

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



6891

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

Parallel Pet.
 30-015-40267

High Calling 1821-15 State #1

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- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Rick Petersen _____ 10/1/13
 Print or Type Name Signature Title Date

 e-mail Address: rpetersen@plll.com



Petroleum LLC

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

Dennis J. Hopkins, CPL
General Manager - Land
Direct: 432.687.8663
dhopkins@ppll.com

October 11, 2013

State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Attn: Ms. Jami Bailey, Division Director

Re: Application for Unorthodox and
Nonstandard Well Location
High Calling 1821-15 State No. 1
Section 15-18S-21E, NMPM
Eddy County, New Mexico

Gentlemen:

Parallel Petroleum LLC ("Parallel") is applying for a Nonstandard Location ("NSL") for the High Calling 1821-15 State No. 1 Well to be located in Section 15-18S-21E, NMPM, Eddy County, New Mexico, being 330 Feet FWL and 1260 Feet FSL.

The well will be situated on the New Mexico State Land Office premises under Lease Serial No. VO-8840, which encompasses the South-Half (S/2) of said Section 15. Offsetting lands with descriptions and Lessee/operators are attached to this letter for your reference, as well as our notification to them of our application.

Parallel has determined the NSL based on seismic acquisition and data interpretation conducted over the last several years. The interpretations of the data have shown the high probability of hydrocarbons being developed in a localized anomaly found in this specific optimal location of the proposed well. With the interpretation of the above mentioned seismic, we intend to drill a wildcat well to penetrate into the Silurian seismic marker and TD at a depth of approximately 9000 Feet.

We appreciate your review of our request. If there are any questions or comments regarding this, please do not hesitate to contact our office.

Very truly yours,


Dennis J. Hopkins, CPL
General Manager - Land

High Calling 1821-15 No. 1 Well
 Section 15-18S-21E, NMPM
 Nonstandard Location Request
 Offsetting Lessees/Operators

Legal Description	Lease Name	Offset Lessee/Operator	Status
Section 11-18S-21E, NMPM	NMSLO VO-8849	PLL E&P LLC	Leased
Section 10-18S-21E, NMPM	NMSLO VO-8848	PLL E&P LLC	Leased
Section 9-18S-21E, NMPM	NMSLO VO-9196	PLL E&P LLC	Leased
Section 14-18S-21E, NMPM	NMSLO VO-8851	PLL E&P LLC	Leased
Section 16-18S-21E, NMPM: E/2	NMSLO VO-2588	PLL E&P LLC	HBP
Section 21-18S-21E, NMPM: E/2, E/2 W/2	BLM	N/A	Open - unleased
Section 22-18S-21E, NMPM: N/2, N/2 S/2	BLM	N/A	Open - unleased
Section 23-18S-21E, NMPM	BLM	Legacy Reserves LP	HBP

Note: PLL E&P LLC is an affiliated company of Parallel Petroleum LLC, who will be the operator

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

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 N. Erbes Rd., Artesia, 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 30-015-40367	Well Code 97641	Pool Name Wildcat Morrow HOPE MOUND; WC
Property Code 39255	Property Name HIGH CALLING 1821-15 STATE	Well Number 1
OGRID No. 230387	Operator Name PARALLEL PETROLEUM LLC	Elevation 4256

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	15	18-S	21-E		1260	SOUTH	330	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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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>Plane Coordinate X = 359,756.4 Y = 634,631.1</p> <p>330' #1</p> <p>1260'</p>	<p>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.</p>	<p>OPERATOR CERTIFICATION I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief, and that this information either came to my attention or without my knowledge the land includes the proposed bottom hole location or has a right to drill the well of the bottom proposed in a contract with an owner of such a licensed or working interest, or in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the department.</p> <p><i>Brian McCurry</i> 6/1/12 Signature Date Brian McCurry Printed Name</p>
		<p>SURVEYOR CERTIFICATION 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>May 11, 2010 Date of Survey</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p> <p>W.O. Num. 2012-0809 Certificate No. Mccoll McDonald 12185</p>

RECEIVED
JUN 01 2012
NMOCD ARTESIA

		Allar 9-1-2012 Fed.	State PLLL 11-1-2015	PLLL 9-1-2012 Fee	PLLL 9-1-2012 Fed.	9-1-2012
		9 State	10 State	11 State	PLLL 9-1-2012	
	PLL HBP	PLL HBP	PLLL 11-1-2015	PLLL 9-1-2012	PLLL 9-1-2012	State
	16 30015355610000 PARALLEL PETROLEUM CORPORATION 1Y HOPE UNIT 1821-15 S State	15 State	14 PLLL 11-1-2015 State			State
	PLLL 11-1-2015 State	18S PLLL 9-1-2012 21 Fed.	21E PLLL 9-1-2012 22 Fed.	Legacy HBP 23 LEGACY RESERVES OPERATING 2H YELLOWHAWK 23 STATE State	Legacy HBP 23 State	
			PLLL 11-1-2015			



