

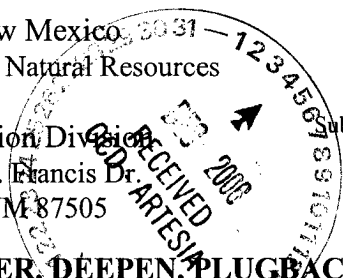
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 Grand Avenue, Artesia, NM 88210
District III
1000 Road, Aztec, NM 87410
District IV
1220 S. Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office
 AMENDED REPORT



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		² OGRID Number 230387
³ Property Code 36191	⁴ Property Name Gift Box 1920-36 State	⁵ API Number 30-005-63877
⁹ Proposed Pool 1 Wildcat; Wolfcamp		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	19S	20E		1250	North	660'	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	36	19S	20E		1250'	North	660'	East	Eddy Chaves

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O & G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4693'
¹⁶ Multiple No	¹⁷ Proposed Depth 7807MD, 4030TVD	¹⁸ Formation Wolfcamp	¹⁹ Contractor NA	²⁰ Spud Date NA
Depth to Groundwater 500'		Distance from nearest fresh water well 4700'		Distance from nearest surface water 1000'
Pit: Liner: Synthetic X 12_mils thick Clay <input type="checkbox"/> Pit Volume: 25,000 bbls			Drilling Method:	
Closed-Loop System <input type="checkbox"/>			Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>	

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	1500'	325	Surface
7-7/8"	5-1/2"	17#	7807' MD 4030' TVD	NA	Tie back to * Surface casing

* Verify by CBL or Temp Surveys

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Well to be Drilled as a Horizontal Wolfcamp test. The attached drilling plan will be utilized for this test and contains details on the cement and mud program as well as the directional information. The following is a summary of this plan.

1. Prepare surface location. Move in and rig up drilling rig, spud well and drill and set conductor. Install and test BOP's.
2. Drill 11" Surface hole to a minimum depth of 1500'. Set 8 5/8" casing and cement.
3. Drill 7-7/8" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
4. Plug back well and set Kickoff Point at 3605' drill and advance hole to a Wolfcamp penetration point at approximately 1250' FNL and 660' FWL of the section and continue drilling to BHL. (7807' MD & 4030' TVD)
5. Set 5 1/2" to TD and tie cement back to surface casing. Perforate porosity and stimulate as necessary (specific procedure to be determined).
6. Place well on test.
7. No H2S if anticipated during the drilling of this well.

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE CASING

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit , or an (attached) alternative OCD-approved plan .

Printed name: Gary Miller for Deane Durham

Title: Agent

E-mail Address: ddurham@p111.com

Date: Nov. 30, 2006

Phone: 432-684-3727

OIL C

Approved by:

**BRYAN G. ARRANT
DISTRICT II GEOLOGIST**

Title:

Approval Date: DEC 07 2006

Expiration Date: DEC 07 2007

Conditions of Approval Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Ave., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Dr., Artesia, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 97489	Pool Name Wildcat; Wolfcamp
Property Code	Property Name GIFT BOX 1920-36 STATE	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 4693'

