

N.M. Oil Order 116-1-100-2  
1301 W. Grand Avenue  
Artesia, NM 88210

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

JAN 24 2006

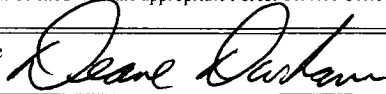
OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM NM 113933	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Parallel Petroleum Corporation		7. If Unit or CA Agreement, Name and No.	
3a. Address 1004 North Big Spring, Suite 400 Midland, Texas		8. Lease Name and Well No. SPECIAL EFFORT FED. COM. #1	
3b. Phone No. (include area code) 432/684-3727		9. API Well No. 30-005-63803	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 400' FNL AND 760' FWL At proposed prod. zone 700' FNL AND 760' FWL		10. Field and Pool, or Exploratory Wolfcamp GAS 97489	
11. Sec., T. R. M. or Blk. and Survey or Area 3-T15S-R26E		12. County or Parish Chaves	
13. State NM		14. Distance in miles and direction from nearest town or post office* 4 miles South of Hagerman, New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		16. No. of acres in lease 120.00	
17. Spacing Unit dedicated to this well 320		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	
19. Proposed Depth TVD 5269, MD 9325'		20. BLM/BIA Bond No. on file NMB000265	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 3446'		22. Approximate date work will start* 01/30/2006	
23. Estimated duration 30 days		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Deane Durham	Date 11/15/2005
Title Engineer, Parallel Petroleum Corporation		

Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) ROSSELL FIELD OFFICE	Date JAN 23 2006
Title Assistant Field Manager, Lands And Minerals		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

District II  
P.O. Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name SPECIAL EFFORT FED. COM.	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3447'

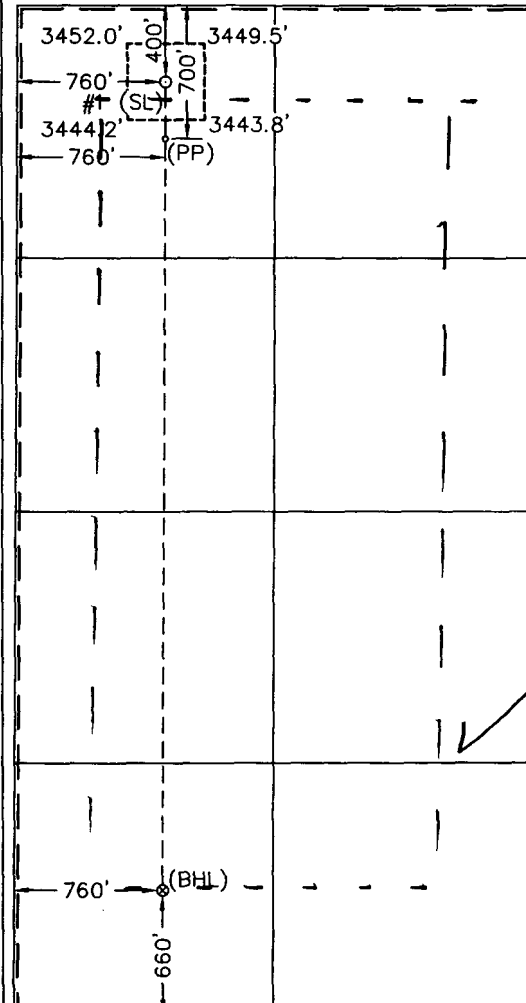
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	15 S	26 E		400	NORTH	760	WEST	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
M	3	15 S	26 E		660	SOUTH	760	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

 <table><tr><th colspan="2">Coordinate Table</th></tr><tr><th>Description</th><th>Plane Coordinate</th></tr><tr><td>Special Effort Fed. Com. #1</td><td>X = 500,170.6</td></tr><tr><td>Surface Location</td><td>Y = 746,033.7</td></tr><tr><td>Special Effort Fed. Com. #1</td><td>X = 500,167.9</td></tr><tr><td>Penetration Point</td><td>Y = 745,734.1</td></tr><tr><td>Special Effort Fed. Com. #1</td><td>X = 500,159.8</td></tr><tr><td>Bottom Hole Location</td><td>Y = 741,769.1</td></tr></table>	Coordinate Table		Description	Plane Coordinate	Special Effort Fed. Com. #1	X = 500,170.6	Surface Location	Y = 746,033.7	Special Effort Fed. Com. #1	X = 500,167.9	Penetration Point	Y = 745,734.1	Special Effort Fed. Com. #1	X = 500,159.8	Bottom Hole Location	Y = 741,769.1	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Dean Durham</i> Signature Dean Durham Printed Name Engineer Title 11-16-05 Date</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of real surveys made by me or under my revision and that the same is true and rect to the best of my belief.</p> <p>October 6, 2005 Date Surveyed Signature &amp; Seal of Professional Surveyor W.O. Num 2005-0970 Certificate No.</p>
Coordinate Table																	
Description	Plane Coordinate																
Special Effort Fed. Com. #1	X = 500,170.6																
Surface Location	Y = 746,033.7																
Special Effort Fed. Com. #1	X = 500,167.9																
Penetration Point	Y = 745,734.1																
Special Effort Fed. Com. #1	X = 500,159.8																
Bottom Hole Location	Y = 741,769.1																

