

Month - Year
APR 12 2007
OCD - ARTESIA, NM

PARALLEL

Petroleum Corporation

1004 N. Big Spring Street, Suite 400 • Midland, TX 79701 • Ph: 915-684-3727 • Fax: 915-685-6580

30 - 005 - 63783

DEANE DURHAM
Operations Engineer

March 30, 2007

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 S. St. Francis
Santa Fe, NM 87505

Re: Bold Venture #1
Parallel Petroleum Corporation
Sec. 27, T-14-S, R-26-E
Chaves County, New Mexico

Dear Mr. Ezeanyim:

The referenced well reached total depth on 7/22/06 at a measured depth of 9314'. The horizontal well path was planned and permitted to reach total depth at approximately 9305' measured depth or 660' FSL and 1880' FEL of section 27, however, the drilling was unintentionally continued out to 9314'. We used steerable directional tools in the well. Unfortunately at the point the well was TD'd, the BHL is 646' FSL and 1735' FEL and non-standard to the south by 14' (see attached plat with actual BHL). We did intentionally perforate the entire horizontal interval inside the standard producing area. We request a non-standard allowance for this well. All offset operators have been contacted and all signed waivers are attached.

Should you need additional information regarding this issue, please contact me.

Sincerely,


Deane Durham
New Mexico Operations Engineer

Attachments: C-102 showing actual BHL
Gyrodata – gyroscopic survey
Schlumberger – MWD survey
Waivers from all offset operators

CC: Bryan Arrant

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

☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-005-63783		* Pool Code	* Pool Name WILDCAT, WOLFCAMP, 97489	
* Property Code	* Property Name BOLD VENTURE			* Well Number 1
* OGRID No. 230387	* Operator Name PARALLEL PETROLEUM CORPORATION			* Elevation GR: 3414

10 Surface Location

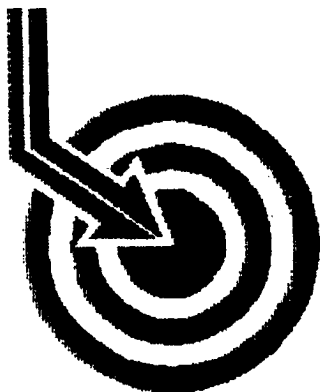
UL or lot no. B	Section 27	Township 14S	Range 26E	Lot Idn	Feet from the 400	North/South Line NORTH	Feet from the 1880	East/West Line EAST	County CHAVES
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¹¹ Bottom Hole Location If Different From Surface

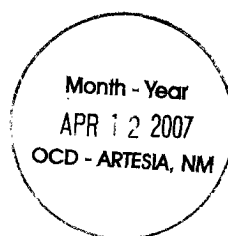
UL or lot no. 0	Section 27	Township 14S	Range 26E	Lot Idn	Feet from the 646	North/South line SOUTH	Feet from the	East/West line 1735	EAST	County CHAVES
" Dedicated Acres 320		" Joint or Infill		" Consolidation Code		" Order No.				

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.

16		17 OPERATOR CERTIFICATION <i>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 hereinafter entered by the division.</i> 03-27-2007 Signature Date KAYE MC CORMICK Printed Name
	320Ac	18 SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor:
		1735 1735 Certificate Number



Scientific Drilling



PARALLEL PETROLEUM

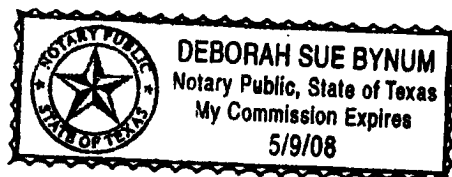
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522
Survey: 06/30/06

This survey is correct to the best of my knowledge
and is supported by actual field data.

.....*Deborah Sue Bynum*.....Company Representative

Notorized this date 25th of July, 2006.

