

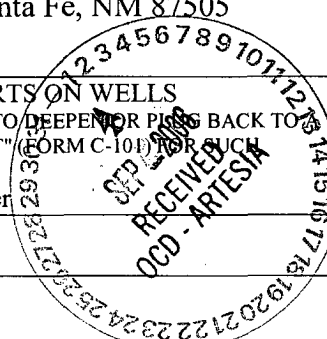
Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

| |
|---|
| WELL API NO. 30-015-34726-34844 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name Press Box 1923-5 State Com |
| 8. Well Number 1 |
| 9. OGRID Number |
| 10. Pool name or Wildcat Wildcat, 96086 |



SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator
Parallel Petroleum Corp.

3. Address of Operator
1004 N. Big Spring, Midland, Texas 79705

4. Well Location
Unit Letter **E** : **1880** feet from the **North** line and **300** feet from the **West** line
Section **5** Township **19S** Range **23E** NMPM **Eddy** County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR. 4040'

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☒
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
OTHER: **Move surface location** ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This sundry notice is to move the surface and bottom hole location of the well. A revised C-101 and C-102 and drilling plan are attached.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Gary Miller TITLE Agent DATE _____

Type or print name
For State Use Only

E-mail address:

Telephone No.

BRYAN G. ARANT

DISTRICT II GEOLOGIST

APPROVED BY: _____ TITLE _____

DATE **SEP 05 2006**

Conditions of Approval (if any):

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

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 35689 | ⁴ Property Name Press Box 1923-5 State Com | ⁵ API Number 30-015-34844 |
| ⁶ Well No. 1 | | |
| ⁷ Proposed Pool 1 Wildcat Wolfcamp 96086 | | ¹⁰ Proposed Pool 2 |

⁷ Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot no. E | Section 5 | Township 19S | Range 23E | Lot Idn | Feet from the 1880 | North/South line North | Feet from the 300' | East/West line West | County Eddy |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

⁸ Proposed Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|--------------------|--------------|-----------------|--------------|---------|------------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot no. H | Section 5 | Township 19S | Range 23E | Lot Idn | Feet from the 1880' | North/South line North | Feet from the 660' | East/West line East | County 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 4040' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 8690MD, 4550TVD | ¹⁸ Formation Wolfcamp | ¹⁹ Contractor NA | ²⁰ Spud Date NA |
| Depth to Groundwater 500' | | Distance from nearest fresh water well 7000' | | Distance from nearest surface water 2000' |
| ²¹ Proposed Casing and Cement Program | | | | |
| Pit: Liner: Synthetic X 12_mils thick Clay <input type="checkbox"/> Pit Volume: 25,000 bbls Drilling Method: Fresh Water X Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |
| Closed-Loop System <input type="checkbox"/> | | | | |

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# | 1500' | 325 | Surface |
| 8-3/4" | 5-1/2" | 17# | TVD 4550' | NA | Tie back to |
| | | | MD 8690' | | 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 1500'. Set 8 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 4130' drill and advance hole to a Wolfcamp penetration point at approximately 720' FWL and 1880' FNL of the section and continue drilling to BHL. (8690' MD & 4550' 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.

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 NMOC guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan.

Printed name: Deane Durham

Title: Drilling Engineer

E-mail Address: ddurham@p111.com]

Date: 8-30-06

Phone: 432-684-3727

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Title:

Approval Date: SEP 05 2006

Expiration Date: SEP 05 2007

Conditions of Approval Attached ☐

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

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1301 W. Grand Avenue, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

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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
RECEIVED
OCC ARTESIA
AMENDED REPORT
SEP 2 2006
12345678910111213141516171819

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|---|--------------------|
| API Number | Pool Code | Pool Name |
| Property Code | Property Name PRESS BOX 1923-5 STATE COM | Well Number 1 |
| OGRID No. | Operator Name PARALLEL PETROLEUM CORPORATION | Elevation 4040' |