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Parallel Petroleum Corporation  
1004 N. Big Spring St.  
Suite 400  
Midland, Texas 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NM NM 113933


Legal Description of Land: SHL: 400' FNL and 760' FWL, Sec. 3, T19S, R24E  
Zone Penetration Point 700' FNL and 760' FWL  
BHL: 660' FSL and 760' FWL, Sec. 3, T19S, R24E  
Chaves County, New Mexico

Formation(s) (if applicable:

Bond Coverage: \$25,000 statewide bond of Parallel Petroleum Corporation

BLM Bond File No: **NMB000265**

17 NOV 2005  
Date

  
Name: Deane Durham  
Title: Engineer

**ATTACHMENT TO FORM 3160-3  
SPECIAL EFFORT FED COM #1  
Surface Hole Location  
400 FNL AND 760 FWL, SEC 3, 15S, 26E  
Bottom Hole Location  
660 FSL AND 760 FWL, SEC 3, 15S, 26E  
CHAVES COUNTY, NEW MEXICO**

**DRILLING PROGRAM**

**This well is designed as a horizontal test in the Wolfcamp formation.**

1. GEOLOGIC NAME OF SURFACE FORMATION

San Andres

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Glorieta 2585'(+862')  
Tubb 3595'(-148')  
Abo Shale 4345' (-898')  
Wolfcamp 5270' (-1823')  
Wolfcamp Shale 5445'(-1998')

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

Fresh water 30'  
Oil and Gas Wolfcamp 5270' (-1823') - 5445'(-1998')  
No H<sub>2</sub>S gas should be encountered

4. CASING AND CEMENTING PROGRAM

<u>Casing Size</u>	<u>From</u> <u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
20" conductor	0'-40'			
13 3/8"	0' - 300'	48#	H-40	STC
9 5/8"	0' - 1300'	36#	J-55	LTC
5 1/2"	1,200' - 9,325'	17#	N-80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

13-3/8" slurry: 440 sacks Class C + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 56.3% fresh water

## **SPECIAL EFFORT FED COM #1**

### **Page 2**

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 BLM. 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 at liner top.

### **Drilling Procedure**

- a. Set 20" conductor pipe at 40' with a rathole unit.
- b. Drill 17 1/2" surface hole with rotary equipment to an approximate depth of 300', using a fresh water gel spud mud. Set 13 3/8", 48# H-40 casing with 440 sx Class C cement (circulate to surface, 1" if necessary).
- c. Drill 12 1/4" intermediate hole to an approximate depth of 1300', using fresh water and viscous sweeps for hole cleaning. Set 9 5/8", 36# J-55 casing with 460 sx, Class C cement (lead will be 50/50 Poz, circulate to surface, 1" if necessary).
- d. Set slips on 9 5/8" CSG. Cut 13 3/8" CSG at bottom cellar level. Cover cellar floor with concrete. Cut 9 5/8" CSG and NU & test BOP.
- e. Drill 8 3/4" production hole to 5500', using cut brine to an approximate depth of 3400' and a starch mud system to TD.
- f. Plug lower portion of the hole, per OCD/BLM specifications.
- g. Set 7" 23# J-55 casing at the top of the Wolfcamp zone of interest at an approximate depth of 4700' with 600 sx, Class C.
- h. Dress CMT to kick off point at approximately 4888', oriented at 0 degree (grid) azimuth.
- i. Build angle at 15 degrees per 100' to 90 degrees and hold.
- j. Drill 6 1/8" horizontal drain hole to a terminus of 660' FNL (9325' MD).
- k. Run 4 1/2" 11.6# N-80 liner from TD back to 3700', cement with 500 sx Class C
- l. Rig Down Rotary Tools

## **SPECIAL EFFORT FED COM #1**

**Page 3**

### **5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL**

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

### **6. TYPES AND CHARACTERS OF THE PROPOSED MUD SYSTEM**

- a. Spud and drill to 300' with fresh water gel spud mud for surface string.
- b. The intermediate section from 300' to 1,300' will be 8.3 ppg Fresh Water system and viscous sweeps for hole cleaning.
- c. The production section from 1,300' to 4,300' will utilize a cut brine mud system.
- d. The remaining production section from 4,300' to TD will be a starch mud system with mud weight sufficient to control formation pressures.

### **7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT**

None required.

### **8. LOGGING, TESTING, AND CORING PROGRAM**

Mud logs as well as DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

### **9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS**

None anticipated.

BHP expected to be 1,100 psi.

### **10. ANTICIPATED STARTING DATE:**

Is planned that operations will commence around second quarter of 2006 with drilling and completion operation lasting about 30 days.

