

UNITED STATES
DEPARTMENT OF THE INTERIOR **OCD-ARTESIA**
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

OXY USA Inc.

16696

3a. Address

P.O. Box 50250, Midland, TX 79710-0250

3b. Phone No. (include area code)

432-685-5717

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

See Attached

5. Lease Serial No.

See Attached

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Lost Tank Federal See Attached

9. API Well No.

See attached

10. Field and Pool, or Exploratory Area

Lost Tank Delaware, West

11. County or Parish, State

Eddy NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

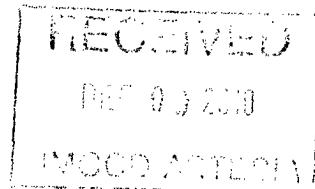
- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| ☐ Acidize | ☐ Deepen | ☐ Production (Start/Resume) | ☐ Water Shut-Off |
| ☐ Alter Casing | ☐ Fracture Treat | ☐ Reclamation | ☐ Well Integrity |
| ☐ Casing Repair | ☐ New Construction | ☐ Recomplete | ☒ Other <u>Accumulator</u> |
| ☐ Change Plans | ☐ Plug and Abandon | ☐ Temporarily Abandon | <u>Variance</u> |
| ☐ Convert to Injection | ☐ Plug Back | ☐ Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

OXY USA Inc. respectfully requests a variance to the Accumulator Placement and Functioning. Please find attached the document that has already been discussed and agreed upon with the BLM on Oct 6-2010 (Wesley Ingram, and Duncan Whitlock) in regards to a requested modification for the accumulator placement and operation for the H&P Flex IV rig fleet. As was discussed in the meeting with the BLM this sundry notice will cover all the Lost Tank wells. This will cover Oxy's operation in the Potash area and will comply with the requested modification as per API 16.D, and Onshore Order #2.



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

David Stewart

Title

Sr. Regulatory Analyst

Date

10/28/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ JD Whitlock Jr

Title

LPET

Date

12/2/10

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CFO

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

D. A.

Attachment C-103 - Accumulator Placement & Functioning Variance.

Federal Lease No. NMNM0417696

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec.Twp.Rng.</u>	<u>Formation</u>
Lost Tank 3 Federal #13	✓3001537950	2350 FSL 2250 FEL NWSE(J) Sec 3 T22S R31E 1650 FSL 1980 FWL NESW(K) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #14	3001537918	1450 FSL 1700 FEL NWSE(J) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #15	3001537951	2558 FNL 235 FWL SWNW(E) Sec 3 T22S R31E 1650 FSL 660 FWL NWSW(L) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #16	3001537907	735 FSL 1945 FEL SWSE(O) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #18	3001537908	770 FSL 1909 FEL SWSE(O) Sec 3 T22S R31E 350 FSL 1660 FWL SESW(N) SEC 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #19	3001537952	2558 FNL 185 FWL SWNW(E) Sec 3 T22S R31E 549 FSL 661 FWL SWSW(M) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #20	3001537919	2400 FSL 2250 FEL NWSE(J) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #21	3001537920	2558 FNL 285 FWL SWNW(E) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #22	3001537921	2324 FNL 2000 FWL SENW(F) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #24	3001537922	250 FSL 250 FEL SESE(P) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 3 Federal #25	pending	1500 FNL 541 FEL SENE(H) Sec 3 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #8	3001537923	2490 FNL 500 FEL SENE(H) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #9	3001537953	2460 FNL 1850 FEL SWNE(G) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #11	3001537954	1467 FNL 2263 FWL SENW(F) Sec 4 T22S R31E 2021 FNL 426 FWL SWNW(E) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #12	3001537955	2200 FSL 2260 FWL NESW(K) Sec 4 T22S R31E 1956 FSL 461 FWL NWSW(L) SEC 4 T22S R32e	Lost Tank Delaware, West
Lost Tank 4 Federal #13	3001537956	2150 FSL 2260 FWL NESW(K) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #14	3001537893	2225 FSL 1260 FEL NESE(I) Sec 4 T22S R31E 1664 FSL 1821 FEL NWDE(J) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #15	3001537894	2225 FSL 1160 FEL NESE(I) Sec 4 T22S R31E 1654 FSL 491 FEL NESE(I) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #16	3001537957	2225 FSL 1210 FEL NESE(I) Sec 4 T22S R31E 405 FSL 789 FEL SESE(P) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #17	3001537958	2225 FSL 1310 FEL NESE(I) Sec 4 T22S R31E 497 FSL 2004 FEL SWSE(O) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #18	3001537895	2050 FSL 2260 FWL NESW(K) Sec 4 T22S R31E 399 FSL 2083 FWL SESW(N) Sec 4 T22S R31E	Lost Tank Delaware, West
Lost Tank 4 Federal #19	3001537896	2100 FSL 2260 FWL NESW(K) Sec 4 T22S R31E 391 FSL 438 FWL SWSW(M) Sec 4 T22S R31E	Lost Tank Delaware, West