Petroleum LLC

1004 N. Big Spring St., Suite 400 • Midland, TX 79701 • Ph/Fax: 432-685-6563

October 11, 2013

Mary Ann Martinez
Sr. Regulatory &
Production Analyst

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Legacy Reserves Operating LP
P O Box 10848
Midland, TX 79702

Bureau of Land Management
New Mexico State Office
1474 Rodeo Road
Santa Fe, NM 87505

RE: Parallel Petroleum LLC
Application for Unorthodox and
Nonstandard Well Location
High Calling 1821-15 State No. 1
1260' FSL & 330' FWL (Unit M)
Eddy County, New Mexico

Gentlemen:

Parallel Petroleum LLC ("Parallel") is applying for a Nonstandard Location ("NSL") for the High Calling 1821-15 State No. 1 Well. Enclosed please find a copy of the application filed by Parallel with the State of New Mexico, Oil Conservation Division.

As the owner of an interest that may be affected by the proposed unorthodox and nonstandard location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

Should you have any questions, please call Dennis Hopkins at 432/687-8663.

Sincerely,

Mary Ann Martinez
Sr Regulatory & Production Analyst

c: Dennis Hopkins
NMOCD-Artesia
Brian McCurry
Rick Peterson

Enclosures

so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Bureau of Land Management
 New Mexico State Office
 1474 Rodeo Road
 Santa Fe, NM 87505

B. Received by (Printed Name) _____ C. Date of Delivery _____

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

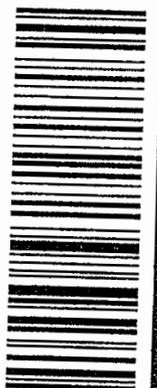
3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number 7006 0810 0005 7586 9349
 (Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7006 0810 0005 7586 9349



UNITED STATES MAIL

7006 0810 0005 7586 9349

U.S. Postal Service
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Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total Postage & Fees \$ _____

Postmark Here

Sent To Bureau of Land Management
 New Mexico State Office
 1474 Rodeo Road
 Santa Fe, NM 87505

Signature and No. of PO Box No. _____
 City, State, ZIP+4 _____
 PS Form 3800, June 2005 See Reverse for Instructions

PARALLEL
 Petroleum LLC
 1004 N. Big Spring, Suite 400 • P O Drawer 10587
 Midland, TX 79702

Bureau of Land Management
 New Mexico State Office
 1474 Rodeo Road
 Santa Fe, NM 87505



so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Legacy Reserves Operating LP
 P O Box 10848
 Midland, TX 79702

B. Received by (Printed Name)

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7006 0810 0005 7586 9356**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7006 0810 0005 7586 9356



7006 0810 0005 7586 9356

CERTIFIED MAIL™ RECEIPT
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 For delivery information visit our Website at www.usps.com
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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here

Sent To
 Street, Apt. No., or PO Box No.
 City, State, ZIP+4
 PS Form 3800, June 2004 See Reverse for Instructions

Legacy Reserves Operating LP
 P O Box 10848
 Midland, TX 79702

PARALLEL
 Petroleum LLC
 1004 N. Big Spring, Suite 400 • P O Drawer 10587
 Midland, TX 79702

Legacy Reserves Operating LP
 P O Box 10848
 Midland, TX 79702

UNITED STATES POSTAGE
 02 1A
 0004601918
 MAILED FROM ZIP CODE 79701
\$ 06.770
 OCT 11 2013
 PINEY BOWLS

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, November 15, 2013 4:55 PM
To: 'rpetersen@p111.com'
Subject: Parallel Petroleum - High Calling 1821-15 St #1; NSL Application

Good Afternoon, Mr. Petersen

I have before me the referenced application, which we received on October 16.

For notice purposes, we are concerned only with the adjacent unit in the S/2 of Section 16 since that is the only unit towards which your proposed location encroaches. Since, according to your application, the operator of the S/2 of Section 16 is an affiliate of the applicant, we need you to advise us if that operator owns 100% of the working interest in that unit. If so, no notice would be required. If there are any other working interest owners in that adjacent unit, they would have to be noticed separately.

We will await your response.