**SURFACE AND OPERATIONS PLAN FOR  
DRILLING, COMPLETION, AND PRODUCING**

**PARALLEL PETROLEUM CORPORATION  
SPECIAL EFFORT FED. COM. #1  
SHL: 400' FNL AND 760' FWL, SEC 3, 15S, 26E  
CHAVES COUNTY, NEW MEXICO**

LOCATED:

4 miles South of Hagerman, New Mexico

OIL & GAS LEASE:

NM NM 113933

RECORD LESSEE:

J Bar Cane, Inc.  
P.O. Box 16  
Stanley, New Mexico 87056

BOND COVERAGE:

\$25,000 statewide bond # NMB000265 of Parallel Petroleum Corporation

ACRES IN LEASE:

120.00

FEE SURFACE OWNER:

Terry L. and Lind K. Little  
P.O. Box 1023  
Artesia, New Mexico 88202

POOL:

Wolfcamp (Gas)

**SPECIAL EFFORT FED. COM. #1**

**Page 2**

EXHIBITS:

- A. Area Road Map
- B. Drilling Rig Layout
- C. Pad Elevation Plat
- D. Vicinity Map
- E. Area Production Map
- F. Topographic & Location Verification Map
- G. Well Location & Acreage Dedication Map (NMOCD Form C-102)
- H. NMOCD Form C-144, Pit Registration
- I. Blow Out Preventer (BOP) Schematic
- J. Choke Manifold Schematic

1. EXISTING ROADS

- A. Exhibits A and D are area road maps showing existing roads in the vicinity of the site.
- B. Exhibit F is a topographic map of the location showing existing roads and the proposed new access road.

2. ACCESS ROADS

A. Length and Width

A 592' access road will be constructed south from County Road 92. The road will be 16' to 24' wide and will have a 75' wide turn in at the county road.

B. Surface Material

Caliche from a commercial source.

C. Maximum Grade

Less than five percent.

D. Turnouts

No turnouts are anticipated.



**SPECIAL EFFORT FED. COM. #1**

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E. Drainage Design

No Change.

F. Culverts

None necessary.

G. Gates and Cattle Guards

None needed.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit "E".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY

A water well will be drilled at the Spectacular Bid Fed Com #1 site which is located 1500' northeast of this site. The permit for the well will be amended to supply water to this operation. If needed a second water well will be drilled on the property near the drill site. A permit for drilling the well will be secured from the New Mexico Office of State Engineers prior to the start of drilling operations.

6. METHODS OF HANDLING WASTE DISPOSAL

A. Drilling fluids will be allowed to dry in the drilling pits until the pits are closed.

B. Water produced during tests will be disposed of in the drilling pits.

C. Oil produced during tests will be stored in test tanks.

D. Trash will be contained in a trash trailer and removed from well site.

E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

- F. The reserve pit will be closed as per BLM and NMOCD regulations and guidelines. This will include leaving the drill cuttings in place in the pit, allowing them to dry, and covering the pit with at least 3' of backfill while not disturbing the pit liner.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the south and east.

B. Soil

The limited topsoil at the well site is rocky, sandy soil.

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

Prichard Lake and several unnamed playa lakes are located .75 miles north of the site. Drainage from the site however will be to the south and east, away from these playas. No streams or creeks are located in the immediate vicinity of the wellsite.

E. Residences and Other Structures

The surface owner lives in a mobile homes located 600' west of this site. There are also occupied mobile homes located .25 mile north of the wellsite.

F. Archaeological, Historical, and Cultural Sites

See archaeological report # SNMAS-05NM-1955

submitted by: Southern New Mexico Archaeological Services, Inc.,  
P.O. Box 1  
Bent, New Mexico 88314 Phone 505-67-4797

G. Land Use

Undeveloped

H. Surface Ownership

Terry L. and Lind K. Little  
P.O. Box 1023  
Artesia, New Mexico 88202

11. OPERATOR'S REPRESENTATIVE

Deane Durham, Engineer  
Parallel Petroleum Corporation  
1004 North Big Spring Street, Suite 400  
Midland, Texas 79701  
Office: (432) 684-3727

**SPECIAL EFFORT FED. COM. #1**

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12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Parallel Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

