

OCD-ARTESIA

K-06-12

1220

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM NM 103570	
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. 36042 Jack in the Box 1921-14 Federal #2	
3b. Phone No. (include area code) 432/684-3727		9. API Well No. 30-015-35144	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 300' FNL and 1898' FWL, 14-19S-21E At proposed prod. zone BHL 660' FSL and 1900' FWL, 14-19S-21E		10. Field and Pool, or Exploratory Undes. Fr. Mile Draw; no Hcamp, YW	
11. Sec., T. R. M. or Blk. and Survey or Area SHL, 14-19S-21E		12. County or Parish Eddy	
13. State NM		14. Distance in miles and direction from nearest town or post office* 9 miles south of Hope, New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of acres in lease 2,560.00	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 18' west	19. Proposed Depth 5500' TVD, 8468 MD	20. BLM/BIA Bond No. on file NMB000265	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 4268'	22. Approximate date work will start* 09/01/2006	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 <i>Deane Durham</i>	Name (Printed/Typed) Deane Durham	Date 31 JULY 06
Title Drilling Engineer, Parallel Petroleum Corporation		
Approved by (Signature) <i>/s/ Tony J. Herrell</i>	Name (Printed/Typed) /s/ Tony J. Herrell	Date SEP 06 2006
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

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.

APPROVAL FOR 1 YEAR

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)

Roswell Controlled Water Basin

WITNESS 9/5/06
SURFACE
STRING
CEMENTING

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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

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

DISTRICT II
1301 W. Grand Avenue, 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 & 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 97SS3	Pool Name Under Four Mile Draw, Wolfcamp, SW
Property Code	Property Name JACK IN THE BOX 1921-14 FEDERAL	Well Number 2
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 4268'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	19 S	21 E		300	NORTH	1898	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
N	14	19 S	21 E		660	SOUTH	1900	WEST	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>NOTE:</p> <p>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.</p> <p>Project Area</p>	<table><tr><th colspan="2">Coordinate Table</th></tr><tr><th>Description</th><th>Plane Coordinate</th></tr><tr><td>Jack in the Box 1921-14 Federal #2</td><td>X = 366,613.6</td></tr><tr><td>Surface Location</td><td>Y = 606,558.0</td></tr><tr><td>Jack in the Box 1921-14 Federal #2</td><td>X = 366,607.2</td></tr><tr><td>Bottom Hole Location</td><td>Y = 602,236.3</td></tr></table> <p>Wolfcamp Penetration Point 139' FNL 1898' FWL</p>	Coordinate Table		Description	Plane Coordinate	Jack in the Box 1921-14 Federal #2	X = 366,613.6	Surface Location	Y = 606,558.0	Jack in the Box 1921-14 Federal #2	X = 366,607.2	Bottom Hole Location	Y = 602,236.3	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the 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 heretofore entered by the division.</p> <p><i>Deane Durham</i> 31 July 2006 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>June 26, 2006 Date of Survey Signature & Seal of Professional Surveyor LVA 12135 W.O. Num: 2006-0737 Certificate No. MACON McDONALD 12185</p>
	Coordinate Table													
Description	Plane Coordinate													
Jack in the Box 1921-14 Federal #2	X = 366,613.6													
Surface Location	Y = 606,558.0													
Jack in the Box 1921-14 Federal #2	X = 366,607.2													
Bottom Hole Location	Y = 602,236.3													

ATTACHMENT TO FORM 3160-3
JACK IN THE BOX 1921-14 FEDERAL #2
Surface Hole Location
300 FNL AND 1898 FWL, SEC 14, 19S, 21E
Bottom Hole Location
660 FSL AND 1900 FWL, SEC 14, 19S, 21E
EDDY 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 1739'(+2517')
Tubb 2745'(+1511')
Yeso 2885' (+1371')
Abo Shale 3385' (+871')
Abo Carbonate 3499' (+757')
Wolfcamp 4337' (-81')
Wolfcamp Shale 4430'(-174')

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

Fresh water 790'
Oil and Gas Wolfcamp 4337' (-81')
No H₂S 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'	120'			
9 5/8"	0'	1500'	36#	J-55	LTC
5 1/2"	0'	TOTAL DEPTH	17#	N-80	LTC

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

JACK IN THE BOX 1921-14 FEDERAL #2

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.

Drilling Procedure

- a. Set 20" conductor pipe at 120' with a rathole unit.
- b. Drill 12 1/4" surface hole to an approximate depth of 1500', 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).
- c. Set slips on 9 5/8" CSG. Cut 9 5/8" CSG and NU & test BOP.
- d. Drill 8 3/4" production hole to 3898', using cut brine to an approximate depth of 3300' and a starch mud system to TD.
- e. Pick up directional tools. Drill 8 3/4" hole. Build angle at 13 degrees per 100' to 90 degrees and hold.
- f. Drill 7 7/8" horizontal drain hole to a terminus of 660' FSL.
- g. Run 5 1/2" 17# N-80 CSG to TD. Cement with 500 sx Class C
- h. Circulate to surface or run temperature survey to verify tie in to surface casing.
- i. Rig Down Rotary Tools

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 1,500' with 8.3 ppg Fresh Water system and viscous sweeps for hole cleaning.
- c. The production section from 1,500' to 3,300' will utilize a cut brine mud system.
- d. The remaining production section from 3,300' 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 are planned. Open hole DLL/CNL/LDT/CAL/GR logging, 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:

It is planned that operations will commence around fourth quarter of 2006 with drilling and completion operation lasting about 35 days.

