

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
Bold Venture #1
5606*

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 _____

[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.

Signature Title Date

e-mail Address

13. April. 07 DATE IN	SUSPENSE	D. Brooks ENGINEER	16. April. 07 LOGGED IN	NSL TYPE	APP NO.
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- Engineering Bureau -

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[D] Other: Specify _____

2007 APR 13 AM 2 20

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Ocean Monnds-Dry Ocean Monnds-Dry Attorney 4/13-07
 Print or Type Name Signature Title Date
 omundsdry@hollandhart.com
 e-mail Address



April 13, 2007

HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2007 APR 13 AM 2 20

Re: Application of Parallel Petroleum Corporation, for administrative approval of an unorthodox well location for its Bold Venture Well No. 1 completed in the Wolfcamp formation at a surface location 400 feet from the North line and 1880 feet from the East line and an unorthodox bottomhole location of 646 feet from the South line and 1735 feet from the East line of Section 27, Township 14 South, Range 26 East, N.M.P.M., Chaves County, New Mexico.

Dear Mr. Fesmire:

Parallel Petroleum Corporation, ("Parallel") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) for an unorthodox well location in the Wolfcamp formation for its Bold Venture Well No. 1 located at a surface location 400 feet from the North line and 1880 feet from the East line and 646 feet from the South line and 1735 feet from the East line of Section 27, Township 14 South, Range 26 East, N.M.P.M., Chaves County, New Mexico.

This proposed location in the Wolfcamp formation is unorthodox because it is governed by Statewide Rules which provide for all of the directional wellbore to be located within the producing area. As noted in the attached letter from Mr. Durham of Parallel, the bottomhole location is non-standard by 14 feet to the south. **See Exhibit A.** The bottomhole location was originally targeted at a standard location but when the well reached total depth, it was discovered that the bottomhole location had deviated from what was proposed. The penetration point in the Wolfcamp is orthodox. A standard

HOLLAND & HART^{LLP}



320-acre spacing unit and proration unit comprised of the E/2 of Section 27 will be dedicated to the well.

Also included in Exhibit A is the corrected C-102 showing the new footages, a gyroscopic survey, and the MWD survey.

Exhibit B is a plat of the area showing the spacing unit and well location.

Exhibit C is the list of affected parties as defined by Rule 1210. Although Parallel operates the spacing unit to the south, not all working interest owners are common.

Exhibit D is the letter sent to the affected parties with the return signatures agreeing to waive objection to the location. Therefore, no additional notice is required.

Upon discovering the actual well path, Parallel immediately shut in this well. However, the well is a very good producer. **Therefore, Parallel requests your expedited consideration of this application so that it may return the well to production as soon as possible.**

Your attention to this application is appreciated.

Very truly yours,

Ocean Munds-Dry

Ocean Munds-Dry

ATTORNEY FOR PARALLEL PETROLEUM
CORPORATION

Enclosures

cc: Mike Gray
Parallel Petroleum Corp.
Oil Conservation Division - Artesia



Petroleum Corporation

1004 N. Big Spring Street, Suite 400 • Midland, TX 79701 • Ph: 915-684-3727 • Fax: 915-685-6580

DEANE DURHAM
Operations Engineer

March 30, 2007

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 S. St. Francis
Santa Fe, NM 87505

Re: Bold Venture #1
Parallel Petroleum Corporation
Sec. 27, T-14-S, R-26-E
Chaves County, New Mexico

Dear Mr. Ezeanyim:

The referenced well reached total depth on 7/22/06 at a measured depth of 9314'. The horizontal well path was planned and permitted to reach total depth at approximately 9305' measured depth or 660' FSL and 1880' FEL of section 27, however, the drilling was unintentionally continued out to 9314'. We used steerable directional tools in the well. Unfortunately at the point the well was TD'd, the BHL is 646' FSL and 1735' FEL and non-standard to the south by 14' (see attached plat with actual BHL). We did intentionally perforate the entire horizontal interval inside the standard producing area. We request a non-standard allowance for this well. All offset operators have been contacted and all signed waivers are attached.

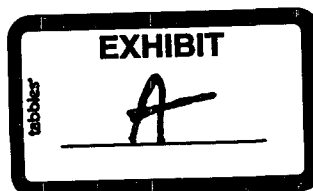
Should you need additional information regarding this issue, please contact me.

Sincerely,


Deane Durham
New Mexico Operations Engineer

Attachments: C-102 showing actual BHL
Gyrodata – gyroscopic survey
Schlumberger – MWD survey
Waivers from all offset operators

CC: Brian Arrant



District I

1623 N. French Dr., Hobbs, NM 88240

District II

1381 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Grande 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. Francis 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 30-005-63783	* Pool Code WILDCAT, WOLFCAMP	* Pool Name 97489	* Well Number 97574
* Property Code	* Property Name BOLD VENTURE		* Well Number 1
* OGRID No. 230387	* Operator Name PARALLEL PETROLEUM CORPORATION		* Elevation GR: 3414

10 Surface Location

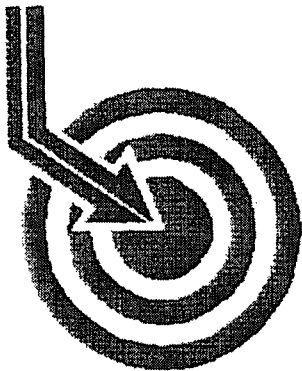
UL or lot no. B	Section 27	Township 14S	Range 26E	Lot Idn 400	North/South line NORTH	Feet from the 1880	East/West line EAST	County CHAVES
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11 Bottom Hole Location If Different From Surface

UL or lot no. 0	Section 27	Township 14S	Range 26E	Lot Idn 646	North/South line SOUTH	Feet from the 1735	East/West line EAST	County 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.

16		17 OPERATOR CERTIFICATION 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 released 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 hereafter entered by the division. Signed: Kaye M. Cormick 03-27-2007 Date KAYE MC CORMICK Printed Name
		18 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



Scientific Drilling

PARALLEL PETROLEUM

Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522
Survey: 06/30/06

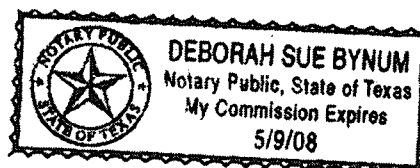
This survey is correct to the best of my knowledge
and is supported by actual field data.

.....*Deborah Sue Bynum*.....Company Representative

Notorized this date 25th of July, 2006.