Deborah Sue Bynum
Notary Signature
County of Midland
State of Texas





Scientific Drilling International Survey Report

Month - Year
2007
OCC - ARTESIA, NM

Company: PARALLEL PETROLEUM
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522

Date: 07/23/2006 Time: 22:59:28 Page: 1
Co-ordinate(NE) Reference: Site: Chaves County, NM, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,124.05Azi)
Survey Calculation Method: Minimum Curvature Db: Sybase

Survey: 06/30/06
KSRG 0'-5480'

Start Date: 06/30/2006

Company: Scientific Drilling Internatio
Tool: Keeper, Keeper Gyro

Engineer: Madrid w/Signal
Tied-to: From Surface

Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ClbD ft	ClbA deg
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.62	50.23	100.00	0.15	0.35	0.42	0.62	0.54	50.23
200.00	0.55	101.48	199.99	0.74	0.60	1.30	0.51	1.43	65.37
300.00	0.41	82.11	299.99	1.45	0.55	2.13	0.21	2.20	75.49
400.00	0.40	71.27	399.99	1.93	0.71	2.81	0.08	2.90	75.79
500.00	0.49	98.90	499.98	2.53	0.76	3.56	0.23	3.64	78.00
600.00	0.82	108.70	599.98	3.60	0.49	4.67	0.34	4.70	84.06
700.00	0.98	98.64	699.97	5.06	0.15	6.20	0.20	6.21	88.60
800.00	0.95	97.90	799.95	6.57	-0.09	7.87	0.03	7.87	90.66
900.00	1.26	93.67	899.93	8.26	-0.27	9.79	0.32	9.79	91.61
1000.00	1.36	97.22	999.91	10.27	-0.49	12.06	0.13	12.07	92.35
1100.00	1.78	99.76	1099.87	12.75	-0.91	14.77	0.43	14.80	93.51
1200.00	2.03	107.75	1199.81	15.86	-1.71	17.99	0.36	18.07	95.43
1300.00	1.83	107.62	1299.76	19.09	-2.73	21.20	0.20	21.37	97.35
1400.00	1.82	115.42	1399.71	22.19	-3.90	24.15	0.25	24.47	99.17
1500.00	1.88	114.18	1499.65	25.38	-5.25	27.08	0.07	27.59	100.97
1600.00	1.81	113.79	1599.60	28.55	-6.56	30.03	0.07	30.73	102.33
1700.00	1.81	119.08	1699.55	31.68	-7.96	32.85	0.17	33.80	103.63
1800.00	1.83	114.87	1799.50	34.83	-9.40	35.68	0.13	36.90	104.76
1900.00	1.70	114.23	1899.45	37.87	-10.68	38.48	0.13	39.94	105.52
2000.00	1.77	112.30	1999.41	40.84	-11.88	41.26	0.09	42.94	106.06
2100.00	1.69	109.14	2099.36	43.78	-12.95	44.08	0.12	45.95	106.37
2200.00	1.77	111.28	2199.32	46.71	-13.99	46.92	0.10	48.96	106.61
2300.00	1.65	110.98	2299.27	49.62	-15.07	49.70	0.12	51.93	106.86
2400.00	1.34	109.22	2399.24	52.15	-15.97	52.15	0.31	54.54	107.02
2500.00	1.24	114.05	2499.21	54.34	-16.79	54.24	0.15	56.78	107.20
2600.00	1.13	116.78	2599.19	56.39	-17.68	56.11	0.12	58.83	107.49
2700.00	1.04	119.84	2699.17	58.27	-18.57	57.78	0.11	60.69	107.82
2800.00	0.71	122.79	2799.16	59.80	-19.36	59.08	0.33	62.18	108.14
2900.00	0.45	127.64	2899.16	60.81	-19.94	59.92	0.26	63.15	108.40
3000.00	0.50	139.66	2999.15	61.62	-20.51	60.51	0.11	63.89	108.72
3100.00	0.38	138.90	3099.15	62.38	-21.09	61.01	0.12	64.55	109.07
3200.00	0.24	173.54	3199.15	62.82	-21.55	61.25	0.23	64.93	109.38
3300.00	0.40	176.09	3299.15	63.17	-22.11	61.30	0.16	65.16	109.83
3400.00	0.28	188.38	3399.15	63.49	-22.70	61.29	0.14	65.36	110.32
3500.00	0.42	205.78	3499.14	63.65	-23.27	61.09	0.17	65.37	110.85
3600.00	0.37	200.84	3599.14	63.77	-23.90	60.82	0.06	65.35	111.45
3700.00	0.69	214.86	3699.14	63.84	-24.70	60.36	0.34	65.22	112.25
3800.00	0.68	225.90	3799.13	63.71	-25.60	59.59	0.13	64.86	113.25
3900.00	0.66	210.05	3899.12	63.63	-26.51	58.87	0.19	64.57	114.24
4000.00	0.61	208.03	3999.12	63.72	-27.48	58.34	0.05	64.49	115.23
4100.00	0.54	208.21	4099.11	63.83	-28.37	57.86	0.07	64.44	116.12
4200.00	0.46	190.85	4199.11	64.03	-29.18	57.56	0.17	64.54	116.88
4300.00	0.27	155.58	4299.11	64.39	-29.79	57.59	0.29	64.83	117.35
4400.00	0.42	175.15	4399.11	64.82	-30.37	57.71	0.19	65.22	117.75
4500.00	0.44	207.15	4499.10	65.10	-31.07	57.57	0.24	65.42	118.36
4600.00	0.39	221.41	4599.10	65.10	-31.67	57.17	0.11	65.36	118.98
4700.00	0.50	206.33	4699.10	65.12	-32.32	56.75	0.16	65.31	119.66
4800.00	0.50	220.41	4799.09	65.13	-33.04	56.28	0.12	65.26	120.42