Surface Location

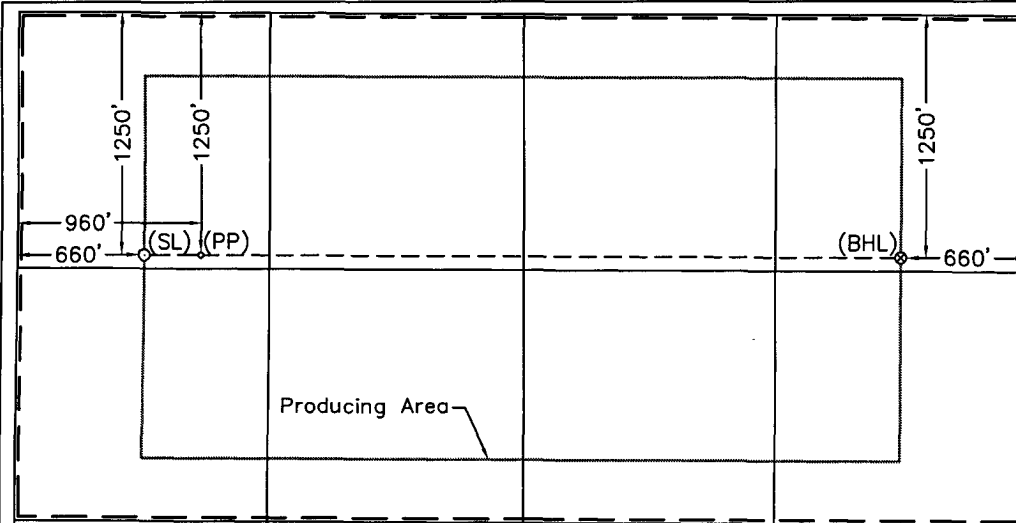
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	19 S	20 E		1250	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	36	19 S	20 E		1250	NORTH	660	EAST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



Coordinate Table	
Description	Plane Coordinate
Gift Box 1920-36 State #1	X = 338,855.1
Surface Location	Y = 589,914.9
Gift Box 1920-36 State #1	X = 339,155.0
Penetration Point	Y = 589,913.4
Gift Box 1920-36 State #1	X = 342,813.8
Bottom Hole Location	Y = 589,895.0

NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

OPERATOR CERTIFICATION

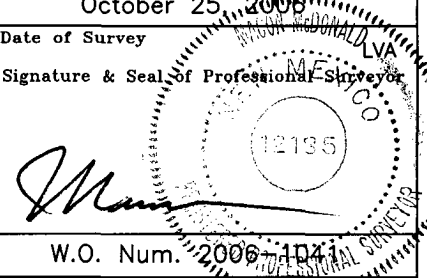
I hereby certify the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

[Signature] 11-30-06
Signature Date
Gary Miller
Printed Name Agent

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

October 25, 2006
Date of Survey
Signature & Seal of Professional Surveyor



W.O. Num. 2006-104
Certificate No. MACON McDONALD 12185

**PARALLEL PETROLEUM CORPORATION
GIFT BOX 1920-36 STATE #1
SL: 1250' FNL AND 660' FWL, BHL: 1250' FNL AND 660' FELSA
SEC 36, T19S, R20E
EDDY COUNTY, NEW MEXICO**



Objective

Drill a vertical well through the Wolfcamp pay. Log and evaluate for a sidetrack to horizontal in the Wolfcamp.

Expected Geologic Tops

GL: 4693', KB 4705'.
Glorieta 1780'
Tubb 2790'
Abo Shale 3435'
Wolfcamp 4030'
Wolfcamp Shale 4560'

Well Geometry

- 8 5/8" casing at 1500'
- Set kick-off plug for horizontal through the zone of interest
- 5 1/2" casing through the horizontal Wolfcamp; Cement per completion.

Casing Program

<u>Hole</u>	<u>MD (ft)</u>	<u>Casing</u>	<u>Weight</u>	<u>Grade</u>	<u>Coupling</u>	<u>COMMENT</u>
11"	0 – 1500	8-5/8"	24	J55	ST&C	
7-7/8"	0 – TD'	5-1/2"	17	N80	LT&C	Run through the horizontal lateral.



Casing Cementing Program

8-5/8" slurry: Lead: Foam cement, Lead#2 125 sacks (50:50) Poz (Fly Ash): Class C + 5% bwow Sodium Chloride + 10% bwoc Bentonite + 151.7% fresh water. Tail: 200 sacks Class C + 1% bwoc Calcium Chloride + 56.3% fresh water

Note: If cement does not circulate to surface, notify OCD. A temperature survey will be required. Top out to surface with 1" pipe in the annulus.

Note: 5-1/2" Cement per completion procedure. Top of Cement should be tied back to surface casing at a minimum.

