

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

Form C-101
May 27, 2004

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

RECEIVED

MAY 16 2006

☐ AMENDED REPORT

UUU-ANTECOM

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 35710	⁴ Property Name Ice Box 1823-30 State Com	⁵ API Number 30-015-34885
⁹ Proposed Pool 1 Four mile Draw; 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
1	30	18S	23E		300	North	760'	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
4	30	18S	23E		660'	South	760'	West	Eddy

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 4066'
¹⁶ Multiple No	¹⁷ Proposed Depth 8687MD, 4800TVD	¹⁸ Formation Wolfcamp	¹⁹ Contractor NA	²⁰ Spud Date NA
Depth to Groundwater 460'		Distance from nearest fresh water well 1000'		Distance from nearest surface water 2000'
²¹ Proposed Casing and Cement Program				

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Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	36#	1400'	325	Surface
8-3/4"	5-1/2"	17#	TVD 4549'	NA	Tie back to
			MD 8687'		Surface casing
Verify by CBL or Temp Survey					

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 4800' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
4. Plug back to NMOCD spec. and set Kickoff point at 4125' drill and advance hole to a Wolfcamp penetration point at approximately 724' FNL and 760' FWL of the section and continue drilling to BHL. (8687' MD & 4549' TVD)
5. Set 5 1/2" to TD and cement back to 200' above the base of the surface casing set at 1400'. 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.

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@plll.com

Date: 5-15-2006

Phone: 432-684-3727

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT

Title:

DISTRICT II GEOLOGIST

Approval Date: MAY 19 2006

Expiration Date: MAY 19 2007

Conditions of Approval Attached ☐

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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 97415	Pool Name Four Mile Draw; Wolfcamp
Property Code	Property Name ICE BOX 1823-30 STATE	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 4066'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	30	18 S	23 E		300	NORTH	760	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
4	30	18 S	23 E		660	SOUTH	760	WEST	EDDY

Dedicated Acres 32c	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

	<table><tr><th colspan="2">Coordinate Table</th></tr><tr><th>Description</th><th>Plane Coordinate</th></tr><tr><td>Ice Box 1823-30 State #1</td><td>X = 376,105.5</td></tr><tr><td>Surface Location</td><td>Y = 627,687.5</td></tr><tr><td>Ice Box 1823-30 State #1</td><td>X = 376,102.7</td></tr><tr><td>Bottom Hole Location</td><td>Y = 623,374.0</td></tr></table>	Coordinate Table		Description	Plane Coordinate	Ice Box 1823-30 State #1	X = 376,105.5	Surface Location	Y = 627,687.5	Ice Box 1823-30 State #1	X = 376,102.7	Bottom Hole Location	Y = 623,374.0
Coordinate Table													
Description	Plane Coordinate												
Ice Box 1823-30 State #1	X = 376,105.5												
Surface Location	Y = 627,687.5												
Ice Box 1823-30 State #1	X = 376,102.7												
Bottom Hole Location	Y = 623,374.0												
<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: <u>Deane Durham</u> Date: _____</p> <p>Printed Name: <u>Deane Durham</u></p>													
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>May 8, 2006</p> <p>Date of Survey: _____ LVA</p> <p>Signature & Seal of Professional Surveyor: <u>MACON McDONALD</u></p> <p>W.O. Num: 2006-0428</p> <p>Certificate No: <u>MACON McDONALD</u> 12185</p>													

PARALLEL PETROLEUM CORPORATION
ICE BOX 1823-30 STATE #1
SL: 760' FWL AND 300' FNL, BHL: 760' FWL AND 660' FSL
SEC 30, T18S, R23E
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

Est GL from topo: 4066', KB 4078'.
Glorieta 1825'
Tubb 2835'
Abo Shale 3425'
Wolfcamp 4550'
Wolfcamp Shale 4740'

Well Geometry

- 9 5/8" casing at 1400'
- 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</u> <u>(ft)</u>	<u>Casing</u>	<u>Weight</u>	<u>Grade</u>	<u>Coupling</u>	<u>COMMENT</u>
12-1/4"	0 – 1400	9-5/8"	36	J55	LT&C	
8-3/4"	0 – 5500'	5-1/2"	17	N80	LT&C	Run through the horizontal lateral.

