

ATS-0733

OCD-ARTESIA

Form 3160-3
(2004)FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NM NM 103570 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Parallel Petroleum Corporation | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address 1004 North Big Spring, Suite 400 Midland, Texas | | 8. Lease Name and Well No. Highlands 14 Federal #17 |
| 3b. Phone No. (include area code) 432/684-3727 | | 9. API Well No. 30-015-32341 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1980' FNL and 2000' FWL, 14-19S-21E At proposed prod. zone ROSWELL CONTROLLED WATER BASIN | | 10. Field and Pool, or Exploratory Wolfcamp |
| 14. Distance in miles and direction from nearest town or post office* 9 miles south of Hope, New Mexico | | 11. Sec., T. R. M. or Blk. and Survey or Area 14-19S-21E |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 19800' | 16. No. of acres in lease 2,560.00 | 12. County or Parish Eddy |
| 17. Spacing Unit dedicated to this well 320 | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3500' south | 13. State NM |
| 19. Proposed Depth 5500' | 20. BLM/BIA Bond No. on file NMB000265 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 4244' | 22. Approximate date work will start* 11/15/2006 | 23. Estimated duration 20 days |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | |
|---|---|----------------------------|
| 25. Signature <i>Deane Durham</i> | Name (Printed/Typed) Deane Durham | Date 10-17-06 |
| Title Drilling Engineer, Parallel Petroleum Corporation | | |
| Approved by (Signature) <i>/s/ Don Peterson</i> | Name (Printed/Typed) /s/ Don Peterson | Date NOV 14 2006 |
| Office CARLSBAD FIELD OFFICE | | |

Application approval 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.

Conditions of approval, if any, are attached.

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)

APPROVAL FOR 1 YEAR

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHEDIf earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Federal Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|-----------------------------------|--|---------------------------------------|
| API Number 30-015-32341 | Pool Code 96086 | Well Name wildcat; wolfcamp |
| Property Code | Property Name HIGHLANDS 14 FEDERAL | Well Number 1Y |
| OGRID No. | Operator Name Parallel Petroleum Co. KUKUI OPERATING COMPANY | Elevation 4244' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 14 | 19-S | 21-E | | 1980 | NORTH | 2000 | WEST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|---------|-----------------|--------------------|-----------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres | | Joint or Infill | Consolidation Code | Order No. | | | | | |
| | | | | | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

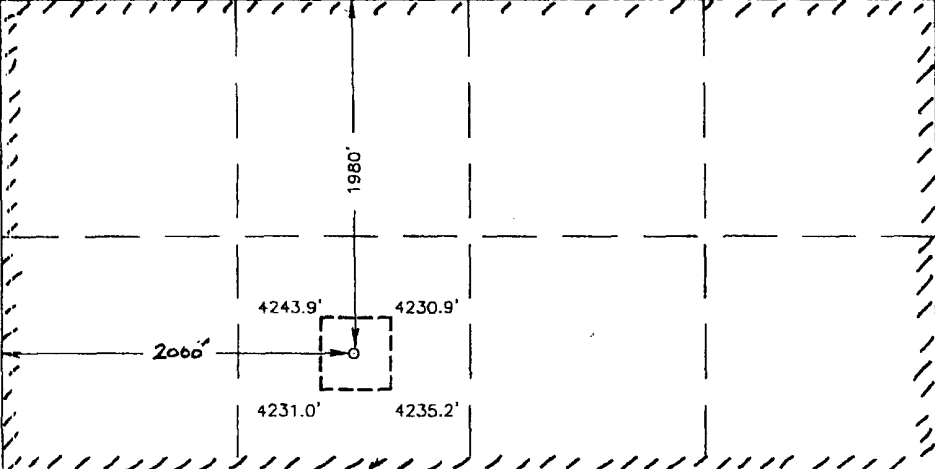
| | | | | | | | |
|---|--|--|--|--|--|--|--|
|  | | | | | | OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>Larry K. Strider</u> Signature <u>Larry K. Strider</u> Printed Name <u>Western District Mgr.</u> Title <u>6/20/2002</u> Date | |
| | | | | | | SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. DECEMBER 12, 2001 Date Surveyed Signature & Seal of Professional Surveyor <u>Ronald J. Eidson</u> Certificate No. <u>RONALD J. EIDSON 3239</u> <u>GARY EIDSON 12641</u> | |

Exhibit G

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Parallel Petroleum Corporation
1004 N. Big Spring St.
Suite 400
Midland, Texas 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: # NM NM 103570


Legal Description of Land: Highlands 14 Federal #1
1980' FNL AND 2000' FWL, SEC 14, T19S, R21E
Eddy County, New Mexico

Formation(s) (if applicable: Wolfcamp

Bond Coverage: \$25,000 statewide bond of Parallel Petroleum Corporation

BLM Bond File No: NMB000265

10-17-2006
Date



Name: Deane Durham
Title: Engineer

ATTACHMENT TO FORM 3160-3

Parallel Petroleum Company
Highlands "14" Federal #1Y
Eddy, New Mexico
API Number 30-015-32341

Re-entry Procedure

Objective:

Re-enter Plugged and Abandoned wellbore to monitor fracture treatment in Ammo Box well.