Scientific Drilling International

Survey Report

Company: PARALLEL PETROLEUM
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522

Date: 07/23/2008 Time: 22:59:28 Page: 2
Co-ordinate(NE) Reference: Site: Chaves County, NM, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,124.05Azi)
Survey Calculation Method: Minimum Curvature Db: Sybase

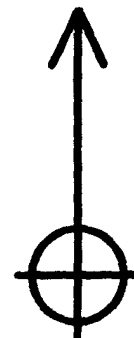
Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ChD ft	ChA deg
4900.00	0.47	191.58	4899.09	65.23	-33.77	55.91	0.24	65.32	121.13
5000.00	0.41	182.16	4999.09	65.58	-34.53	55.81	0.09	65.63	121.74
5100.00	0.19	209.21	5099.09	65.78	-35.03	55.72	0.26	65.82	122.16
5200.00	0.19	180.41	5199.08	65.89	-35.35	55.64	0.09	65.92	122.43
5300.00	0.49	229.59	5299.08	65.87	-35.79	55.31	0.39	65.88	122.90
5400.00	0.74	265.66	5399.08	65.25	-36.11	54.34	0.45	65.25	123.61
5460.00	0.71	259.09	5459.07	64.68	-36.21	53.59	0.15	64.68	124.05



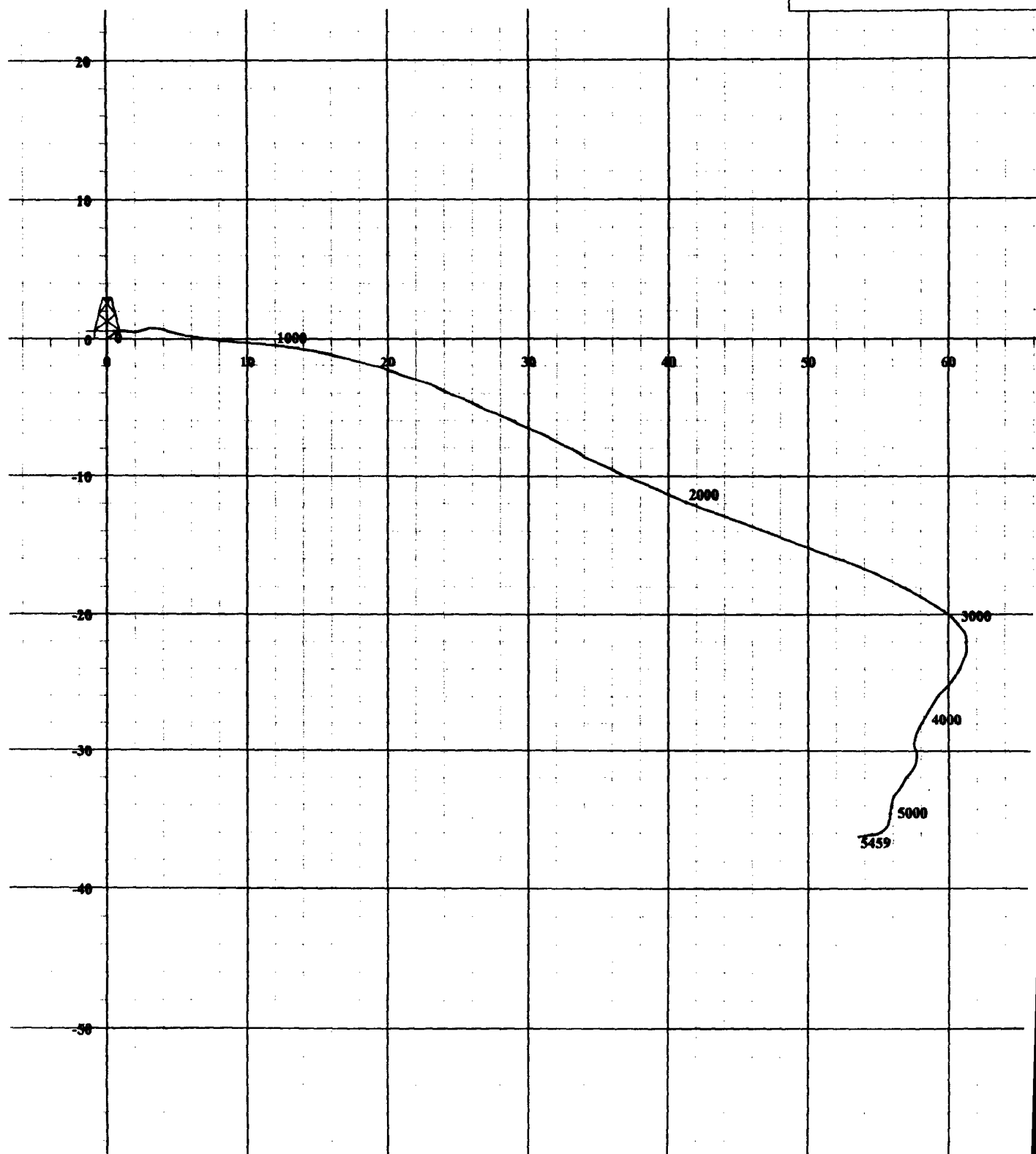
**Scientific
Drilling**

Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522
Survey: 06/30/06



Azimuth in Grid
True North
Magnetic North
Magnetic
Strength
Dip Angle
Date: 07/2
Model: 1

South(-)/North(+) [10ft/in]



West(-)/East(+) [10ft/in]

