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.
S-NMNM0417696 BH-NMNM0417506

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 10 Federal #3

2. Name of Operator
OXY USA Inc. 16696

9. API Well No.
30-015-37897

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)*
SL - 805 FSL 1874 FEL SWSE(O) Sec 3 T22S R31E
BH - 621 FNL 2152 FWL NENW(C) Sec 10 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	

RECEIVED
MAR 15 2011
NMOCD ARTESIA

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 1/22/11, drill to 698', RIH & set 11-3/4" 42# H40 STC csg @ 698', cmt w/ 570sx (137bbl) PPC w/ additives, circ 337sx (81bbl) cmt to surface. WOC, Test BOP's @ 250# low, 1386# high..

Drill 10-5/8" hole to 4195', while drilling encountered H2S, see attached for detail. RIH w/ 8-5/8" csg 32# J-55 LTC & set @ 4140', cmt w/ 930sx (316bbl) PPC followed by 200sx (48bbl) PPC all w/ additives, circ 499sx (167bbl) cmt to surf, WOC, Test BOP's @ 250# low, 5000# high..

Drill 7-7/8" hole to 7172', got stuck, attempt to fish, rec BLM approval and spot cmt plug, (see attached for detail) sidetrack and drill to 9158'M 8410'V. RIH w/ 5-1/2" 17# J55 LTC csg @ 9158' w/ DVT @ 5983', POST @ 4216'. Attempt to PUH & LD tag jt, csg stuck, attempt to establish circ, pressure up to 3000# without success. Rec BLM approval & perf 8 holes @ 9066' (3' above FC), est circ, cmt 1st stage w/ 610sx (170bbl) Super H, circ 126sx (36bbl) cmt to surf. Cmt 2nd stage w/ 610sx (175bbl) Super H, circ 328sx (94bbl) cmt to surf. Cmt 3rd stage w/ 400sx (146bbl) PPC followed by 150sx (36bbl) PPC all w/ additives, circ 118sx (43bbl) cmt to surf. Rel Rig 2/17/11.

H2S Encountered

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

MAR 12 2011

Approved by

Title

Date

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.

Sundry Notice, Lost Tank 10 #3 January 26, 2011

At 01:30 – 04:30 hrs
At 01:30 hrs. The Pit Hand smelled H2S and his hard hat monitor showed 15 p.p.m. A hand pump was used to verify the presence of H2S and found 25 ppm at the shaker, kicked out pumps, spaced out, shut in well. Wait on Boots and Coots to arrive. Notified OXY Field Superintendent and Drilling Superintendent. B.L.M. Carlsbad office and Steve Abshire OXY H.S.E.

Plan forward: mask up Driller and Boots & Coots representative, check for shut in pressure, open the well, check for flow, and circulate bottoms up.

Note: steady easterly wind @ 15 - 20 knots (from well bore to wrangler)

At 04:30 – 05:30 hrs
Boots & Coots arrived on location and checked the presents of gas and found there to be 8 ppm of H2S. We held a briefing at the muster point and discussed the plan forward to mask up driller and an assistant driller and a Boots & Coots representative, check for shut in pressure, open the well, check for flow, and circulate bottoms up.

At 05:30 – 11:00 hrs.
Open well and circulate through the gas buster circulating out H2S entrained drilling fluid out of the hole. Building mud weight, adding zinc oxide, salt gel and lime, catalyst corrosion inhibitor is also being added into the circulating system.

Increasing mud weight from 10.3 ppg. As the mud weight reached 10.4 +.we could see a decrease in h2s. For add protection through this interval the mud weight was brought up to 10 .7 ppg

Maintaining an 11 ph while circulating out.

At 11:00 hrs an all- clear was issued by Boots & Coots and drilling operations were resumed. Currently drilling ahead with no residual signs of H2S .

Boots and Coots representatives will remain on location on stand-by. As a precaution.