This well will not produce any oil or gas and the well will be plugged and abandoned to BLM and NMOCD requirements upon completion of monitoring activities.

Well Location:

1980' FNL & 2000' FWL, Section 14, T-19-S, R-21-E

Well Data:

Surface Casing: 13 3/8", 48 #/ft set in 17 1/2" hole at 396' and cemented to surface
Intermediate Casing: 9 5/8", 36 #/ft set in 12 1/4" hole at 1395' and cemented to surface
Production Casing: 5 1/2", 17 #/ft set in 8 3/4" hole at 7950'. String was cut and pulled from 4800' and has cement plug at 4800'.

Plugging Data:

| <u>Plug</u> | <u>Sacks</u> | <u>Top</u> | <u>Bottom</u> |
|-------------|--------------|------------|---------------|
| #1 | 60 | Surf | 60' |
| #2 | 100 | 146' | 450' |
| #3 | 100 | 1139' | 1445' |
| #4 | 100 | 2550' | 2700' |
| #5 | 76 | 4737' | 4851' |
| #6 | 100 | 5444' | 6250' |
| #7 | 50 | 6250' | |

CIBP set at 6700', capped with 35' of cement.

General Re-entry Procedure:

1. Dig out to 9 5/8" casing. Weld onto 9 5/8" casing with 9 5/8" x 4' - 5' nipple and install 11" - 3M casing head.
2. Prepare surface location, set anchors, and MI steel circulation pits.
3. MIRU Key Energy pulling unit and Weatherford reverse unit with power swivel.
4. NU and test BOPE to 2000 psi.
5. PU 8 3/4" bit, DC's and 2 7/8" work string. Drill plug #'s 1, 2 & 3 with fresh water.
6. Mix mud, displace hole and drill plug # 4. Continue in hole, tagging plug #5 at 4737'.
7. Circulate clean and POOH. LD bit & DC's.

8. Install 4 ½" casing rams. Inspect, PU, and RIH w/ ~4737' of 4 ½" 11.6# N-80 LTC.
9. RU BJ and cement per recommendation for planned TOC at 4000'.
10. PU bit, scraper and work string.
11. Make bit & scraper run to PBTD. Circ clean w/ fresh water.
12. RU Enertech Wireline. RIH and land Pinnacle monitoring tools. RD Enertech
13. Monitor Ammo Box fracture stimulation.
14. RU Enertech Wireline and pull Pinnacle tools.
15. Cut 4 ½" casing at free point to recover +/- 4000' of casing, POOH LD.
16. Spot 130' cement plug in 8 ¾" open hole from ~2550 to 2700' w/ 100 sx Class 'C'.
17. Spot cement plug from 50' above 9 5/8" shoe to 50' below shoe inside 8 ¾" open hole w/ EOT at 1445' w/ 100 sx class 'C'. WOC & tag plug.
18. Spot cement plug inside 9 5/8" csg at 13 3/8" shoe from 146' to 450' w/ 100 sx Class 'C'.
19. Set 60' surface plug inside 9 5/8" casing w/ 60 sx Class 'C'.
20. Cut off casing minimum 3' BGL. Install dry hole marker.