Surface Location

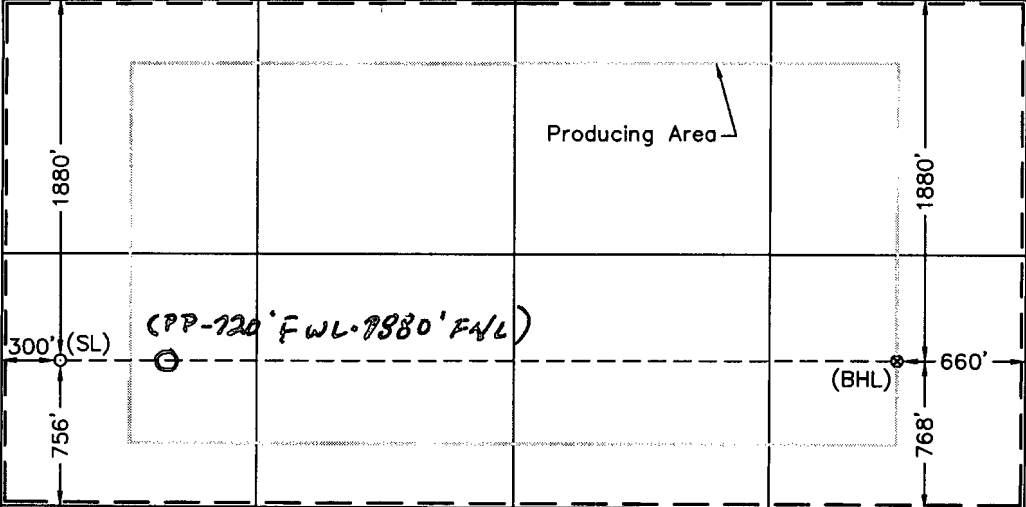
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| E | 5 | 19 S | 23 E | | 1880 | NORTH | 300 | 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 |
| H | 5 | 19 S | 23 E | | 1880 | NORTH | 660 | EAST | EDDY |

| | | | |
|------------------------|-----------------|--------------------|-----------|
| 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

|  <p>Producing Area</p> <p>Project Area</p> <p>(PP-720' FWL-7980' FWL)</p> <p>(BHL)</p> <table><thead><tr><th colspan="2">Coordinate Table</th></tr><tr><th>Description</th><th>Plane Coordinate</th></tr></thead><tbody><tr><td>Press Box 1923-5 State Com #1</td><td>X = 380,778.9</td></tr><tr><td>Surface Location</td><td>Y = 615,541.6</td></tr><tr><td>Press Box 1923-5 State Com #1</td><td>X = 385,103.7</td></tr><tr><td>Bottom Hole Location</td><td>Y = 615,545.8</td></tr></tbody></table> | Coordinate Table | | Description | Plane Coordinate | Press Box 1923-5 State Com #1 | X = 380,778.9 | Surface Location | Y = 615,541.6 | Press Box 1923-5 State Com #1 | X = 385,103.7 | Bottom Hole Location | Y = 615,545.8 | <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><i>Deane Durham</i> 8-29-06 Signature Date Deane Durham Printed Name</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>August 23, 2006</p> <p>Date of Survey LVA Signature & Seal of Professional Surveyor <i>[Signature]</i> W.O. Num. S2006-0297-1 Certificate No. MACON McDONALD 12185</p> |
|--|------------------|--|-------------|------------------|-------------------------------|---------------|------------------|---------------|-------------------------------|---------------|----------------------|---------------|---|
| Coordinate Table | | | | | | | | | | | | | |
| Description | Plane Coordinate | | | | | | | | | | | | |
| Press Box 1923-5 State Com #1 | X = 380,778.9 | | | | | | | | | | | | |
| Surface Location | Y = 615,541.6 | | | | | | | | | | | | |
| Press Box 1923-5 State Com #1 | X = 385,103.7 | | | | | | | | | | | | |
| Bottom Hole Location | Y = 615,545.8 | | | | | | | | | | | | |

