

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter and
Abandoned well. Use Form 3160-3 (APD) for such proposals**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

5. Lease Serial No.

NMLC-029395B

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

LEE FEDERAL #41 <308720>

9. API Well No.

30-015-39611

10. Field and Pool or Exploratory Area

CEDAR LAKE; GLORIETA-YESO <96831>

11. County or Parish, State

EDDY COUNTY, NM**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☒ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other _____

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 directional or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attached the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

4/15/12: Production csg cmt job on Apache's Lee Federal #41 (api#30-015-39611) was not completed according to plan due to premature inflation of external csg packer closing the 5-1/2" x 8-5/8" annulus. After pmpg 138.5 bbls of 148 bbls of water needed to fully displace 1st stage cmt slurry, pmp pressure increased to 2500psi. Displacement was stopped & floats were checked & found to be holding. Opening device was dropped & DVT was opened. 85 bbls of water was pumped to clear any cmt above DVT but there were no returns at surface. Pmpg was stopped & well flowed through the 5-1/2" csg. The closing plug was dropped & displaced to DVT & DVT was closed. After closing DVT there was no flow or pressure on either the 5-1/2" csg or the 5-1/2" x 8-5/8" annulus. We have concluded that excessive displacement pressure inflated external csg packer, which had been installed in the 5-1/2" csg string below base of salt & above 8-5/8" Intern csg shoe (with Mr Ingram's verbal approval) to ensure shut-off of a water flow encountered while drlg @ 1760'. We were unable to pmp 2nd stage cmt slurries. With verbal approval f/Mr. Fernandez, we are preparing to remove drlg rig on 4/16 & will attempt to rig up on pulling unit in about 1 wk (subject to availability). CBL will be run & a copy will be provided to BLM. Used for record NMOCD Added 05/09/12

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

SORINA L. FLORES

Title

SUPV OF DRILLING SERVICES

Signature

Sorina L. Flores

Date

4/17/12**RECEIVED****APR 26 2012****NMOCD ARTESIA****THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

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

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to or receive from any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