Deborah Sue Bynum
Notary Signature

County of Midland
State of Texas





Scientific Drilling International Survey Report

Company: PARALLEL PETROLEUM
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522

Date: 07/23/2006 Time: 22:59:28 Page: 1
Co-ordinate(NE) Reference: Site: Chaves County, NM, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,124.05Azi)
Survey Calculation Method: Minimum Curvature Db: Sybase

Survey: 08/30/06
KSRG 0'-5460'

Start Date: 06/30/2006

Company: Scientific Drilling Internatio
Tool: Keeper;Keeper Gyro

Engineer: Madrid w/Signal
Tied-to: From Surface

Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ChD ft	ChA deg
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.62	50.23	100.00	0.15	0.35	0.42	0.62	0.54	50.23
200.00	0.55	101.46	199.99	0.74	0.60	1.30	0.51	1.43	65.37
300.00	0.41	82.11	299.99	1.45	0.55	2.13	0.21	2.20	75.49
400.00	0.40	71.27	399.99	1.93	0.71	2.81	0.08	2.90	75.79
500.00	0.49	98.90	499.98	2.53	0.76	3.56	0.23	3.64	78.00
600.00	0.82	106.70	599.98	3.60	0.49	4.67	0.34	4.70	84.06
700.00	0.98	98.64	699.97	5.06	0.15	6.20	0.20	6.21	88.60
800.00	0.95	97.90	799.95	6.57	-0.09	7.87	0.03	7.87	90.66
900.00	1.26	93.67	899.93	8.26	-0.27	9.79	0.32	9.79	91.61
1000.00	1.36	97.22	999.91	10.27	-0.49	12.06	0.13	12.07	92.35
1100.00	1.78	99.76	1099.87	12.75	-0.91	14.77	0.43	14.80	93.51
1200.00	2.03	107.75	1199.81	15.86	-1.71	17.99	0.36	18.07	95.43
1300.00	1.83	107.62	1299.76	19.09	-2.73	21.20	0.20	21.37	97.35
1400.00	1.82	115.42	1399.71	22.19	-3.90	24.15	0.25	24.47	99.17
1500.00	1.88	114.18	1499.65	25.38	-5.25	27.08	0.07	27.59	100.97
1600.00	1.81	113.79	1599.60	28.55	-6.56	30.03	0.07	30.73	102.33
1700.00	1.81	119.06	1699.55	31.68	-7.96	32.85	0.17	33.80	103.63
1800.00	1.83	114.87	1799.50	34.83	-9.40	35.68	0.13	36.90	104.76
1900.00	1.70	114.23	1899.45	37.87	-10.68	38.48	0.13	39.94	105.52
2000.00	1.77	112.30	1999.41	40.84	-11.88	41.26	0.09	42.94	106.06
2100.00	1.89	109.14	2099.36	43.78	-12.95	44.08	0.12	45.95	106.37
2200.00	1.77	111.26	2199.32	46.71	-13.99	46.92	0.10	48.96	106.61
2300.00	1.65	110.98	2299.27	49.62	-15.07	49.70	0.12	51.93	106.86
2400.00	1.34	109.22	2399.24	52.15	-15.97	52.15	0.31	54.54	107.02
2500.00	1.24	114.05	2499.21	54.34	-16.79	54.24	0.15	56.78	107.20
2600.00	1.13	116.78	2599.19	56.39	-17.68	56.11	0.12	58.83	107.49
2700.00	1.04	119.84	2699.17	58.27	-18.57	57.78	0.11	60.69	107.82
2800.00	0.71	122.79	2799.16	59.80	-19.36	59.08	0.33	62.18	108.14
2900.00	0.45	127.64	2899.16	60.81	-19.94	59.92	0.26	63.15	108.40
3000.00	0.50	139.66	2999.15	61.62	-20.51	60.51	0.11	63.89	108.72
3100.00	0.38	138.90	3099.15	62.36	-21.09	61.01	0.12	64.55	109.07
3200.00	0.24	173.54	3199.15	62.82	-21.55	61.25	0.23	64.93	109.38
3300.00	0.40	176.09	3299.15	63.17	-22.11	61.30	0.16	65.16	109.83
3400.00	0.28	188.38	3399.15	63.49	-22.70	61.29	0.14	65.36	110.32
3500.00	0.42	205.78	3499.14	63.65	-23.27	61.09	0.17	65.37	110.85
3600.00	0.37	200.84	3599.14	63.77	-23.90	60.82	0.06	65.35	111.45
3700.00	0.69	214.86	3699.14	63.84	-24.70	60.36	0.34	65.22	112.25
3800.00	0.68	225.90	3799.13	63.71	-25.60	59.59	0.13	64.86	113.25
3900.00	0.66	210.05	3899.12	63.63	-26.51	58.87	0.19	64.57	114.24
4000.00	0.61	208.03	3999.12	63.72	-27.48	58.34	0.05	64.49	115.23
4100.00	0.54	208.21	4099.11	63.83	-28.37	57.86	0.07	64.44	116.12
4200.00	0.46	190.85	4199.11	64.03	-29.18	57.58	0.17	64.54	116.88
4300.00	0.27	155.58	4299.11	64.39	-29.79	57.59	0.29	64.83	117.35
4400.00	0.42	175.15	4399.11	64.82	-30.37	57.71	0.19	65.22	117.75
4500.00	0.44	207.15	4499.10	65.10	-31.07	57.57	0.24	65.42	118.36
4600.00	0.39	221.41	4599.10	65.10	-31.67	57.17	0.11	65.36	118.98
4700.00	0.50	206.33	4699.10	65.12	-32.32	56.75	0.16	65.31	119.66
4800.00	0.50	220.41	4799.09	65.13	-33.04	56.28	0.12	65.26	120.42



Scientific
Drilling

Scientific Drilling International

Survey Report

Company: PARALLEL PETROLEUM
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522

Date: 07/23/2006 Time: 22:59:28 Page: 2
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Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,124.05Azi)
Survey Calculation Method: Minimum Curvature Db: Sybase

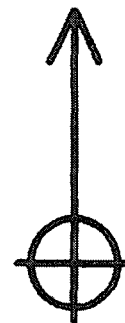
Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ChD ft	ChA deg
4900.00	0.47	191.58	4899.09	65.23	-33.77	55.91	0.24	65.32	121.13
5000.00	0.41	182.16	4999.09	65.58	-34.53	55.81	0.09	65.63	121.74
5100.00	0.19	209.21	5099.09	65.78	-35.03	55.72	0.26	65.82	122.16
5200.00	0.19	180.41	5199.08	65.89	-35.35	55.64	0.09	65.92	122.43
5300.00	0.49	229.59	5299.08	65.87	-35.79	55.31	0.39	65.88	122.90
5400.00	0.74	265.66	5399.08	65.25	-36.11	54.34	0.45	65.25	123.61
5460.00	0.71	259.09	5459.07	64.68	-36.21	53.59	0.15	64.68	124.05