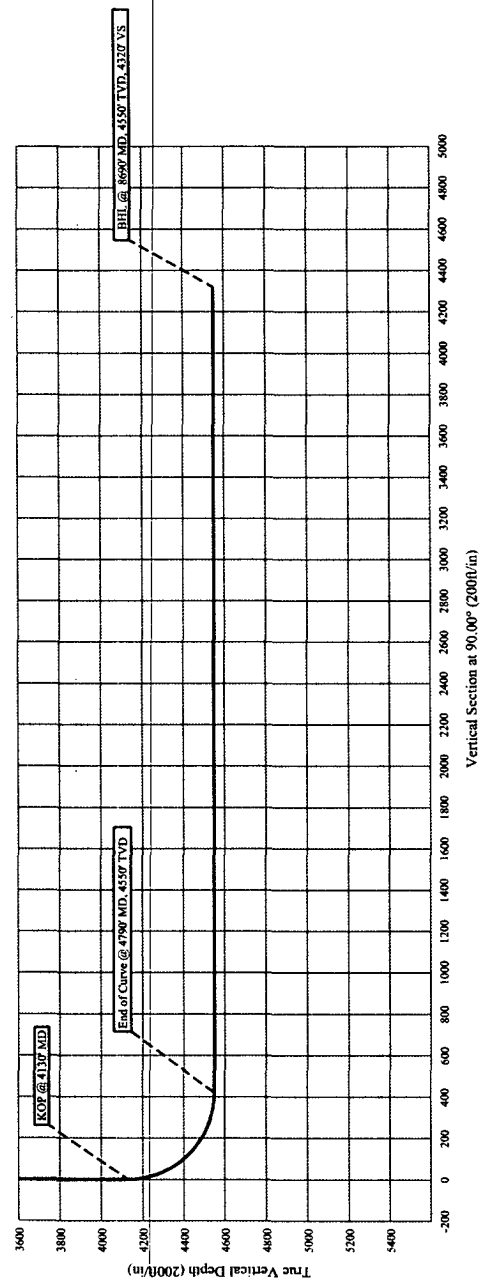
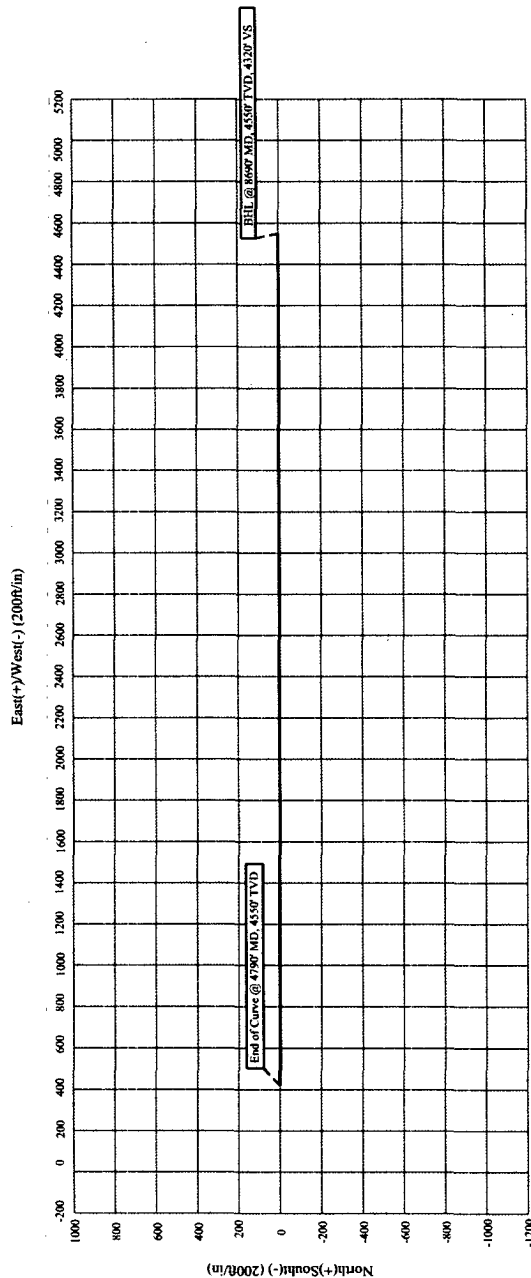
NOTE:

- 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.

Parallel Petroleum Corp.