Schlumberger

Survey Report

Company <u>Parallel Petroleum</u>							Mag. Decl. <u>8.61</u>					
Well <u>Bold Venture # 1</u>							Target Inc. <u>89.85</u>					
Field <u>Wolfcamp Gas</u>							Target TVD <u>5268</u>					
Rlg <u>JW Rlg # 4</u>							Target Az. <u>180</u>					
Anadrill D.D. <u>Nathan Moore</u>							Tgt. Coord. _____					
Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
Gyro Tie-IN		4900	0.47	191.58		4899.08	33.77	33.77 S	55.91 E			
SLB MWD SVY.	1	4909	0.38	180.52	9	4908.08	33.84	33.84 S	55.90 E	1.35	-1.00	-122.89
MWD	2	4941	2.99	161.00	32	4940.06	34.73	34.73 S	56.17 E	8.23	8.16	-61.00
MWD	3	4972	10.39	170.73	31	4970.83	38.26	38.26 S	56.89 E	24.06	23.87	31.39
MWD	4	5004	16.52	163.08	32	5001.94	45.47	45.47 S	56.88 E	19.91	19.16	-23.91
MWD	5	5036	23.65	160.45	32	5031.98	55.88	55.88 S	62.15 E	22.45	22.28	-8.22
MWD	6	5067	29.56	158.27	31	5059.68	68.86	68.86 S	67.06 E	19.32	19.06	-7.03
MWD	7	5099	35.47	158.05	32	5086.65	84.81	84.81 S	73.46 E	18.47	18.47	-0.69
MWD	8	5131	41.04	159.36	32	5111.77	103.27	103.27 S	80.64 E	17.59	17.41	4.09
MWD	9	5163	46.44	163.39	32	5134.89	124.23	124.23 S	87.66 E	18.98	18.88	12.59
MWD	10	5194	51.22	168.31	31	5155.30	146.85	146.85 S	93.32 E	19.50	15.42	15.87
MWD	11	5225	53.55	170.47	31	5174.22	170.98	170.98 S	97.83 E	9.32	7.52	6.97
MWD	12	5257	54.55	171.31	32	5193.00	196.56	196.56 S	101.93 E	3.78	3.13	2.63
MWD	13	5289	58.46	175.26	32	5210.87	223.05	223.05 S	105.03 E	15.97	12.22	12.34
MWD	14	5320	62.32	180.14	31	5225.99	249.97	249.97 S	106.09 E	18.50	12.45	15.74
MWD	15	5352	66.10	183.02	32	5239.91	278.76	278.76 S	105.28 E	14.32	11.81	9.00
MWD	16	5384	72.03	183.38	32	5251.34	308.59	308.59 S	103.61 E	18.56	18.53	1.12
MWD	17	5414	77.87	183.26	30	5259.12	337.50	337.50 S	101.94 E	19.47	19.47	-0.40
MWD	18	5446	83.93	182.87	32	5264.18	369.03	369.03 S	100.25 E	18.98	18.94	-1.22
MWD	19	5477	87.53	182.29	31	5268.49	399.91	399.91 S	98.86 E	11.76	11.61	-1.87
MWD	20	5509	88.38	180.85	32	5267.63	431.88	431.88 S	97.98 E	5.22	2.66	-4.50
MWD	21	5541	89.59	181.74	32	5268.20	463.86	463.86 S	97.26 E	4.69	3.78	2.78
MWD	22	5636	90.48	181.74	95	5268.14	558.82	558.82 S	94.38 E	0.94	0.94	
MWD	23	5700	89.86	181.56	64	5267.95	622.79	622.79 S	92.53 E	1.01	-0.97	-0.28
