

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

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Submit to appropriate District Office

FEB 09 2005

☐ AMENDED REPORT

OOD-ARTESIA

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

|  |  |   |
|--|--|---|
| <sup>1</sup> Operator Name and Address<br>Parallel Petroleum Corp.<br>1004 N. Big Spring Street, Suite 400, Midland, TX. 79701 |  | <sup>2</sup> OGRID Number<br>230387                                   |
| <sup>3</sup> Property Code   | <sup>3</sup> Property Name<br>Seabiscuit | <sup>3</sup> API Number<br>30-005-61897<br><sup>6</sup> Well No.<br>1 |
| <sup>9</sup> Proposed Pool 1<br>Wildcat  |  | <sup>10</sup> Proposed Pool 2   |

<sup>7</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| G             | 33      | 14S      | 26E   |         | 1980          | North            | 1980          | E              | Chaves |

<sup>8</sup> 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

Additional Well Information

|   |                                       |   |                                    |   |
|---|---------------------------------------|---|------------------------------------|---|
| <sup>11</sup> Work Type Code<br>E   | <sup>12</sup> Well Type Code<br>G     | <sup>13</sup> Cable/Rotary<br>R             | <sup>14</sup> Lease Type Code<br>P | <sup>15</sup> Ground Level Elevation<br>3427' |
| <sup>16</sup> Multiple<br>No  | <sup>17</sup> Proposed Depth<br>5775' | <sup>18</sup> Formation<br>Abo              | <sup>19</sup> Contractor<br>NA     | <sup>20</sup> Spud Date<br>NA                 |
| Depth to Groundwater 30'  |                                       | Distance from nearest fresh water well 900' |                                    | Distance from nearest surface water 300'      |
| Pit: Liner: Synthetic X 12_mils thick Clay <input type="checkbox"/> Pit Volume: 5500 bbls Drilling Method:  |                                       |   |                                    |   |
| Closed-Loop System <input type="checkbox"/> Fresh Water X Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> |                                       |   |                                    |   |

<sup>21</sup> Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17-1/2"   | 13-3/8"     | 48#                | 370'          | 275             | Surface       |
| 12-1/4"   | 8-5/8"      | 24#                | 1368'         | 605             | Surface       |
| 7-7/8"    | 4-1/2"      | 11.6#              | 6902'         | 270             | 6050'         |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |

<sup>22</sup> 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 formerly drilled and plated as Morrow test as the Drumm "A" #1, Original Survey Plat attached.

1. Dig and line surface working pits. Prepare surface location.
2. Remove dry-hole marker and install 4 1/2" casing head.
3. Move in and rig up service unit with power swivel. Install and test BOP's. 3000# Double ram and Stripper head.
4. Pick-up bit and 2 7/8" work string. Drill plugs #1 through 6. Continue in hole, tagging plug at 5775'.
5. Circulate hole clean with fresh water and pull out of hole. To perf @ 5240 - 5710'
6. Perforate and squeeze to ensure isolation of the Abo interval (specific procedure to be determined).
7. Perforate Abo porosity and stimulate as necessary (specific procedure to be determined).
8. Place well on test.

Cement to be circ. to surface

|   |   |   |
|---|---|---|
| <sup>23</sup> 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 <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION                   |   |
| Printed name: Don Tiffin  | Approved by:                                |   |
| Title: Chief Operating Officer  | Title: TIM W. GUM<br>DISTRICT II SUPERVISOR |   |
| E-mail Address: Don Tiffin [tiffin@ppll.com]  | Approval Date: FEB 11 2005                  | Expiration Date: FEB 11 2006  |
| Date: 2/8/05  | Phone: 432-684-3727                         | Conditions of Approval Attached <input checked="" type="checkbox"/> |

As conditions of approval the following stipulations must be met:

1. If during pit construction water is encountered or if water seeps in pits after construction the **OCD MUST BE CONTACTED IMMEDIATELY!**
2. The OCD must be contacted prior to pit construction
3. A detailed closure plan must be filed before pit closure may commence.