Press Box 1923-5 State Com #1
 Sec. 5, T-19-S, R-23-E
 Eddy County, New Mexico

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



PARALLEL SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION

| | | | |
|-------------|--------------------------------|-------------------|-----|
| OPERATOR: | Parallel Petroleum Corporation | Supervisors: | |
| WELL: | Press Box 1923-5 State Com #1 | | |
| LOCATION: | Sec. 5 T-19-S R-23-E | | |
| API NUMBER: | | | |
| COMMENTS: | | | |
| | | MAG DEC. (-/+) | |
| | | GRID CORR. (-/+) | |
| | | TOTAL CORR. (-/+) | 0.0 |

DATE: 08/28/06 TIME: 4:31 PM TRUE TO GRID ☐

| MINIMUM CURVATURE CALCULATIONS(SPE-3362) | | | | | | | | | PROPOSED DIRECTION 90.0 | | TARGET TRACKING TO CENTER | |
|--|------|------|------|--------|--------|-----|--------|------|-------------------------|--|---------------------------|----------|
| SVY | MD | INC | GRID | TVD | VERT | N-S | E-W | DLS/ | | | ABOVE(+) | RIGHT(+) |
| NUM | | | AZM | | SECT | | | 100 | | | BELOW(-) | LEFT(-) |
| TIE | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | |
| 1 | 4130 | 0.0 | 0.0 | 4130.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | 420.0 | 0.0 |
| 2 | 4141 | 1.5 | 90.0 | 4141.0 | 0.1 | 0.0 | 0.1 | 13.6 | | | 409.0 | 0.0 |
| 3 | 4152 | 3.0 | 90.0 | 4152.0 | 0.6 | 0.0 | 0.6 | 13.6 | | | 398.0 | 0.0 |
| 4 | 4790 | 90.0 | 90.0 | 4550.2 | 420.2 | 0.0 | 420.2 | 13.6 | | | -0.2 | 0.0 |
| 5 | 8690 | 90.0 | 90.0 | 4550.2 | 4320.2 | 0.0 | 4320.2 | 0.0 | | | -0.2 | 0.0 |

KOP @ 4130' MD
 BUR = 13.6 DEG per 100 FT
 End Curve @ 4790' MD, 4550' TVD
 BHL @ 8690' MD, 4550' TVD, 4320' VS

PARALLEL PETROLEUM CORPORATION
PRESS BOX 1923-5 STATE COM #1
SL: 1880' FNL AND 300' FWL, BHL: 1880' FNL AND 660' FEL
SEC 5, T19S, 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

GL: 4040', KB 4052'.
Glorieta 1880'
Tubb 2890'
Abo Shale 3535'
Wolfcamp 4550'
Wolfcamp Shale 4660'

Well Geometry

- 9 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</u> <u>(ft)</u> | <u>Casing</u> | <u>Weight</u> | <u>Grade</u> | <u>Coupling</u> | <u>COMMENT</u> |
|-------------|--------------------------|---------------|---------------|--------------|-----------------|--|
| 12-1/4" | 0 – 1500 | 9-5/8" | 36 | J55 | ST&C | |
| 8-3/4" | 0 – TD' | 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 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 | 12-1/4" | 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 | 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 | 7-7/8 & 8-3/4" | 8.9 – 9.5 | 38 - 45 | 6 - 10 | XCD/Starch polymer as req'd for hole cleaning. Lubricants. |
| | | | | | |



PARALLEL

Petroleum Corporation

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

November 9, 2005

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

Re: Hydrogen Sulfide Potential
Parallel Petroleum Corporation, Box Area wells,
T-19-S, R-21-E
Eddy County, New Mexico

Dear Mr. Arrant;