**SURFACE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING
PARALLEL PETROLEUM CORPORATION
JACK IN THE BOX 1921-14 FEDERAL #2
SHL: 300' FNL AND 1898' FWL, SEC 14, T19S, R21E
BHL: 660' FSL AND 1900' FWL, SEC 14, T19S, R21E
EDDY COUNTY, NEW MEXICO**

LOCATED:

9 miles South of Hope, New Mexico, Located on the same pad as the proposed
Strong Box Federal #1

OIL & GAS LEASE:

Lease # NM NM 103570

RECORD LESSEE:

Echo Production, Inc.
P.O. Box 1210
Graham, Texas 76450

BOND COVERAGE:

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

ACRES IN LEASE:

2,560.00

SURFACE OWNER:

Federal

SURFACE TENANT:

Barbra Runyon Ranch
P.O. Box 2468
Roswell, NM 88202
Jim Bob Burnet, Ranch Manager, 505-484-3141

POOL:

Primary Objective - Wolfcamp

JACK IN THE BOX 1921-14 FEDERAL #2

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 (Original forwarded to NMOCD)
- I. Blow Out Preventer (BOP) Schematic
- J. Choke Manifold Schematic
- K. Estimated Horizontal Survey Calculation Program
- L. Estimated Wellbore Plot

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

The access road will be built as shown on Exhibit D. The access road will come off County Road 20 and go east on an existing lease road that runs along side an H-Frame power line. This portion of the access road may be utilized for as many as four drill sites including this one. The access road will go east 800' and then turn right (south) 200' onto the wellsite. The new access road will be surfaced with caliche and will be 16' to 24' wide with a total length of 1200''. A 75' wide turn in will be constructed onto the access road at County Road 20.

B. Surface Material

Caliche from a commercial source.

C. Maximum Grade

Less than five percent.

D. Turnouts

No turnouts will be constructed on this section of the access road.

JACK IN THE BOX 1921-14 FEDERAL #2

Page 3

E. Drainage Design

No low water crossings will be constructed on this section of the access road.

F. Culverts

It is not anticipated that any culverts will be needed on the access road at this time.

G. Gates and Cattle Guards

No gates or cattle guards will be installed as no fences will be crossed for this location or access road.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit "E". The well will share a drilling pad and reserve pit with the Strong Box Federal #1

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 may be drilled on this location for water supply for both drilling and completion. Upon completion of operations on this site the well may be used for drilling of additional wells on this lease. The well will be made available for the surface tenant upon completion of drilling in this area for use as stock water. A permit will be secured from the New Mexico Office of the State Engineer for this water well.

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. The cuttings may also be placed in a lined trench along side the drilling pit for disposal. If this disposal method is used the cuttings will be covered with a plastic liner and then covered with a minimum of 3' of backfill.

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 that will not be used lease for operations will be removed from the site.
- B. After abandonment, all equipment, trash, and debris will be removed and the site will be reclaimed as per BLM permit stipulations.

10. OTHER INFORMATION

A. Topography

The project is located on open, rolling ridge slopes, with west/northwest exposure. The regional drainage of the site being to the south and east toward Gardner Draw.

B. Soil

Soils are very thin and shallow, tan/pink/grey loamy sandy silts, overlying limestone bedrock.

C. Flora and Fauna

The location is located on a ridge and the vegetation consist of broom snakeweed, grasses, creosote, cholla, yucca catclaw, prickly pear, beargrass and various species of cacti.

JACK IN THE BOX 1921-14 FEDERAL #2

Page 5

D. Ponds and Streams

Gardner Draw, an intermittent stream which flows west to east, is located ½ mile south of the site. Drainage from this site will eventually flow into Gardener Draw. There are no other rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

The Barbra Runyon Ranch house is located 2 miles northeast of the proposed well site

F. Archaeological, Historical, and Cultural Sites

See archaeological report # SNMAS-06NM-22299/2300,

Submitted by: Southern New Mexico Archaeological Services, Inc.,

P.O. Box 1

Bent, New Mexico 88314 Phone 505-671-4797

G. Land Use

Grazing

H. Surface Ownership

Federal

11. OPERATOR'S REPRESENTATIVE

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

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.

31 July 2006
Date

Deane Durham
Name: Deane Durham
Title: Engineer

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: Surface Location Lease # NM NM 98791
 Bottom Hole Location Lease # NM NM 103570

Well will located on the same well site as the Strong Box 1921-11 Federal #1

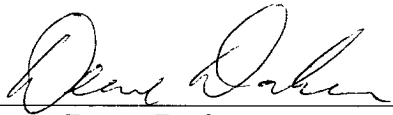
Legal Description of Land: Jack in the Box 1921-14 Federal #2
 SHL: 300' FNL AND 1898' FWL, SEC 14, T19S, R21E
 BHL: 660' FSL AND 1900' FWL, SEC 14, T19S, R21E
 Eddy County, New Mexico