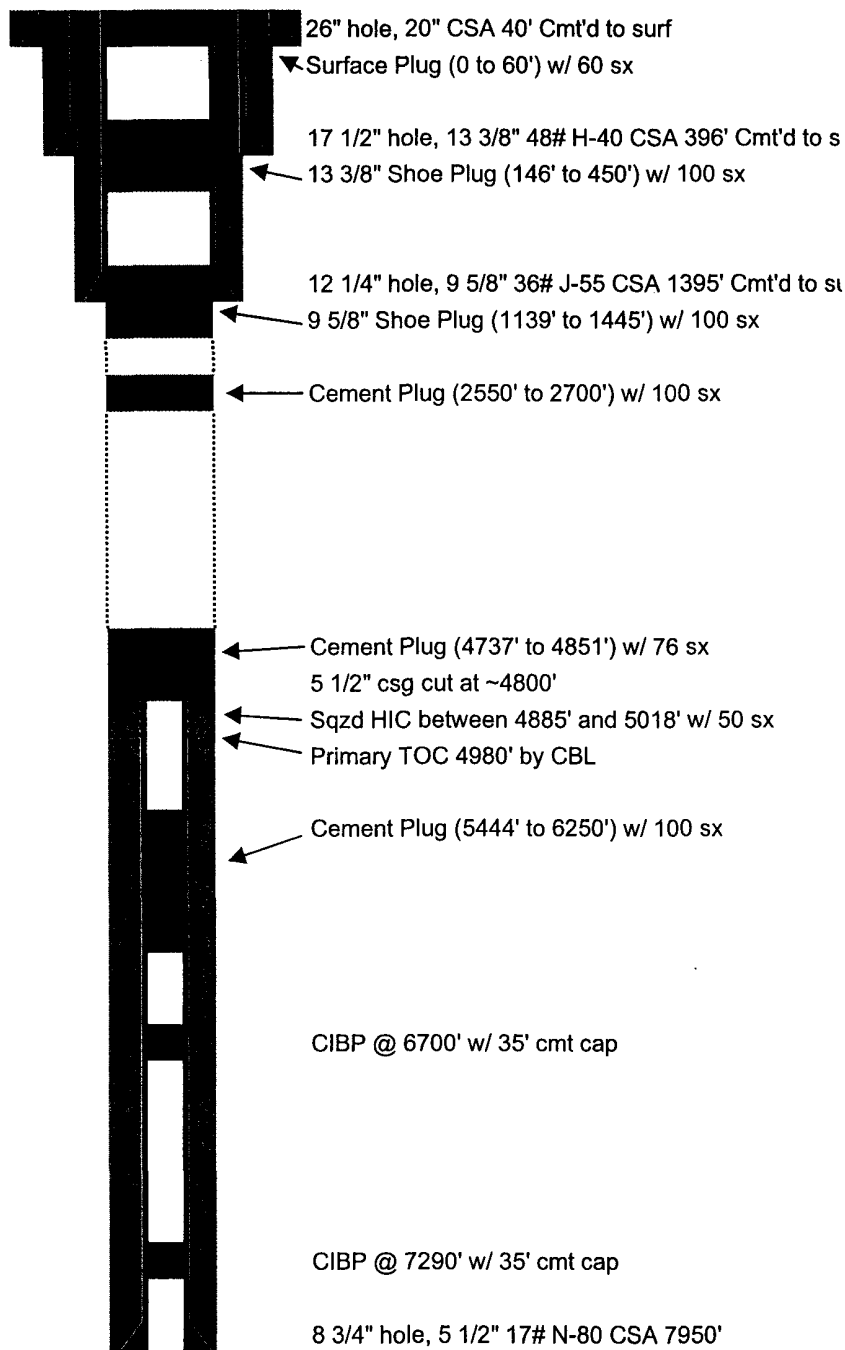
Supplies & Services

| | | | | |
|--------------------|-------------|---------|----------------|--------------|
| Supervision | Parallel | Hobbs | Donnie Hill | 432-934-7164 |
| Location | TBD | | | |
| Anchors | TBD | | | |
| Well Heads | J-W | Midland | Wesley Key | 432-687-0515 |
| Pulling Unit | Key Energy | Artesia | David Alvarado | 505-746-9663 |
| Reverse Unit | Weatherford | Hobbs | Joe Balog | 505-392-2626 |
| Surface Rentals | Weatherford | " | " | " |
| Subsurface Rentals | Weatherford | " | " | " |
| Mud | Baroid | | Billy Sumptor | 505-390-5462 |
| H2S Safety | Callaway | Artesia | | 505-746-2847 |
| Casing & Tubing | Tarpon | Midland | Alan Peters | 432-683-8777 |
| Casing Crews | Mike Byrd | Hobbs | | 505-390-6711 |
| Float Equipment | Weatherford | Artesia | | 505-746-8882 |
| Pipe Inspection | Tuboscope | Hobbs | | 505-397-3213 |
| Cementing | BJ | Artesia | | 505-746-3140 |
| Wireline Services | Enertech | Artesia | Wally Hill | 505-746-9227 |
| Frac Monitoring | Pinnacle | Midland | | 432-682-3685 |

Current

| | | | | |
|-------------|--------------------------|----------------|------|--------------|
| Well Number | 1Y | Formation Tops | Spud | 6/9/2002 |
| Location | 1980' FNL and 2000' FWL | Glorieta | API | 30-015-32341 |
| | Sec 14, T19S - R21E | Tubb | Elev | 4244 |
| County | Eddy, NM | Drinkard | RKB | 4261 |
| Operator | Kukui | Abo Shale | APD | 6/10/2002 |
| Field | Huapache Basin (Wildcat) | Abo Dolomite | | |
| NM O&G Ls # | NM-103570 | Wolfcamp | | |
| | | | | |

Note: Original well #1 was J&A at 861'. Skidded 20' east to drill #1Y



**SURFACE AND OPERATIONS PLAN FOR
RENTY FOR MONITORING PURPOSES
PARALLEL PETROLEUM CORPORATION
HIGHLANDS 14 FEDERAL #1Y
1980' FNL AND 2000' FWL, SEC 14, T19S, R21E
EDDY COUNTY, NEW MEXICO**

