

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

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1226 South St. Francis Dr.
Santa Fe, NM 87505

Before the Oil Conservation Division
Exhibit No. 2
Parallel Petroleum Corp.
OCD CASE 13923
Hearing: June 21, 2007
ENDED REPORT

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

Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		OGRID Number <u>230387</u>
Property Code <u>35992</u>	Property Name Codex 1525-34	API Number <u>30-005-63853</u>
Proposed Pool 1 <u>Wildcat</u> Wolfcamp		Well No. <u>1</u>
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
H	34	15S	25E		1750'	N	203	E	Chaves

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
E	34	15S	25E		1880'	N	660'	W	Chaves

Additional Well Information

11 Work Type Code N	12 Well Type Code O & G	13 Cable/Rotary R	14 Lease Type Code P	15 Ground Level Elevation 3414'
16 Multiple No	17 Proposed Depth 8966MD, 4750TVD	18 Formation Wolfcamp	19 Contractor NA	20 Spud Date NA
Depth to Groundwater 65'		Distance from nearest fresh water well 600'		Distance from nearest surface water 6000'
Pit: Liner: Synthetic ☒ 12_mils thick Clay ☐ Pit Volume: 25,000 bbls Drilling Method: Closed-Loop System ☐ Fresh Water ☒ Brine ☐ Diesel/Oil based ☐ Gas/Air ☐				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	36#	1400' <u>1125'</u>	325	Surface
8-3/4"	5-1/2"	17#	TVD 4750'	NA	Tie back
			MD 8966'		* To surface casing

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 programs 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 12 1/4" surface hole to a minimum depth of 1400'. Set 9 5/8" casing and cement.
3. Drill 8 3/4" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
4. Set Kickoff point at 4280' and drill and advance hole to a Wolfcamp penetration point at approximately 1750' FNL and 660' FEL of the section 34 and continue drilling to BHL. (8966' MD & 4750' 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 is anticipated during the drilling of this well.

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: Deane Durham

Title: Drilling Engineer

E-mail Address: ddurham@ptll.com

Date: 9-1-06

Phone: 432-684-3727

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Approval Date: SEP 07 2006

Expiration Date: SEP 07 2007

Conditions of Approval Attached ☐

DISTRICT I

1825 N. French Dr., Hobbs, NM 88240

DISTRICT II

1201 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

2000 Rio Bravos Rd., Aztec, NM 87410

DISTRICT IV

1820 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 96086	Pool Name Wildcat; Wolfcamp
Property Code	Property Name CODEX 1525-34	Well Number 1
OGED No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3414'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	34	15 S	25 E		1750	NORTH	203	EAST	CHAVES

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
E	34	15 S	25 E		1880	NORTH	660	WEST	CHAVES

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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

	OPERATOR CERTIFICATION I hereby certify that 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 undivided 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: <i>Deanne Durham</i> Date: 9-1-06 Printed Name: Deanne Durham
	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. August 21, 2006 Date of Survey Signature & Seal of Professional Surveyor W.O. Num. 2006-0879

Description	Plane Coordinate
Codex 1525-34 #1	X = 472,768.1
Surface Location	Y = 718,183.9
Codex 1525-34 #1	X = 472,311.3
Penetration Point	Y = 718,176.4
Codex 1525-34 #1	X = 468,349.2
Bottom Hole Location	Y = 717,978.3

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.

T-15-S

Before the Oil Conservation Division

Exhibit No.