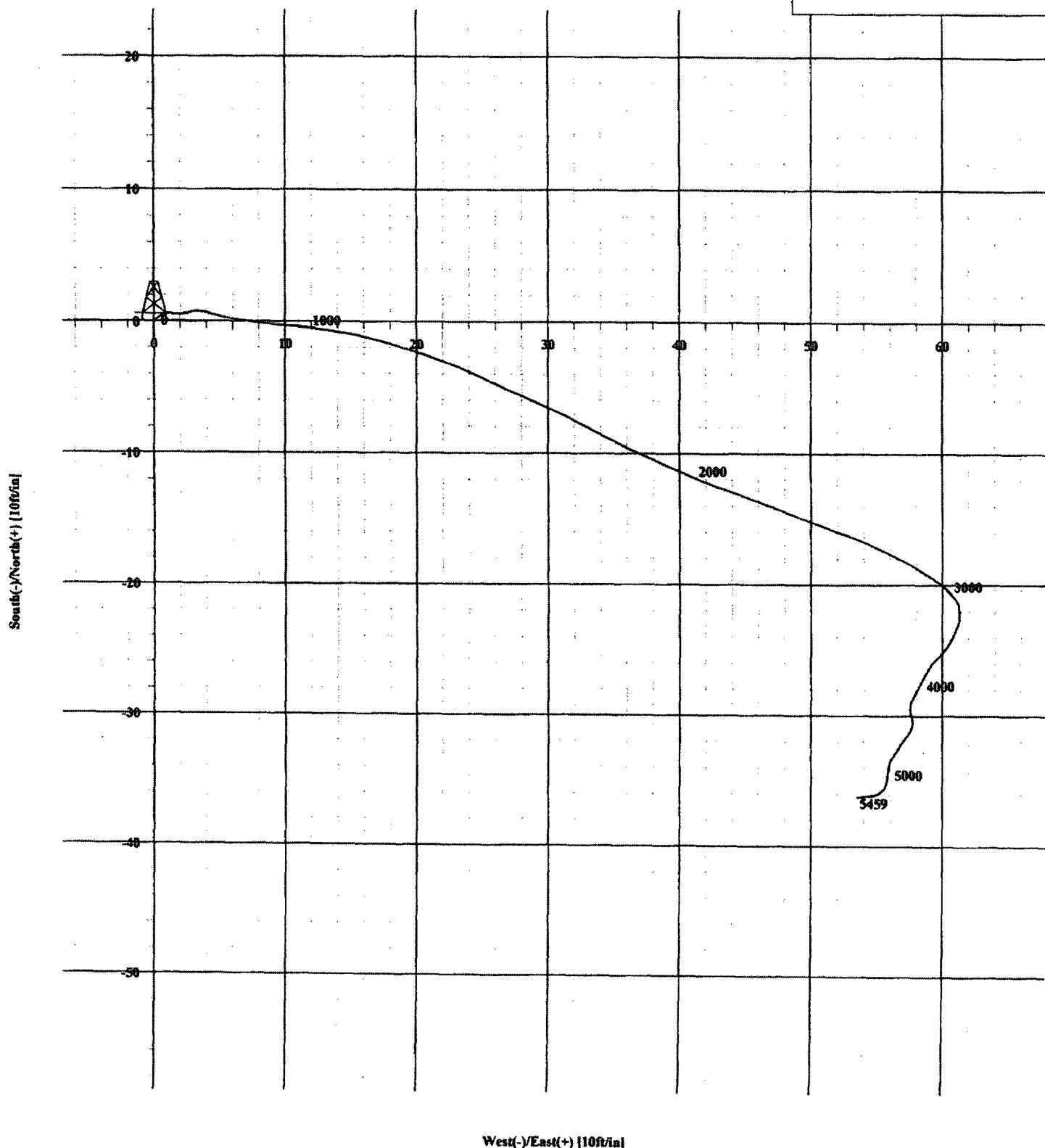
**Scientific
Drilling**

Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522
Survey: 06/30/06



Aligned to Grid North
True North: 0.00°
Magnetic North: 0.00°

Magnetic Field
Source: On I
Dip Angle: 0.00°
Date: 07/23/2006
Model: apr2000



Schlumberger

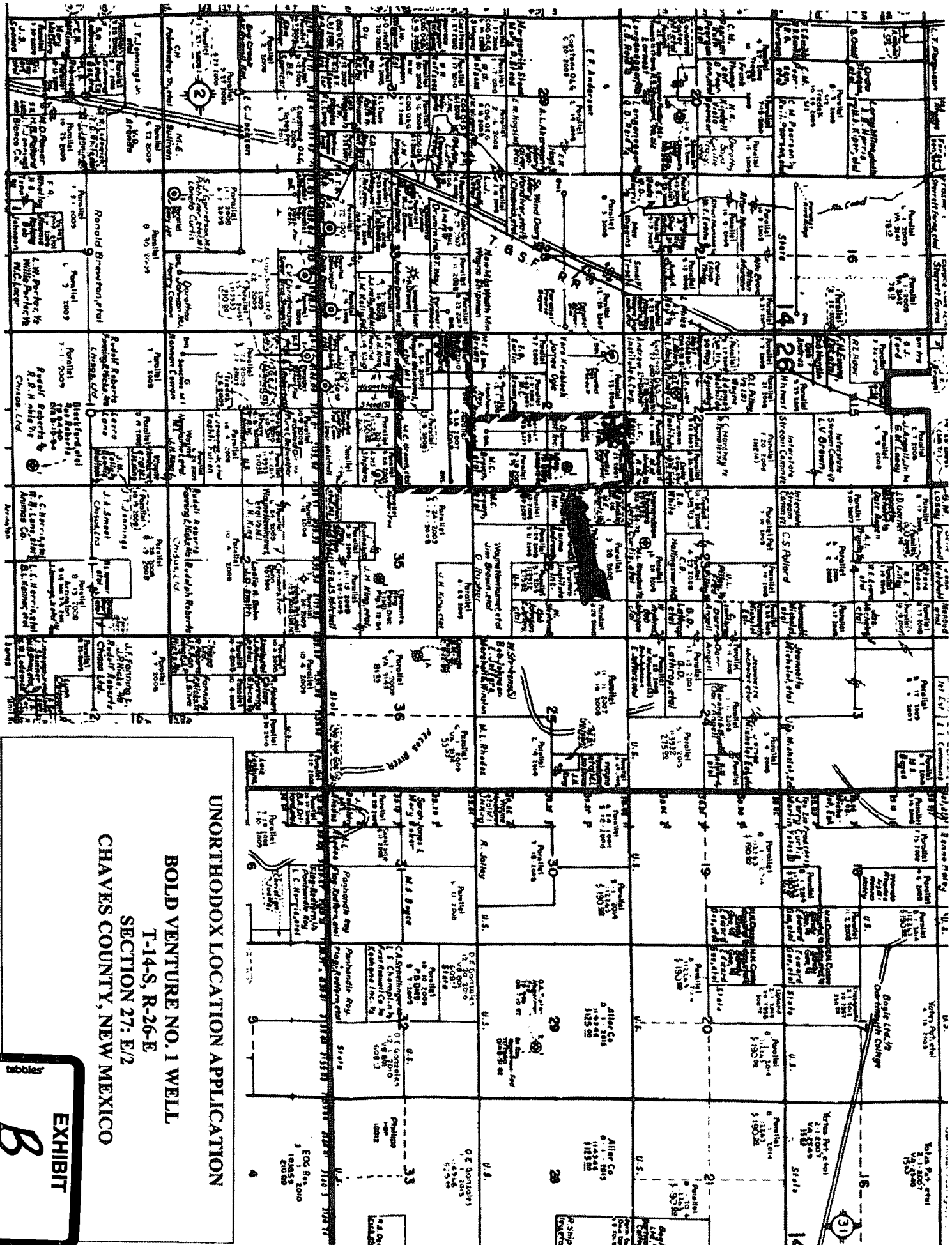
Survey Report

Company <u>Parallel Petroleum</u>										Mag. Decl. <u>8.61</u>		
Well <u>Bold Venture # 1</u>										Target Inc. <u>89.85</u>		
Field <u>Wolfcamp Gas</u>										Target TVD <u>5268</u>		
Rig <u>JW Rig # 4</u>										Target Az. <u>180</u>		
Anadrill D.D. <u>Nathan Moore</u>										Tgt. Coord. _____		
Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
Gyro Tie-IN		4900	0.47	191.58		4899.08	33.77	33.77 S	55.91 E			
SLB MWD SVY.	1	4909	0.38	180.52	9	4908.08	33.84	33.84 S	55.90 E	1.35	-1.00	-122.89
MWD	2	4941	2.99	161.00	32	4940.06	34.73	34.73 S	56.17 E	8.23	8.16	-81.00
MWD	3	4972	10.39	170.73	31	4970.83	38.26	38.26 S	56.89 E	24.06	23.87	31.39
MWD	4	5004	16.52	163.09	32	5001.94	45.47	45.47 S	58.68 E	19.91	19.16	-23.91
MWD	5	5036	23.65	160.45	32	5031.98	55.88	55.88 S	62.15 E	22.45	22.28	-8.22
MWD	6	5067	29.56	158.27	31	5059.68	68.86	68.86 S	67.06 E	19.32	18.06	-7.03
MWD	7	5099	35.47	158.05	32	5086.85	84.81	84.81 S	73.48 E	18.47	18.47	-0.69
MWD	8	5131	41.04	159.36	32	5111.77	103.27	103.27 S	80.64 E	17.59	17.41	4.09
MWD	9	5163	46.44	163.39	32	5134.89	124.23	124.23 S	87.66 E	18.98	16.88	12.59
MWD	10	5194	51.22	168.31	31	5155.30	146.85	146.85 S	93.32 E	19.50	15.42	15.87
MWD	11	5225	53.55	170.47	31	5174.22	170.98	170.98 S	97.83 E	9.32	7.52	8.97
MWD	12	5257	54.55	171.31	32	5193.00	198.56	198.56 S	101.93 E	3.78	3.13	2.63
MWD	13	5289	58.46	175.26	32	5210.67	223.05	223.05 S	105.03 E	15.97	12.22	12.34
MWD	14	5320	62.32	180.14	31	5225.99	249.97	249.97 S	106.09 E	18.50	12.45	15.74
MWD	15	5352	66.10	183.02	32	5239.91	278.76	278.76 S	105.28 E	14.32	11.81	9.00
MWD	16	5384	72.03	183.38	32	5251.34	308.59	308.59 S	103.61 E	18.56	18.53	1.12
MWD	17	5414	77.87	183.26	30	5259.12	337.50	337.50 S	101.94 E	19.47	18.47	-0.40
MWD	18	5446	83.93	182.87	32	5264.18	369.03	369.03 S	100.25 E	18.98	18.94	-1.22
MWD	19	5477	87.53	182.29	31	5268.49	399.91	399.91 S	98.86 E	11.76	11.61	-1.87
MWD	20	5509	88.38	180.85	32	5267.63	431.88	431.88 S	97.98 E	5.22	2.66	-4.50
MWD	21	5541	89.59	181.74	32	5268.20	463.86	463.86 S	97.28 E	4.69	3.78	2.78