LOCATED:

9 miles South of Hope, New Mexico, Located on the same pad as the proposed
Strong Box Federal #1

OIL & GAS LEASE:

Lease # NM NM 103570

RECORD LESSEE:

Echo Production, Inc.
P.O. Box 1210
Graham, Texas 76450

BOND COVERAGE:

\$25,000 statewide bond # NMB000265 of Parallel Petroleum Corporation

ACRES IN LEASE:

2,560.00

SURFACE OWNER:

Federal

SURFACE TENANT:

Barbra Runyon Ranch
P.O. Box 2468
Roswell, NM 88202
Jim Bob Burnet, Ranch Manager, 505-484-3141

POOL:

Not Applicable - well to be used to seismically monitor well stimulation of the
Jewelry Box Federal #1 and Ammo Box Federal #1

HIGHLANDS 14 FEDERAL #1Y

Page 2

EXHIBITS:

- A. Area Road Map
- B. Location and Access Map
- C. Topographic Map
- D. Vicinity Map
- E. Area Production Map
- F. Topographic & Location Verification Map
- G. Well Location & Acreage Dedication Map (NMOCD Form C-102)
- H. Blow Out Preventer (BOP) Schematic
- I. Choke Manifold Schematic

1. EXISTING ROADS

- A. Exhibits A and D are area road maps showing existing roads in the vicinity of the site.
- B. Exhibits C and F is a topographic maps of the location showing existing roads and the proposed new access road.

2. ACCESS ROADS

A. Length and Width

The access road constructed when the well was drilled will be utilized for the well and is shown on Exhibit C. The access road will come off County Road 20 and go east on 1653 to the site. A 75' wide turn in will be constructed onto the access road at County Road 20.

B. Surface Material

The road and location will be bladed and no surfacing material will be used.

C. Maximum Grade

Less than five percent.

D. Turnouts

No turnouts will be constructed on this section of the access road.

E. Drainage Design

No low water crossings will be constructed on this section of the access road.

HIGHLANDS 14 FEDERAL #1Y

Page 3

F. Culverts

It is not anticipated that any culverts will be needed on the access road at this time.

G. Gates and Cattle Guards

No gates or cattle guards will be installed as no fences will be crossed for this location or access road.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit "E". The well will share a drilling pad and reserve pit with the Strong Box Federal #1

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

No production facilities will be used at this site as it is for temporary monitoring efforts only and will be plugged.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be trucked to the site from a commercial source.

6. METHODS OF HANDLING WASTE DISPOSAL

A. Drilling fluids will be collected in steel pits and taken to commercial disposal facilities upon completion of activities.

B. Water produced during tests will be disposed of at a commercial disposal facility.

C. Oil produced during tests will be stored in test tanks.

D. Trash will be contained in a trash trailer and removed from well site.

E. All trash and debris will be removed from the well site within 30 days after finishing drilling and monitoring activities.

F. No reserve pits will be constructed at the site as steel pits and or frac tanks will be used.

HIGHLANDS 14 FEDERAL #1Y

Page 4

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

The area to be utilized for the re-entry will be smaller than the original drilling location. No pits will be constructed and the exact equipment layout has not yet been determined.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of monitoring operations, all equipment will be removed from the site.
- B. The well will be plugged and abandoned to BLM and NMOCD specifications and the site restored to current condition.

10. OTHER INFORMATION

A. Topography

The project is located on open, rolling ridge slopes, with west/northwest exposure. The regional drainage of the site being to the south and east toward Gardner Draw.

B. Soil

Soils are very thin and shallow, tan/pink/grey loamy sandy silts, overlying limestone bedrock.

C. Flora and Fauna

The location is located on a ridge and the vegetation consist of broom snakeweed, grasses, creosote, cholla, yucca catclaw, prickly pear, beargrass and various species of cacti.

D. Ponds and Streams

Gardner Draw, an intermittent stream which flows west to east, is located ½ mile south of the site. Drainage from this site will eventually flow into Gardener Draw. There are no other rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

The Barbra Runyon Ranch house is located 2 miles northeast of the proposed well site

HIGHLANDS 14 FEDERAL #1Y

Page 5

F. Archaeological, Historical, and Cultural Sites

Previous archaeological clearance was secured by the original operator well the well was drilled in 2001 by Kukui Operating Company.