Federal Lease No. NMNM0417696-SL - NMNM0417506-BHL

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec.Twp.Rng.</u>	<u>Formation</u>
Lost Tank 10 Federal # 1	3001537959	400 FSL 250 FEL SESE(P) Sec 3 T22S R31E 760 FNL 1838 FEL NENE(A) Sec 10 T22S R31E	Lost Tank Delaware, West
Lost Tank 10 Federal # 2	3001537960	840 FSL 1838 FEL SWSE(O) Sec 3 T22S R31E 950 FNL 2312 FEL NWNE(B) Sec 10 T22S R31E	Lost Tank Delaware, West
Lost Tank 10 Federal # 3	3001537897	805 FSL 1874 FEL SWSE(O) Sec 3 T22S R31E 864 FNL 1866 FWL NENW(C) Sec 10 T22S R31E	Lost Tank Delaware, West
Lost Tank 10 Federal # 4	3001537961	300 FSL 250 FEL SESE(P) Sec 3 T22S R31E 2104 FNL 839 FEL SENE(H) Sec 10 T22S R31E	Lost Tank Delaware, West
Lost Tank 10 Federal # 5	3001537924	200 FSL 250 FEL SESE(P) Sec.3 T22S R31E 1536 FNL 330 FEL SENE(H) Sec 10 T22S R31E	Lost Tank Delaware, West
Lost Tank 11 Federal # 1	3001537962	350 FSL 250 FEL SESE(P) Sec.3 T22S R31E 937 FNL 866 FEL NWNW(D) Sec 11 T22S R31E	Lost Tank Delaware, West

Federal Lease No. NMNM104730

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec.Twp.Rng.</u>	<u>Formation</u>
Vandance 4 Federal #32	pending	660 FNL 458 FWL NWNW(D) Sec 4 T24S R31E	Sand Dunes Delaware, West

**APD VARIANCE
LOST TANK AREA DRILLING
H&P Flex IV ACCUMULATOR PLACEMENT AND FUNCTIONING**

OPERATOR NAME / NUMBER: OXY USA Inc

16696

LEASE NAME / NUMBER: See Attached

STATE: NM

COUNTY: Eddy

1. PRESSURE CONTROL EQUIPMENT

Accumulator Placement for H&P Flex IV rig fleet

Prior drilling out surface casing shoe, the accumulator will be installed and functional at an appropriate distance as referenced in API 16.D to satisfy drilling contractor and operator operational best practices, and safety requirements. *As per Attached Diagram Attachment (2)*

The accumulator is equipped with two closing pumps set as primary and back up. Power to the closing unit pumps is constantly available so that the pumps will automatically start when the closing unit manifold pressure decreases to 90 percent of the accumulator operating pressure. Each closing unit pump is capable to close the annular BOP and open the hydraulic choke valve as per API (16.D).

Two independent sources of energy are available to each closing pump (rig generating systems). Each independent source of energy is capable of operating the pumps at a rate that will satisfy the requirements. The accumulator closing pumps will include an extra emergency source (nitrogen bottle system) to assist the closure of the BOP stack in case of an event that requires complete electric shut down of all sources.