Mud Program

<u>Depth</u>	<u>Hole</u>	<u>MW</u>	<u>Visc.</u>	<u>WL</u>	<u>Synopsis</u>
0 - 1500	11"	8.4 - 8.6	28 - 29	No control	FRESH WATER mud only to 1200 ft. Severe loss potential. Circulate inner reserve. LCM: paper, fiber, cotton seed hulls.
1500 - 3400	7-7/8"	8.6 - 9.2	28 - 29	No control	Cut brine. Start w/existing & add brine t/80K-120K chlorides
3400 - TD	7-7/8"	8.9 - 9.5	38 - 45	6 - 10	XCD polymer as req'd for hole cleaning. Lubricants.
KOP - TD Horizontal	7-7/8"	8.9 - 9.5	38 - 45	6 - 10	XCD polymer as req'd for hole cleaning. Lubricants.



PARALLEL SURVEY CALCULATION PROGRAM
PETROLEUM CORPORATION

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Gift Box 1920-36 State #1		
LOCATION:	N/2 Sec. 36 T-19-S R-20-E		
API NUMBER:			
COMMENTS:			

	MAG DEC. (-/+)	
	GRID CORR. (-/+)	
	TOTAL CORR. (-/+)	0.0

DATE: 11/20/06 **TIME:** 7:50 PM TRUE TO GRID

MINIMUM CURVATURE CALCULATIONS(SPE-3362)					PROPOSED DIRECTION			90.0	TARGET TRACKING TO CENTER		
SVY	MD	INC	GRID	VERT	N-S	E-W	DLS/100	ABOVE(+)	RIGHT(+)	BELOW(-)	LEFT(-)

TIE	0	0.0	0.0	0.0	0.0	0.0	0.0				
1	3605	0.0	0.0	3605.0	0.0	0.0	0.0	425.0	0.0		
2	3615	1.4	90.0	3615.0	0.1	0.0	0.1	415.0	0.0		
3	3625	2.7	90.0	3625.0	0.5	0.0	0.5	405.0	0.0		
4	4273	90.0	90.0	4030.2	425.3	0.0	425.3	-0.2	0.0		
5	7807	90.0	90.0	4030.2	3959.3	0.0	3959.3	-0.2	0.0		

