

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Month Year

MAY 2 2007

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.

OCD - ARTESIA

Serial No.

NM NM 103570

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Highlands 14 Federal #1Y

9. API Well No.

30-015-32341

10. Field and Pool, or Exploratory Area

Wolfcamp

11. County or Parish, State

Eddy County, NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well

☐

Oil Well

☐

Gas Well

☒

Other

2. Name of Operator

Parallel Petroleum Corporation

3a. Address

1004 North Big Spring, Suite 400, Midland, Texas 79705

3b. Phone No. (include area code)

432/684-3727

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

1980' FNL and 2000' FWL, Sec 14, T19S, R21E

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleate 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 recompleation 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.)

Plug and abandon well used for observation purposes only. See attached plugging procedure.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

*See modifications on procedure,
plug length/tags.*

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

Deane Durham

Title Engineer

Signature

Deane Durham

Date

4-9-07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Office

APPROVED

Date APR 9 2007

Wesley W. Ingram

WESLEY W. INGRAM

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

Highlands "14" Federal #1Y

Eddy, New Mexico
API Number 30-015-32341

Plugging Procedure Revised 3/5/07

Objective:

Plug and abandon wellbore used to monitor fracture treatment in Ammo Box well.

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'.
Temporary Casing: 4 1/2", 11.6#/ft set in 7 7/8" hole at 4705'. String has no perforations and was displaced with clean fresh water. Calculated TOC at 3668'.

General Plugging Procedure:

1. 9 5/8" X 11" - 3M casing head with 4 1/2" slips and cutoff 4 1/2" looking up.
2. Prepare surface location, MI steel circulation pits, frac tank, pipe racks and casing racks.
3. Weld on 4 1/2" collar and nipple, and install 4 1/2" TIW valve.
4. NU and test BOPE with 4 1/2" casing rams to 2000 psi. Notify BLM to witness test.
 - a. (505) 706-2779 BLM field number
5. PU and TIH with 2 3/8" work string to 4450'.
6. Spot 25 sacks cement. *Min 100' plug + 10% slurry for every 1000.'*
7. Pull 6 stands and wait on cement 4 hours.
8. TIH and tag TOC plug.
9. POOH with 2 3/8" work string.
10. MIRU Enertech WL and lubricator.
11. Run free point to find free pipe at approximately 3668'.
12. Cut 4 1/2" casing at free point to recover +/- 3668' of casing, POOH LD.
13. RIH with 2 3/8" work string to 50' below 4 1/2" casing stub.
14. Spot 25 sacks cement. POOH 6 stands. *Min 100' plug + 10% slurry for every 1000.'*
15. WOC 4 hours. RIH and tag TOC.
16. Spot additional plugs as follows:

<u>Plug</u>	<u>Sacks</u>	<u>Top</u>	<u>Bottom</u>
#6	60	Surf	60'
#5	100	146'	450' Tag
#4	100	1139'	1445' Tag
#3	100	2550'	2700' Tag

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17. Spot 130' cement plug in 7 7/8" open hole from ~2550 to 2700' w/ 100 sx Class 'C'.
18. Spot cement plug from 50' above 9 5/8" shoe to 50' below shoe inside 7 7/8" open hole w/ EOT at 1445' w/ 100 sx class 'C'. WOC & tag plug.
19. Spot cement plug inside 9 5/8" csg at 13 3/8" shoe from 146' to 450' w/ 100 sx Class 'C'.
20. Set 60' surface plug inside 9 5/8" casing w/ 60 sx Class 'C'.
21. Cut off casing minimum 3' BGL. Install dry hole marker.
22. Call T-Bob Amthor to PU 4 1/2" casing and casing racks.
23. Clean location of all equipment and tools.
24. Dry and backfill any temporary fresh water dirt pits and make location ready for environmental sight assessment.