Casing Cementing Program

9-5/8" slurry: Lead: 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 most likely 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 a minimum of 200' above base of the surface casing at 1400'.

Mud Program

<u>Depth</u>	<u>Hole</u>	<u>MW</u>	<u>Visc.</u>	<u>WL</u>	<u>Synopsis</u>
0 – 300	12-1/4"	8.4	32 - 38	No control	Fresh gel Lime flocc.(outer) reserve. Fresh gel sweeps, paper & cotton seed hulls for losses.
300 - 1400	12-1/4"	8.4 – 8.6	28 - 29	No control	FRESH WATER mud only to 1400 ft. Severe loss potential. Circulate inner reserve. LCM: paper, fiber, cotton seed hulls.
1300 – 3400	8-3/4"	8.6 – 9.2	28 -29	No control	Cut brine. Start w/existing & add brine t/80K-120K chlorides
3400 – TD	8-3/4"	8.9 – 9.5	38 - 45	6 - 10	XCD/Starch polymer as req'd for hole cleaning. Lubricants.
KOP – TD Horizontal	8-3/4" & 7-7/8"	8.9 – 9.5	38 - 45	6 - 10	XCD/Starch polymer as req'd for hole cleaning. Lubricants.

PARALLEL SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Ice Box 1823-30 State #1		
LOCATION:	Sec. 30 T-18-S R-23-E		
API NUMBER:			
COMMENTS:			
		MAG DEC. (-/+)	
		GRID CORR. (-/+)	
		TOTAL CORR. (-/+)	0.0

DATE: 05/15/06 TIME: 11:02 AM TRUE TO GRID ☐

MINIMUM CURVATURE CALCULATIONS(SPE-3362)									PROPOSED DIRECTION	180.0	TARGET TRACKING TO CENTER	
SVY NUM	MD	INC	GRID AZM	TVD	VERT SECT	N-S	E-W	DLS/ 100			ABOVE(+) BELOW(-)	RIGHT(+) LEFT(-)
TIE	0	0.0	0.0	0.0	0.0	0.0	0.0					
1	4125	0.0	0.0	4125.0	0.0	0.0	0.0	0.0			425.0	0.0
2	4135	1.4	180.0	4135.0	0.1	-0.1	0.0	13.5			415.0	0.0
3	4145	2.7	180.0	4145.0	0.5	-0.5	0.0	13.5			405.0	0.0
4	4792	90.0	180.0	4549.6	424.6	-424.6	0.0	13.5			0.4	0.0
5	8687	90.0	180.0	4549.6	4319.6	-4319.6	0.0	0.0			0.4	0.0

