

HALLIBURTON

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July 11, 2006

U.S. Nuclear Regulatory Commission - Region IV
Harris Tower
611 Ryan Plaza Drive, Suite 400
Arlington, Texas 76011-8064

RECEIVED

JUL 13 2006

DNMS

Attn: Elmo Collins

Re: Notification of Source Abandonment USNRC License # 42-01068-07

Dear Sir:

This letter comprises the required 30 day notification of source abandonment as per 10CFR 39.77(d) as a follow-up to the telephone conversation with your office on 17 June, 2006.

Date of Occurrence: 15 June, 2006

Source(s) Abandoned: One (1) 4.0 Ci. Am-241 Be doubly encapsulated radioactive source, Solid, Special Form. Amersham Model AMN-CY17. Source Serial Number 2584NN.

One (1) 2.0 Ci. Cs-137 doubly encapsulated radioactive source, Solid, Special Form. Amersham Model CDC.CY13. Source Serial Number 2920GW.

Sources held in a source housing, screwed in and locked in place, into the sidewall of a heavy pipe wall Measurement While Drilling logging tool.

Two (2) 0.5 uCi. Cs-137 doubly encapsulated radioactive source, Solid, Special Form located in Density MWD tool. Isotope Products Model 3024. Source Serial Number WW-945 and WW-953

Company Name, Surface Location and Well Identification: Chevron
OCS-G-2316 #CB-1 ST# 3
South Marsh Island Block 288

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Casing Depth:	14,795 ft. MD (13,474 ft. TVD)
Depth of the Cement Abandonment Plug(s):	14,253 ft. MD (12,996 ft. TVD)– 15,362 ft. MD (13,969 ft. TVD) (Abandonment plug)
Kick-off and Sidetrack Depth after Abandonment:	14,885 ft. MD (13,547 ft. TVD)
Depth to Top of the Fish: (Top of Abandoned Drillstring)	15,347 ft. MD (13,966 ft. TVD)
Length of Abandoned Drillstring Located above Abandoned Sources:	480 ft. of original drill string length containing the sources.
Depth of Sources:	The 2.0 Ci. Cs-137 source is located at 15,752 ft. MD (14,319 ft. TVD). The 4.0 Ci. Am-241 Be source is located at 15,762 ft. MD (14,328 ft. TVD)
Bit Depth:	15,827 ft. MD (14,387 ft. TVD)
Depth to Bottom of Well:	15,827 ft. MD (14,387 ft. TVD)
Description of Recovery Attempts:	15-June-06 06:38 Hole packed off. 15-June-06 06:50 Start jarring on drill string. 15-June-06 07:05 Connection backed off. 15-June-06 07:25 Found backed off connection with first four stands pulled. 15-June-06 07:36 TIH to attempted to screw back in. 15-June-06 08:00 Screwed back into drill string and attempting to pull on string. 15-June-06 12:15 Drill String backed off again. Threads were severely galled this time.

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15-June-06 13:00 Decision was made to lay down the four stands that were retrieved and pick up new joints due to the threads being stripped and galled on most joints. Waiting on fishing tools.

16-June-06 02:00 Rigging up wireline.

16-June-06 TIH with wireline.

16-June-06 08:00 Lay down drill pipe.

16-June-06 12:30 Pick up drill pipe.

16-June-06 16:35 Latched on to drill string and started jarring while pumping intermittently with no returns at the shaker.

17-June-06 02:17 Rigging up wireline.

17-June-06 03:40 TIH with wireline for a dummy run. Free point could not get pass jars in drill string.

17-June-06 10:43 Mr. Jay Gallet with Chevron received verbal approval from Mr. Robert Ranney with MMS (Lafayette district) to set an openhole sidetrack plug and by pass around the fish (Quad Combo LWD tool) in the hole. MMS requires a 300' cement plug be set above the fish and their approval is contingent on receiving approval to proceed from the Nuclear Regulatory Commission.

17-June-06 12:10 The proposed abandonment procedures were discussed with Mr. Elmo Collins, Tony Gorday, Leonard Wert and Chuck Cain of the Region IV office of the Nuclear Regulatory Commission by telephone conversation. Approval for abandonment was granted.

17-June-06 12:30 Begin rigging up wireline to sever drill string.

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17-June-06 14:06 Sever pipe at 15,347 ft MD
(13,966 ft TVD).

17-June-06 17:15 Circulate.

17-June-06 19:17 Pump Slug and pull out of the
hole.

18-June-06 09:45 TIH to set cement plug.

18-June-06 16:35 Circulate 15.3 ppg mud.

18-June-06 21:15 Pump cement.

19-June-06 00:30 Squeeze cement at 700 psi for
15 minutes.

19-June-06 01:30 POOH

19-June-06 21:00 TIH to drill cement.

20-June-06 18:30 Tag cement at 14,253 ft MD
(12,996 ft TVD) circulated and tested 9 7/8" casing
to 4400 psi for 30 minutes.

20-June-06 21:45 Drilling ahead.

21-June-06 05:25 POOH and test BOP's.

21-June-06 21:30 TIH with mud motor, FS/PWD
BHA.

22-June-06 11:25 Tag bottom at 14,815 ft MD
(13,487 ft TVD).

23-June-06 03:30 Sidetrack hole at 14,885 ft MD
(13,547 ft TVD).

Results of Efforts to Immobilize
and Seal the Source in Place:

On 18 June, 2006 the radioactive sources and
remaining BHA were immobilized by placement of
a cement plug.

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Warning Statement:

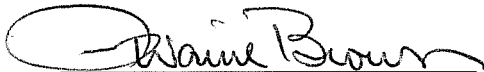
A warning plaque will be made and provided to Chevron USA, Inc. for mounting on the wellhead. It will be possible to mount the plaque since there is a permanent structure available at this location. See attachment for Warning Statement plaque.

Other Agencies Notified in Writing:

Minerals Management Service – Lafayette District

If you have any questions, please call me at (281) 871-5745.

Respectfully,



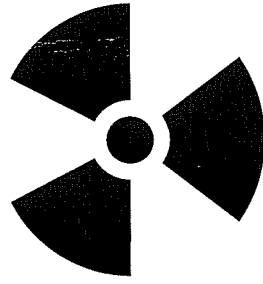
Dwaine Brown, RRPT
Radiation Safety Officer for Western Hemisphere
Halliburton Energy Services

Attachments: Warning Statement

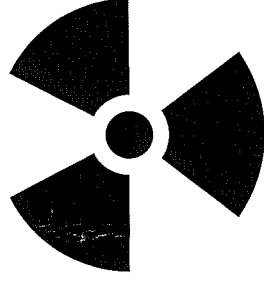
cc: H. Hitt
NRC License File

File: HL1204.doc

CHEVRON USA, INC.
OCS-G-2316 Well # CB-1 ST 3
SOUTH MARSH ISLAND BLOCK 288



CAUTION



ONE 2.0 CURIE Cs-137 RADIOACTIVE SOURCE,
AND ONE 4.0 CURIE Am-241Be RADIOACTIVE
SOURCE ABANDONDED 18 JUNE, 2006 AT 15,752
FT. MD (14,319 FT. TVD), AND AT 15,762 FT MD
(14,328 FT. TVD). PLUG BACK DEPTH 14,885 FT.
MD (13,547 FT. TVD) AVOID BORE BELOW PLUG
BACK, AND DO NOT REENTER THIS WELL
BELOW PLUG BACK BEFORE CONTACTING U.S.
NUCLEAR REGULATORY COMMISSION