Supplies & Services

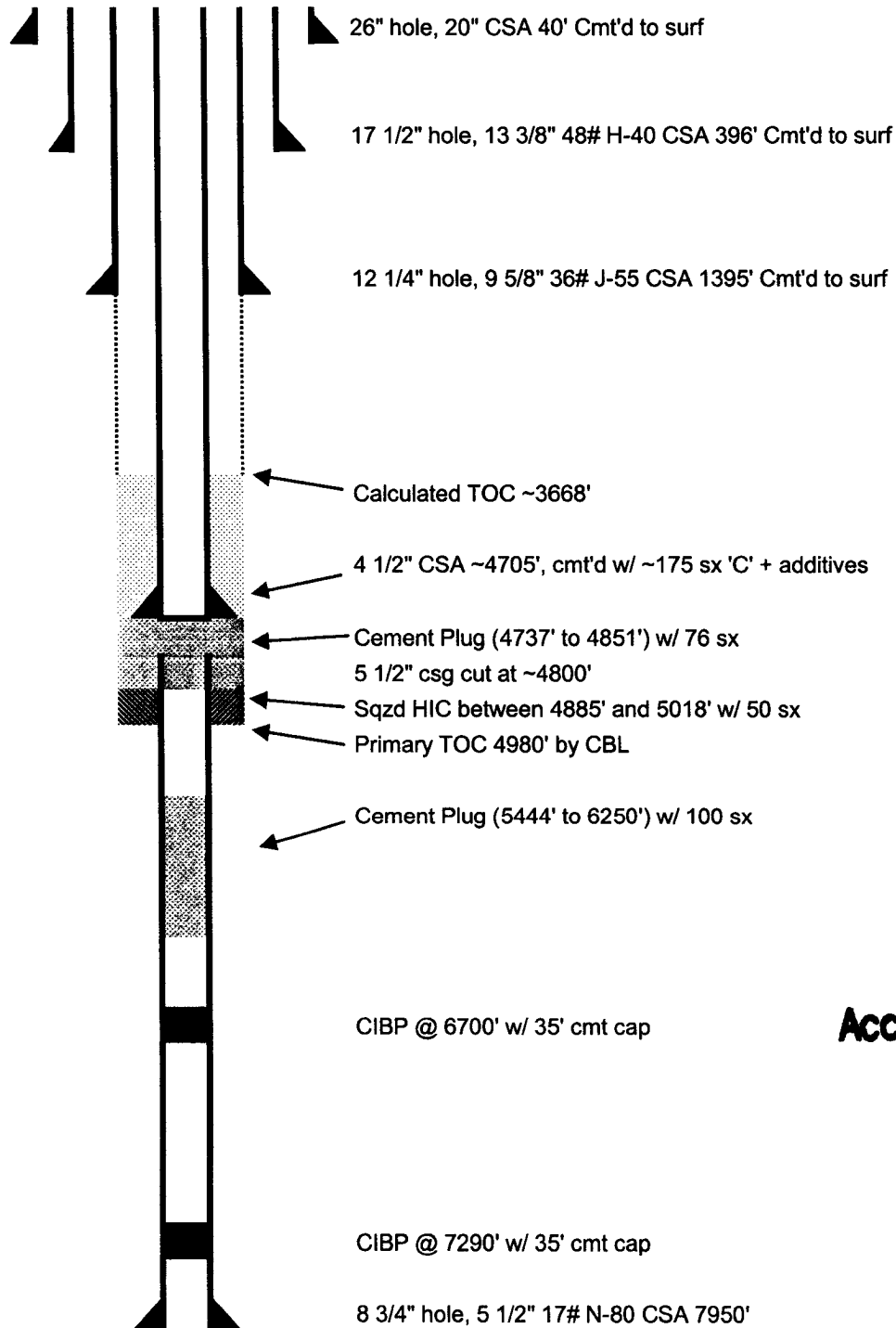
Supervision	Parallel	Hobbs	Donnie Hill	432-934-7164
Location	TBD			
Well Heads	J&W	Midland	Wesley Key	432-687-0515
Pulling Unit	Key Energy	Artesia	David Alvarado	505-746-9663
Reverse Unit	Weatherford	Hobbs	Joe Balog	505-392-2626
Surface Rentals	Weatherford	"	"	"
Subsurface Rentals	Weatherford	"	"	"
Mud	Baroid	Midland	Billy Sumptor	505-390-5462
H2S Safety	Callaway	Artesia		505-746-2847
Casing	T-Bob Amthor	Midland	Eric Spencer	432-553-8874
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	David Turnipseed	505-746-9227
Environmental	Highlander	Midland	Gary Miller	432-682-4559