MWD	24	5764	88.83	181.30	64	5268.68	686.77	686.77 S	90.94 E	1.66	-1.61	-0.41
MWD	25	5827	89.79	180.92	63	5269.44	749.75	749.75 S	89.72 E	1.64	1.52	-0.60
MWD	26	5891	92.17	180.98	64	5268.35	813.73	813.73 S	88.66 E	3.72	3.72	0.09
MWD	27	5966	92.06	181.66	95	5264.84	908.64	908.64 S	86.47 E	0.72	-0.12	0.72
MWD	28	6050	90.03	181.57	64	5263.67	972.60	972.60 S	84.67 E	3.17	-3.17	-0.14
MWD	29	6114	88.97	181.13	64	5264.23	1036.58	1036.58 S	83.16 E	1.79	-1.66	-0.69
MWD	30	6177	90.93	183.13	63	5264.29	1099.53	1099.53 S	80.82 E	4.44	3.11	3.17
MWD	31	6241	89.66	183.40	64	5263.96	1163.42	1163.42 S	77.17 E	2.03	-1.98	0.42
MWD	32	6304	88.87	182.96	63	5264.77	1226.32	1226.32 S	73.68 E	1.44	-1.25	-0.70
MWD	33	6367	90.03	183.28	63	5265.37	1289.22	1289.22 S	70.25 E	1.91	1.84	0.51
MWD	34	6430	90.38	182.34	63	5265.15	1352.14	1352.14 S	67.16 E	1.59	0.56	-1.49
MWD	35	6493	89.69	182.38	63	5265.11	1415.09	1415.09 S	64.57 E	1.10	-1.10	0.06
MWD	36	6557	88.69	181.79	64	5266.01	1479.04	1479.04 S	62.24 E	1.81	-1.56	-0.92
MWD	37	6621	88.01	181.51	64	5267.85	1542.98	1542.98 S	60.40 E	1.15	-1.06	-0.44
MWD	38	6684	89.14	180.34	63	5269.42	1605.95	1605.95 S	59.38 E	2.58	1.79	-1.86
MWD	39	6747	88.80	180.17	63	5270.55	1668.94	1668.94 S	59.10 E	0.60	-0.54	-0.27
MWD	40	6811	89.69	180.33	64	5271.40	1732.94	1732.94 S	58.82 E	1.41	1.39	0.25
MWD	41	6875	88.83	179.57	64	5272.22	1796.93	1796.93 S	58.88 E	1.79	-1.34	-1.19
MWD	42	6970	88.55	179.39	95	5274.40	1891.90	1891.90 S	59.74 E	0.35	-0.29	-0.19
MWD	43	7033	89.69	179.40	63	5275.36	1954.89	1954.89 S	60.40 E	1.81	1.81	0.02
MWD	44	7097	88.69	179.30	64	5276.27	2018.88	2018.88 S	61.13 E	1.57	-1.56	-0.16
MWD	45	7193	88.32	178.36	96	5278.77	2114.82	2114.82 S	63.09 E	1.05	-0.39	-0.98
MWD	46	7224	89.35	177.54	31	5279.40	2145.80	2145.80 S	64.20 E	4.25	3.32	-2.65
MWD	47	7288	88.25	175.32	64	5280.74	2209.65	2209.65 S	68.18 E	3.87	-1.72	-3.47
MWD	48	7351	90.17	174.95	63	5281.61	2272.42	2272.42 S	73.52 E	3.10	3.05	-0.59
MWD	49	7382	91.10	175.03	31	5281.27	2303.30	2303.30 S	76.23 E	3.01	3.00	0.26
MWD	50	7414	91.14	174.76	32	5280.84	2335.16	2335.16 S	79.08 E	0.85	0.13	-0.84
MWD	51	7446	90.93	175.13	32	5280.06	2367.04	2367.04 S	81.89 E	1.33	-0.66	1.16
MWD	52	7509	90.79	177.11	63	5279.12	2429.88	2429.88 S	86.16 E	3.15	-0.22	3.14