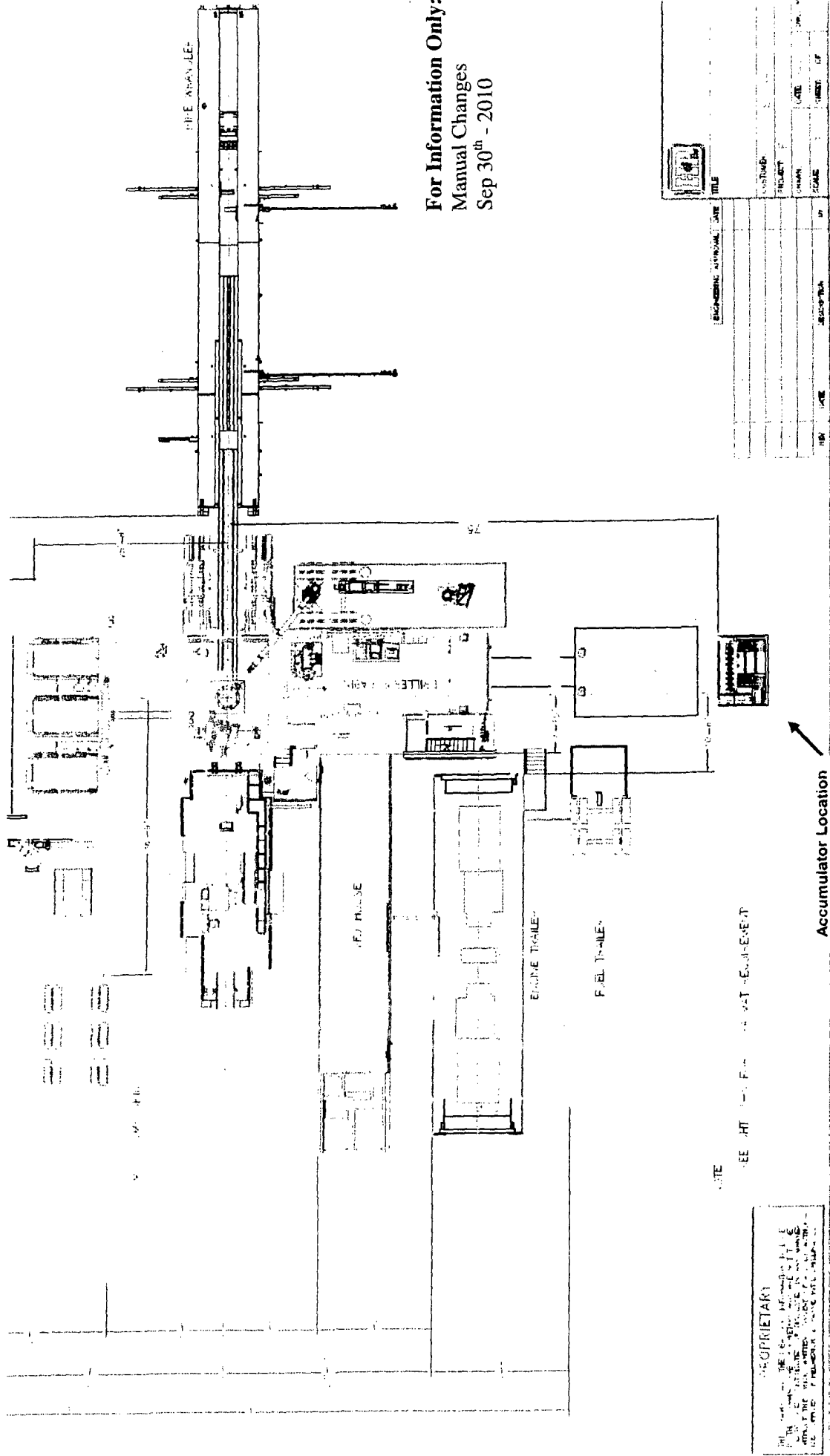
An accumulator pre-charge pressure test will be conducted as per Onshore Order #2 prior to connecting the closing unit to the blowout preventer stack such test will be noted and signed in the drilling log/IADC report by the company representative, and rig manager. A closing test will be performed prior to pressure testing the blowout preventer stack with each closing pump separately (primary and back up) to satisfy function requirements. *within 2 minutes as per Onshore Order #2, III. A. 2. f*

If an event is encountered where the emergency source (Nitrogen bottles is required the BLM field office will be notified immediately.