MWD	22	5636	90.48	181.74	95	5268.14	558.82	558.82 S	94.38 E	0.94	0.94	
MWD	23	5700	89.86	181.56	64	5267.95	622.79	622.79 S	92.53 E	1.01	-0.97	-0.28
MWD	24	5764	88.83	181.30	64	5268.68	686.77	686.77 S	90.94 E	1.66	-1.61	-0.41
MWD	25	5827	89.79	180.92	63	5269.44	749.75	749.75 S	89.72 E	1.64	1.52	-0.60
MWD	26	5891	92.17	180.98	64	5268.35	813.73	813.73 S	88.66 E	3.72	3.72	0.09
MWD	27	5986	92.06	181.66	95	5264.84	908.64	908.64 S	86.47 E	0.72	-0.12	0.72
MWD	28	6050	90.03	181.57	64	5263.67	972.60	972.60 S	84.67 E	3.17	-3.17	-0.14
MWD	29	6114	88.97	181.13	64	5264.23	1036.58	1036.58 S	83.16 E	1.79	-1.68	-0.69
MWD	30	6177	90.93	183.13	83	5264.29	1099.53	1099.53 S	80.82 E	4.44	3.11	3.17
MWD	31	6241	89.66	183.40	64	5263.96	1163.42	1163.42 S	77.17 E	2.03	-1.98	0.42
MWD	32	6304	88.87	182.96	63	5264.77	1226.32	1226.32 S	73.68 E	1.44	-1.25	-0.70
MWD	33	6367	90.03	183.28	63	5265.37	1289.22	1289.22 S	70.25 E	1.91	1.84	0.51
MWD	34	6430	90.38	182.34	63	5265.15	1352.14	1352.14 S	67.16 E	1.59	0.56	-1.49
MWD	35	6493	89.69	182.38	63	5265.11	1415.09	1415.09 S	64.57 E	1.10	-1.10	0.06
MWD	36	6557	88.69	181.79	64	5266.01	1479.04	1479.04 S	62.24 E	1.81	-1.56	-0.92
MWD	37	6621	88.01	181.51	64	5267.85	1542.98	1542.98 S	60.40 E	1.15	-1.06	-0.44
MWD	38	6684	89.14	180.34	63	5269.42	1605.95	1605.95 S	59.38 E	2.58	1.79	-1.86
MWD	39	6747	88.80	180.17	63	5270.55	1668.94	1668.94 S	59.10 E	0.60	-0.54	-0.27
MWD	40	6811	89.69	180.33	64	5271.40	1732.94	1732.94 S	58.82 E	1.41	1.39	0.25
MWD	41	6875	88.83	179.57	64	5272.22	1796.93	1796.93 S	58.88 E	1.79	-1.34	-1.19
MWD	42	6970	88.55	179.39	95	5274.40	1891.90	1891.90 S	59.74 E	0.35	-0.29	-0.19
MWD	43	7033	89.69	179.40	63	5275.36	1954.89	1954.89 S	60.40 E	1.81	1.81	0.02
MWD	44	7097	88.69	179.30	64	5276.27	2018.88	2018.88 S	61.13 E	1.57	-1.56	-0.16
MWD	45	7193	88.32	178.36	96	5278.77	2114.82	2114.82 S	63.09 E	1.05	-0.39	-0.98
MWD	46	7224	89.35	177.54	31	5279.40	2145.80	2145.80 S	64.20 E	4.25	3.32	-2.85
MWD	47	7288	88.25	175.32	64	5280.74	2209.65	2209.65 S	68.18 E	3.87	-1.72	-3.47
MWD	48	7351	90.17	174.95	63	5281.61	2272.42	2272.42 S	73.52 E	3.10	3.05	-0.59
MWD	49	7382	91.10	175.03	31	5281.27	2303.30	2303.30 S	76.23 E	3.01	3.00	0.26
MWD	50	7414	91.14	174.76	32	5280.64	2335.16	2335.16 S	79.08 E	0.85	0.13	-0.84
MWD	51	7448	90.93	175.13	32	5280.06	2367.04	2367.04 S	81.89 E	1.33	-0.66	1.16
MWD	52	7509	90.79	177.11	63	5279.12	2429.88	2429.88 S	86.16 E	3.15	-0.22	3.14