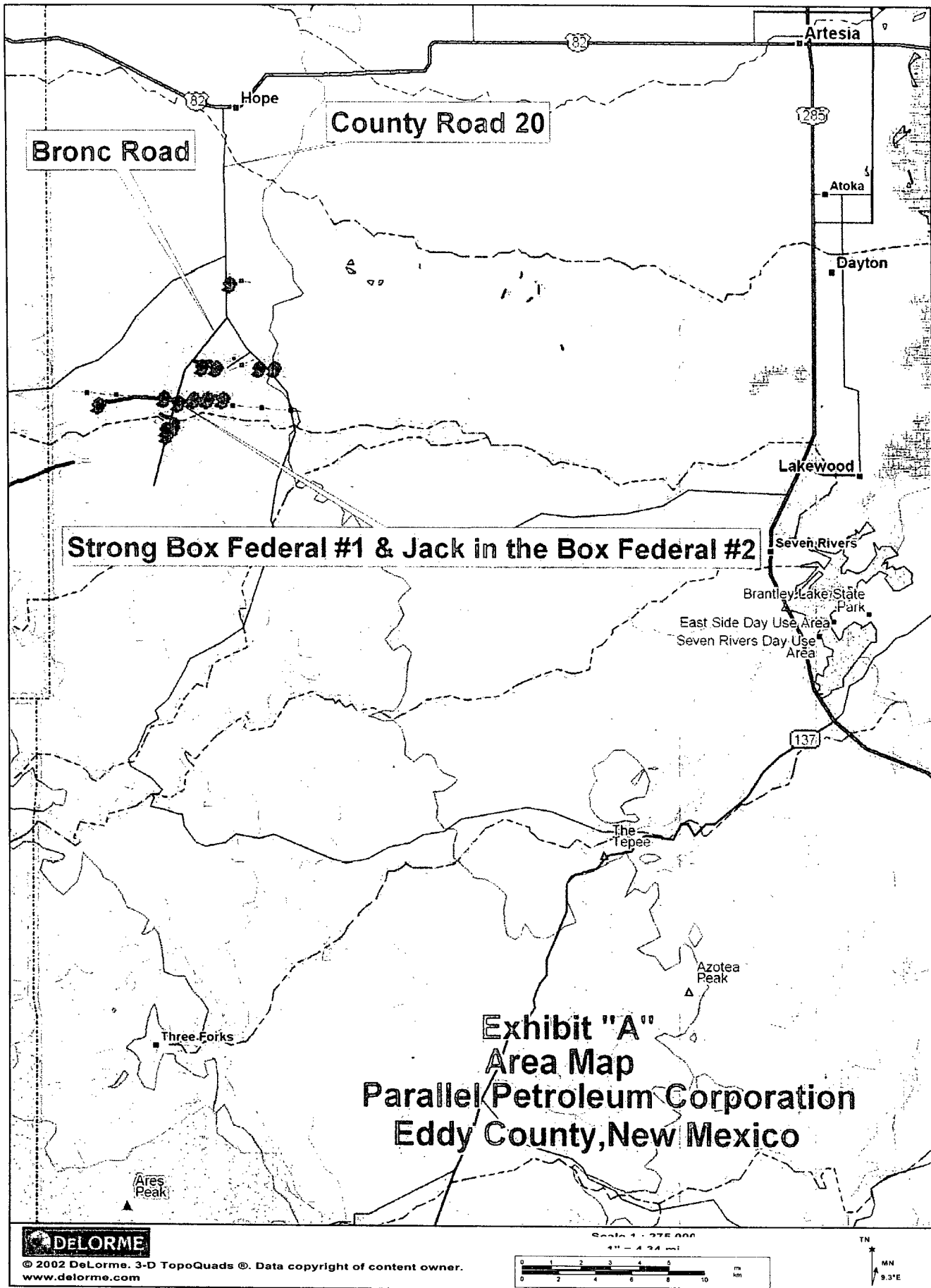
Formation(s) (if applicable): Wolfcamp

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

BLM Bond File No: **NMB000265**

31 July 2006
Date


Name: Deane Durham
Title: Engineer



DOUBLE HORSESHOE RESERVE PIT



200' x 200'
100' X 100' INSIDE

POSSIBLE
FLARE PIT

USE STINGER FOR
DERRICK IF NECESSARY

MUD PITS

MUD PITS

47' STRONG BOX 1921-11
FED #1

20'

200'

JACK IN THE BOX
1921-14 FED. #2

18'

145'

30'

DRILLING RIG
EQUIPMENT

PIPE RACKS

FUEL TANKS,
GENERATORS ECT.

140'

WELL PAD

TRAILERS ECT.

TRAILERS ECT.