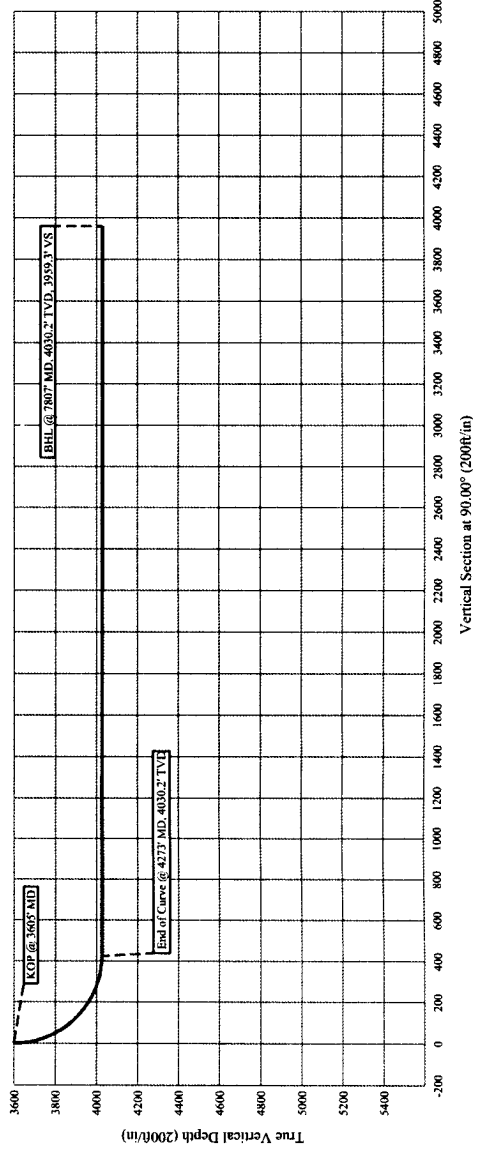
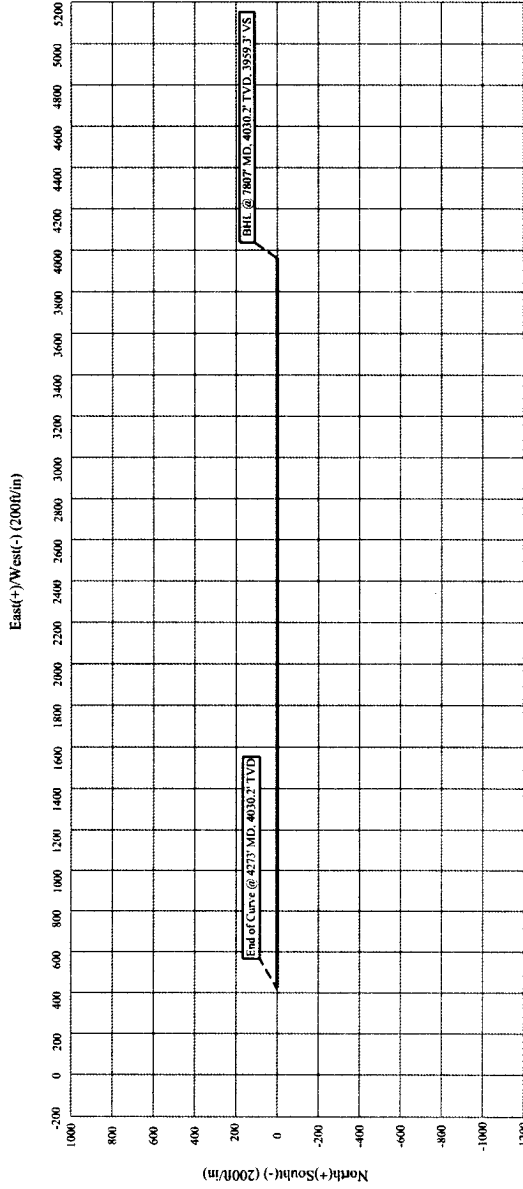
KOP @ 3605' MD
 BUR = 13.5 DEG per 100 FT
 End Curve @ 4273' MD, 4030.2' TVD
 BHL @ 7807' MD, 44030.2' TVD, 3959.3' VS

Parallel Petroleum Corp.