G. Land Use

Grazing

H. Surface Ownership

Federal

11. OPERATOR'S REPRESENTATIVE

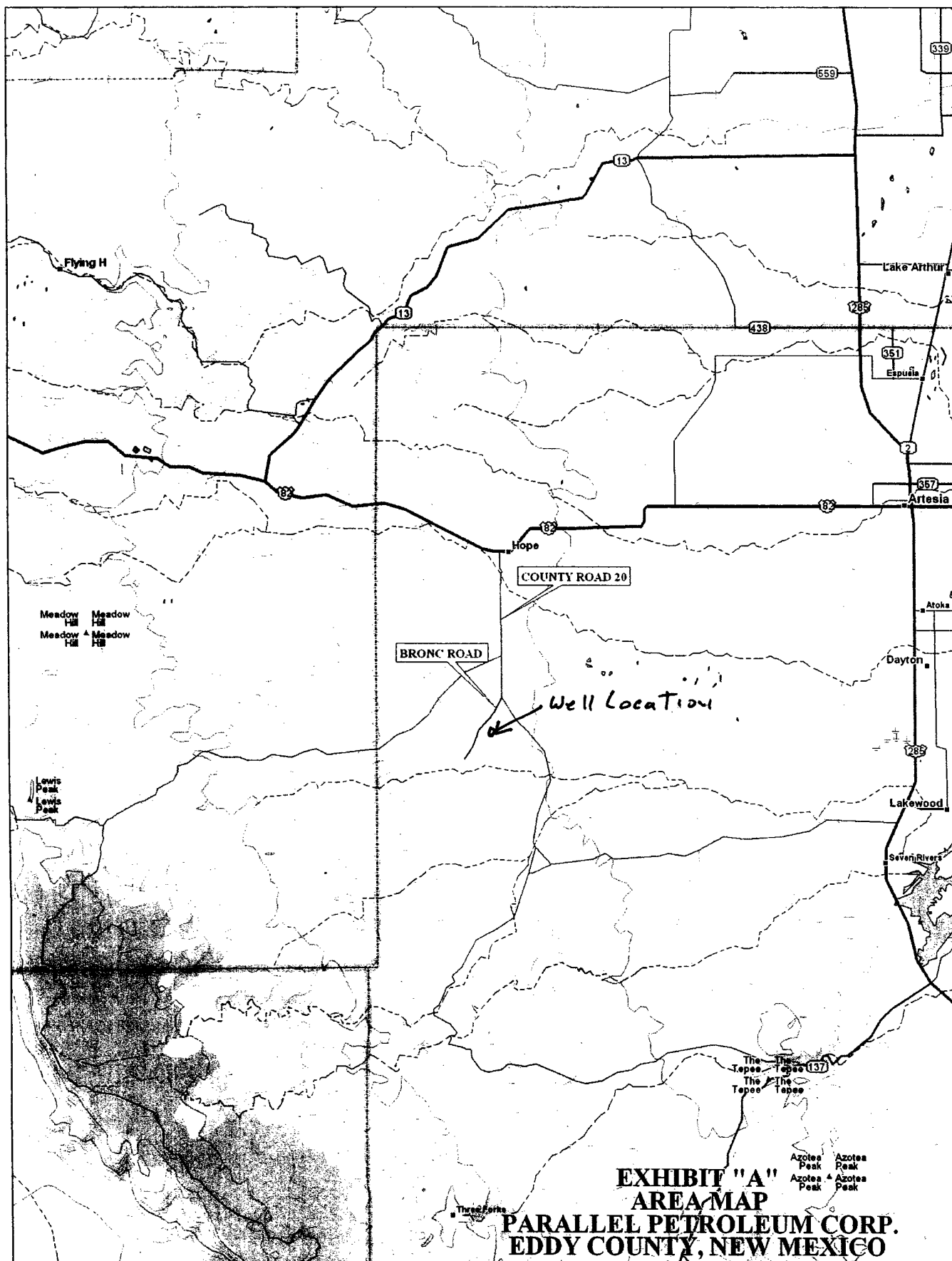
Deane Durham, Engineer
Parallel Petroleum Corporation
1004 North Big Spring Street, Suite 400
Midland, Texas 79701
Office: (432) 684-3727

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Parallel Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10-17-2006
Date

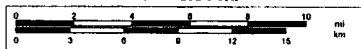
Deane Durham
Name: Deane Durham
Title: Engineer



DeLORME

© 2002 DeLorme. 3-D TopoQuads ©. Data copyright of content owner.
www.delorme.com

