

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

RECEIVED

2. Name of Operator PRESTON EXPLORATION, L.L.C.

MAR 14 2006

3a. Address 1717 Woodstead Court, #207
The Woodlands, TX 773803b. Phone No. (include area code)
(281) 367-8697

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

2130' FNL & 1880' FWL
Section 20, T 19S, R27E

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.

33582
30-015-033582

10. Field and Pool, or Exploratory Area

Lake East Morrow

11. County or Parish, State

Eddy County, 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	
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity	
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other	
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Abandon		
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal		

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 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.)

- 1-30-06 M.I.R.U. Flow well. 1-31-06 Flow Well. 2-1-06 P.O.O.H. w/tbg. Set C.I.B.P. @7,730' w/cmt. on top.
- 2-2-06 Circ. well w/10# M.L.F. from 7,609'-surface. 2-3-06 Cmt. csg. @4,600'.
- 2-7-06 P.O.O.H. w/tsg. Spot 50 sx. @4,662'-4,465. Measured T.O.C.
- 2-8-06 Spot 50 sx. @2,662'-2,549'. Measured T.O.C. Spot 35 sx. cmt. 550'-440'. Calc. T.O.C. Spot 20 sx. 60'-surface.
- 2-9-06 Well was gassing. Wait on reverse unit. 2-10-06 Drilled out surface.
- 2-11-06 Drilled out 550' plug.
- 2-13-06 Set C.I.B.P. @2,543'. Circ. well w/10# M.L.F. to surface. Spot 25 sx. @2,532'-2,456. Calc. T.O.C. Spot 35 sx. @550'-438'. Calculate T.O.C.
- 2-14-06 Spot 20 sx. 60'-surface.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

ROGER MASSEY

Title AREA MANAGER

Signature

Date 2-20-06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

DAVID E. CLARK

PETROLEUM ENGINEER

Date MAR 13 2006

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 enable the applicant to conduct operations thereon.

Office

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)

Approved as to plugging of the well bore
liability under bond is retained until
surface restoration is completed.