Survey Report

Company <u>Parallel Petroleum</u> Well <u>Bold Venture # 1</u> Field <u>Wolfcamp Gas</u> Rig <u>JW Rig # 4</u> Anadrill D.D. <u>Nathan Moore</u>										Mag. Decl. <u>8.61</u> Target Inc. <u>89.85</u> Target TVD <u>5268</u> Target Az. <u>180</u> Tgt. Coord. _____		
Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Waik
MWD	53	7573	91.07	177.45	64	5278.08	2493.80	2493.80 S	89.19 E	0.69	0.44	0.53
MWD	54	7636	90.79	177.04	63	5277.06	2556.72	2556.72 S	92.22 E	0.79	-0.44	-0.65
MWD	55	7700	91.03	177.22	64	5276.04	2620.63	2620.63 S	95.43 E	0.47	0.37	0.28
MWD	56	7764	91.00	178.49	64	5274.91	2684.57	2684.57 S	97.82 E	1.98	-0.05	1.98
MWD	57	7827	90.41	178.02	63	5274.13	2747.54	2747.54 S	99.74 E	1.20	-0.94	-0.75
MWD	58	7891	90.45	178.22	64	5273.85	2811.50	2811.50 S	101.84 E	0.32	0.06	0.31
MWD	59	7954	90.31	178.64	63	5273.23	2874.48	2874.48 S	103.56 E	0.70	-0.22	0.67
MWD	60	8018	90.52	178.67	64	5272.77	2938.46	2938.46 S	105.07 E	0.33	0.33	0.05
MWD	61	8082	89.21	178.68	64	5272.92	3002.44	3002.44 S	106.55 E	2.05	-2.05	0.02
MWD	62	8145	89.93	178.47	63	5273.39	3066.42	3066.42 S	108.11 E	1.19	1.14	-0.33
MWD	63	8208	88.28	178.19	63	5274.38	3128.38	3128.38 S	109.95 E	2.66	-2.62	-0.44
MWD	64	8272	87.97	177.76	64	5276.47	3192.31	3192.31 S	112.21 E	0.83	-0.48	-0.67
MWD	65	8303	88.11	178.08	31	5277.53	3223.27	3223.27 S	113.33 E	1.13	0.45	1.03
MWD	66	8367	88.60	177.33	64	5279.37	3287.19	3287.19 S	115.90 E	1.40	0.77	-1.17
MWD	67	8431	90.31	176.65	64	5279.98	3351.10	3351.10 S	119.26 E	2.88	2.67	-1.06
MWD	68	8462	90.72	176.54	31	5279.70	3382.04	3382.04 S	121.10 E	1.37	1.32	-0.35
MWD	69	8494	91.24	176.97	32	5279.15	3413.98	3413.98 S	122.91 E	2.11	1.62	1.34
MWD	70	8526	90.31	176.66	32	5278.72	3445.93	3445.93 S	124.69 E	3.06	-2.91	-0.97
MWD	71	8589	89.83	177.74	63	5278.64	3508.85	3508.85 S	127.76 E	1.88	-0.76	1.71
MWD	72	8653	89.72	177.99	64	5278.89	3572.81	3572.81 S	130.15 E	0.43	-0.17	0.39
MWD	73	8716	89.24	178.47	63	5279.47	3635.78	3635.78 S	132.09 E	1.08	-0.76	0.76
MWD	74	8779	89.31	178.93	63	5280.26	3698.76	3698.76 S	133.52 E	0.74	0.11	0.73
MWD	75	8842	89.38	179.14	63	5280.98	3761.74	3761.74 S	134.58 E	0.35	0.11	0.33
MWD	76	8905	88.90	178.95	63	5281.93	3824.73	3824.73 S	135.63 E	0.82	-0.76	-0.30
MWD	77	8969	89.14	178.66	64	5283.02	3888.70	3888.70 S	136.97 E	0.59	0.37	-0.45
MWD	78	9032	89.66	178.67	63	5283.68	3951.68	3951.68 S	138.44 E	0.83	0.83	0.02
MWD	79	9096	90.24	178.56	64	5283.74	4015.66	4015.66 S	139.98 E	0.92	0.91	-0.17
MWD	80	9159	89.93	178.47	63	5283.65	4078.64	4078.64 S	141.61 E	0.51	-0.49	-0.14
MWD	81	9222	89.97	178.75	63	5283.70	4141.62	4141.62 S	143.14 E	0.45	0.06	0.44
MWD	82	9254	89.79	178.57	32	5283.77	4173.61	4173.61 S	143.89 E	0.80	-0.56	-0.56
Bit Proj.to TD	83	9314	89.79	178.57	60	5283.99	4233.60	4233.60 S	145.39 E			



UNORTHODOX LOCATION APPLICATION

BOLD VENTURE NO. 1 WELL
 T-14-S, R-26-E
 SECTION 27: E/2
 CHAVES COUNTY, NEW MEXICO

tabbles

EXHIBIT

B

UNORTHODOX LOCATION APPLICATION

Bold Venture No. 1 Well

E/2 Section 27-14S-26E, Chaves Co., NM

OFFSETTING OWNERS

Working Interest

N/2 SECTION 34-14S-26E, CHAVES CO., NM

PARALLEL PETROLEUM CORPORATION

84.7344%

1004 N. Big Spring, Ste. 400

MIDLAND, TX 79701

CAPSTONE OIL AND GAS COMPANY, L. P.

14.9531%

P. O. BOX 10187

MIDLAND, TX 79702

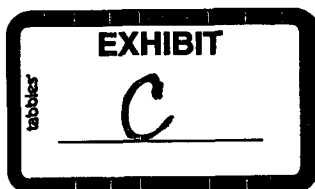
SALLY A. ELLIS

0.3125%

771 CRESCENT DR.

BOULDER, CO 80306

100.0000%



RECEIVED APR 05 2007

PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

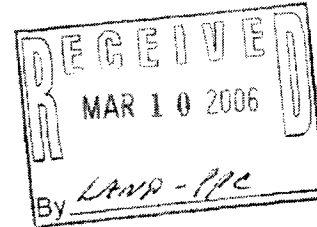
April 3, 2007

Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, Texas 79702

Attention: Mr. Dale Douglas

Sally A. Ellis
771 Crescent Dr.
Boulder, Co 80306

Re: Bold Venture No. 1 Well
T-14-S, R-26-E
Section 27: E/2
Chaves County, New Mexico



Gentlemen:

The Bold Venture No. 1 Well has been completed as a horizontal Wolfcamp gas producer under the captioned 320 acre unit. Under the rules of the Oil Conservation Division (the OCD) the entry point and terminus point for a horizontal gas well at this depth must be at least 660' from the outer boundary of the unit. We have learned that we inadvertently drilled the Bold Venture No. 1 Well to a terminus point of 646' from the unit and section line between the Bold Venture in Section 27 and Section 34, where we drilled the Alysheba 1426-34D # 1 well in the North half of Section 34. The Bold venture well encroaches by 14' on the section line. Under the OCD rules, the Bold Venture # 1 well was shut in on Friday, March 30. In order to turn the well back on, we have to get a non-standard location exception from the OCD.

You own a working interest under both the Bold Venture well and the Alysheba 1426-34D # 1 wells. In order to expedite the OCD's grant of the non-standard location application for the Bold Venture well, we request that you waive any objection to the non-standard terminus point for the Bold Venture # 1 well. With your waivers we expect to get consent from the OCD to turn the Bold Venture well back on within 7 to 10 days from receipt of both of the waivers. Without the waivers, we will have to have a hearing before the OCD which could take up to 30 days.