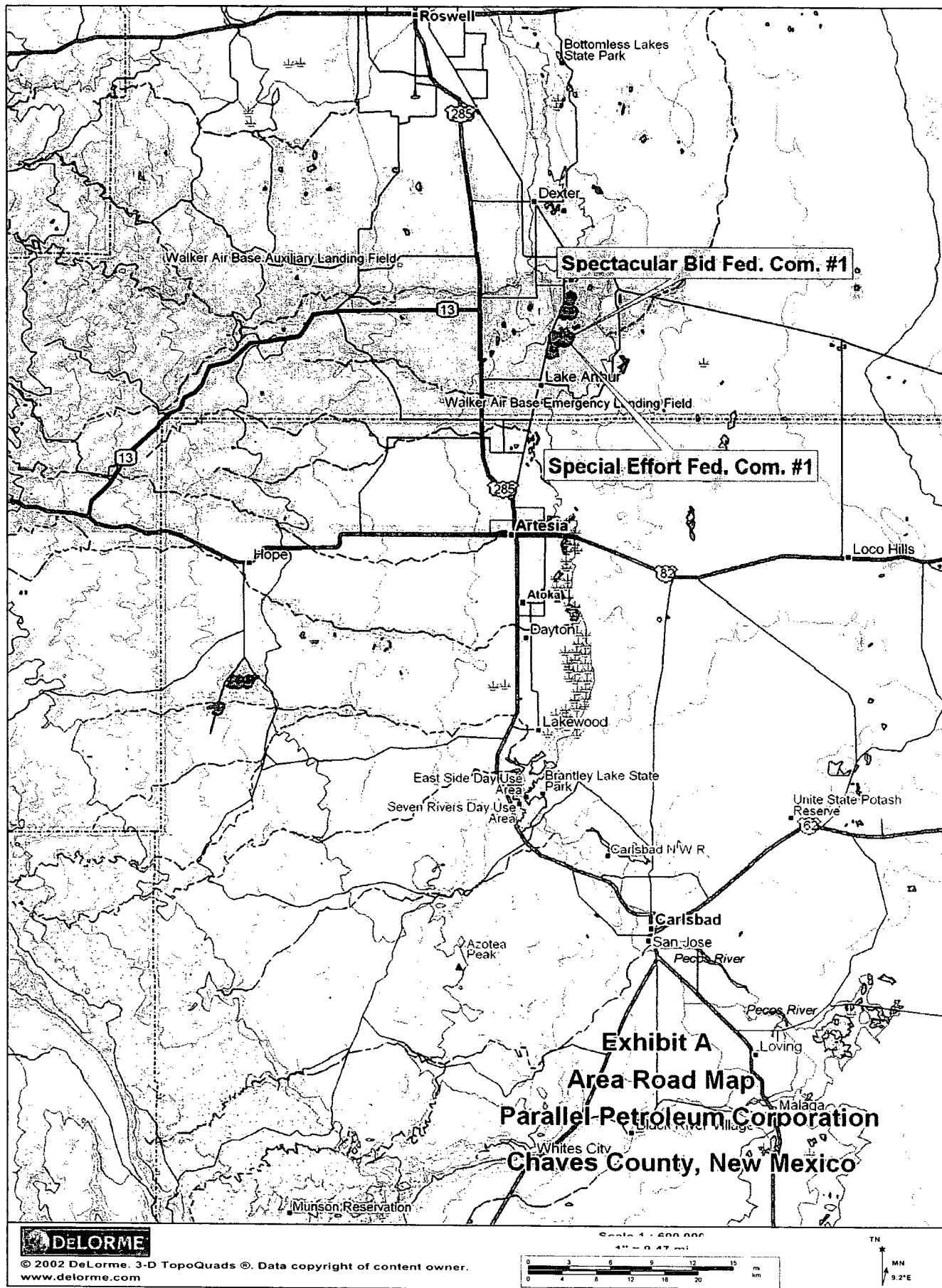
15 NOV 2005

Date

Deane Durham

Name: Deane Durham

Title: Engineer



# SECTION 3, TOWNSHIP 15 SOUTH, RANGE 26 EAST, N.M.P.M.

CHAVES COUNTY

NEW MEXICO

L-2005-0970-A

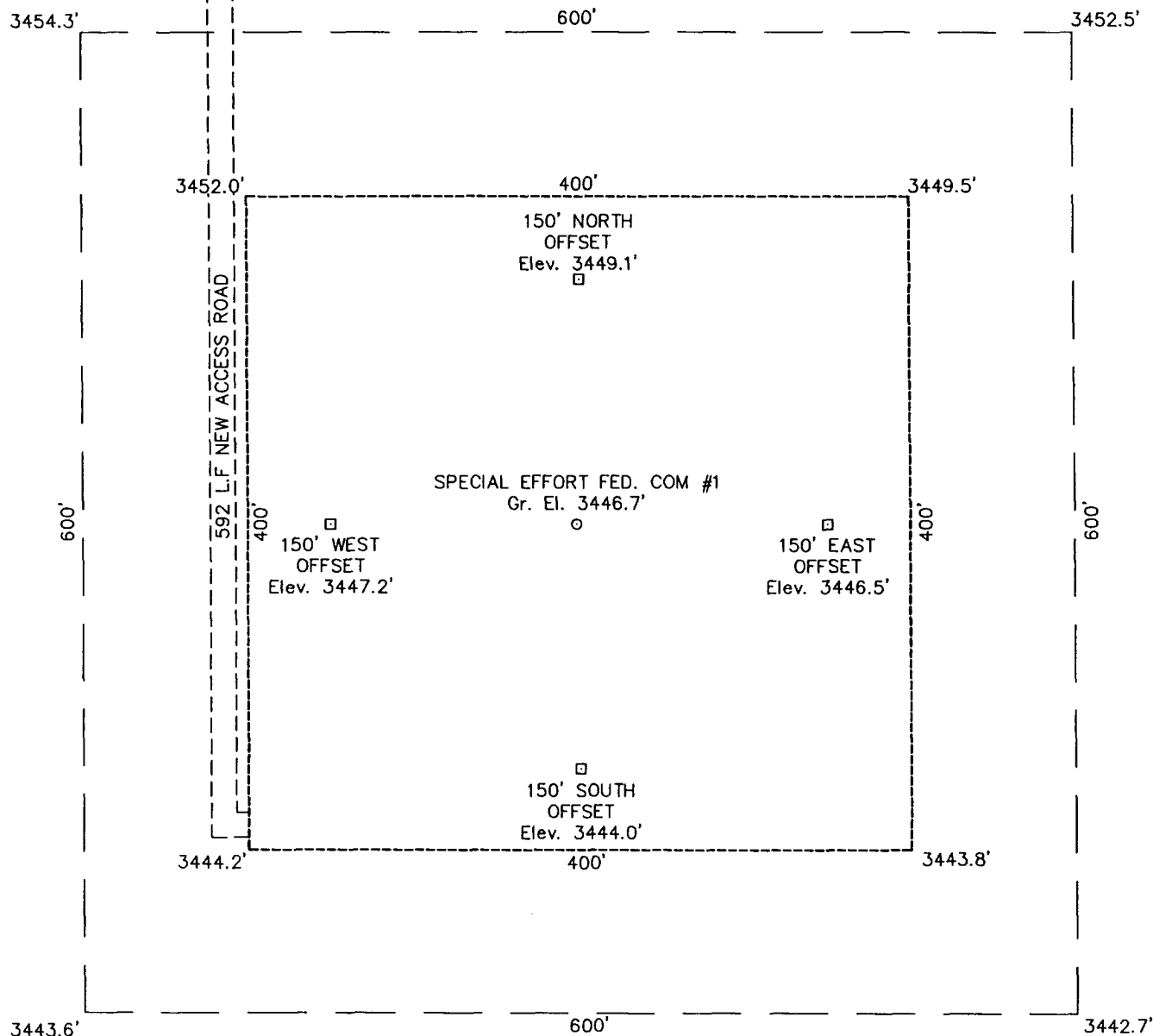


Exhibit "C"



## DRIVING DIRECTIONS

FROM THE INTERSECTION OF STATE HIGHWAY 339 AND STATE HIGHWAY 2 IN HAGERMAN, NM GO SOUTH AND SOUTHWEST ON SAID STATE HIGHWAY 2, 4.2 MILES TO COUNTY ROAD 92, THEN