OCD-ARTESIA FORM APPROVED OM B No. 1004-0137 Expires: March 31, 2007 Form 3160-5 **UNITED STATES** (April 2004) DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT 5. Lease Serial No. or NM NM 103570 NOTICES AND REPORTS ON WELLS his form for proposals to drill or to re-enter an 67 If Indian, Allottee or Tribe Name II. Use Form 3160 - 3 (APD) for such proposatsCD - ARIE 7. If Unit or CA/Agreement, Name and/or No. TRIPLICATE- Other instructions on reverse side 1. Type of Well Oil Well Gas Well ✓ Other 8. Well Name and No. Highlands 14 Federal #1Y 2. Name of Operator Parallel Petroleum Corporation API Well No. 30-015-32341 3a. Address 3b. Phone No. (include area code) 1004 North Big Spring, Suite 400, Midland, Texas 79705 432/684-3727 10. Field and Pool, or Exploratory Area Wolfcamp 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 1980' FNL and 2000' FWL, Sec 14, T19S, R21E **Eddy County, NM** 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Alter Casing Fracture Treat Reclamation Well Integrity Casing Repair New Construction Recomplete Subsequent Report Change Plans Temporarily Abandon Plug and Abandon Final Abandonment Notice 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 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.) PLUG & ABANDON REPORT Note: This well was reentered as an observastion well only and is being plugged per approved BLM sundry notice of 4/9/07. 4/10/07 MIRU workover rig. NU BOPE & test. RIH w/2 3/8" bull plug, 4' perf sub and 2 3/8" TBG to 4460'. 4/11/07 Set 25xx C+2% CaCl2 (14.8 ppg, 1.32 Yield) F/4066' T/4081' Witnessed by Bob Hoskinson. 4/12/07 Tag plug at 4082'. RIH w/free point and cut 4 1/2" 11.6# at 4000' Witnessed by Bob Hoskinson. POOH & LD 4 1/2" CSG 4/13/07 RIH T/4050'. Set 25 sx C+2% CaCl2 (14.8 ppg, 1.32 Yield) F/4050' T/3915'. WOC 4 Hrs. Tag plug #2 at 3915'. Pull to 2744'. Set 150sx C+2%CaCl2 (14.8 ppg, 1.32 Yield) F/2744' T/2300'. WOC over night. Witnessed by Bob Hoskinson. 4/14/07 Tag plug #3 at 2300. Pull to 1458'. Set 150sx C+2% CaCl2 (14.8 ppg, 1.32 Yield) F/1458' T/1062'. WOC 4 Hrs. Tag plug #4 at 1062'. Pull to 445'. Set 100sx C+2% CaCl2 (14.8 ppg, 1.32 Yield) F/445' T/surface. Top off casing w/5sx CMT. Install dry hole marker. RDMO. Clean location. Witnessed by Cheryl from BLM. Location is clean, caliche pad at present pending decision to use as compressor site. Should pad not be used for facilities, it will be cleaned and seeded per BLM specifications.

| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)  |                         |
|---|-------------------------|
| Deane Durham  | Title Engineer          |
| Signature Oceane Quelam   | Date 5/30/07            |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE  |                         |
| Approved by James a. Como   | Title SEPS Date 6-10-07 |
| Conditions of approval, if any, are attached. Approval of this notice does not warrar certify that the applicant holds legal or equitable title to those rights in the subject lea 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 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.