

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Parallel Petroleum
 High Calling 1821-15 (A#1)*

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

6650

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

OGRID 230587
 API
 Well No
 located M-15-185-21E

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 _____

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 30-015-50
 30-015-40367
 OGD

[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.

Adam G. Zankin
 Print or Type Name

[Signature]
 Signature

Attorney
 Title

6/18/12
 Date

agranten@hollandhart.com
 e-mail Address



June 18, 2012

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of
Energy, Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED 000
2012 JUN 18 P 4:22

Re: Application of Parallel Petroleum LLC for administrative approval of an unorthodox well location for its High Calling 1821-15 State No. 1 well in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Parallel Petroleum LLC (OGRID No. 230387) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its High Calling 1821-15 State No. 1 well to be located in Section 15; Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico. The proposed vertical gas well is to be drilled at a surface location 1260 feet from the South line and 330 feet from the West line of said Section 15.

Exhibit A is a land plat for Section 15 and surrounding sections that shows the proposed non-standard location of the High Calling 1821-15 State No. 1 well in relation to adjoining units and existing wells. This location is unorthodox because the pool under this acreage is governed by the Division's statewide rules which provide for wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of the spacing unit. The location of this well will be located 330 feet from the West line of Section 15 for engineering reasons, and is, therefore, closer to the section line than allowed by Division rules.

Exhibit B is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed High Calling 1821-15 State No. 1 well encroaches on the spacing and proration unit to the West.

Exhibit C is the list of affected parties. Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those toward whom the non-standard location encroaches. Here, the proposed bottom-hole location encroaches to the West upon a unit operated by Parallel Petroleum LLC. In this case, ownership between the unit containing the proposed unorthodox well and the encroached-upon unit to the West is not common. All affected parties have agreed to waive all objections to the proposed non-standard location encroaching upon the unit operated by Parallel Petroleum LLC in Section 16. The waivers are included as **Exhibit D**.



The High Calling 1821-15 State No. 1 well is expected to be the initial obligation well for the planned High Hopes Exploratory Unit, filed on May 22, 2012, and assigned Case No. 14864. Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Rankin".

Adam G. Rankin

ATTORNEY FOR PARALLEL PETROLEUM LLC

cc: David K. Brooks, Oil Conservation Division
Oil Conservation Division, District II Office, Artesia
Brian McCurry, Parallel Petroleum LLC (w/o enclosures)

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
District II
 811 S. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 August 1, 2011
 Permit 149417

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40367	2. Pool Code	3. Pool Name MORROW
4. Property Code	5. Property Name HIGH CALLING 1821-15 STATE	6. Well No. 001
7. OGRID No. 230387	8. Operator Name PARALLEL PETROLEUM LLC	9. Elevation 4256

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	15	18S	21E		1260	S	330	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 0.00		13. Joint or Infill		14. Consolidation Code		15. 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 border="1" style="width: 100%; height: 100%; border-collapse: collapse;"> <tr><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td></tr> <tr><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td></tr> <tr><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td></tr> <tr><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td><td style="width: 25%; height: 25%;"></td></tr> </table>																	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) 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.</i></p> <p>E-Signed By: Title: Date:</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><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>Surveyed By: Macon McDonald Date of Survey: 5/11/2012 Certificate Number: 12185</p>

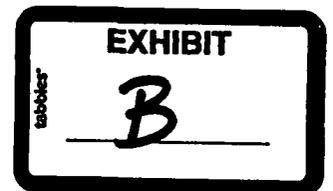


EXHIBIT C
Parallel Petroleum LLC's NSL Application
High Calling 1821-15 State No. 1 Well

D2 Resources LLC
P O Box 10187
Midland, Texas 79702

Solis Energy, LLC
P O Box 51451
Midland, Texas 79710

Elger Exploration, Inc.
P O Box 2623
Midland, Texas 79702

CMW Interests, Inc.
24 Smith Road
Midland, Texas 79705



PARALLEL PETROLEUM LLC

1600 N. Big Spring Street
Suite 400
Midland, TX 79701

Phone: 804.372.7700
Fax: 804.372.7700

www.parallel.com

June 5, 2012

D2 Resources, LLC
Attn: Dale Douglas
P.O. Box 10187
Midland, TX 79702

Re: Application of Parallel Petroleum LLC for administrative approval of an unorthodox well location for its High Calling 1821-15 State No. 1 well in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico.

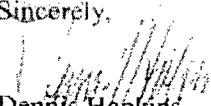
Dear D2 Resources:

Parallel Petroleum LLC has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its High Calling 1821-15 State No.1 well to be located in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico. Division rules provide that such gas wells are to be located no closer than 660 feet to the outer boundary of the quarter-quarter section on which the well is located. The proposed vertical gas well is to be drilled at a surface location 1260 feet from the South line and 330 feet from the West line of said Section 15. The proposed location for this well, therefore, encroaches to the West and requires Division approval for an unorthodox well location.