GO EAST ON SAID COUNTY ROAD 92 1.2 MILES TO A POINT WHERE A PROPOSED ROAD WHICH RUNS SOUTH BEGINS, THENCE SOUTH ALONG SAID PROPOSED ROAD 0.1 MILE THEN 15 FEET EAST TO A POINT NEAR THE SOUTHWEST CORNER OF THE PROPOSED WELL PAD.

## PARALLEL PETROLEUM CORPORATION

### SPECIAL EFFORT FED. COM. #1

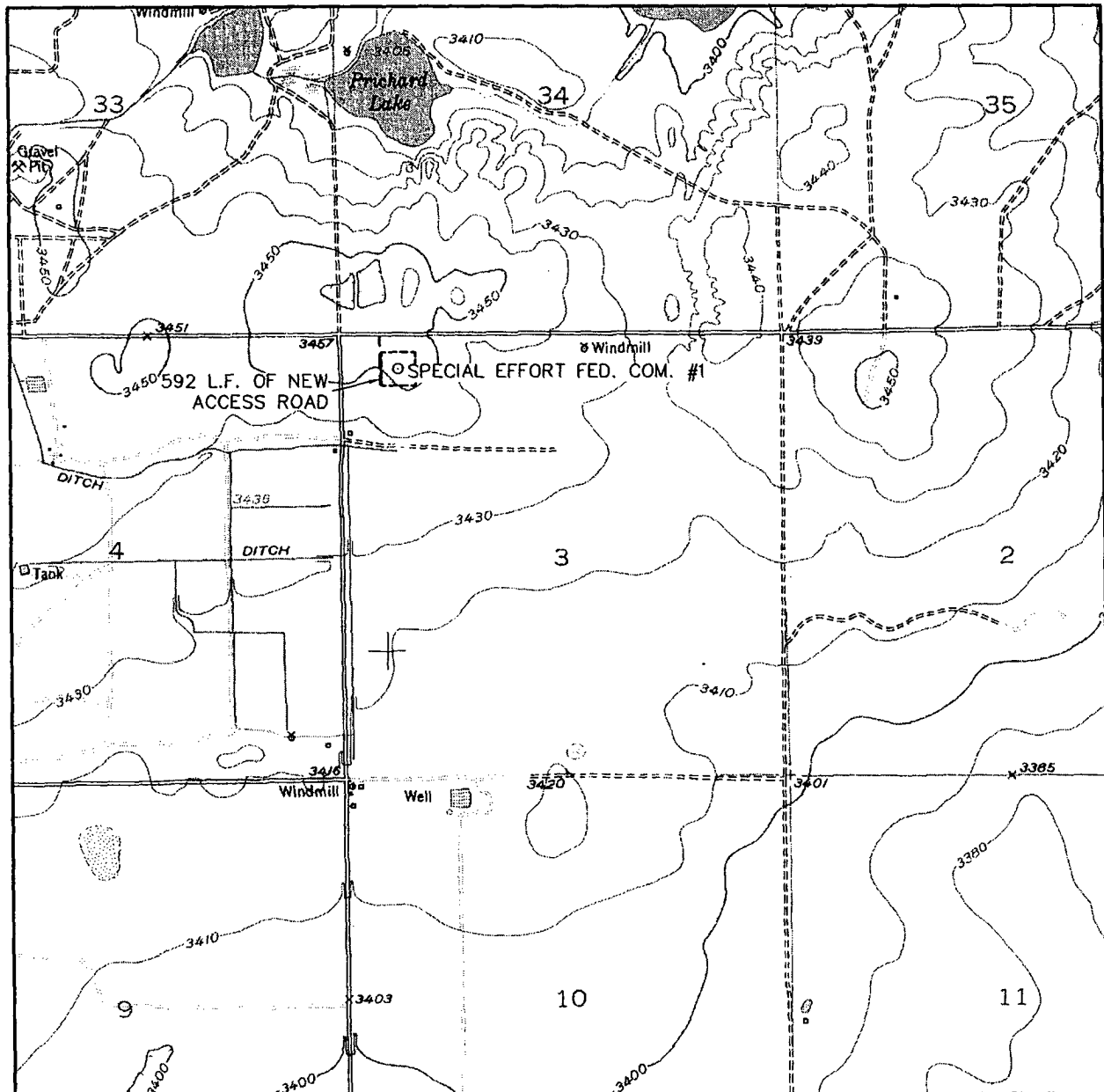
Located 400' FNL & 760' FWL, Section 3  
Township 15 South, Range 26 East, N.M.P.M.  
Chaves County, New Mexico