Scale 1 : 400,000
1" = 6.31 mi



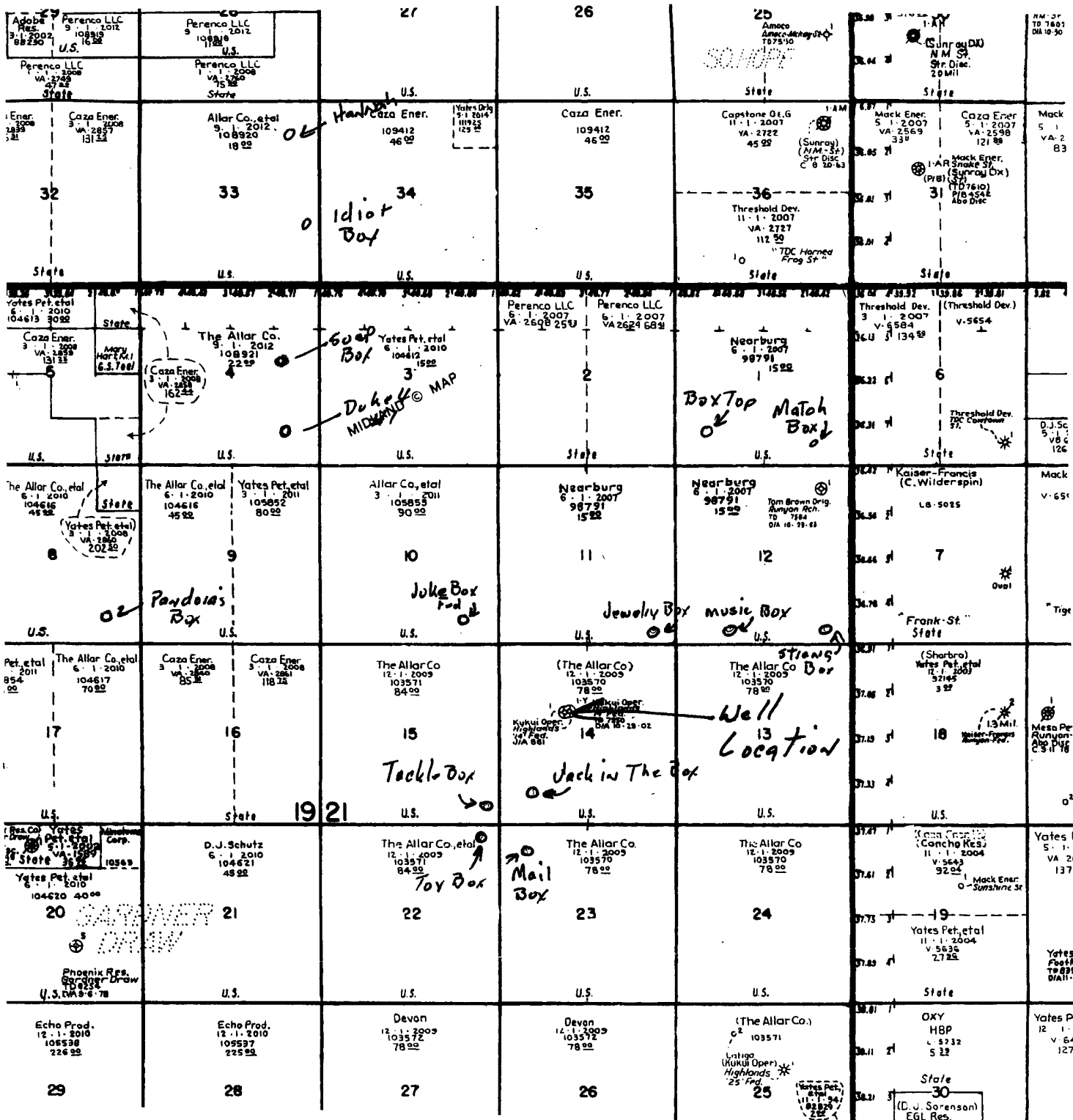


Exhibit "E"
AREA PRODUCTION MAP
PARALLEL PETROLEUM CORPORATION
HIGHLANDS 14 FEDERAL #1Y
SHL: 1980' FNL AND 2000' FWL, SEC 14, T19S, R21E
EDDY COUNTY, NEW MEXICO