SUBSEQUENT REPORT
LOST TANK 10 FEDERAL # 3
DESCRIPTION OF OPERATIONS
STUCK PIPE EVENT WHILE DRILLING PRODUCTION INTERVAL

Directional well Lost Tank 10 # 3 was spudded on January 22 , 2011. During the drilling operations, one event where H2S was encountered in the intermediate interval, and three events that led to pipe trips to change directional tools that had failed (one in the intermediate section and two in the production section) incurred 50 hrs of Non Productive Time. As operations continued in the 7-7/8" production interval while drilling at 7172' (with 38° inclination at this point) after making a connection and address MWD sensors being frozen due to inclement weather conditioning, the 7-7/8" BHA became stuck. After eighty hours of attempting to free and retrieve the fish, proved to be unsuccessful, the decision was made to plug back with cement and redrill the well. On February 6, 2011 at 11:00 am we were granted verbal approval from Wesley Ingram (Eng Supervisor –BLM) to proceed with the cement plug and side track. A cement plug was set at 7024' leaving a 140' (7024' – 7164') fish in the original hole. Redrill was kicked off on February 7, 2011 at 6212' to a proposed TD at 9126' MD / 8205' TVD'.

The BHA left in the hole, cement plug design and kick off procedure are described below in the attached files


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S:\DRILLING\8000 Wellfiles\2010 Wells\{

LOST TANK 10 # 3
FEBRUARY 6, 2011

Kick off plug and Side Track Procedure

1. PU 2 7/8" mule shoe with 15 joints 2 7/8" 6.5# L-80 8rd w/ xo to 4½" XH
2. TIH to 10 joints (+/- 450') from TOF (+/- 7,032')
3. Install open TIW valve with IBOP valve on top – finish TIH to TOF (7,032')
4. Circulate around – hold Halliburton PJSM – RU Halliburton
5. Pump 10 bbls 8.5 ppg H2O w/ 20 ppb gel
6. Mix and pump 50 bbls slurry (3516' of DP):

   290 sks of Premium Plus @ 17.5 ppg
   0.75% CFR-3
   3% KCL
   0.3% HR-800
   Yield = 0.95 ft3/sk
   Water= 3.4 gps

7. Pump 5 bbls 8.5 ppg H20 w/ 20 ppb gel
8. Pump 50 bbls of 9.0 ppg drilling mud (Capacity 0.01422 bbl/ft)
9. Pump 6 bbls 8.3 ppg H20 + 2 bbls 8.3 ppg H20 allowed for lines
10. Pull 14 joints drill pipe to 6,432'
11. Circulate bottoms up @ 6-8 bbls/min rate
12. Pump 20 bbls of 20 ppb Nutplug around
13. POH for directional tools
14. Pick up 7 7/8" BHA as follows:

    - 7 7/8" PDC (Jets: 6 x 10's)
    - 1 - 6 ½" M1XP/LS with 1.5° fixed bend and an sleeve stab
    - 1- Float Sub
    - 1 – 6 ½" LCP
    - 1 - NMDC MWD
    - 1 – Filter Sub
    - 2 x 6-1/2 Drill Collars (4 1/2" XH Pin/BOX) - Rig
    - 1 x 6-1/2 Drilling Jar (4 1/2" XH Pin/BOX) - Smith
    - 1 x 6-1/2 Drill Collars (4 1/2" XH Pin/BOX) - Rig
    - 24 x 4-1/2 HWDP (4 1/2" XH Pin/BOX) - Rig
    - 4 1/2" Drill Pipe to surface (4 1/2" XH Pin/BOX) – Rig

    ***Note**: BHA weight 38 Klbs (Buoyed weight top of HWDP),*
    BHA weight Below the Jar: 12.6Klbs(Buoyed weight)
    26Klbs WOB will place neutral point in the 10th HWDP

15. TIH to surface casing shoe and WOC. Recommended WOC time is 12 hrs for this cement slurry.

Cement Slurry Reference data:
TT: ~3:20 hr
5 hr = 500 psi
8 hr = 2160 psi
12 hr = 3300 psi
24hr = 4580 psi

16. Continue TIH and tag top of hard cement.
17. Displace the hole with 9.0 ppg brine mud.

18. Dress off cement plug to ~6,400 ft. Report depth were hard cement was found.

19. Start side track with using the following parameters:

    - Time drill at 5 min/inch (1 fph) until have 70% formation/30% cement. Report percentage of formation and cement every hour. Getting to this should take from 6 to 8 hours
    - Continue time drilling at 4 min/inch (1.5 fph) until you have 100% formation, this should take 2 to 3 extra hours. If cement percentage increase at any point reduce time drilling rate to 5 min/inch.
    - After getting 100% Formation cuttings start rotating and increasing WOB (10-12) while watching differential pressure and following directional plan attached **(See target on the directional plan).**

20. Continue drilling circulating thru closed loop using 9.0 ppg mud and pumping high viscous sweeps every 200 ft pumping at 600 GPM.