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies  
☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|  |  |  |
|--|--|--|
| <sup>1</sup> API Number<br><b>30-005-61897</b> | <sup>2</sup> Pool Code                                       | <sup>3</sup> Pool Name<br><b>Wildcat</b> |
| <sup>4</sup> Property Code                     | <sup>5</sup> Property Name<br><b>Seabiscuit</b>              | <sup>6</sup> Well Number<br><b>1</b>     |
| <sup>7</sup> OGRID No.                         | <sup>8</sup> Operator Name<br><b>Parallel Petroleum Corp</b> | <sup>9</sup> Elevation<br><b>3427'</b>   |

<sup>10</sup> Surface Location

|                           |                      |                         |                      |         |                              |                                  |                              |                               |                         |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|
| UL or lot no.<br><b>G</b> | Section<br><b>33</b> | Township<br><b>14-S</b> | Range<br><b>26-E</b> | Lot Idn | Feet from the<br><b>1980</b> | North/South line<br><b>North</b> | Feet from the<br><b>1980</b> | East/West line<br><b>East</b> | County<br><b>Chaves</b> |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|

<sup>11</sup> 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 |
| <sup>12</sup> Dedicated Acres<br><b>160</b> | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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>160 Acres</p> | <p><b>17 OPERATOR CERTIFICATION</b><br/><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature<br/><i>Don Tiffin</i><br/>Printed Name<br/><b>Don Tiffin</b><br/>Title and E-mail Address<br/><b>Chief Operating Officer tiffin@plll.com</b><br/>Date<br/><b>2-8-05</b></p>     |  |
|   |                  | <p><b>18 SURVEYOR CERTIFICATION</b><br/><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></p> <p>Date of Survey<br/>Signature and Seal of Professional Surveyor:<br/><br/>Certificate Number</p> |  |
| <p>Please refer to original 1982 survey plat for the Clements Energy, Inc. Drumm "A" #1 for Engineers Certification</p> |                  |   |  |

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

FUEL CONSERVATION DIVISION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-70  
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All distances must be from the outer boundaries of the Section.

|  |                                      |                         |                                       |                                  |  |  |  |
|--|--------------------------------------|-------------------------|---------------------------------------|----------------------------------|--|--|--|
| Operator<br><b>Clements Energy, Inc.</b>   |                                      |                         | Lease<br><b>Drumm "A"</b>             |                                  |  | DEC 6 1982 1                           |  |
| Unit Letter<br><b>G</b>  | Section<br><b>33</b>                 | Township<br><b>14-S</b> | Range<br><b>26-E</b>                  | County<br><b>O. C. D. Chaves</b> |  |  |  |
| Actual Postage Location of Well:<br>1980' feet from the North line and 1980' feet from the East line |                                      |                         |                                       |                                  |  |  |  |
| Ground Level Elev.<br><b>3427'</b>   | Producing Formation<br><b>Morrow</b> |                         | Pool<br><b>W. Buffalo Valley-Penn</b> |                                  |  | Dedicated Acreage:<br><b>320</b> Acres |  |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) None - Upon completion as producer will File Designation of Pooling

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

|   |  |                             |  |
|---|--|-----------------------------|--|
|   |  | Linda L. Wax<br>1/8         | First National<br>Bank of Kansas<br>City, Agent<br>U/A with<br>Andrew Drumm<br>Inst. |
|   |  | 1980'                       |  |
|   |  |                             | 3/8  |
|   |  | #10                         | 1980'  |
|   |  | Andrew Drumm Inst.          |  |
| T-14-S<br>R-26-E                                  |  | William J. Schnedar<br>3/16 |  |
|   |  | E. H. Walkup - 15/16        |  |
| Clements Energy, Inc. et al 100% Working Interest |  |                             |  |

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Colene Aldridge

Name

Asst. to V. P. Operations

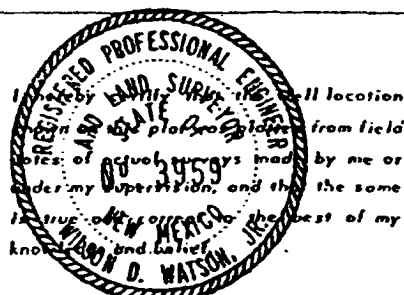
Position

Clements Energy, Inc.

Company

December 3, 1982

Date



November 30, 1982

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

3959

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

# **PARALLEL** Petroleum Corporation

1004 N. Big Spring Street, Suite 400 • Midland, TX 79701 • Ph: 915-684-3727 • Fax: 915-684-3905

**DONALD E. TIFFIN, P.E.**  
Chief Operating Officer

February 8, 2005

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

Re: Hydrogen Sulfide Potential  
Sea Biscuit No. 1  
Re-entry of the Drumm A No. 1  
Section 33, T-14-S, R-26-E  
Chavez County, New Mexico

Gentlemen:

During the past year, Parallel Petroleum has participated in the drilling of seven Abo wells in northeastern Eddy County, operated by Perenco and EOG. Based on the lack of hydrogen sulfide in these wells, we believe the potential for it to be at the location referenced above is negligible.

Should you need additional information regarding this issue, please contact me at the address or phone number listed above.

Sincerely,



Donald E. Tiffin  
Chief Operating Officer

tiffin@plll.com  
www.plll.com