

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

5. Lease Serial No.

NM-06686

6. If Indian, Allottee or Tribe Name

RCVD MAY 13 '08

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

OIL CONS. DIV.
DIST. 3

8. Well Name and No.

NE HOGBACK UNIT #2

9. API Well No.

30-045-60229

10. Field and Pool, or Exploratory Area

Horseshoe Gallup

11. County or Parish, State

San Juan County, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

PARAWON OPERATING LLC c/o Mike Pippin LLC (Agent)

3a. Address

Pippin, 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

825' FNL 875' FEL (A) Sec. 14 T30N R16W

15

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Exception

to BLM Pressure

Test

13. Describe Proposed or Completed Operations (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 recompleat 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 recompleat 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.)

Parawon Operating LLC would like an exception to the BLM pressure test rule of 500 psi. We plan to acidize this well under a packer. We believe that any pressure test on this well's 48 year old casing could be very destructive and could result in the lose of the well.

This well's 48 year old casing will not experience over 50 psi under normal producing conditions. Even the hydrostatic column of water (necessary to pressure test) would be more 50 psi on the casing. The column of water necessary to pressure test the casing could be very destructive to the formation. Aquifers above the producing formation in this well are very limited or non-existent. Any and all casing leaks can be readily identified by the lose of fluid production and appearance of drilling mud in the wellbore. A recent example is NE Hogback Unit #7. Parawon constantly monitors production for any fluid lose or the appearance of drilling mud.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

Date

May 6, 2008

THIS SPACE FOR FEDERAL OR STATE USE

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

Title 18 U.S.C. Section 1001, 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.

(Instructions on reverse)

FARMINGTON