21. Drill the production hole section as referenced in Supplemental Drilling Program.
    - Conduct drill off tests every tour and every formation change to optimize drill rate.
    - Keep Surface RPM between 60-70 rpm to minimize vibration.
    - Have LCM on location, per mud program, at all times during drilling
    - Attempt to maximize flow rate to 600 gpm as hole conditions allow.
    - Monitor and record pick up, slack off, and rotating weight/torque at every connection and evaluate as an indication of hole conditions.
22. While drilling after the final connection prior to TD, take a survey and pump 50 bbl high viscous sweep.
23. At TD circulate a minimum of three bottoms up.
24. POOH laying down. If tight spot is encountered TIH 1-2 joints and bring the pumps online slow, circulate one bottoms up and check mud properties. Plan to back ream out of hole if necessary with +/- 500 GPM at 30-40 rpm's.

25. **SIMOPS:** While drilling production hole – strap, inspect, and drift 5 ½" casing and ensure that centralizers are on site and floating equipment has been made up offline as per program.

OCCIDENTAL PERMIAN LTD

Oxy BHA Daily Report

Well	LOST TANK 10 FEDERAL 003	Event Name:	DEV DRILLING	Spud Date/Time:	01/22/2011 02:30 pm
Project	SAND DUNE-OPL	Prim. Reason:	ORIG DRILL DIR		
Site	LOST TANK 10 FED	Sec. Reason:			
Active Datum:	ORIGINAL KB @3,510.10ft (above MEAN SEA LEVEL)	Dates of Event:	01/22/2011 -		

BHA # 5

Assembly Name	Bit No	Purpose	MD In (ft)	MD Out (ft)	BHA Length (ft)
7.875" BAKER DIRECTIONAL 1	4		5,737.0	7,172.0	948.66

Date/Time In:	02/01/2011 12:00AM	Hole Size:		Pred. Performance:	
Date/Time Out:	02/05/2011 6:00AM	Min ID:		Act Performance:	
BHA Wt Above Jars:	32.0 (kip)	BHA Wt Below Jars:	18.0 (kip)		
Total Rotating Hrs:	0.00 (hr)	Total Sliding Hrs:	0.00 (hr)	Total Circulating Hrs:	0.00 (hr)
Total Rotating Distance:	1,435.0 (ft)	Total Sliding Distance:	0.0 (ft)		

BHA Comments

MADE A BACKOFF ON THE JT BETWEEN THE BOTTOM 2 COLLARS. LEFT THE BOTTOM COLLAR, XO, FILTER SUB, MONEL COLLAR, MWD, NORTRAC STABILIZER, MOTOR, & BIT ON BOTTOM.

Component Name	Jts	Length (ft)	Body OD (in)	ID (in)	Connection OD (in)	Connection Name	Weight (ppf)	Stabilizer OD (in)	Pin Box	Serial No	Left Or Right Spiral	Fish Neck Length (ft)	Fish Neck OD (in)
HWDP	4	720.10	4.500	2.875		NC46 XH	46.00		B	RIG	N		
SPIRAL DRILL COLLAR	1	28.36	6.500	2.937		NC46 XH	92.00		B	RIG	N		
DRILLING JAR	1	31.97	6.500	2.812		NC46 XH	92.00		B	2291BC	N		
SPIRAL DRILL COLLAR	2	58.15	6.250	2.937		NC46 XH	92.00		B	RIG	N		
CROSSOVER	1	2.51	6.500	2.875		NC50 IF	92.00		B	11655	N		
FLOAT SUB	1	5.64	6.500	3.000		IF	92.00		B	1420-108	N		
NON-MAG DRILL COLLAR	1	31.45	6.500	2.875		IF	92.00		B	SD 46429	N		
MWD TOOL	1	40.77	6.500	2.875		IF	92.00		B	DHP 6045	N		
NON-MAG INTEGRAL BLADE STABILIZER	1	5.64	6.500	2.500		IF	92.00	7.88	B	SD-1969 7	N		
POSITIVE DISPLACEMENT MOTOR	1	23.07	6.500			IF	92.00		B	1019782 5	N		
PDC BIT	1	1.00	7.875			API REG	92.00		P	123146	N		
BHA Length (ft)		**948.66**											