For your information the Bold Venture well was producing about 200 mcf/gpd before it was shut in and the Alysheba well produces about 100 mcf/gd.



mgray@plli.com
www.plli.com



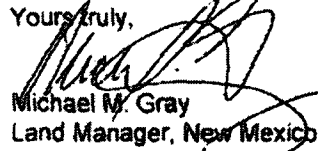
Parallel Petroleum Corporation
Page 2

Objection Waiver Election – Bold Venture #1 Well

Please execute and return one copy of this letter by fax to 432-684-3905 or by scan and email to mgray@plli.com and mail as soon as possible.

Call me at 432-684-3727 (office) or 432-349-7033 (cell) if you have questions.

Yours truly,


Michael M. Gray
Land Manager, New Mexico

CAPSTONE OIL & GAS COMPANY, L.P.

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

By 
Name Dale Douglas, President of
Title Capstone Investments, Inc. its
General Partner
Date: 4/10/07

SALLY A. ELLIS

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

Sally A. Ellis

Date: _____

word1075

mgray@plli.com
www.plli.com



 PARALLEL
Petroleum Corporation

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

MICHAEL M. GRAY

April 3, 2007

Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, Texas 79702

Attention: Mr. Dale Douglas

Sally A. Ellis
771 Crescent Dr.
Boulder, Co 80306

Re: Bold Venture No. 1 Well
T-14-S, R-26-E
Section 27: E/2
Chaves County, New Mexico

Dear Ms. Ellis:

The Bold Venture No. 1 Well has been completed as a horizontal Wolfcamp gas producer under the captioned 320 acre unit. Under the rules of the Oil Conservation Division (the OCD) the entry point and terminus point for a horizontal gas well at this depth must be at least 660' from the outer boundary of the unit. We have learned that we inadvertently drilled the Bold Venture No. 1 Well to a terminus point of 646' from the unit and section line between the Bold Venture in Section 27 and Section 34, where we drilled the Alysheba 1426-34D # 1 well in the North half of Section 34. The Bold venture well encroaches by 14' on the section line. Under the OCD rules, the Bold Venture # 1 well was shut in on Friday, March 30. In order to turn the well back on, we have to get a non-standard location exception from the OCD.

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For your information the Bold Venture well was producing about 200 mcf/gpd before it was shut in and the Alysheba well produces about 100 mcf/gd.

APR 09 2007
PULL-MIDLAND

mgray@pull.com
www.pull.com

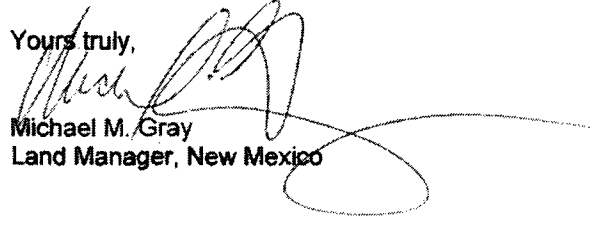


Objection Waiver Election – Bold Venture #1 Well

Please execute and return one copy of this letter by fax to 432-684-3905 or by scan and email to mgray@plli.com and mail as soon as possible.

Call me at 432-684-3727 (office) or 432-349-7033 (cell) if you have questions.

Yours truly,


Michael M. Gray
Land Manager, New Mexico

CAPSTONE OIL & GAS COMPANY, L.P.

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

By _____

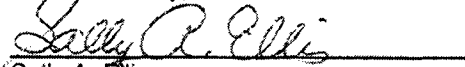
Name

Title: _____

Date: _____

SALLY A. ELLIS

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.


Sally A. Ellis

Date: 4/4/07

word1075





Petroleum Corporation

1004 N. Big Spring Street, Suite 400 • Midland, TX 79701 • Ph: 915-684-3727 • Fax: 915-685-6580

DEANE DURHAM
Operations Engineer

March 30, 2007

RECEIVED

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 S. St. Francis
Santa Fe, NM 87505

APR 13 2007

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Bold Venture #1
Parallel Petroleum Corporation
Sec. 27, T-14-S, R-26-E
Chaves County, New Mexico

Dear Mr. Ezeanyim:

The referenced well reached total depth on 7/22/06 at a measured depth of 9314'. The horizontal well path was planned and permitted to reach total depth at approximately 9305' measured depth or 660' FSL and 1880' FEL of section 27, however, the drilling was unintentionally continued out to 9314'. We used steerable directional tools in the well. Unfortunately at the point the well was TD'd, the BHL is 646' FSL and 1735' FEL and non-standard to the south by 14' (see attached plat with actual BHL). We did intentionally perforate the entire horizontal interval inside the standard producing area. We request a non-standard allowance for this well. All offset operators have been contacted and all signed waivers are attached.

Should you need additional information regarding this issue, please contact me.

Sincerely,

Deane Durham
New Mexico Operations Engineer

Attachments: C-102 showing actual BHL
Gyrodata – gyroscopic survey
Schlumberger – MWD survey
Waivers from all offset operators

CC: Bryan Arrant

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brancos 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. Francis 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 30-005-63783		* Pool Code	* Pool Name WILDCAT, WOLFCAMP, 97489
* Property Code	* Property Name BOLD VENTURE		* Well Number 1
* OGRID No. 230387	* Operator Name PARALLEL PETROLEUM CORPORATION		* Elevation GR: 3414

¹⁰ Surface Location

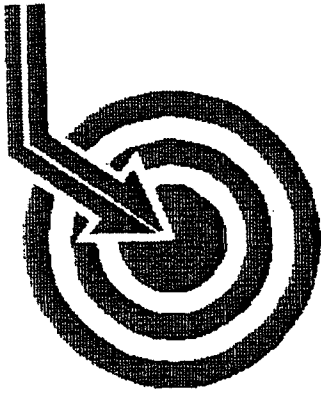
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	27	14S	26E		400	NORTH	1880	EAST	CHAVES

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
0	27	14S	26E		646	SOUTH	1735	EAST	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.

16			¹⁷ OPERATOR CERTIFICATION 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 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>Kaye McCormick</i> 03-27-2007 Signature Date KAYE MC CORMICK Printed Name	
				¹⁸ 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number



Scientific Drilling

PARALLEL PETROLEUM

Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522
Survey: 06/30/06

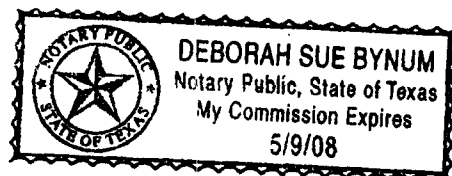
This survey is correct to the best of my knowledge
and is supported by actual field data.

.....*Deborah Sue Bynum*.....Company Representative

Notorized this date 25th of July, 2006.