Drawn By: LVA	Date: October 31, 2005
Scale: 1"=100'	Field Book: 254 / 6-17
Revision Date:	Quadrangle: Hagerman
W.O. No: 2005-0970	Dwg. No.: L-2005-0970-A

**WEST  
COMPANY**  
of Midland, Inc.

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

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
HAGERMAN - 10'

SEC. 3 TWP. 15-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 400' FNL & 760' FWL

ELEVATION 3447'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE SPECIAL EFFORT FED. COM.

U.S.G.S. TOPOGRAPHIC MAP  
HAGERMAN, N.M.



Exhibit "F"

**WEST**  
**COMPANY**  
of Midland, Inc.

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

# MINIMUM BOP SCHEMATIC

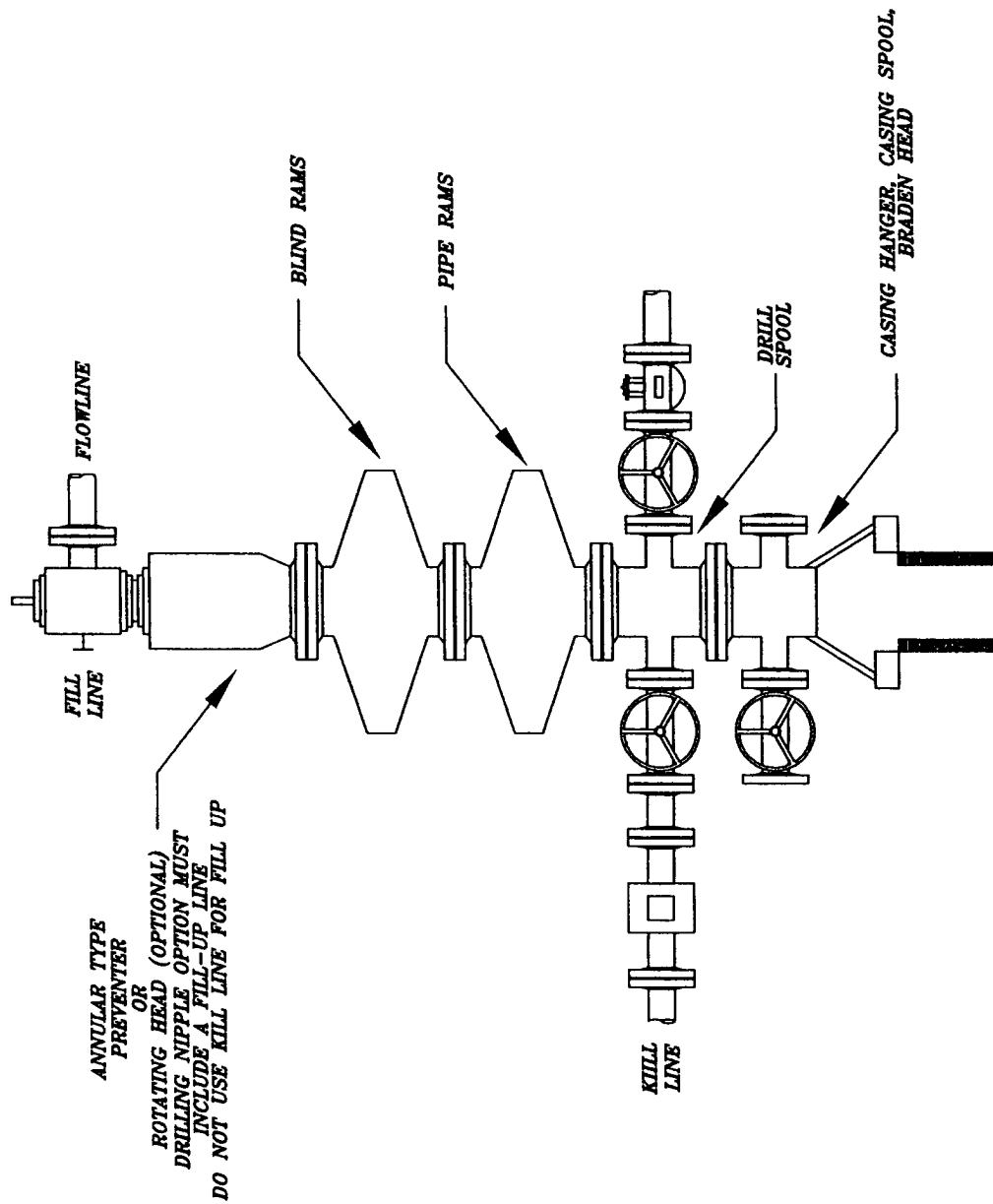