EXHIBIT B

PARALLEL PETROLEUM
DRILLING RIG LAYOUT
DUAL WELL LOCATIONS

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

DATE:
4/28/06

OWN. BY:
JJ

FILE:
C:\PARALLEL\2425\
DRILLING RIG LAYOUT-2

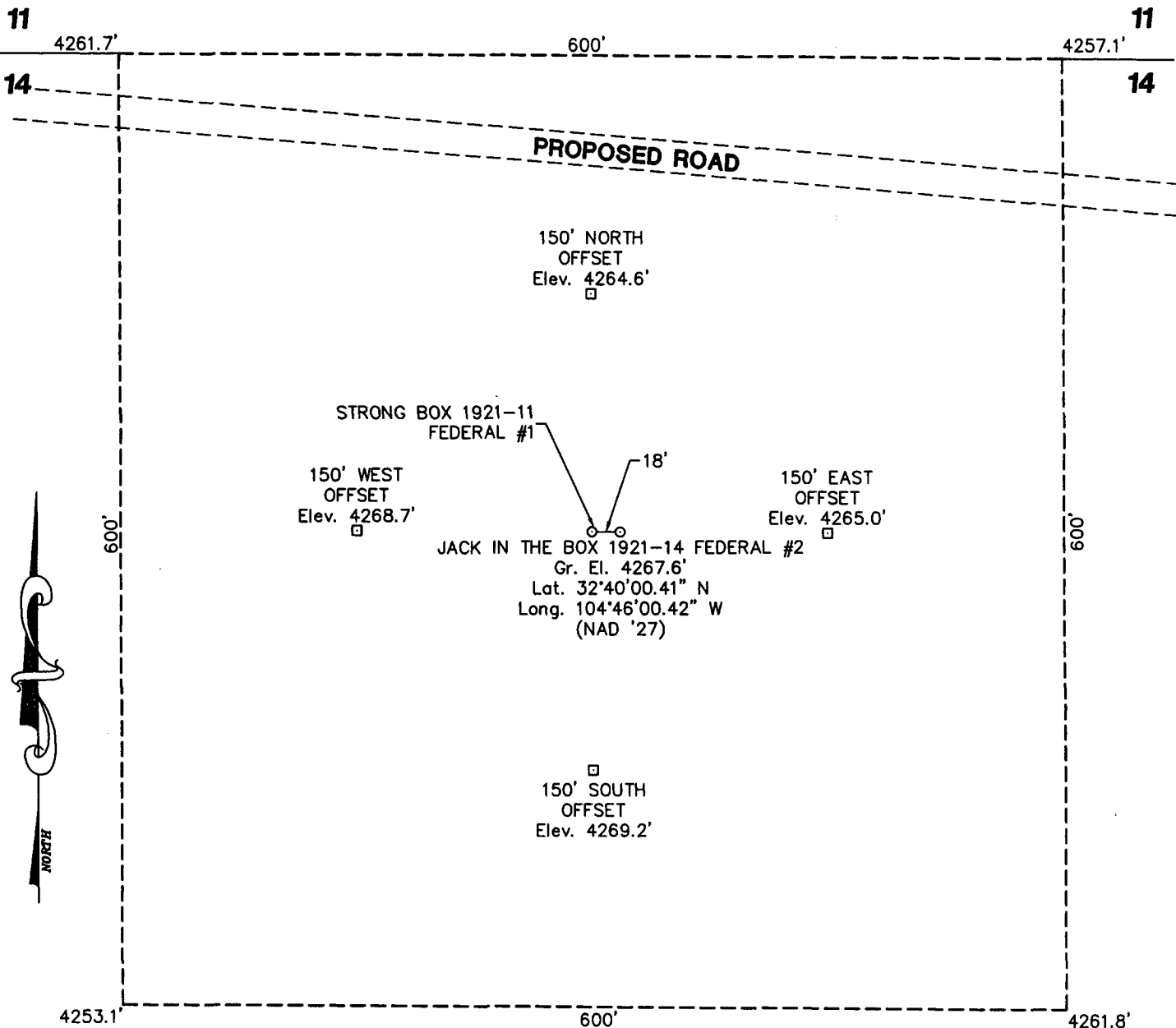
NOT TO SCALE

SECTION 14, TOWNSHIP 19 SOUTH, RANGE 21 EAST, N.M.P.M.

EDDY COUNTY

NEW MEXICO

L-2006-0737-A



DRIVING DIRECTIONS

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND STATE HIGHWAY 449 IN HOPE, NM GO SOUTH ON SAID STATE HIGHWAY 449 2.2 MILES TO THE END OF SAID STATE HIGHWAY 449 AND THE BEGINNING OF COUNTY ROAD 12, THEN CONTINUE SOUTH ANOTHER 4.8 MILES (7.0 TOTAL) TO A FORK IN THE ROAD, THE INTERSECTION OF SAID COUNTY ROAD 12 AND COUNTY ROAD 20 (BRONC ROAD), THEN GO SOUTHWEST ALONG SAID COUNTY ROAD 20 (BRONC ROAD) 3.5 MILES TO A POINT WHERE A PROPOSED ACCESS ROAD BEGINS ON EAST (LEFT) SIDE OF SAID COUNTY ROAD 20, THEN GO SOUTHEAST ALONG SAID ACCESS ROAD 0.1 MILE TO THE PROPOSED LOCATION.