Deborah Sue Bynum

Notary Signature
County of Midland
State of Texas





Scientific Drilling International

Survey Report

Company: PARALLEL PETROLEUM
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522

Date: 07/23/2006
Co-ordinate(NE) Reference: Site: Chaves County, NM, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,124.05Azi)
Survey Calculation Method: Minimum Curvature
Db: Sybase

Time: 22:59:28
Page: 1

Survey: 06/30/06
Start Date: 06/30/2006
Company: Scientific Drilling Internatio
Engineer: Madrid w/Signal
Tool: Keeper;Keeper Gyro
Tied-to: From Surface

Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ClsD ft	ClsA deg
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.62	50.23	100.00	0.15	0.35	0.42	0.62	0.54	50.23
200.00	0.55	101.46	199.99	0.74	0.60	1.30	0.51	1.43	65.37
300.00	0.41	82.11	299.99	1.45	0.55	2.13	0.21	2.20	75.49
400.00	0.40	71.27	399.99	1.93	0.71	2.81	0.08	2.90	75.79
500.00	0.49	98.90	499.98	2.53	0.76	3.56	0.23	3.64	78.00
600.00	0.82	106.70	599.98	3.60	0.49	4.67	0.34	4.70	84.06
700.00	0.98	98.64	699.97	5.06	0.15	6.20	0.20	6.21	88.60
800.00	0.95	97.90	799.95	6.57	-0.09	7.87	0.03	7.87	90.66
900.00	1.26	93.67	899.93	8.26	-0.27	9.79	0.32	9.79	91.61
1000.00	1.36	97.22	999.91	10.27	-0.49	12.06	0.13	12.07	92.35
1100.00	1.78	99.76	1099.87	12.75	-0.91	14.77	0.43	14.80	93.51
1200.00	2.03	107.75	1199.81	15.86	-1.71	17.99	0.36	18.07	95.43
1300.00	1.83	107.62	1299.76	19.09	-2.73	21.20	0.20	21.37	97.35
1400.00	1.82	115.42	1399.71	22.19	-3.90	24.15	0.25	24.47	99.17
1500.00	1.88	114.18	1499.65	25.38	-5.25	27.08	0.07	27.59	100.97
1600.00	1.81	113.79	1599.60	28.55	-6.56	30.03	0.07	30.73	102.33
1700.00	1.81	119.06	1699.55	31.68	-7.96	32.85	0.17	33.80	103.63
1800.00	1.83	114.87	1799.50	34.83	-9.40	35.68	0.13	36.90	104.76
1900.00	1.70	114.23	1899.45	37.87	-10.68	38.48	0.13	39.94	105.52
2000.00	1.77	112.30	1999.41	40.84	-11.88	41.26	0.09	42.94	106.06
2100.00	1.69	109.14	2099.36	43.78	-12.95	44.08	0.12	45.95	106.37
2200.00	1.77	111.26	2199.32	46.71	-13.99	46.92	0.10	48.96	106.61
2300.00	1.65	110.98	2299.27	49.62	-15.07	49.70	0.12	51.93	106.86
2400.00	1.34	109.22	2399.24	52.15	-15.97	52.15	0.31	54.54	107.02
2500.00	1.24	114.05	2499.21	54.34	-16.79	54.24	0.15	56.78	107.20
2600.00	1.13	116.78	2599.19	56.39	-17.68	56.11	0.12	58.83	107.49
2700.00	1.04	119.84	2699.17	58.27	-18.57	57.78	0.11	60.69	107.82
2800.00	0.71	122.79	2799.16	59.80	-19.36	59.08	0.33	62.18	108.14
2900.00	0.45	127.64	2899.16	60.81	-19.94	59.92	0.26	63.15	108.40
3000.00	0.50	139.66	2999.15	61.62	-20.51	60.51	0.11	63.89	108.72
3100.00	0.38	138.90	3099.15	62.36	-21.09	61.01	0.12	64.55	109.07
3200.00	0.24	173.54	3199.15	62.82	-21.55	61.25	0.23	64.93	109.38
3300.00	0.40	176.09	3299.15	63.17	-22.11	61.30	0.16	65.16	109.83
3400.00	0.28	188.38	3399.15	63.49	-22.70	61.29	0.14	65.36	110.32
3500.00	0.42	205.78	3499.14	63.65	-23.27	61.09	0.17	65.37	110.85
3600.00	0.37	200.84	3599.14	63.77	-23.90	60.82	0.06	65.35	111.45
3700.00	0.69	214.86	3699.14	63.84	-24.70	60.36	0.34	65.22	112.25
3800.00	0.68	225.90	3799.13	63.71	-25.60	59.59	0.13	64.86	113.25
3900.00	0.66	210.05	3899.12	63.63	-26.51	58.87	0.19	64.57	114.24
4000.00	0.61	208.03	3999.12	63.72	-27.48	58.34	0.05	64.49	115.23
4100.00	0.54	208.21	4099.11	63.83	-28.37	57.86	0.07	64.44	116.12
4200.00	0.46	190.85	4199.11	64.03	-29.18	57.56	0.17	64.54	116.88
4300.00	0.27	155.58	4299.11	64.39	-29.79	57.59	0.29	64.83	117.35
4400.00	0.42	175.15	4399.11	64.82	-30.37	57.71	0.19	65.22	117.75
4500.00	0.44	207.15	4499.10	65.10	-31.07	57.57	0.24	65.42	118.36
4600.00	0.39	221.41	4599.10	65.10	-31.67	57.17	0.11	65.36	118.98
4700.00	0.50	206.33	4699.10	65.12	-32.32	56.75	0.16	65.31	119.66
4800.00	0.50	220.41	4799.09	65.13	-33.04	56.28	0.12	65.26	120.42



Scientific Drilling International

Survey Report

Company: PARALLEL PETROLEUM
Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522

Date: 07/23/2006 Time: 22:59:28 Page: 2
Co-ordinate(NE) Reference: Site: Chaves County, NM, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,124.05Azi)
Survey Calculation Method: Minimum Curvature Db: Sybase

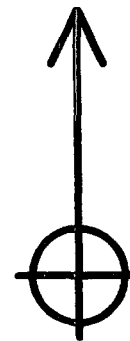
Survey

MD ft	Incl deg	Azim deg	TVD ft	VS ft	N/S ft	E/W ft	DLS deg/100ft	ClsD ft	ClsA deg
4900.00	0.47	191.58	4899.09	65.23	-33.77	55.91	0.24	65.32	121.13
5000.00	0.41	182.16	4999.09	65.58	-34.53	55.81	0.09	65.63	121.74
5100.00	0.19	209.21	5099.09	65.78	-35.03	55.72	0.26	65.82	122.16
5200.00	0.19	180.41	5199.08	65.89	-35.35	55.64	0.09	65.92	122.43
5300.00	0.49	229.59	5299.08	65.87	-35.79	55.31	0.39	65.88	122.90
5400.00	0.74	265.66	5399.08	65.25	-36.11	54.34	0.45	65.25	123.61
5460.00	0.71	259.09	5459.07	64.68	-36.21	53.59	0.15	64.68	124.05