Parallel Petroleum Corp

OCD CASE 13923

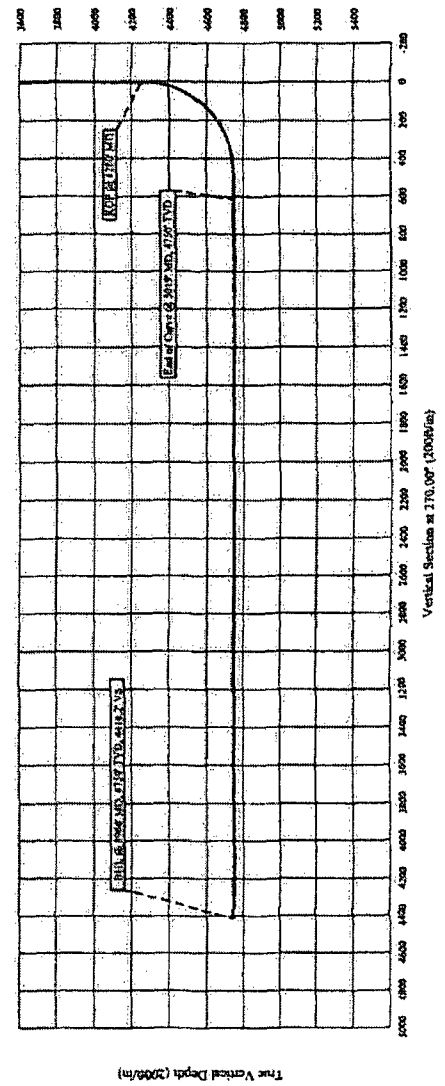
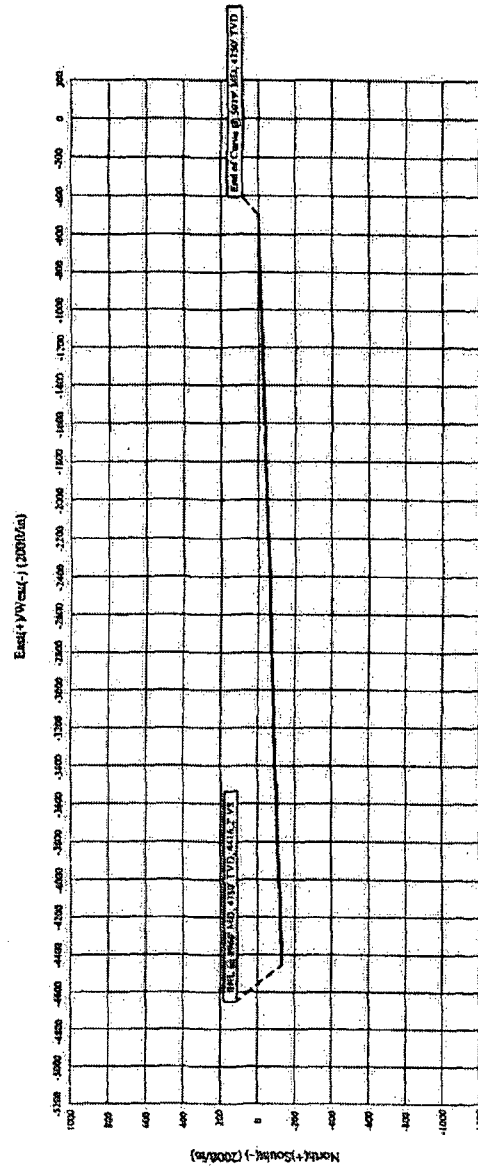
Hearing: June 21, 2007

Parallel Petroleum Corp.

COMPANY DETAILS

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

Codex 1525-34 #1
Sec. 34, T-15-S, R-25-E
Chaves County, New Mexico



PARALLEL SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Codex 1525-34 #1		
LOCATION:	Sec. 34 T-15-S R-25-E		
API NUMBER:			
COMMENTS:			
		MAG DEC. (+/-)	
		GRID CORR. (+/-)	
		TOTAL CORR. (+/-)	0.0

DATE: 08/30/06	TIME: 10:28 AM	TRUE TO GRID	
MINIMUM CURVATURE CALCULATIONS(SPE-3362)		PROPOSED DIRECTION	270.0
		TARGET TRACKING TO CENTER	
SVY	MD	INC	GRID
NUM			AZM
			TVD
			SECT
			N-S
			E-W
			DLS/100
			ABOVE(+)
			RIGHT(+)
			BELOW(-)
			LEFT(-)

TIE	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	470.0	0.0
1	4280	0.0	0.0	4280.0	0.0	0.0	0.0	0.0	460.0	0.0
2	4290	1.3	270.0	4290.0	0.1	0.0	-0.1	13.0	450.0	0.0
3	4300	2.6	270.0	4300.0	0.5	0.0	-0.5	13.0	0.0	0.0
4	5019	90.0	270.0	4750.0	471.3	0.0	-471.3	12.2	0.0	0.5
5	5050	90.0	271.9	4750.0	502.3	0.5	-502.3	6.1	0.0	129.0
6	8966	90.0	271.9	4750.0	4416.2	129.0	-4416.2	0.0	0.0	

KOP @ 4280' MD
 BUR = 12.2 DEG per 100 FT
 End Curve @ 5019' MD, 4750' TVD
 BHL @ 8966' MD, 4750' TVD, 4416.2' VS