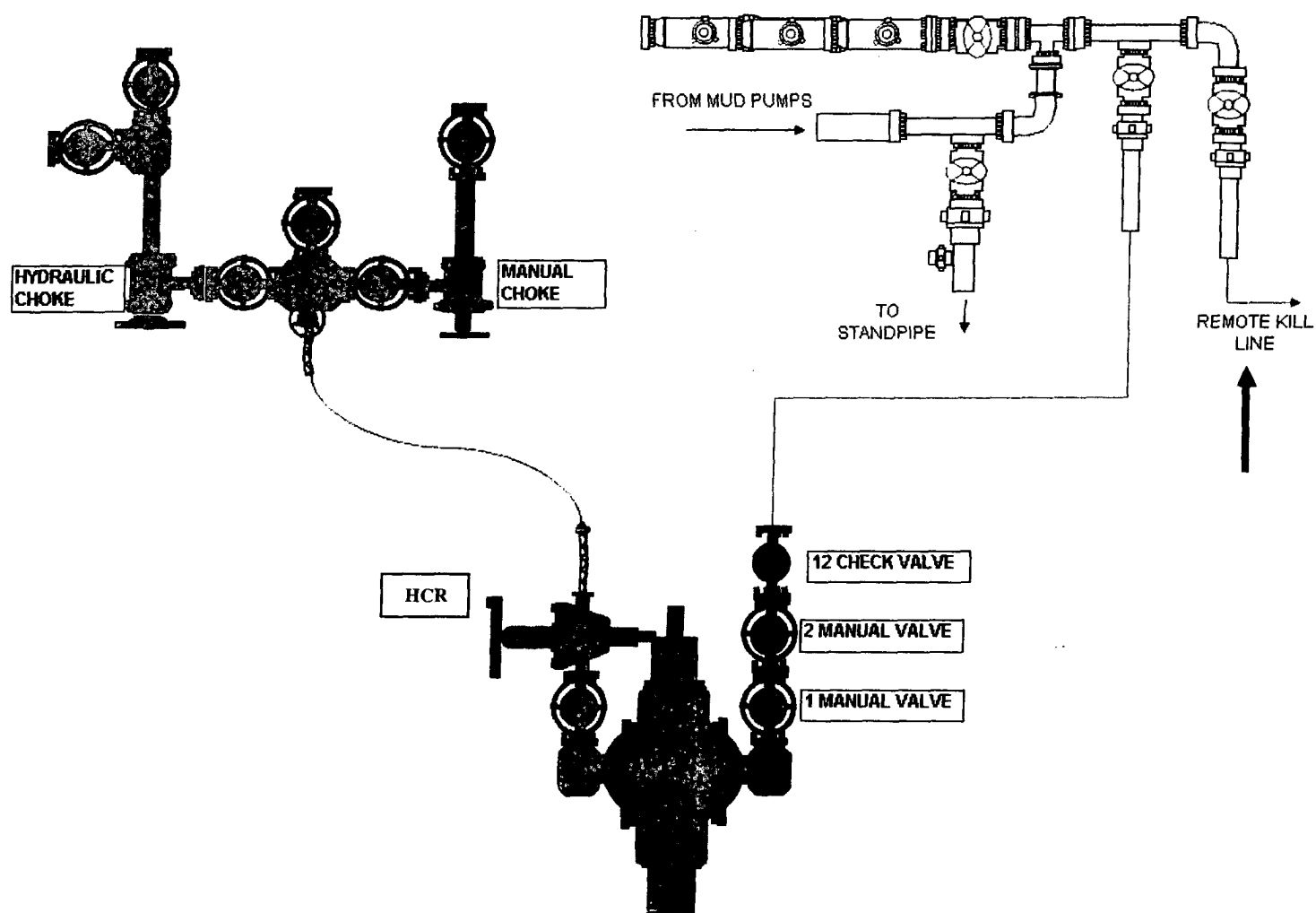
Attachments:

- a. Accumulator placement & manifold diagrams.
- b. Remote Kill Line Diagram
- c. Power source systems for Manifold and Accumulator

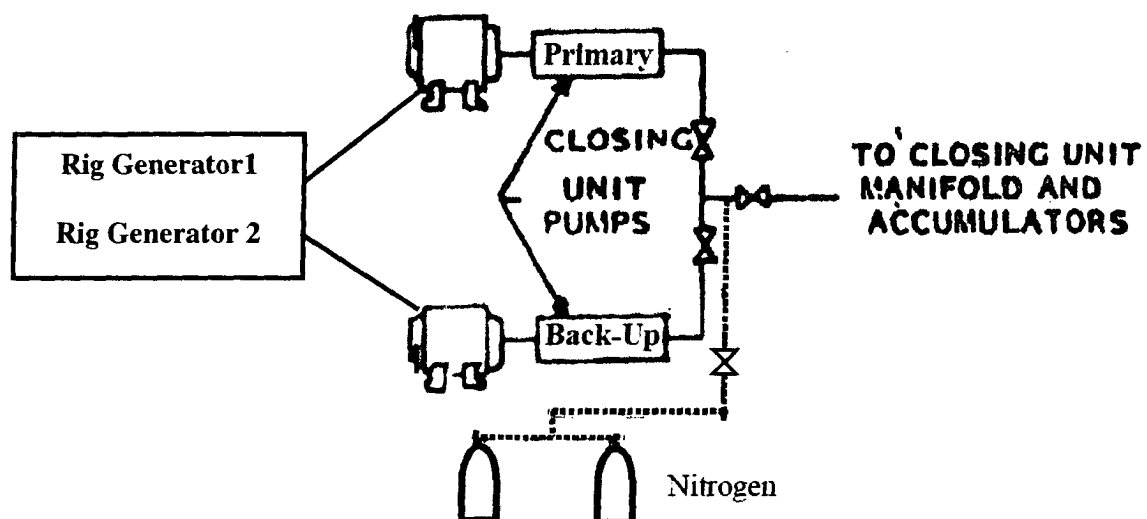
Rig Layout including accumulator modified placement



Choke / BOP / Remote Kill Line Diagram
Flex IV



Dual Electric System including back up Nitrogen system for Operating Closing Unit Pumps



Nitrogen Bottle System