MINIMUM BOP SCHEMATIC

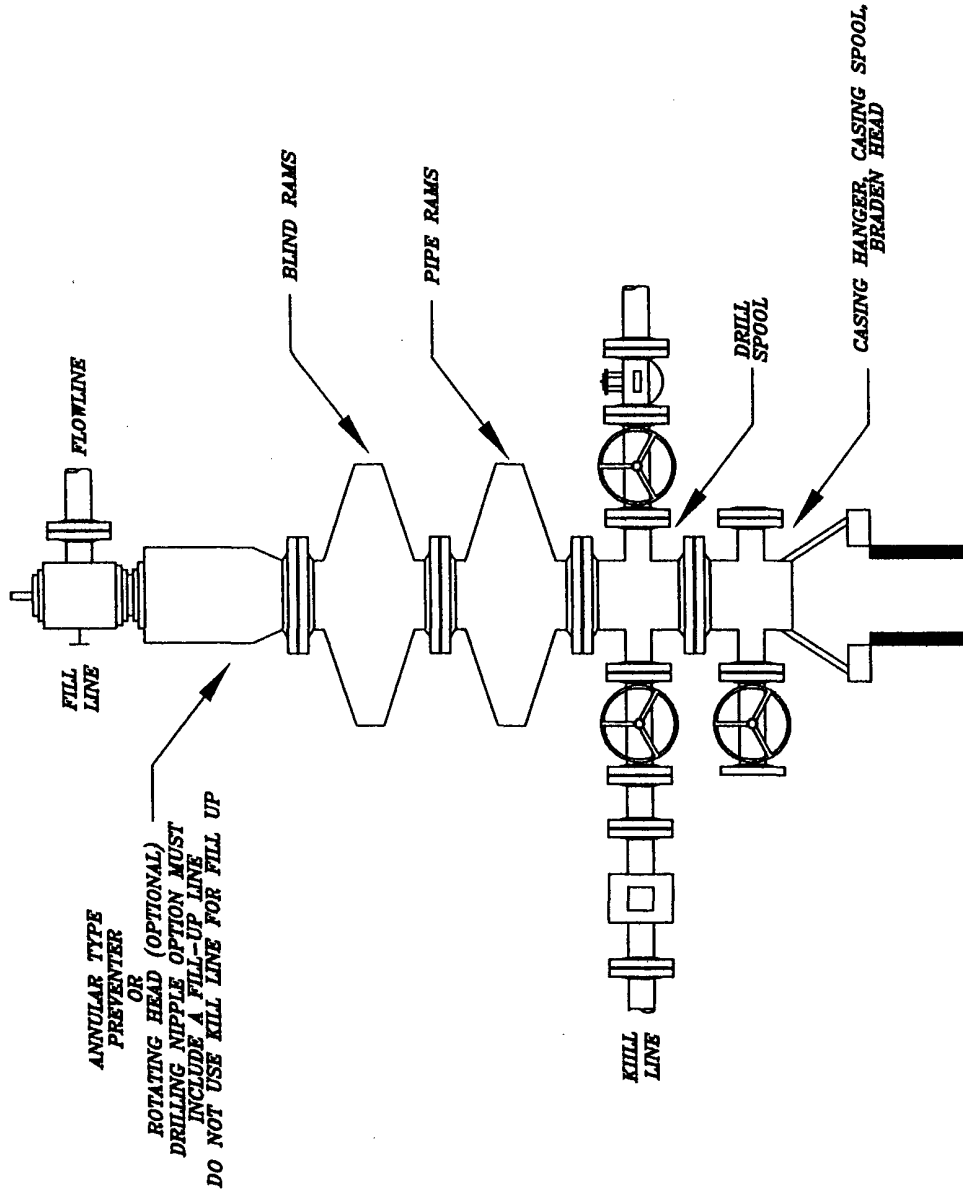


EXHIBIT H

PARALLEL PETROLEUM
BOP SCHEMATIC

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

| | |
|----------|---------------------------|
| DATE | 7/26/05 |
| DRAWN BY | JJ |
| FILE | CHAMBERLAIN BOP SCHEMATIC |

NOT TO SCALE

CHOKES MANIFOLD 3M SERVICE

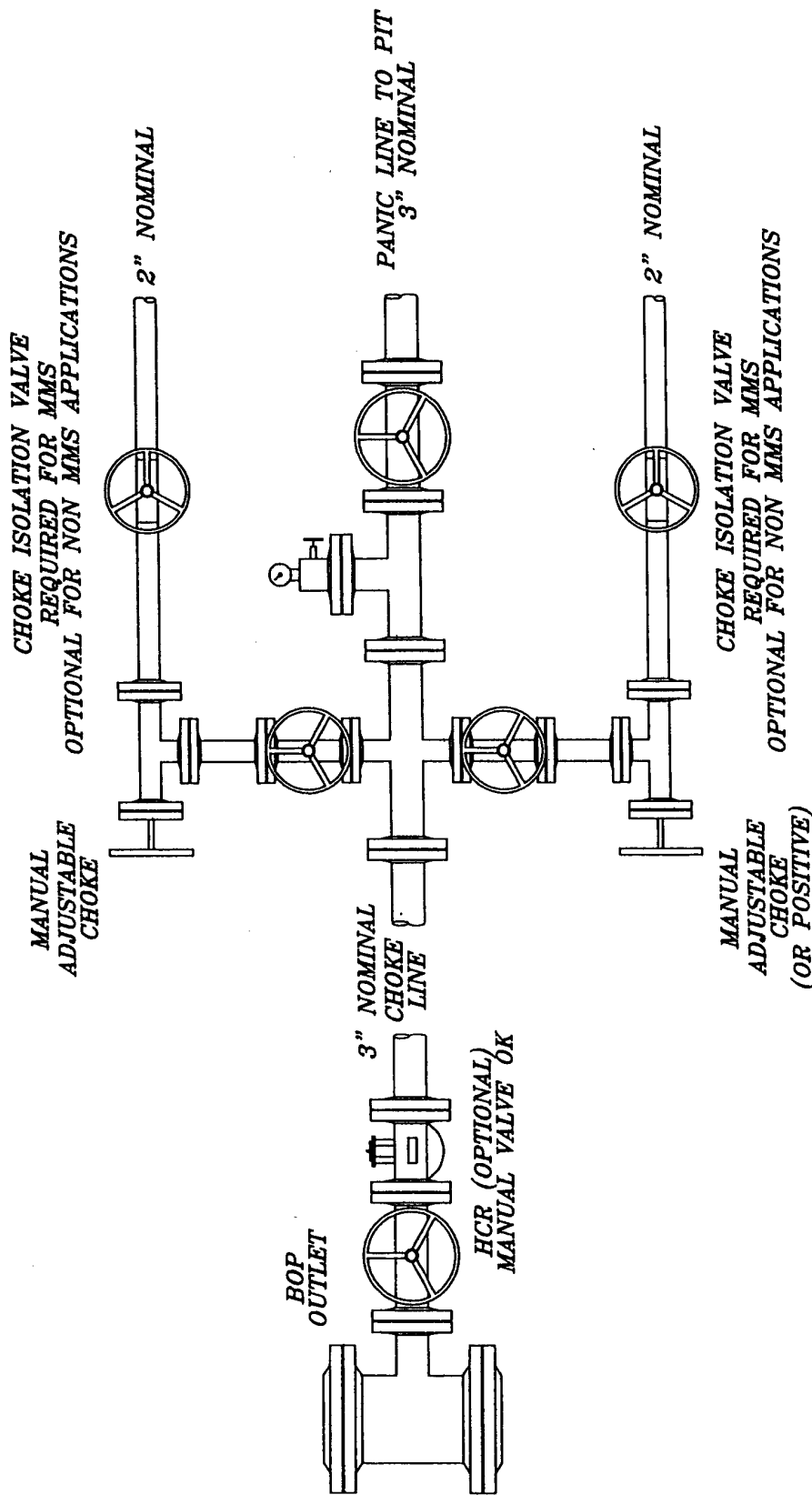


EXHIBIT I

| | | |
|-----------------------|-----------------------|-----------------------|
| DATE: 8/17/05 | DATE: 8/17/05 | DATE: 8/17/05 |
| BY: JL | BY: JL | BY: JL |
| FILE: HCR MANIFOLD | FILE: HCR MANIFOLD | FILE: HCR MANIFOLD |

NOT TO SCALE

PARALLEL PETROLEUM
CHOKES MANIFOLD

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS



PARALLEL

Petroleum Corporation

1004 North Big Spring, Suite 400 • Midland, TX 79701 • Ph: 432-684-3727 • Fax: 432-685-6580

June 12, 2006

Mr. Bryan Arrant
New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential
South Hope Area Wolfcamp Program
SW Chaves and Eddy Counties, New Mexico

Dear Mr. Arrant:

Parallel Petroleum Corporation operates the Boxtop 1921-1 Federal #1 well located in Section 1, T-19-S, R-21-E. The well which was tested in the Wolfcamp formation did not have any indications of hydrogen sulfide from this formation. We believe the potential for it on locations in this area are negligible. There are no occupied dwellings in the area of these new drilling locations.

Should you need any additional information regarding this issue, please contact me at the address or phone number listed or email at ddurham@plll.com.

Sincerely,

A. Deane Durham
Senior Engineer

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Highlands 14 Federal # 1
Operator's Name: Parallel Petroleum Corp