Schlumberger

Survey Report

Company <u>Parallel Petroleum</u>							Mag. Decl. <u>8.61</u>					
Well <u>Bold Venture # 1</u>							Target Inc. <u>89.85</u>					
Field <u>Wolfcamp Gas</u>							Target TVD <u>5268</u>					
Rig <u>JW Rig # 4</u>							Target Az. <u>180</u>					
Anadrill D.D. <u>Nathan Moore</u>							Tgt. Coord. _____					
Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
MWD	53	7573	91.07	177.45	64	5278.08	2493.80	2493.80 S	89.19 E	0.69	0.44	0.53
MWD	54	7636	90.79	177.04	63	5277.06	2556.72	2556.72 S	92.22 E	0.79	-0.44	-0.85
MWD	55	7700	91.03	177.22	64	5276.04	2620.63	2620.63 S	95.43 E	0.47	0.37	0.28
MWD	56	7764	91.00	178.48	64	5274.91	2684.57	2684.57 S	97.82 E	1.98	-0.05	1.98
MWD	57	7827	90.41	178.02	63	5274.13	2747.54	2747.54 S	99.74 E	1.20	-0.94	-0.75
MWD	58	7891	90.45	178.22	64	5273.65	2811.50	2811.50 S	101.84 E	0.32	0.06	0.31
MWD	59	7954	90.31	178.64	63	5273.23	2874.48	2874.48 S	103.56 E	0.70	-0.22	0.67
MWD	60	8018	90.52	178.67	64	5272.77	2938.46	2938.46 S	105.07 E	0.33	0.33	0.05
MWD	61	8082	89.21	178.68	64	5272.92	3002.44	3002.44 S	106.55 E	2.05	-2.05	0.02
MWD	62	8145	89.93	178.47	63	5273.39	3065.42	3065.42 S	108.11 E	1.19	1.14	-0.33
MWD	63	8208	88.28	178.19	63	5274.38	3128.38	3128.38 S	109.95 E	2.66	-2.62	-0.44
MWD	64	8272	87.97	177.76	64	5276.47	3192.31	3192.31 S	112.21 E	0.83	-0.48	-0.67
MWD	65	8303	88.11	178.08	31	5277.53	3223.27	3223.27 S	113.33 E	1.13	0.45	1.03
MWD	66	8367	88.60	177.33	64	5279.37	3287.19	3287.19 S	115.90 E	1.40	0.77	-1.17
MWD	67	8431	90.31	178.65	64	5279.98	3351.10	3351.10 S	119.26 E	2.88	2.67	-1.06
MWD	68	8482	90.72	178.54	31	5279.70	3382.04	3382.04 S	121.10 E	1.37	1.32	-0.35
MWD	69	8494	91.24	178.97	32	5279.15	3413.98	3413.98 S	122.91 E	2.11	1.82	1.34
MWD	70	8528	90.31	178.66	32	5278.72	3445.93	3445.93 S	124.69 E	3.06	-2.91	-0.97
MWD	71	8589	89.83	177.74	63	5278.64	3508.85	3508.85 S	127.76 E	1.88	-0.76	1.71
MWD	72	8653	89.72	177.99	64	5278.89	3572.81	3572.81 S	130.15 E	0.43	-0.17	0.39
MWD	73	8716	89.24	178.47	63	5279.47	3635.78	3635.78 S	132.09 E	1.08	-0.76	0.76