PARALLEL PETROLEUM CORPORATION

JACK IN THE BOX 1921-14 FEDERAL #2

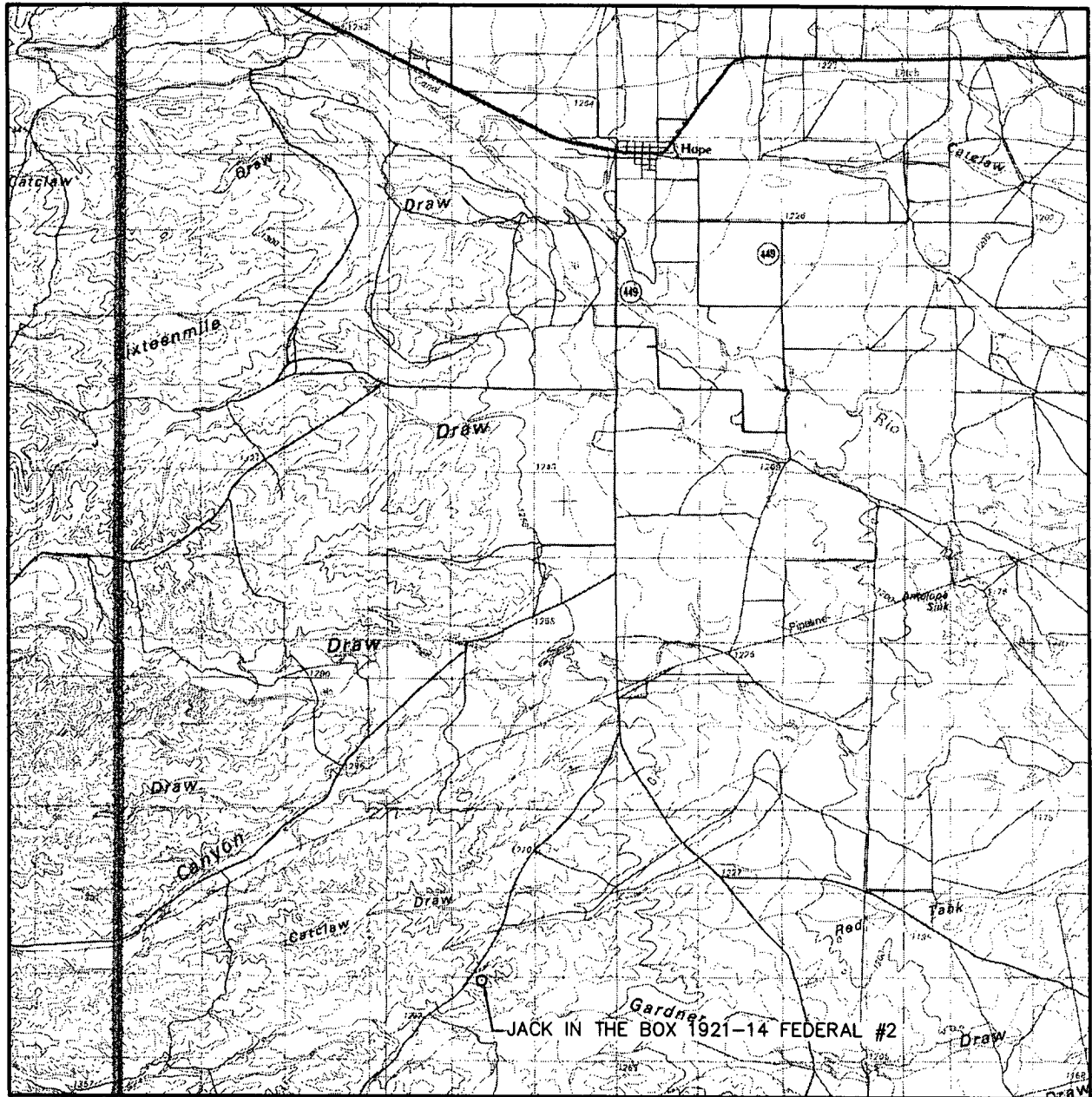
Located 300' FNL & 1898' FWL, Section 14
Township 19 South, Range 21 East, N.M.P.M.
Eddy County, New Mexico

Drawn By: LVA	Date: June 30, 2006
Scale: 1"=100'	Field Book: 338 / 45-46
Revision Date:	Quadrangle: Holt Tank
W.O. No: 2006-0737	Dwg. No.: L-2006-0737-A



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

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 14 TWP. 19-S RGE. 21-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 300' FNL & 1898' FWL

ELEVATION 4268'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE JACK IN THE BOX 1921-14 FEDERAL