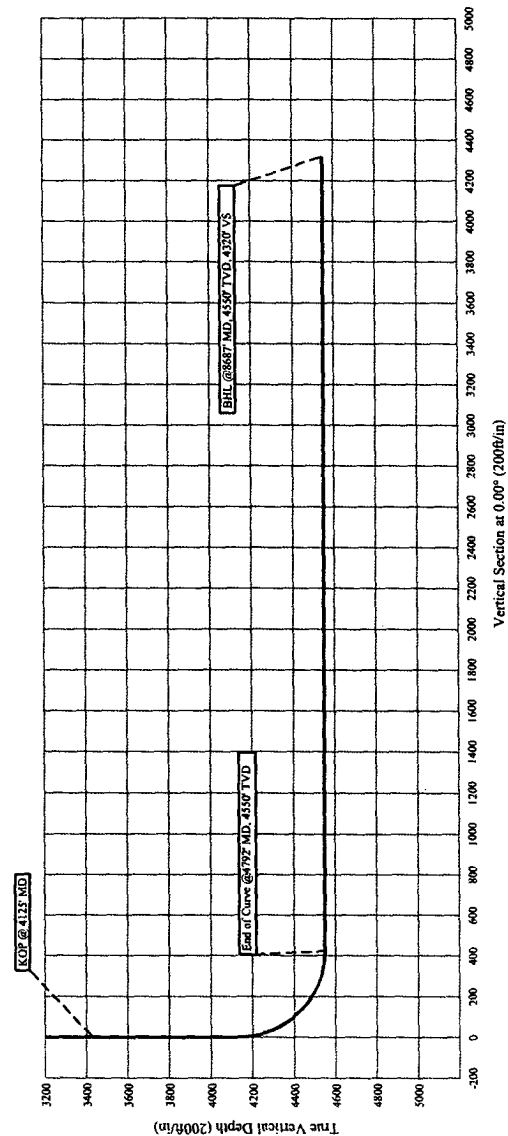
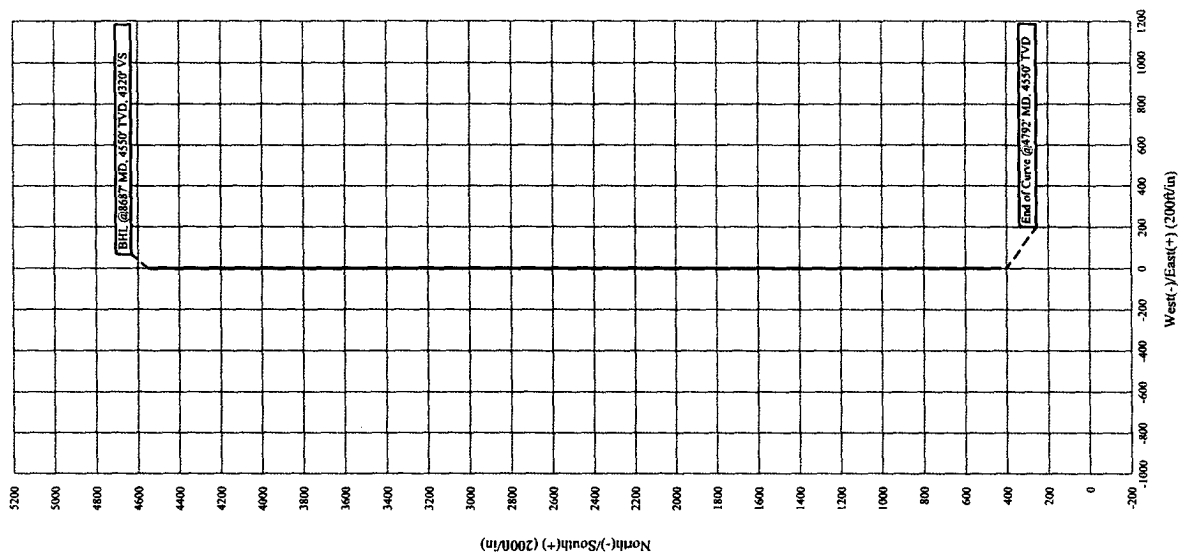
KOP @ 4125' MD
 BUR = 13.5 DEG per 100 FT
 End Curve @ 4792' MD, 4550' TVD
 BHL @ 8687' MD, 4550' TVD, 4320' VS

Parallel Petroleum Corp.

Ice Box 18-23 State #1
Section 30, T 18-S, R 23-E
Eddy County, New Mexico

COMPANY DETAILS

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





PARALLEL

Petroleum Corporation

1004 North Big Spring, Suite 400 • Midland, TX 79701 • Ph: 432-684-3727 • Fax: 432-684-3905

A. Deane Durham
Senior Engineer

May 19, 2006

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

Re: Ice Box 1823-30 State #1
Sec. 30, T-18-S, R-23-E
Eddy County, New Mexico

Dear Sir:

The nearest occupied dwelling to this well, to the best of my knowledge is Mr. Jim Bob Burnet's home which is 2-3/4 mile south.

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

Sincerely,

Deane Durham
Engineer