MWD	74	8779	89.31	178.93	63	5280.26	3698.76	3698.76 S	133.52 E	0.74	0.11	0.73
MWD	75	8842	89.38	179.14	63	5280.98	3761.74	3761.74 S	134.58 E	0.35	0.11	0.33
MWD	76	8905	88.90	178.95	63	5281.93	3824.73	3824.73 S	135.63 E	0.82	-0.76	-0.30
MWD	77	8969	89.14	178.68	64	5283.02	3888.70	3888.70 S	136.97 E	0.59	0.37	-0.45
MWD	78	9032	89.66	178.67	63	5283.68	3951.68	3951.68 S	138.44 E	0.83	0.83	0.02
MWD	79	9096	90.24	178.56	64	5283.74	4015.66	4015.66 S	139.98 E	0.92	0.91	-0.17
MWD	80	9159	89.93	178.47	63	5283.65	4078.64	4078.64 S	141.61 E	0.51	-0.49	-0.14
MWD	81	9222	89.97	178.75	63	5283.70	4141.62	4141.62 S	143.14 E	0.45	0.06	0.44
MWD	82	9254	89.79	178.57	32	5283.77	4173.61	4173.61 S	143.89 E	0.80	-0.56	-0.56
Bit Proj.to TD	83	9314	89.79	178.57	60	5283.99	4233.60	4233.60 S	145.39 E			

RECEIVED APR 05 2007

PARALLEL
Petroleum Corporation

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

MICHAEL M. GRAY

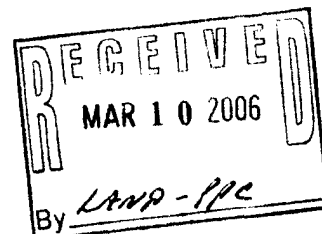
April 3, 2007

Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, Texas 79702

Attention: Mr. Dale Douglas

Sally A. Ellis
771 Crescent Dr.
Boulder, Co 80306

Re: Bold Venture No. 1 Well
T-14-S, R-28-E
Section 27: E/2
Chaves County, New Mexico



Gentlemen:

The Bold Venture No. 1 Well has been completed as a horizontal Wolfcamp gas producer under the captioned 320 acre unit. Under the rules of the Oil Conservation Division (the OCD) the entry point and terminus point for a horizontal gas well at this depth must be at least 880' from the outer boundary of the unit. We have learned that we inadvertently drilled the Bold Venture No. 1 Well to a terminus point of 646' from the unit and section line between the Bold Venture in Section 27 and Section 34, where we drilled the Alysheba 1428-34D # 1 well in the North half of Section 34. The Bold venture well encroaches by 14' on the section line. Under the OCD rules, the Bold Venture # 1 well was shut in on Friday, March 30. In order to turn the well back on, we have to get a non-standard location exception from the OCD.