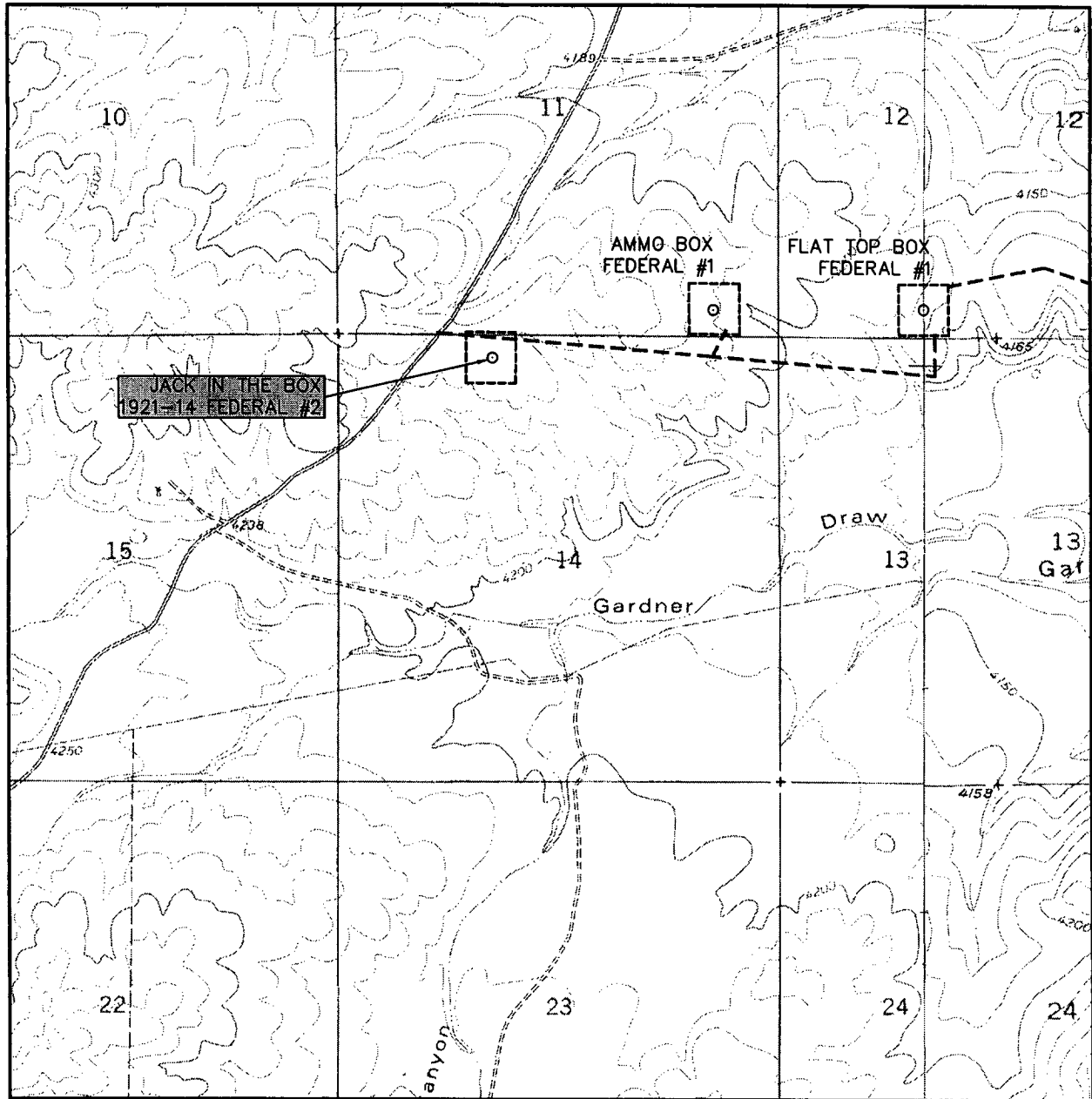


Exhibit D



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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOLT TANK - 20'

SEC. 14 TWP. 19-S RGE. 21-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 300' FNL & 1898' FWL

ELEVATION 4268'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE JACK IN THE BOX 1921-14 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
HOLT TANK, N.M.



