N.M. Oil Cons. DIV-Dist. 2

Form 3160-5

Type of Well

3a. Address

T19S, R27E

1301 W. Grand Avenue UNITED STATES DEPARTMENT OF ARTESTICAL W 88210 **BUREAU OF LAND MANAGEMENT**

(April 2004)

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 RECORE NOTED

Other

✓ Gas Well

2. Name of Operator Preston Exploration, LLC

2130' FNL & 1880' FWL

1717 Woodstead Court, #207, The Woodlands, TX 77380

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

Section 20

FORM APPROVED OMB No. 1004-0137 Expires: March 31, 2007
5. Lease Serial No. NM 13627-A
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. Palms 20 Federal Com #1
9. API Well No. 30-015033582
10. Field and Pool, or Exploratory Area Lake East Morrow
11. County or Parish, State Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Deepen Production (Start/Resume) Water Shut-Off Notice of Intent Alter Casing Reclamation Well Integrity Fracture Treat **✓** Other Spud & Casing Casing Repair New Construction Recomplete Subsequent Report Change Plans Plug and Abandon Temporarily Abandon Final Abandonment Notice Convert to Injection Plug Back Water Disposal

3b. Phone No. (include area code)

281-367-8697

OCT 2:6 2004

OCD-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 site is ready for final inspection.)

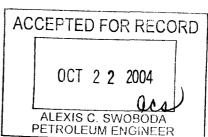
9-23-04 Spudded well.

9-24-04 Set 13-3/8" (54.40# & 61#, J55) casing at 500'. Cement: Lead slurry 250 sxs - Tail slurry 200 sxs Class C. Circulated to surface.

9-26-04 WOC 30 hours. Tested casing to 500 psi - okay.

9-30-04 Set 62 jts 9-5/8" (43.5# & 47#, L&N 80) casing @ 2602'. Cement: Lead 850 sxs Class C - Tail 200 sxs Class C. Circulated to surface.

10-1-04 WOC 26-1/2 hours. Tested Casing to 1500 psi - okay.



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)	1			
Sandra Nobles	Title Consultant	e Consultant		
Signature Sandra, hobbles	Date	10/19/2004		
THIS SPACE FOR FEDERA	L OR STATE	OFFICE USE		
Approved by	Title	Date		
Conditions of approval, if any, are attached. Approval of this notice does not war certify that the applicant holds legal or equitable title to those rights in the subject which would entitle the applicant to conduct operations thereon.				
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for a	ny nercon knowingly a	nd 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