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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	Parallel Petroleum	Abo Shale	APD	
Field	WC Four Mile Draw	Abo Dolomite		
NM O&G Lse		Wolfcamp		

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

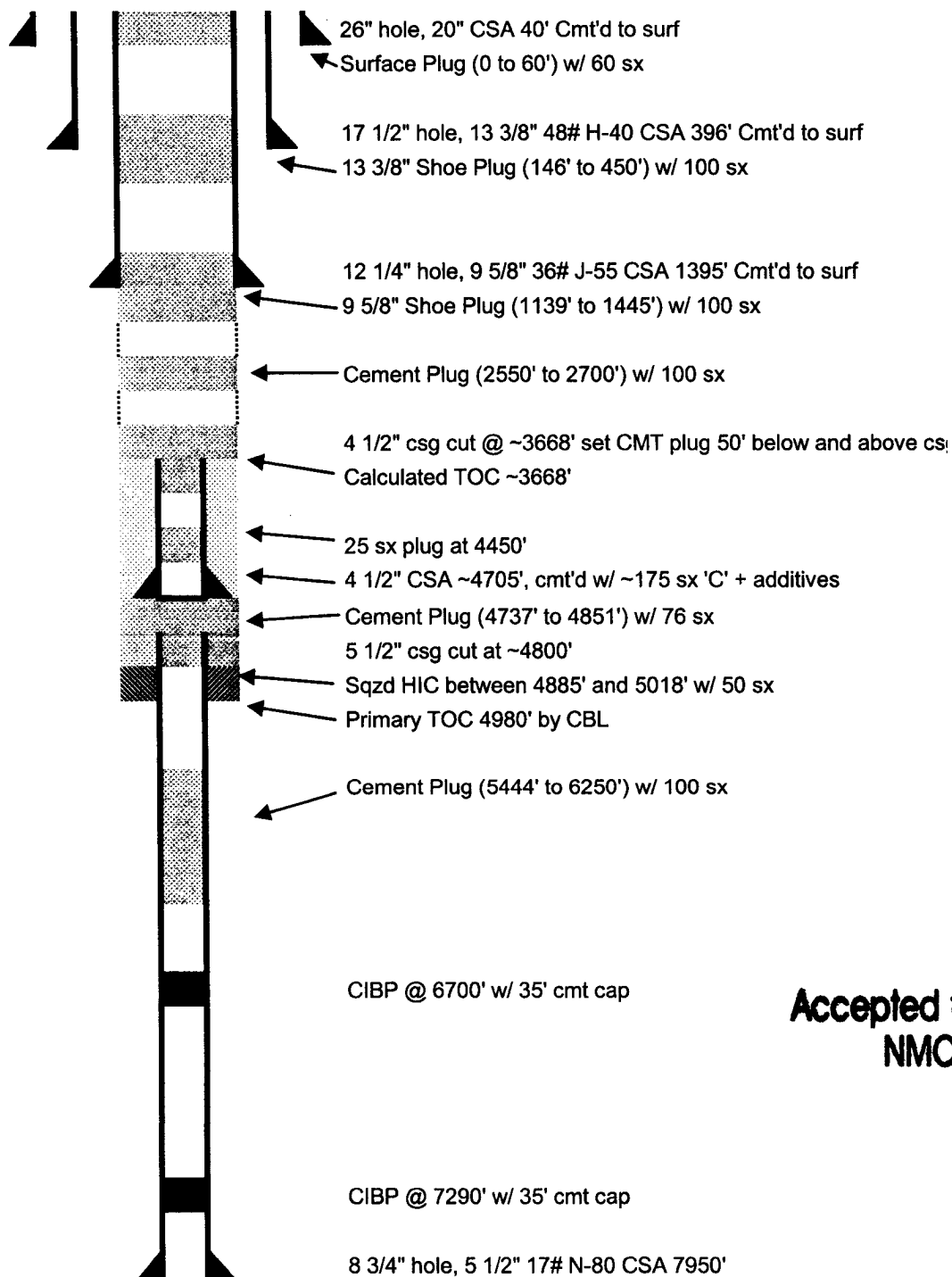


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P&A

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	
Field	WC Four Mile Draw	Abo Dolomite		
NM O&G Lse		Wolfcamp		

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



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BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
505-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 505-627-0272; Eddy County, call 505-234-5972; Lea County, call 505-393-3612.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C", for up to 7,500 feet of depth, mixed at 14.8 lbs/gal with 6.3 gallons of fresh water per sack or class "H", for deeper than 7,500 feet plugs, mixed at 16.4 lbs/gal with 4.3 gallons of fresh water per sack.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.

Accepted for record
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UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Interim Reclamation Procedures for Permanently Abandoned Federal Wells

1. After Subsequent Report of Abandonment, Form 3160-5, is filed and approved by the BLM the surface protection specialist (SPS) will conduct a surface inspection of the abandonment. The SPS will establish the reclamation requirements the operator will need to complete. **DO NOT START RECLAMATION UNTIL THE SPS HAS INSPECTED THE LOCATION.**

2. The reclamation requirements will be given to an environmental protection specialist (EPS). The EPS will issue the operator a Notice of Written Order outlining the reclamation requirements. **DO NOT START RECLAMATION UNTIL A NOTICE OF WRITTEN ORDER FOR RECLAMATION HAS BEEN RECEIVED.** The EPS will be responsible for all further abandonment work and inspections.