EXHIBIT I

PARALLEL PETROLEUM  
BOP SCHEMATIC

HIGHLANDER ENVIRONMENTAL CORP.  
MIDLAND, TEXAS

DATE: 7/26/05  
DWN. BY: JJ  
FILE: C:\PROMUL\BOP SCHEMATIC

NOT TO SCALE



# CHOKES MANIFOLD 5M SERVICE

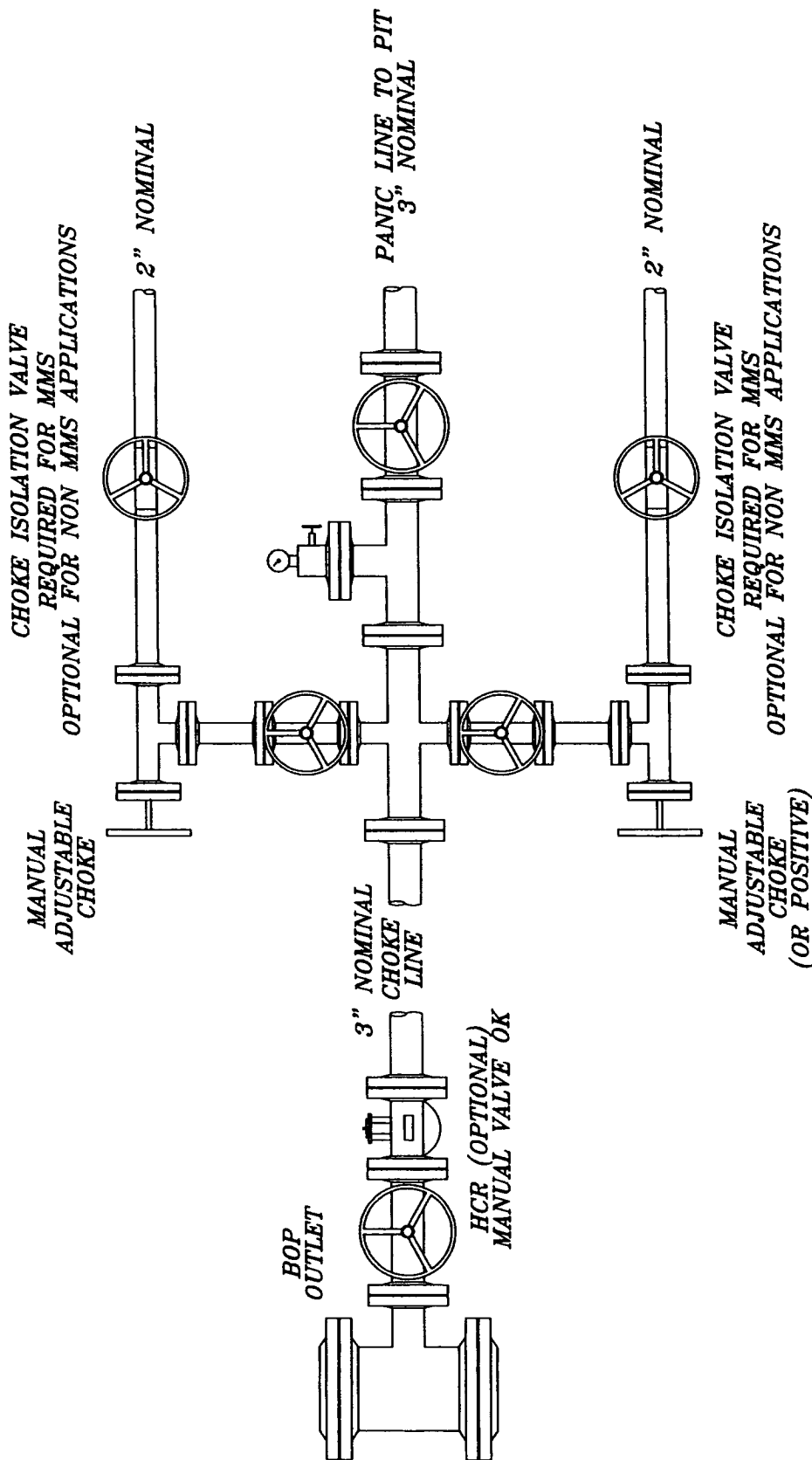


EXHIBIT J

DATE: 8/17/05	PARALLEL PETROLEUM CHOKES MANIFOLD
DWN. BY: JJ	HIGHLANDER ENVIRONMENTAL CORP. MIDLAND, TEXAS
FILE: C:\MANUALS\5M CHOKES MANIFOLD	

NOT TO SCALE

# **PARALLEL** SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Special Effort Fed Com #1		
LOCATION:	Sec. 3 T-15-S R-26-E		
API NUMBER:			
COMMENTS:			
		MAG DEC. (-/+)	
		GRID CORR. (-/+)	
		TOTAL CORR. (-/+)	0.0
DATE: 11/04/05		TIME: 2:07 PM	TRUE TO GRID <input type="checkbox"/>