MD (ft)	Check Date/Time	Act. Hook Load (kip)	String Weight (kip) Up	Down	Rot	String Drag (kip)	Max Overpull (kip)	Torque (ft-lbf) On	Off
5,737.0	01/31/2011 12:01AM					0.0			
5,968.0	02/01/2011 11:59PM	137.0	22.0	12.0	132.0	-110.0	18.0	8,000.0	4,000.0
6,825.0	02/02/2011 11:59PM	137.0	173.0	123.0	143.0	30.0	35.0	10.0	7.0
7,172.0	02/03/2011 11:59PM	149.0	196.0	123.0	148.0	48.0	42.0	12,500.0	8,500.0
7,172.0	02/04/2011 11:59PM	149.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

OCCIDENTAL PERMIAN LTD

Oxy BHA Daily Report

Well	LOST TANK 10 FEDERAL 003	Event Name:	DEV DRILLING	Spud Date/Time:	01/22/2011 02:30 pm
Project	SAND DUNE-OPL	Prim. Reason:	ORIG DRILL DIR		
Site	LOST TANK 10 FED	Sec. Reason:			
Active Datum:	ORIGINAL KB @3,510.10ft (above MEAN SEA LEVEL)	Dates of Event:	01/22/2011 -		

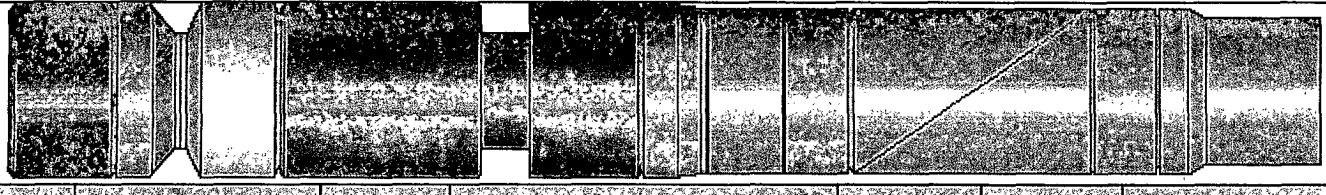
MD (ft)	Check Date/Time	Act. Hook Load (kip)	String Weight (kip) Up	Down	Rot	String Drag (kip)	Max Overpull (kip)	Torque (ft-lbf) On	Off
7,172.0	02/06/2011 6:00AM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

BHA # 6

Assembly Name	Bit No.	Purpose	MD In (ft)	MD Out (ft)	BHA Length (ft)
FISHING ASSY	4	SCREW IN / JAR	7,172.0	7,172.0	568.79

Date/Time In:	02/05/2011 6:01AM	Hole Size:		Pred. Performance:	
Date/Time Out:	02/06/2011 5:00PM	Min ID:		Act Performance:	
BHA Wt Above Jars:		BHA Wt Below Jars:			
Total Rotating Hrs:	0.00 (hr)	Total Sliding Hrs:	0.00 (hr)	Total Circulating Hrs:	0.00 (hr)
Total Rotating Distance:	0.0 (ft)	Total Sliding Distance:	0.0 (ft)		

Component Name	Jts	Length (ft)	Body OD (in)	ID (in)	Connection OD (in)	Connection Name	Weight (ppf)	Stabilizer OD (in)	Pin Box	Serial No.	Left Or Right Spiral	Fish Neck Length (ft)	Fish Neck OD (in)
SCREW-IN SUB	1	4.53	6.500	2.125							N		
CROSSOVER	1	1.20	6.500	2.375							N		
BUMPER SUB	1	8.00	6.500	2.250							N		
HYDRAULIC JAR	1	6.79	6.500	2.000							N		
CROSSOVER	1	2.50	6.250	2.250							N		
DRILL COLLAR	6	170.61	6.250	2.812							N		
CROSSOVER	1	1.65	6.562	2.750							N		
ACCELERATOR	1	11.01	6.250	2.000							N		
CROSSOVER	1	2.16	6.250	2.187							N		
BHA DRILL PIPE	12	360.34	6.250	2.875							N		
BHA Length (ft)		**568.79**											



MD (ft)	Check Date/Time	Act. Hook Load (kip)	String Weight (kip) Up	Down	Rot	String Drag (kip)	Max Overpull (kip)	Torque (ft-lbf) On	Off
7,172.0	02/05/2011 11:59PM		285.0	120.0	122.0	163.0			