3. **Notification: CONTACT THE EPS 3 DAYS PRIOR TO RECLAMATION WORK.** This notification gives the EPS an opportunity to discuss by phone or on location the reclamation requirements, any special concerns and the timeframes. It also allows the EPS an opportunity to witness various aspects of the reclamation work to determine if an adequate seedbed has been prepared and all reclamation requirements have been completed. **CONTACT THE EPS AT LEAST 3 DAYS PRIOR TO SEEDING.** This allows the EPS to witness the seeding operation to make sure the location is seeded properly and with the appropriate seed mixture. **DO NOT START RECLAMATION UNTIL THE EPS HAS BEEN NOTIFIED.**

4. After reclamation work has been completed, submit the **I & E copy of the Notice of Written Order** to the BLM. It will need to be signed by a company representative and dated. Also submit one original and five copies of the **Final Abandonment Notice, Form 3160-5.** The report should state that all reclamation work has been completed, and the location is ready for a final abandonment inspection.

5. The BLM will continue to monitor the location to ensure the location vegetates successfully, and salts from the reserve pit do not leach to the surface. The location will be monitored until such time as vegetation (20%) is established evenly across the location (including the reserve pit and access road). Once EPS determines that vegetation (20%) is evenly spread across the location, final abandonment will be authorized.

If there are any questions please feel free to contact any of the following:

Jim Amos
Supervisory Environmental Protection Specialist
(505) 234-5909

Barry Hunt
Surface Protection Specialist
(505) 234-5965

Todd Suter
Surface Protection Specialist
(505) 234-5987

Trishia Bad Bear
Natural Resource Specialist – Lea County
(505) 393-3612

Cody Layton
Natural Resource Specialist
(505) 234-5959

Paul Evans
Environmental Protection Specialist
(505) 234-5977

Terry Gregston
Environmental Protection Specialist
(505) 234-5958

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10/18/2006