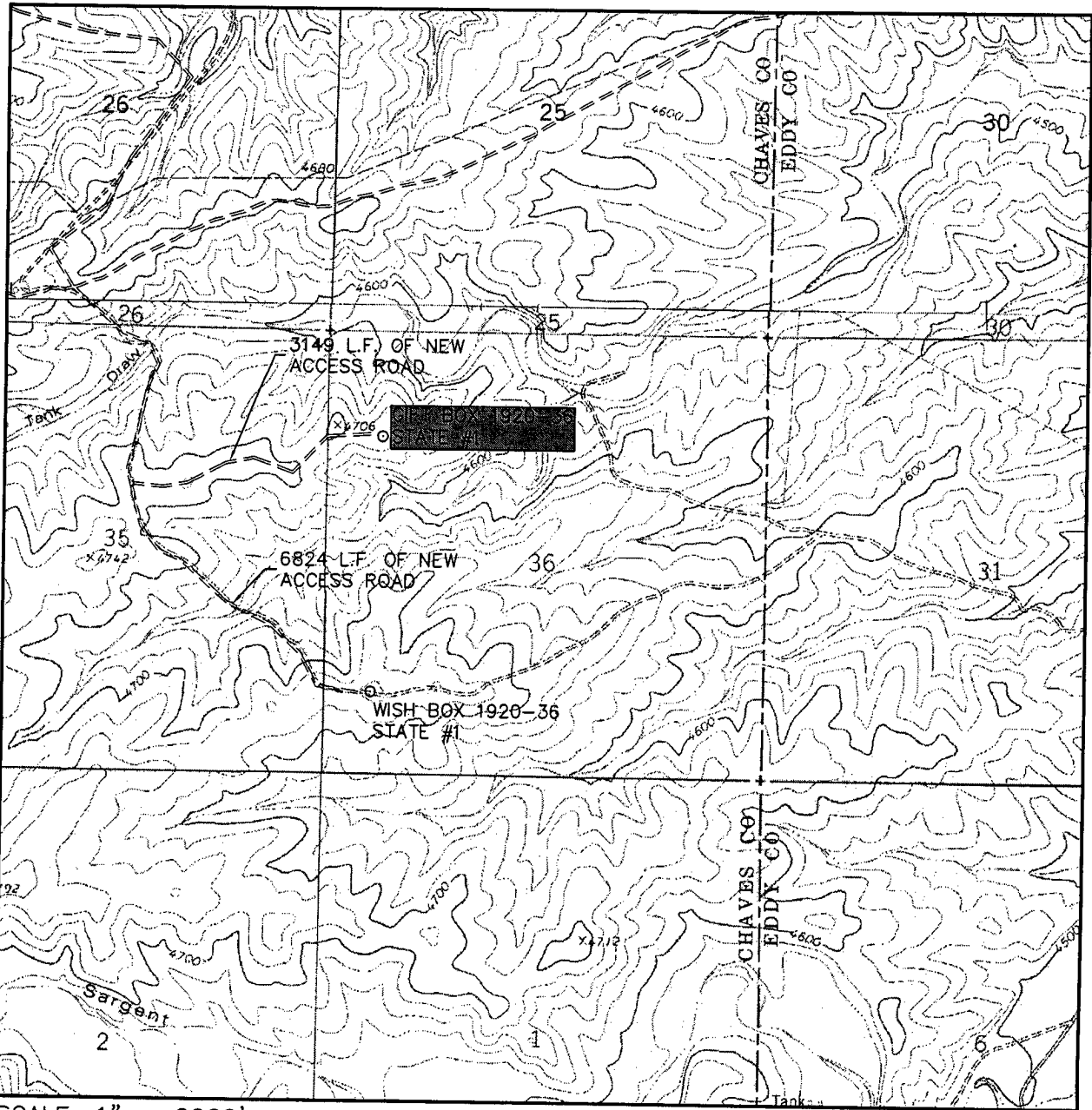
Gift Box 1920-36 St. #1
N/2 Sec. 36, T-19-S, R-20-E
Eddy County, New Mexico

COMPANY DETAILS

Parallel Petroleum Corp.
1004 N. Big Spring, Ste 400
Midland, Texas 79701



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
STRYCHNINE DRAW - 20'

SEC. 36 TWP. 19-S RGE. 20-E

SURVEY _____ N.M.P.M.

COUNTY _____ CHAVES

DESCRIPTION 1250' FNL & 660' FWL

ELEVATION _____ 4693'

