Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

5. Lease Serial No.
NMNM0417696

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
[X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No.
Lost Tank 3 Federal #14

2. Name of Operator
OXY USA Inc. 16696

9. API Well No.
30-015-37918

3a. Address
P.O. Box 50250, Midland, TX 79710-0250

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

10. Field and Pool, or Exploratory Area
Lost Tank Delaware, West

4. Location of Well (*Footage, Sec., T., R., M., or Survey Description*)
1450 FSL 1700 FEL NWSE(J) Sec 3 T22S R31E

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			
[ ] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[X] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other Spud, set casing & cement
	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] 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 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 final site is ready for final inspection.)

Spud 14-3/4" hole 1/25/11, drill to 708', RIH & set 11-3/4" 42# H40 STC csg @ 708', cmt w/ 550sx (133bbl) PPC w/ additives, circ 249sx (60bbl) cmt to surface. WOC, Test BOP's @ 250# Low, 1400# high.

Drill 10-5/8" hole to 3940'. RIH w/ 8-5/8 csg 32# J-55 LTC & set @ 3940', cmt w/ 1080sx (362bbl) PPC followed by 200sx (48bbl) PPC all w/ additives, circ 358sx (120bbl) cmt to surf, WOC, Test BOP's @ 250# Low, 5000# high..

Drill 7-7/8" hole to 8260'V. RIH w/ 5-1/2" 17# J55 LTC csg @ 8259' w/ DVT @ 5889', POST @ 3972'. Cmt 1st stage w/ 510sx (146bbl) Super H, circ 92sx (30bbl) cmt to surf. Cmt 2nd stage w/ 600sx (173bbl) Super H, encountered problems, see attached for detail.

Rel Rig 2/7/11.

RECEIVED
MAR 15 2011
NMOCD ARTESIA

Accepted for record - NMOCD
DB

14. I hereby certify that the foregoing is true and correct
Name (*Printed/Typed*) David Stewart
Title Sr. Regulatory Analyst
Date 2/23/11

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
Title
Date MAR 12 2011

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
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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.

SUBSEQUENT REPORT

WELL NAME: LOST TANK 3 FEDERAL # 14
OPERATOR: OXY USA INC.
API NUMBER: 30-015-37918
DATE: 02-08-2011
SUBJECT: ISSUES DURING CEMENTING JOB ON PRODUCTION CASING STRING, THIRD STAGE WAS PLANNED TO BE PUMPED BUT IT COULD NOT BE PUMPED

DESCRIPTION OF OPERATIONS

H&P 344 TD'd 7 7/8" production section on 02/05/2011 at 8260', trip out of hole and lay down drilling string. No lost circulation was encountered while drilling or tripping out of hole. Hole was in good condition while TOOH. Contact NM BLM, and notify Mr. Terry Cartwright of production casing cement job on 02/02/2011.

At 08:00 hours on 02/06/2011 tag bottom with 5 ½" production casing, no issues were encountered during casing run. Circulate on bottom for 4.5 hours due to delays in cement truck to arrive to location under inclement weather.

From 12:30 to15:30 hours on 01/06/2011 pumped Stage #1 consisting of 520 sx Super H Cement mixed at 13.2 ppg, 1.62 CFPS. Calculated excess was 100 %. Full returns observed while pumping and displacing stage one. Opened stage tool at 5,889 ft and circulated 92 sx (30 bbls) of cement to surface. Original plan was to circulate for 3 hours but ended up circulating 8 hours due to delays on getting cement for second stage to location. Full returns were observed while circulating.

At 23:30 on 01/06/2011 started pumping Stage # 2 consisting of 600 sx Super H Cement mixed at 13.2 ppg, 1.61 CFPS. Calculated excess was 200 %. Full returns observed while pumping second stage. Dropped top plug and displaced with 94 bbl of fresh water at 3 BPM. Final lift pressure before plug bumped was 800 psi. When attempted to pressure up to 2300 psi to close DV tool, pressure reached 1700 then fell back to 500 psi, opened up and bled back 7 bbl to pump truck and shut in holding 400 psi on casing string. Pumped 8 bbl back in at 2 bpm with 500 psi. Decision made was to continue pumping to displace cement from annulus.

Pumping was resumed at 6 BPM at 700 psi. After 50 bbl pumped, red dye was observed in returns. After 100 bbls pumped returns diminished to zero, pumped 5 more bbls and shut down pump and recorded 600 psi on casing string. Attempted to bleed off with no success. Reviewing the Totco screen it was identified that as we pressured to bump the plug, there was a simultaneous lost on string weight of 40K Lbs. Pick Up 10 ft and verify the string was free. The assumption at this point was that the string parted at ~ 4000 ft. Original string wt 130k lbs, final wt 90klbs.

Slack-off 10k lbs and rotated string attempting to screw back in casing. Maximum torque for LTC connection could not be achieved, only optimum torque was reached. Picked up to 110 KLbs, indications were that string was screwed back into casing, bled off pressure at pump truck to 0 psi, disengaged casing running tool (CRT) and openingdropped bomb, allowed to fall for 20 minutes to attempt to inflate packer and open Pack off stage tool (POST tool) while keeping string in compression. Pumped at 1.4 bpm psi and reached 2250 psi, some returns were observed at surface, but no pressure drop indicated Post Tools ports were opened. Stop pump and attempt to torque up string again to assure there was no leak on casing connections, no success, no maximum torque was achieved. Attempted to displace annular volume to circulate any cement remaining in the annulus, pumped total of 10 bbl at 1.4 bpm with maximum pressure of 1850 psi, returns diminished until no returns. Stopped pumps and pressure decreased to 370 psi, bled off remaining pressure to 0 psi attempted to pressure up on annulus with rig pump to confirm communication with annulus through POS Tool, pumped total of 7.5 bbl with rig pump at max 220 psi with no indication of communication.

CONCLUSION AND RECOMMENDATION

Reviewing what was observed during the second stage it was evident the casing parted at some point above 5889 ft. Based on the weight loss casing parted at ~ 4000 ft. After the POST Tool opening bump pressure increased up to 2250 psi before returns were seen at surface, but pressure did not drop, indicating that it either the POST Tool did not open and there was a leaking connection or there was a bridge on the annulus. POST Tool was set up to open with 1700 psi.

A temperature survey (attached) was run ~8 hours after the second stage was pumped to 3960 ft (Tag POST Tool Bomb at this depth), log indicated that there was no cement behind pipe from 3960 ft to surface. POST Tool Closing dart was not dropped. Closing dart was handed to Mr. Johnny Burnett with the OXY WST. Evaluation and remediation plan will be send to the BLM after CBL is run.

Oxy-LT-Fed-3-14 - Temp Log.pdf