Sincerely
David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

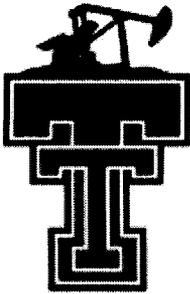
From: Richard Petersen <rpetersen@ppll.com>
Sent: Tuesday, November 19, 2013 8:01 AM
To: Brooks, David K., EMNRD
Subject: RE: Parallel Petroleum - High Calling 1821-15 St #1; NSL Application

Mr. Brooks,

Sorry for the delayed response, we were trying to resolve this issue. The information below is the company we share working interest with in that section. We have discussed this issue with Mr. Douglas and he is waiting to hear from you. If you have any more questions regarding this matter please let us know!

Capstone Oil & Gas Company, L.P., attn.: Dale Douglas, P O Box 10187, Midland, Texas 79702-7187

Abiding respect,



Rick Petersen

Parallel Petroleum, LLC
Jr. Operations Engineer
rpetersen@ppll.com
(432)-688-3676 – office
(713)-927-1377 – cell

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Friday, November 15, 2013 5:55 PM
To: Richard Petersen
Subject: Parallel Petroleum - High Calling 1821-15 St #1; NSL Application

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We will await your response.

Sincerely
David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, November 19, 2013 9:11 AM
To: 'Richard Petersen'
Subject: RE: Parallel Petroleum - High Calling 1821-15 St #1; NSL Application

Good morning Mr. Peterson

If I correctly understand the below email, Capstone Oil & Gas owns a working interest in Section 16. If that interest includes the E/2 of the SE/4 of Section 16, you need to give Capstone formal notice of your NSL application, or, alternatively, obtain from Capstone a signed waiver of any objection to your application, and furnish a copy of that waiver to us.

Sincerely
David K. Brooks

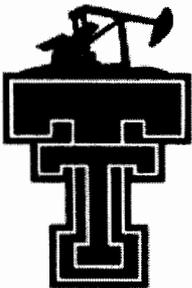
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rpetersen@p1ll.com
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We will await your response.

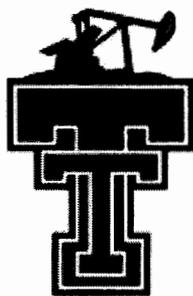
Sincerely
David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Richard Petersen <rpetersen@pIII.com>
Sent: Wednesday, November 20, 2013 12:18 PM
To: Brooks, David K., EMNRD
Subject: RE: Parallel Petroleum - High Calling 1821-15 St #1; NSL Application
Attachments: nsl waiver capstone.pdf

Mr. Brooks,

Attached is a signed waiver from Capstone in regards to the NSL application.



Rick Petersen
Parallel Petroleum, LLC
Jr. Operations Engineer
rpetersen@pIII.com
(432)-688-3676 – office
(713)-927-1377 – cell

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Tuesday, November 19, 2013 10:11 AM
To: Richard Petersen
Subject: RE: Parallel Petroleum - High Calling 1821-15 St #1; NSL Application

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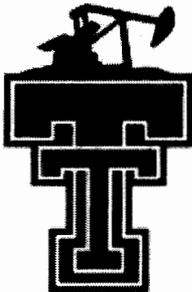
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David K. Brooks

Legal Examiner



Petroleum LLC

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

Dennis J. Hopkins, CPL
General Manager - Land
Direct: 432.687.8663
dhopkins@plll.com

November 19, 2013

Mr. Dale Douglas
Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, Texas 79702-7187

Re: Application for Unorthodox and Non-Standard Well Location
High Calling 1821-15 State No. 1
Section 15-T18S-R21E, NMPM
Eddy County, New Mexico

Dear Mr. Douglas:

Parallel Petroleum LLC has filed the above application with the New Mexico Oil Conservation Division. As a working interest owner in the offsetting acreage, being the E/2 SE/4 of Section 16-T-18S-R21E, you are hereby notified of our application, a copy of which is attached for your reference.

We ask that Capstone Oil & Gas Company, L.P. waive any objection to the well location, which is staked 330' FWL and 1260' FSL of the said Section 15. Please indicate such waiver below and return one (1) copy of this letter to our office.

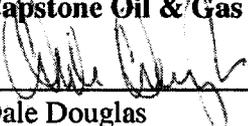
Thank you for your cooperation in this matter. If there are any questions regarding this, please do not hesitate to contact the undersigned at the telephone number listed.

Yours truly,


Dennis J. Hopkins, CPL
General Manager – Land

We hereby waive any objection to the location of the High Calling 1821-15 State No. 1 Well.

Capstone Oil & Gas Company L.P.


Dale Douglas
President