

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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

3b. Phone No. (include area code)
432-685-5717

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**S - 845 FNL 837 FWL NWNW(4) Sec 3 T2S R31E
 BH - 680 FSL 680 FWL SWSW(M)**

5. Lease Serial No.
NMNM0417696

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Lost Tank 3 Federal #27

9. API Well No.
30-015-40770

10. Field and Pool, or Exploratory Area
Lost Tank Wolfcamp

11. County or Parish, State
Eddy NM

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other Amend BOP

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 recomplete 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 recompletion 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 site is ready for final inspection.)

RECEIVED
JAN 31 2013
NMOCD ARTESIA

See Attached

**SEE ATTACHED FOR
 CONDITIONS OF APPROVAL**

Accepted for record
 NMOCD
 1/29/2013

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

David Stewart

Title Regulatory Advisor

Signature

David Stewart

Date

1/16/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

JAN 29 2013

**BUREAU OF LAND MANAGEMENT
 CARLSBAD FIELD OFFICE**

Approved by

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.

Title

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 any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

OPERATOR NAME / NUMBER: OXY USA Inc

LEASE NAME / NUMBER: Lost Tank 3 Federal # 27

STATE: NM

COUNTY: Eddy

SUMMARY OF CHANGES:

The approved drilling permit requests the use of a 10M BOP to drill all sections. Based on the bottom hole pressures and maximum anticipated pressures, OXY respectfully requests the following changes on the BOP equipment and testing:

4100' see COA
1st Intermediate: 0 - ~~4240~~ Intermediate hole will be drilled with a 13-5/8" 10M three ram stack w/ 5M annular preventer, & 10M Choke Manifold.

2nd Intermediate: 0 - 12,144' MD / 11,400 TVD 2nd Intermediate hole will be drilled with a 13-5/8" 10M three ram stack w/ 5M annular preventer, & 10M Choke Manifold.

- a. All BOP's and associated equipment will be tested in accordance with Onshore Order #2 (250/5000 psi on rams for 10 minutes each and 250/3500 for 10 minutes for annular preventer, equal to 70% of working pressure) with a third party BOP testing service before drilling out the 13-3/8" casing shoe. Wellhead pressure rating will support this test and 13-3/8" casing will be protected from high pressure. Since the wellhead system is a multibowl design, this initial test will also cover the requirements prior to drilling out the 9-5/8" casing shoe.
- b. Maximum anticipated pressure at bottom of second intermediate section is 5130psi (0.45psi/ft estimated gradient.)

Production: 0 - 13,303' MD / 12,433' TVD Production hole will be drilled with a 13-5/8" 10M two ram stack w/ 10M annular preventer, & 10M Choke Manifold.

- a. All BOP's and associated equipment will be tested in accordance with Onshore Order #2 (250/10000 psi on rams for 10 minutes each and 250/7000 for 10 minutes for annular preventer, equal to 70% of working pressure) with a third party BOP testing service before drilling out the 7" casing shoe. Wellhead pressure rating will support this test and 7" casing will be protected from high pressure.
- b. Maximum anticipated pressure at bottom of production section is 9374psi (0.754psi/ft estimated gradient.)

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	OXY USA, INC
LEASE NO.:	NM0417696
WELL NAME & NO.:	27-LOST TANK 3 FEDERAL
SURFACE HOLE FOOTAGE:	0845'/N. & 0837'/W.
BOTTOM HOLE FOOTAGE:	0680'/S. & 0680'/W.
LOCATION:	Section 3, T. 22 S., R. 31 E., NMPM
COUNTY:	Eddy County, New Mexico

PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **7 inch** intermediate casing shoe shall be **10,000 (10M) psi. 10M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - f. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

JAM 012913