Exhibit F



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

MINIMUM BOP SCHEMATIC

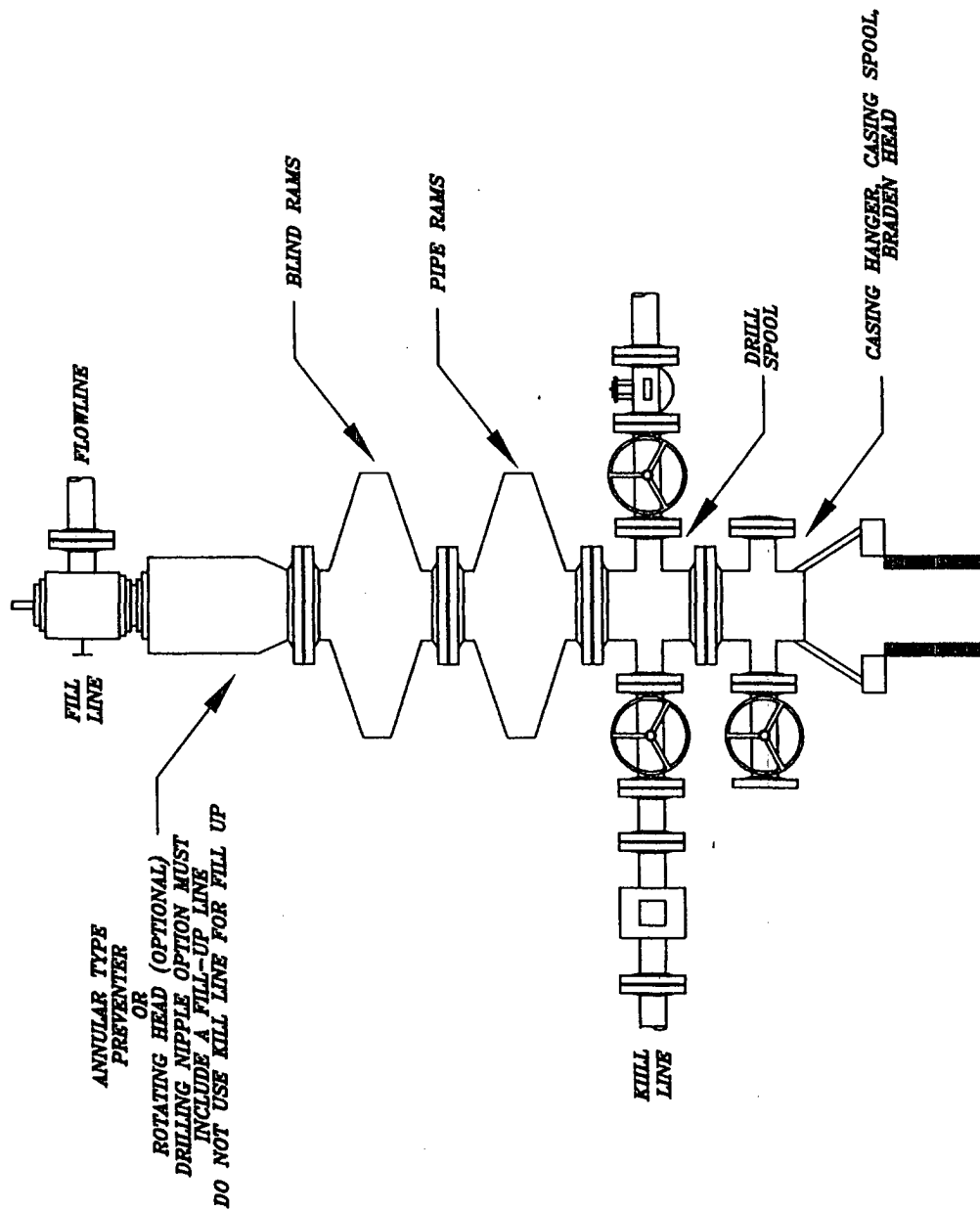


EXHIBIT I

PARALLEL PETROLEUM
BOP SCHEMATIC

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

DATE:	7/26/05
DWG. BY:	JJ
FILE:	PARALLEL/PAR/BOP SCHEMATIC

NOT TO SCALE

BOP
OUTLET

3" NOMINAL
CHOKE
LINE

HCR (OPTIONAL)
MANUAL VALVE OK

CHOKE ISOLATION VALVE
REQUIRED FOR MMS
APPLICATIONS
OPTIONAL FOR NON MMS APPLICATIONS

2" NOMINAL

3" NOMINAL
PANIC LINE TO PIT

CHOKE ISOLATION VALVE
REQUIRED FOR MMS
APPLICATIONS
OPTIONAL FOR NON MMS APPLICATIONS

2" NOMINAL


MANUAL
ADJUSTABLE
CHOKE
(OR POSITIVE)

INDEX

**PARALLEL PETROLEUM
CHOKE MANIFOLD**

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

DATE: 8/17/05
DWN. BY: JJ
FILE: C:\FARLLEY\3428\CHUCK MANSFOLD

 PARALLEL SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION										
OPERATOR:		Parallel Petroleum Corporation				Supervisors:				
WELL:		Jack in the Box 1921-14 Federal #2								
LOCATION:		Sec. 14 T-19-S R-21-E								
API NUMBER:										
COMMENTS:										
								MAG DEC. (-/+)		
								GRID CORR. (-/+)		
								TOTAL CORR. (-/+)		0.0
DATE: 07/13/06				TIME: 8:37 AM		TRUE TO GRID			▼	
MINIMUM CURVATURE CALCULATIONS(SPE-3362)								PROPOSED DIRECTION		0.0
									TARGET TRACKING TO CENTER	
SVY	MD	INC	GRID	VERT				DLS/	ABOVE(+)	RIGHT(+)
NUM			AZM	SECT	N-S	E-W		100	BELOW(-)	LEFT(-)
TIE	0	0.0	0.0	0.0	0.0	0.0				
1	3898	0.0	0.0	3898.0	0.0	0.0		0.0	439.0	0.0
2	3908	1.3	180.0	3908.0	-0.1	-0.1		13.0	429.0	0.0
3	3918	2.6	180.0	3918.0	-0.5	-0.5		13.0	419.0	0.0
4	4588	90.0	180.0	4337.3	-439.2	-439.2		13.0	-0.3	0.0
5	8468	90.0	180.0	4337.3	-4319.2	-4319.2		0.0	-0.3	0.0

KOP @ 3898' MD
 BUR = 13 DEG per 100 FT
 End Curve @ 4588' MD, 4337' TVD
 BHL @ 8468' MD, 4337' TVD, 4319.2' VS

Parallel Petroleum Corp.

Jack In The Box 1921-14 Federal #2
Section 14, T 19-S, R 21-E
Eddy County, New Mexico

COMPANY DETAILS

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

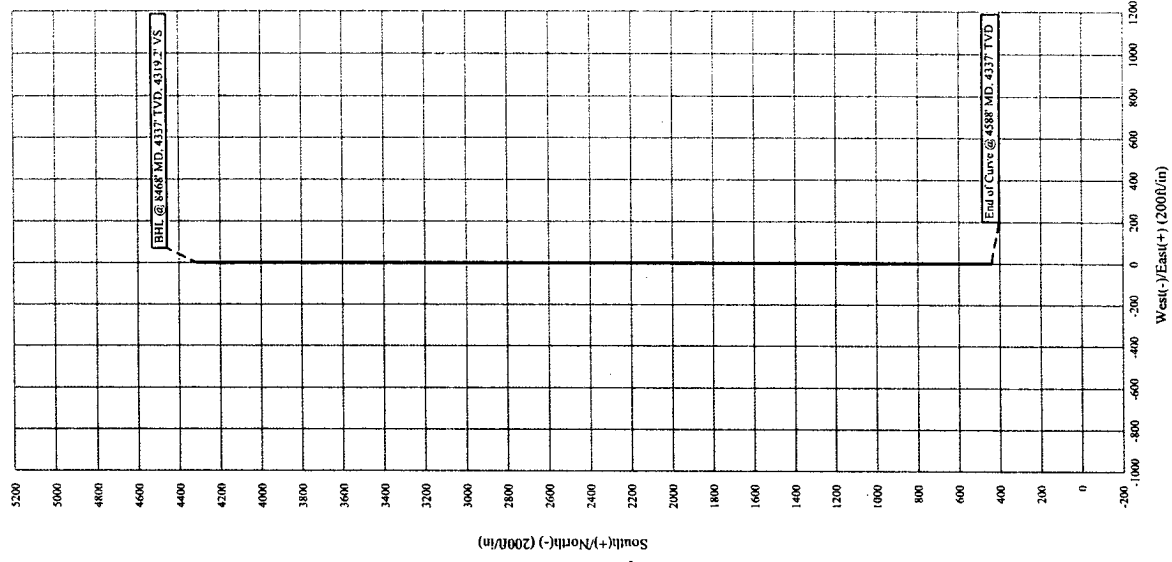
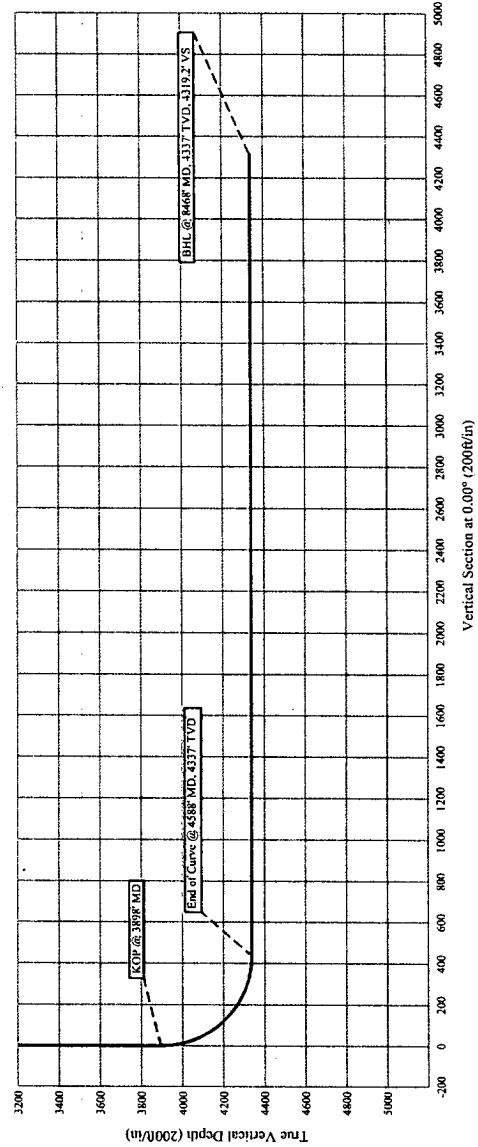