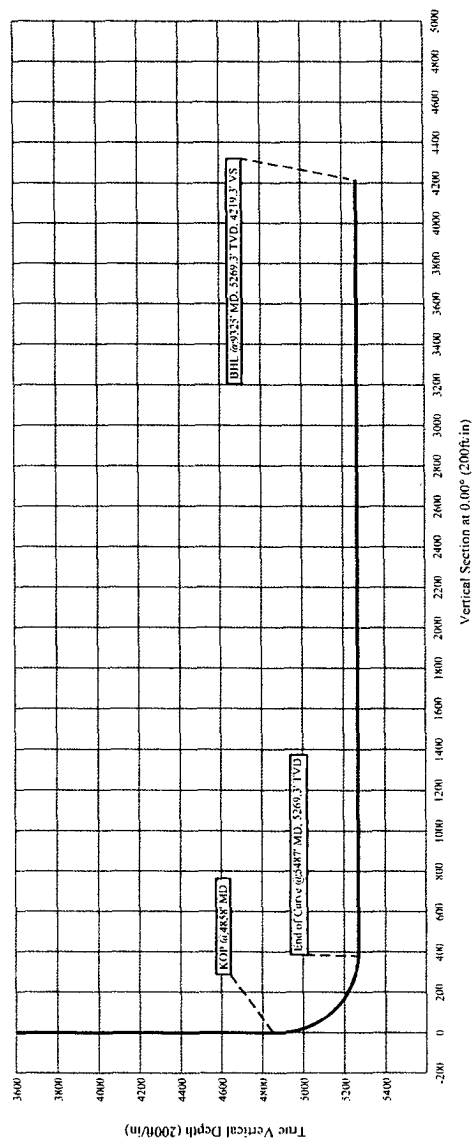
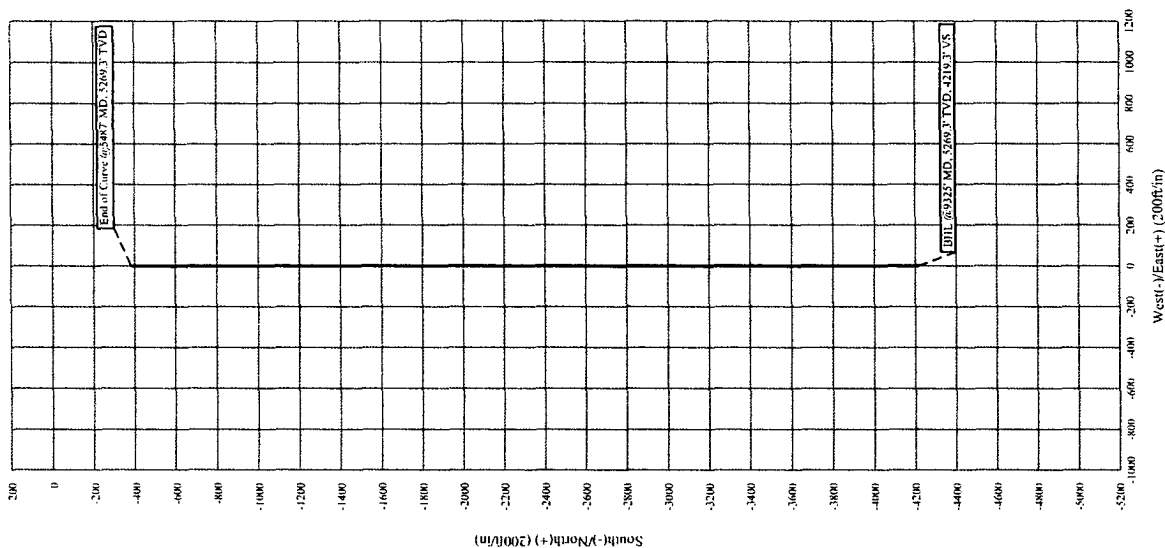
MINIMUM CURVATURE CALCULATIONS(SPE-3362)									PROPOSED DIRECTION 180.0		TARGET TRACKING TO CENTER	
SVY	MD	INC	GRID	VERT					DLS/		ABOVE(+)	RIGHT(+)
NUM			AZM	TVD	SECT	N-S	E-W		100		BELOW(-)	LEFT(-)
TIE	0	0.0	0.0	0.0	0.0	0.0	0.0					
1	4888	0.0	0.0	4888.0	0.0	0.0	0.0	0.0		382.0	0.0	
2	4898	1.5	180.0	4898.0	0.1	-0.1	0.0	15.0		372.0	0.0	
3	4908	3.0	180.0	4908.0	0.5	-0.5	0.0	15.0		362.0	0.0	
4	5487	90.0	180.0	5269.3	381.3	-381.3	0.0	15.0		0.7	0.0	
5	9325	90.0	180.0	5269.3	4219.3	-4219.3	0.0	0.0		0.7	0.0	

KOP @ 4888' MD  
 BUR = 15 DEG per 100 FT  
 End Curve @ 5487' MD, 5269.3' TVD  
 BHL @ 9325' MD, 5269.3' TVD, 4219.3' VS

# Parallel Petroleum Corp.

Special Effort Fed. Com. #1  
Section 3, T 15-S, R 26-E  
Chaves 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

October 21, 2005

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

Re: Hydrogen Sulfide Potential  
Hagerman Area Wolfcamp Program  
Chavez County, New Mexico

Gentlemen:

Parallel Petroleum Corporation operates the Seabiscuit #1 well located in Section 33, T-14-S, R-26-E. The well which was tested in the Wolfcamp formation did not have any indications of hydrogen sulfide from this formation. We believe the potential for it on locations in this area are negligible.

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

Sincerely,

Deane Durham  
Drilling Engineer