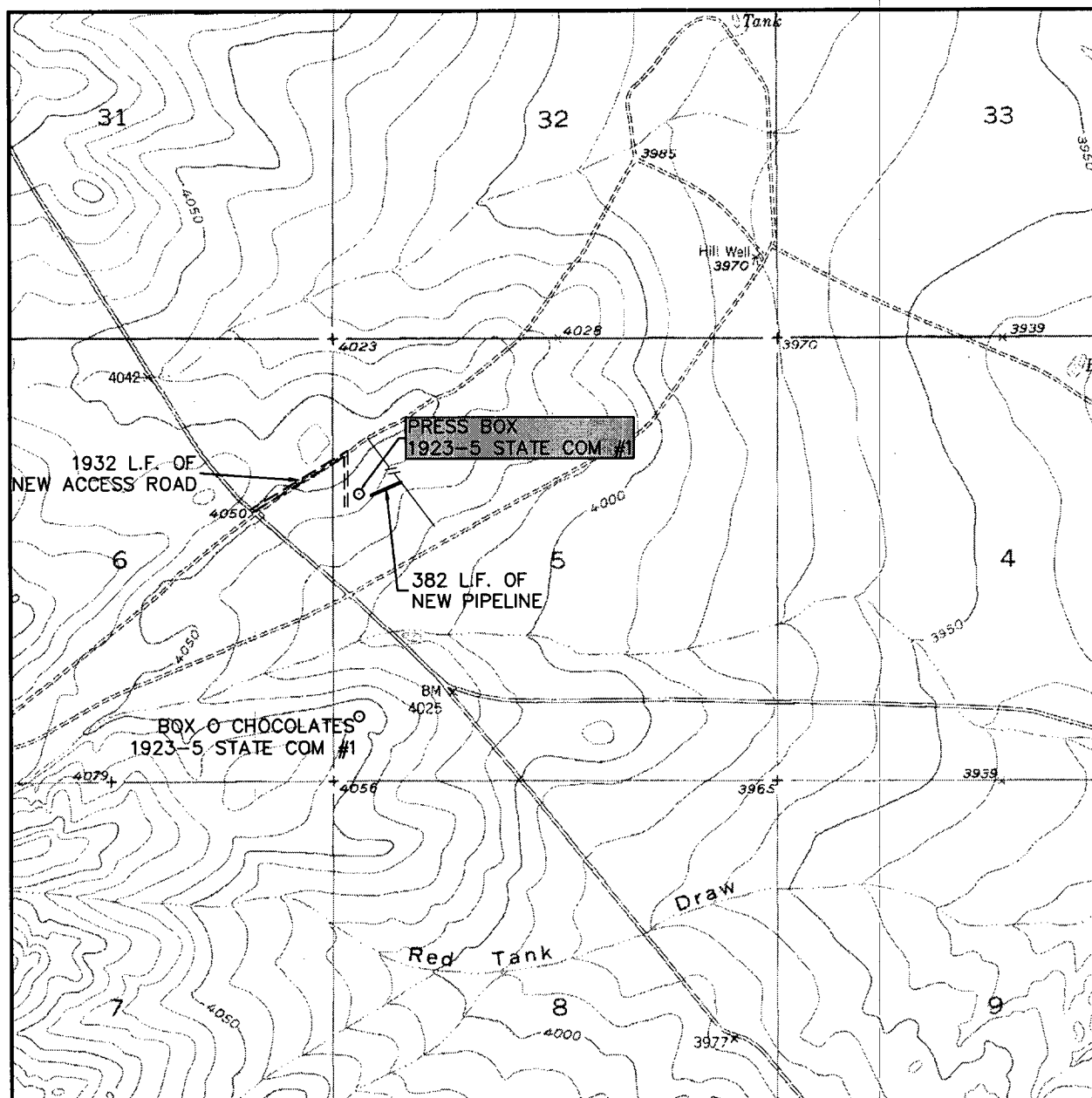
The Box Top Federal 19 21-1 #1 site which is being drilled seven miles south of Hope, New Mexico was reviewed for its potential for hydrogen sulfide. Mr. John Simitz, Geologist for the Bureau of Land Management, Roswell, New Mexico reviewed the site and stated that no potential for gas was found a Morrow test in this area. Based on this information we believe the potential H₂S at well locations in this area are negligible.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ANTELOPE SINK - 10'

SEC. 5 TWP. 19-S RGE. 23-E

SURVEY _____ N.M.P.M.