Exhibit L





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@ppll.com.

Sincerely,

A handwritten signature in cursive script that reads 'Deane Durham'.

Deane Durham
Engineer

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Parallel Petroleum Corporation Well Name & #: Jack in the Box Fed. #2
Location 300 F N L & 1898 F W L; Sec. 14, T. 19 S., R. 21 E.
Lease #: NM-103570 County: Eddy State: New Mexico
Bottom Hole: 660 FSL & 1900 FWL, Section 14, T. 19 S., R. 21 E.

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- () Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) (x) Other **See attached Aplomado Falcon Habitat stipulations**

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(x) The BLM will monitor construction of this drill site. Notify the (x) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(x) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

() Other.

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled and the area cultipacked after seeding.

() A. Seed Mixture 1 (Loamy Sites)

Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0
Plains lovegrass (*Eragrostis intermedia*) 0.5

() B. Seed Mixture 2 (Sandy Sites)

Sand Dropseed (*Sporobolus crptandrus*) 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

(x) C. Seed Mixture 3 (Shallow Sites)

Side oats Grama (*Bouteloua curtipendula*) 5.0
Green Spangletop (*Leptochloa dubia*) 2.0
Plains Bristlegrass (*Setaria magrostachya*) 1.0

() D. Seed Mixture 4 (Gypsum Sites)

Alkali Sacaton (*Sporobolus airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic.

Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Stipulations for Drilling in Aplomado Falcon Habitat

The following well pad construction and reclamation measures will be implemented to provide for minimal long-term disturbance:

No Yuccas over 5 feet in height will be damaged by vehicular use or any other activity associated with this project.

Remove all caliche from well pads and roads that are plugged and abandoned. Reclamation will consist of disking, mulching, seeding with a drill (See seed mixture below), and application of water to encourage seed germination.

Well pad size will not exceed 300 ft. x 390 ft. (unless multiple wells are drilled from the same well pad). All unused portions of the well pad associated with producing wells will be reclaimed using the seed mixture below:

Buffalograss (<i>Buchloe dactyloides</i>)	4 lbs/acre
Blue grama (<i>Bouteloua gracilis</i>)	1 lbs/acre
Cane bluestem (<i>Bothriochloa barbinodis</i>)	5 lbs/acre
Sideoats grama (<i>Bouteloua curtipendula</i>)	5 lbs/acre
Plains bristlegrass (<i>Setaria macrostachya</i>)	6 lbs/acre

Reserve pits for drilling and disposal are not allowed unless the pit can be effectively netted to the satisfaction of the BLM. Steel tank circulation system must be used if the reserve pit is not netted.

All active raptor nests will be avoided by a minimum of 400 meters by all activities or curtail activities until fledging is complete.

All inactive raptor nests will be avoided by a minimum of 200 meters by all activities.

All roads associated with well development will not exceed 30 ft in width

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: **Parallel Petroleum Corporation**
Well Name & No: **Jack in the Box 1921-14 Fed No 02**
Location: Surface **330' FNL & 1898' FWL, Sec.14, T. 19 S., R. 21 E.**
BHL : **660' FSL & 1900' FWL Sec 14. T. 19 s., R. 21 E**
Lease: **NM 103570**
Eddy County, New Mexico
.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 9 5/8 inch; 5 1/2 inch;
 - C. BOP Tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan is not required for this well bore.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 9 5/8 inch shall be set at 1500 Feet with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5 1/2 inch Production casing is to circulate to surface.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 9 5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

(III Cont):

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2 M** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

- The test shall be done by an independent service company
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

G. Gourley RFO 8 /28/06