Location: 1980' FNL, 2000' FWL, SEC 14, T19S, R21E, Eddy County, NM
Lease: NM-103570

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 4 1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. A CIT will be run on the existing 9 5/8 inch casing before drilling out the existing shoe plug for this well.

2. The minimum required fill of cement behind the 4-1/2 inch TESTING casing is cement TOP shall BE brought up to 4000 feet.

3. This casing and cement program is approved for this well being used as a monitor well ONLY and for a SHORT TIME PERIOD.

4. This well must be PLUGGED AND ABANDONED WITHIN 90 DAYS OF COMPLETION OF FRACTURE MONITORING OF THE OFFSET WELL.

5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 9 5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the _____ to the reduced pressure of _____psi with the rig pumps is approved.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. MUD

1. Minimum mud weight for this well is 9.0 ppg.

V. PLUGGING AND ABANDONMENT

1. **This Procedure is approved base on this well being re-entered as a temporary monitor well only, to be plugged and abandoned within 90 days of completion of the monitoring of the frac job on the offset well.**
2. The abandonment procedure is modified as follows:
 - a. A 25 sack cement plug will be set @ 4450 feet.
 - b. After cutting off the 4 1/2 inch casing, a cement plug will be set inside and outside of this casing from 50 feet below the stub to 50 feet above the stub.
 - c. All plugs including the surface plug must be at least 25 sacks of cement and 100 feet, including the surface plug.
 - d. The plugs @ 4450' and the casing shoes will be tagged.

Engineers can be reached at 505-706-2779 for any variances that might be necessary.