You own a working interest under both the Bold Venture well and the Alysheba 1428-34D # 1 wells. In order to expedite the OCD's grant of the non-standard location application for the Bold Venture well, we request that you waive any objection to the non-standard terminus point for the Bold Venture # 1 well. With your waivers we expect to get consent from the OCD to turn the Bold Venture well back on within 7 to 10 days from receipt of both of the waivers. Without the waivers, we will have to have a hearing before the OCD which could take up to 30 days.

For your information the Bold Venture well was producing about 200 mcf/gpd before it was shut in and the Alysheba well produces about 100 mcf/gd.

mgray@p111.com
www.p111.com



Parallel Petroleum Corporation
Page 2

Objection Waiver Election - Bold Venture #1 Well

Please execute and return one copy of this letter by fax to 432-684-3905 or by scan and email to mgray@plll.com and mail as soon as possible.

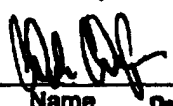
Call me at 432-684-3727 (office) or 432-349-7033 (cell) if you have questions.

Yours truly,


Michael M. Gray
Land Manager, New Mexico

CAPSTONE OIL & GAS COMPANY, L.P.

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

By 
Name Dale Douglas, President of
Title: Capstone Investments, Inc. its
General Partner
Date: 4/10/07

SALLY A. ELLIS

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

Sally A. Ellis

Date: _____

word1075



 PARALLEL
Petroleum Corporation

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

MICHAEL M. GRAY

April 3, 2007

Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, Texas 79702

Attention: Mr. Dale Douglas

Sally A. Ellis
771 Crescent Dr.
Boulder, Co 80306

Re: Bold Venture No. 1 Well
T-14-S, R-26-E
Section 27: E/2
Chaves County, New Mexico

Dear Ms. Ellis:

The Bold Venture No. 1 Well has been completed as a horizontal Wolfcamp gas producer under the captioned 320 acre unit. Under the rules of the Oil Conservation Division (the OCD) the entry point and terminus point for a horizontal gas well at this depth must be at least 660' from the outer boundary of the unit. We have learned that we inadvertently drilled the Bold Venture No. 1 Well to a terminus point of 646' from the unit and section line between the Bold Venture in Section 27 and Section 34, where we drilled the Alysheba 1426-34D # 1 well in the North half of Section 34. The Bold venture well encroaches by 14' on the section line. Under the OCD rules, the Bold Venture # 1 well was shut in on Friday, March 30. In order to turn the well back on, we have to get a non-standard location exception from the OCD.

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For your information the Bold Venture well was producing about 200 mcf/gpd before it was shut in and the Alysheba well produces about 100 mcf/gd.

APR 09 2007
PILL - MIDLAND

mgray@pill.com
www.pill.com



Objection Waiver Election – Bold Venture #1 Well

Please execute and return one copy of this letter by fax to 432-684-3905 or by scan and email to mgray@p111.com and mail as soon as possible.

Call me at 432-684-3727 (office) or 432-349-7033 (cell) if you have questions.

Yours truly,


Michael M. Gray
Land Manager, New Mexico

CAPSTONE OIL & GAS COMPANY, L.P.

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

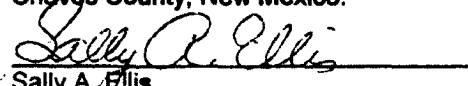
By _____
Name

Title: _____

Date: _____

SALLY A. ELLIS

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.


Sally A. Ellis

Date: 4/4/07

word1075