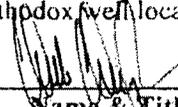
Division Rules provide that an application may be approved sooner if the applicant obtains waivers from affected parties. We therefore request your waiver of objection to this administrative application. We respectfully request that you sign this letter and return it as soon as possible.

Thank you for your consideration of this matter. Should you wish to discuss please feel free to call me.

Sincerely,


Dennis Hopkins
Land Manager

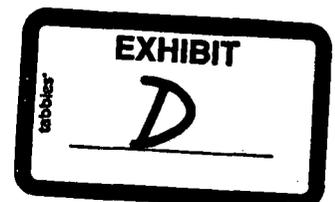
D2 Resources agrees to waive objection to Parallel Petroleum LLC's application for an unorthodox well location for its High Calling 1821-15 State No. 1 well.

By: 

Name & Title

Dale Douglas, President

Date: 6/5/12



PARALLEL

PARALLEL PETROLEUM LLC
Box 11, Hot Spring Park
Suite 300
Midland, TX 79701

137 West 3127th Street
Midland, TX 79701

1-800-955-0000

June 5, 2012

Solis Energy, LLC
Attn: James E. Geitgey
P.O. Box 51451
Midland, TX 79710

Re: Application of Parallel Petroleum LLC for administrative approval of an unorthodox well location for its High Calling 1821-15 State No. 1 well in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico.

Dear Solis Energy:

Parallel Petroleum LLC has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its High Calling 1821-15 State No. 1 well to be located in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico. Division rules provide that such gas wells are to be located no closer than 660 feet to the outer boundary of the quarter-quarter section on which the well is located. The proposed vertical gas well is to be drilled at a surface location 1260 feet from the South line and 330 feet from the West line of said Section 15. The proposed location for this well, therefore, encroaches to the West and requires Division approval for an unorthodox well location.

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Sincerely,


Dennis Hopkins
Land Manager

Solis Energy agrees to waive objection to Parallel Petroleum LLC's application for an unorthodox well location for its High Calling 1821-15 State No. 1 well.

By: James Geitgey, President Date: 6/8/12
Name & Title



PARALLEL PETROLEUM LLC
1004 N. Big Spring Street
Suite 400
Midland TX 79701
432.684.3727 phone
432.684.3905 fax
www.pllc.com

June 5, 2012

Elger Exploration, Inc.
Attn: Jerry Elger
P.O. Box 2623
Midland, TX 79702

Re: Application of Parallel Petroleum LLC for administrative approval of an unorthodox well location for its High Calling 1821-15 State No. 1 well in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico.

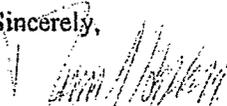
Dear Elger Exploration, Inc.:

Parallel Petroleum LLC has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its High Calling 1821-15 State No.1 well to be located in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico. Division rules provide that such gas wells are to be located no closer than 660 feet to the outer boundary of the quarter-quarter section on which the well is located. The proposed vertical gas well is to be drilled at a surface location 1260 feet from the South line and 330 feet from the West line of said Section 15. The proposed location for this well, therefore, encroaches to the West and requires Division approval for an unorthodox well location.

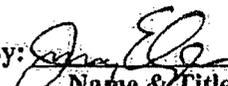
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Thank you for your consideration of this matter. Should you wish to discuss please feel free to call me.

Sincerely,


Dennis Hopkins
Land Manager

Elger Exploration agrees to waive objection to Parallel Petroleum LLC's application for an unorthodox well location for its High Calling 1821-15 State No. 1 well.

By:  president Date: 6-6-12
Name & Title



PARALLEL PETROLEUM LLC
1004 N. Big Spring Street
Suite 400
Midland, TX 79701
432.664.3727 phone
432.664.3905 fax
www.pll.com

June 5, 2012

CMW Interests, Inc.
24 Smith Road, Suite 405
Midland, TX 79705

Re: Application of Parallel Petroleum LLC for administrative approval of an unorthodox well location for its High Calling 1821-15 State No. 1 well in Section 15, Township 18 South, Range 21 East, N.M.P.M., Eddy County, New Mexico.

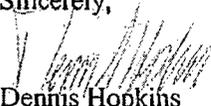
Dear CMW Interests, Inc.:

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Thank you for your consideration of this matter. Should you wish to discuss please feel free to call me.

Sincerely,


Dennis Hopkins
Land Manager

CMW Interests, Inc. agrees to waive objection to Parallel Petroleum LLC's application for an unorthodox well location for its **High Calling 1821-15 State No. 1** well.

By: C. Marshall Date: 6/12/12
Name & Title PRESIDENT

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, June 26, 2012 11:37 AM
To: agrankin@hollandhart.com
Subject: Parallel Petroleum - High Calling 1821-15 State #1; NSL Application

Dear Adam

The C-102 filed with your NSL Application for this wells indicates that it is to be a Morrow well. However, the filing with the District office, which has been entered in OCD's database system, says it is to be completed in the Wolfcamp.

Please advise which is correct.

Sincerely

David