and resubmit immediately.

All technical information must be submitted in an electronic format compatible with the State's GeoTracker system following the requirements of California Code of Regulations, title 23, section 3893 (available at [http://www.waterboards.ca.gov/ust/electronic submittal/docs/text regs.pdf](http://www.waterboards.ca.gov/ust/electronic%20submittal/docs/text%20regs.pdf)). A unique case identifier (Global ID) has now been assigned to this Order contained in Attachment A.

The required technical report is necessary to investigate the characteristics of and extend of the discharges of waste at the site and to evaluate cleanup alternatives. Therefore, the burden, including costs, of the report bears a reasonable relationship to the need for the report and benefits to be obtained. Pursuant to section 13268 of the California Water Code, failure to submit the required technical report by the specified due date may result in civil liability administratively imposed by the Regional Board in an amount up to one thousand dollars (\$1000) for each day each technical report is not received.

If you have any questions regarding this matter, please contact Mr. Joshua Cwikla at (213) 576-6713, or by email at joshua.cwikla@waterboards.ca.gov, or Dr. Yue Rong at (213) 576-6710, or by email at yue.rong@waterboards.ca.gov.

Sincerely,



Samuel Unger, P.E.
Executive Officer

Attachment A: GeoTracker Upload Instructions and Assigned Global Identification Number

cc: John Borkovich, State Water Resources Control Board
Christine York, State Water Resources Control Board
Janice Zinky, State Water Resources Control Board
Eric Gillman, Office of Chief Counsel, State Water Resources Control Board
David Coup, Office of Chief Counsel, State Water Resources Control Board
Bruce Hesson, Department of Oil, Gas, and Geothermal Resources
Pat Abel, Department of Oil, Gas, and Geothermal Resources
Daniel Dudek, Department of Oil, Gas, and Geothermal Resources

ATTACHMENT A

GeoTracker Upload Instructions and Assigned Global Identification Number(s)

Technical justifications included in correspondence letters/reports, work plans, and technical reports and associated data shall be uploaded in an electronic format compatible with the State's GeoTracker system. To begin the process:

- Log in or create a password
- Claim your site(s) (i.e. global ID)
- Add field point name(s)
- Upload the following:
 - Work plan/Technical report and associated data (GeoReport)
 - *laboratory report (EDF)
 - *Site Maps (GeoMAP)

For more information, please contact the GeoTracker Help Desk at Geotracker@waterboards.ca.gov or (866) 480-1028.

Project Name	Assigned Global ID Number	Regional Board Case Number
OXY USA Operations	T10000008433	OG90802-3

*GeoTracker submittal may not be required for all document types.