COUNTY _____ EDDY

DESCRIPTION 1880' FNL & 300' FWL

ELEVATION 4040'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE PRESS BOX 1923-5 STATE COM

U.S.G.S. TOPOGRAPHIC MAP

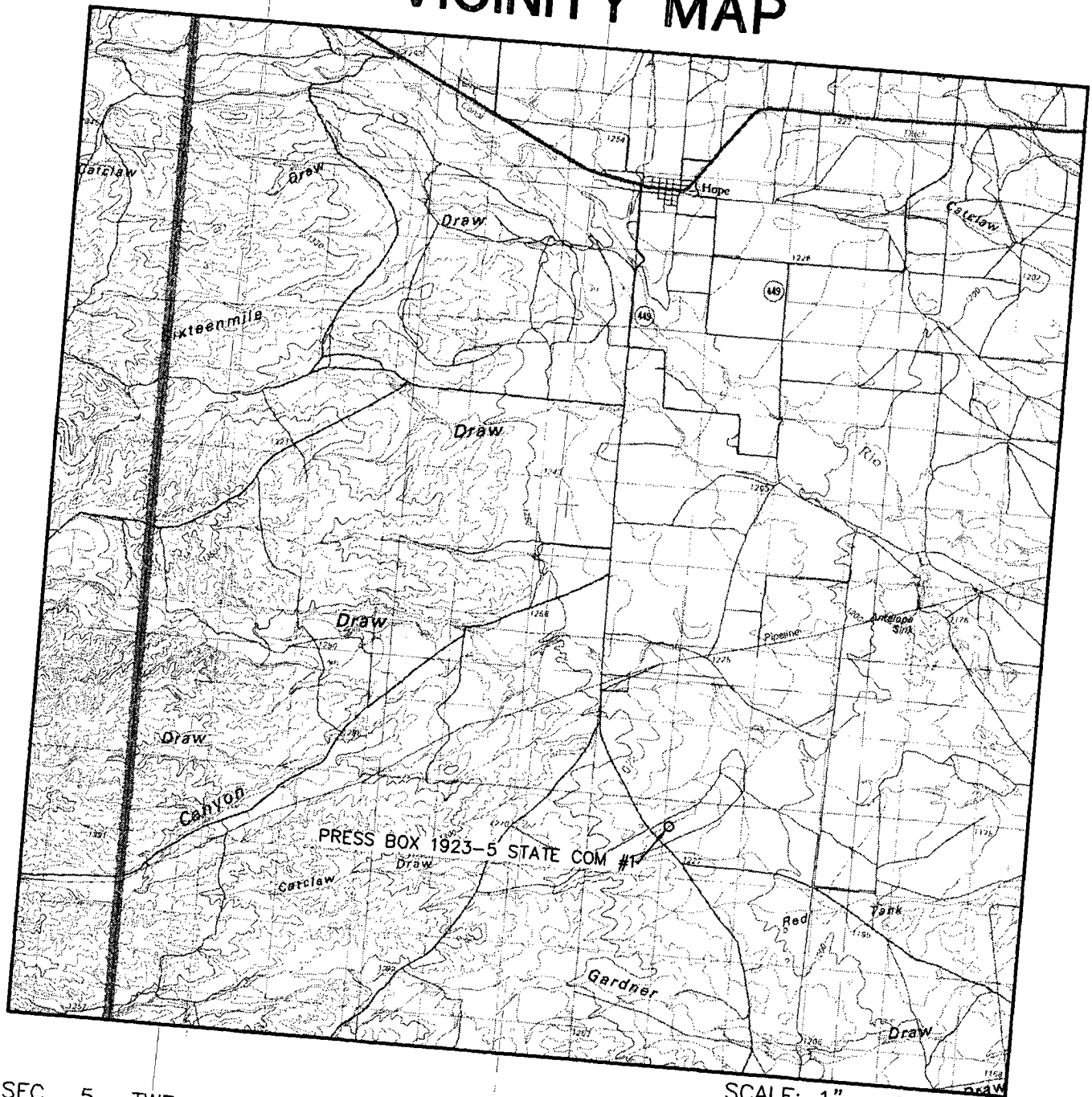
ANTELOPE SINK, N.M.



WEST
COMPANY
of Midland, Inc.

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

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 5 TWP. 19-S RGE. 23-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1880' FNL & 300' FWL
 ELEVATION 4040'
 OPERATOR PARALLEL PETROLEUM CORPORATION
 LEASE PRESS BOX 1923-5 STATE COM



WEST
COMPANY
 of Midland, Inc.

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