OPERATOR PARALLEL PETROLEUM CORPORATION

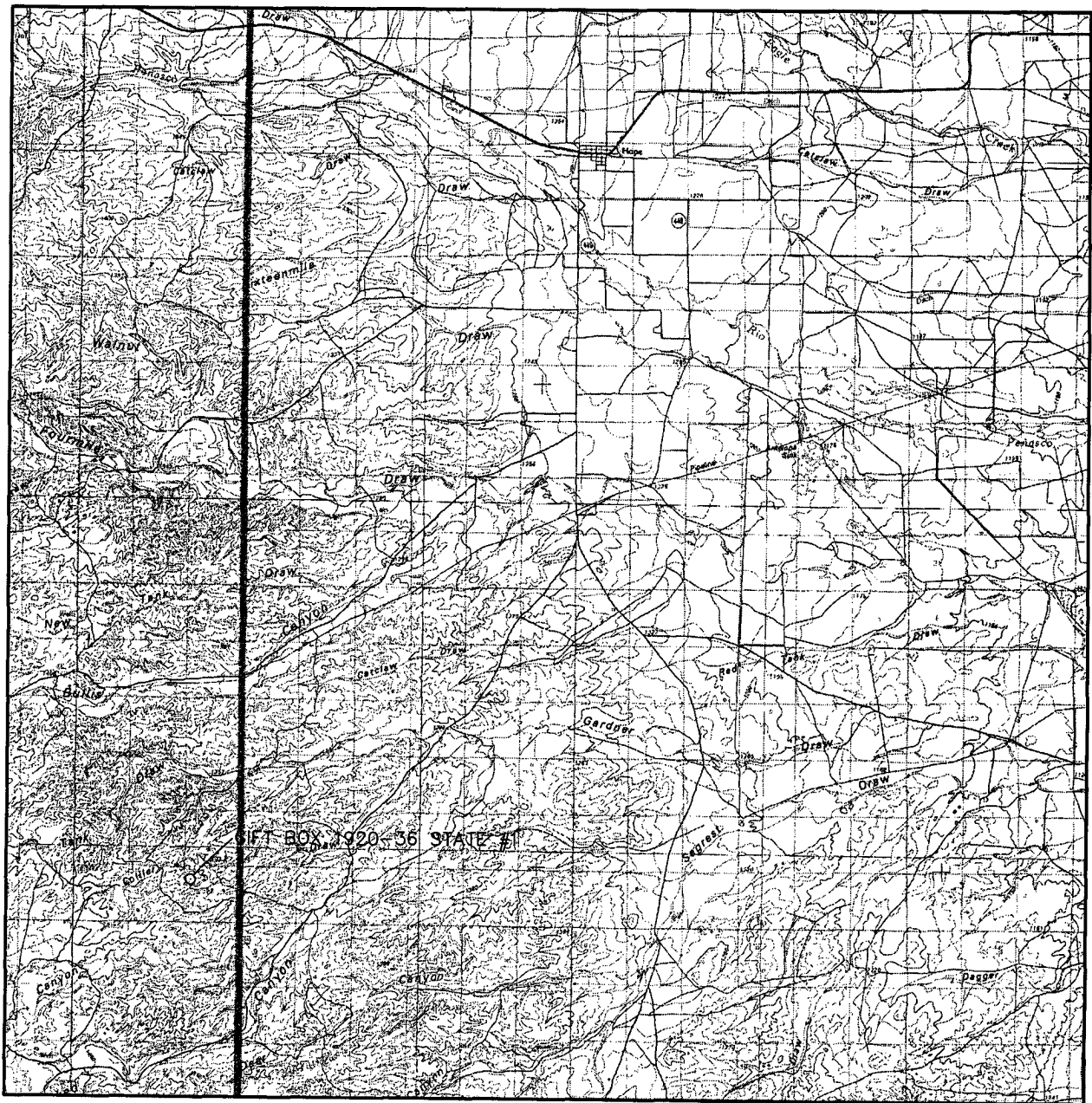
LEASE _____ GIFT BOX 1920-26 STATE

U.S.G.S. TOPOGRAPHIC MAP
STRYCHNINE DRAW, N.M.



110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

VICINITY MAP



SCALE: 1" = 3 MILES

SEC. 36 TWP. 19-S RGE. 20-E

SURVEY _____ N.M.P.M.

COUNTY _____ CHAVES

DESCRIPTION 1250' FNL & 660' FWL

ELEVATION _____ 4693'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE _____ GIFT BOX 1920-26 STATE



110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX



PARALLEL

Petroleum Corporation

1004 North Big Spring, Suite 400 • Midland, TX 79701 • Ph: 432-684-3727 • Fax: 432-685-6580

June 12, 2006

Mr. Bryan Arrant
New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential
South Hope Area Wolfcamp Program
SW Chaves and Eddy Counties, New Mexico

Dear Mr. Arrant:

Parallel Petroleum Corporation operates the Boxtop 1921-1 Federal #1 well located in Section 1, T-19-S, R-21-E. The well which was tested in the Wolfcamp formation did not have any indications of hydrogen sulfide from this formation. We believe the potential for it on locations in this area are negligible. There are no occupied dwellings in the area of these new drilling locations.

Should you need any additional information regarding this issue, please contact me at the address or phone number listed or email at ddurham@p111.com.

Sincerely,

A. Deane Durham
Senior Engineer