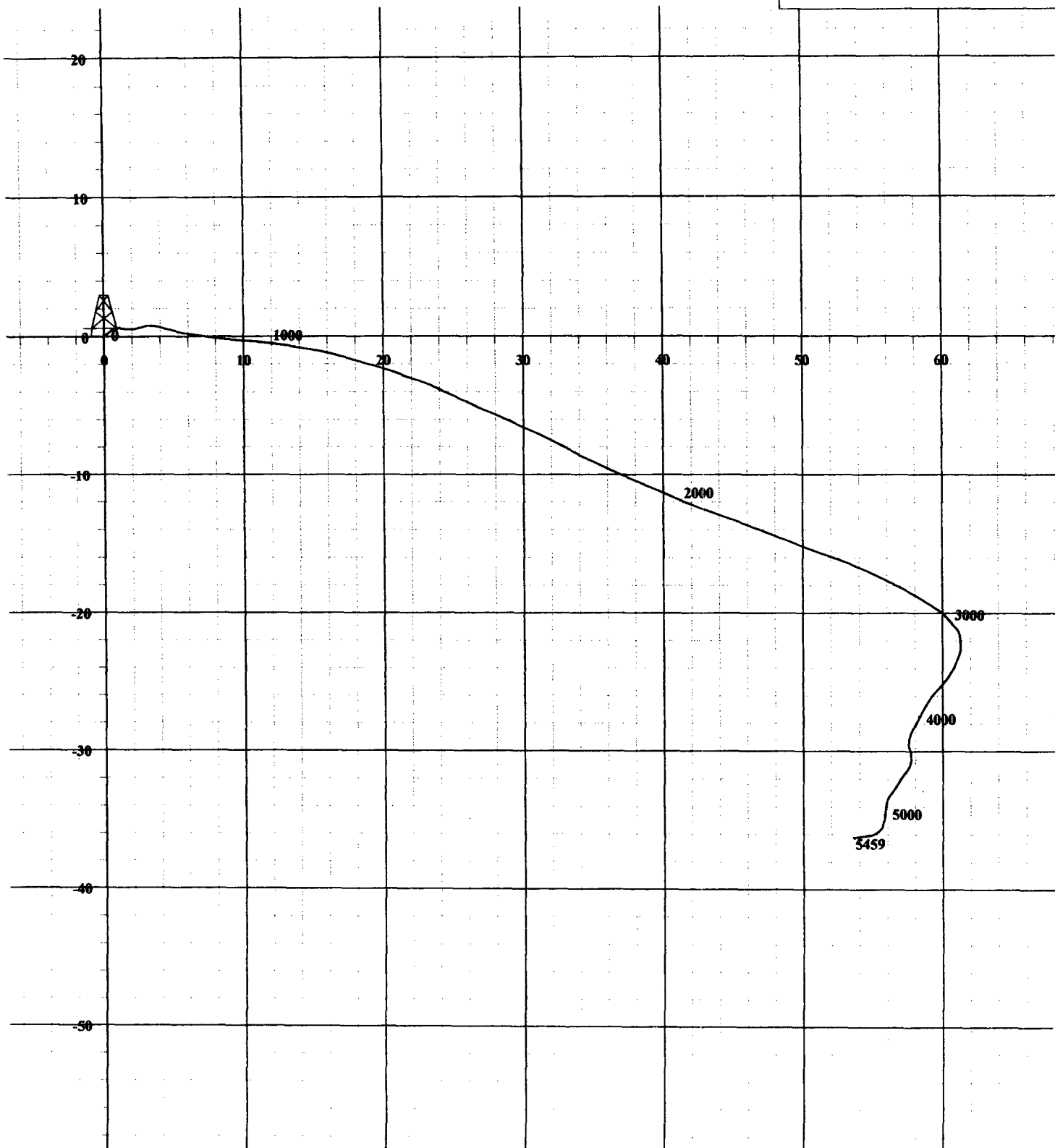
**Scientific
Drilling**

Field: Wildcat
Site: Chaves County, NM
Well: Bold Venture #1
Wellpath: VH - Job #32K0606522
Survey: 06/30/06



Alignments to Grid North
True North: 0.00°
Magnetic North: 0.00°
Magnetic Field
Strength: 0.07
Dip Angle: 0.00°
Date: 07/23/2006
Model: sgr2000

South(-)/North(+) [10ft/in]



West(-)/East(+) [10ft/in]



Survey Report

Company <u>Parallel Petroleum</u> Well <u>Bold Venture # 1</u> Field <u>Wolfcamp Gas</u> Rig <u>JW Rig # 4</u> Anadrill D.D. <u>Nathan Moore</u>										Mag. Decl. <u>8.61</u> Target Inc. <u>89.85</u> Target TVD <u>5268</u> Target Az. <u>180</u> Tgt. Coord. _____		
Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
Gyro Tie-IN		4900	0.47	191.58		4899.08	33.77	33.77 S	55.91 E			
SLB MWD SVY.	1	4909	0.38	180.52	9	4908.08	33.84	33.84 S	55.90 E	1.35	-1.00	-122.89
MWD	2	4941	2.99	161.00	32	4940.06	34.73	34.73 S	56.17 E	8.23	8.16	-61.00
MWD	3	4972	10.39	170.73	31	4970.83	38.26	38.26 S	56.89 E	24.06	23.87	31.39
MWD	4	5004	16.52	163.08	32	5001.94	45.47	45.47 S	56.68 E	19.91	19.16	-23.91
MWD	5	5036	23.65	160.45	32	5031.98	55.88	55.88 S	62.15 E	22.45	22.28	-8.22
MWD	6	5067	29.56	158.27	31	5059.68	68.86	68.86 S	67.06 E	19.32	19.06	-7.03
MWD	7	5099	35.47	158.05	32	5086.65	84.81	84.81 S	73.46 E	18.47	18.47	-0.69
MWD	8	5131	41.04	159.36	32	5111.77	103.27	103.27 S	80.64 E	17.59	17.41	4.09
MWD	9	5163	46.44	163.39	32	5134.89	124.23	124.23 S	87.66 E	18.98	16.88	12.59
MWD	10	5194	51.22	168.31	31	5155.30	146.85	146.85 S	93.32 E	19.50	15.42	15.87
MWD	11	5225	53.55	170.47	31	5174.22	170.98	170.98 S	97.83 E	9.32	7.52	6.97
MWD	12	5257	54.55	171.31	32	5193.00	196.56	196.56 S	101.93 E	3.78	3.13	2.63
MWD	13	5289	58.46	175.26	32	5210.67	223.05	223.05 S	105.03 E	15.97	12.22	12.34
MWD	14	5320	62.32	180.14	31	5225.99	249.97	249.97 S	106.09 E	18.50	12.45	15.74
MWD	15	5352	66.10	183.02	32	5239.91	278.76	278.76 S	105.28 E	14.32	11.81	9.00
MWD	16	5384	72.03	183.38	32	5251.34	308.59	308.59 S	103.61 E	18.56	18.53	1.12
MWD	17	5414	77.87	183.26	30	5259.12	337.50	337.50 S	101.94 E	19.47	19.47	-0.40
MWD	18	5446	83.93	182.87	32	5264.18	369.03	369.03 S	100.25 E	18.98	18.94	-1.22
MWD	19	5477	87.53	182.29	31	5266.49	399.91	399.91 S	98.86 E	11.76	11.61	-1.87
MWD	20	5509	88.38	180.85	32	5267.63	431.88	431.88 S	97.98 E	5.22	2.66	-4.50
MWD	21	5541	89.59	181.74	32	5268.20	463.86	463.86 S	97.26 E	4.69	3.78	2.78
MWD	22	5636	90.48	181.74	95	5268.14	558.82	558.82 S	94.38 E	0.94	0.94	
MWD	23	5700	89.86	181.56	64	5267.95	622.79	622.79 S	92.53 E	1.01	-0.97	-0.28
MWD	24	5764	88.83	181.30	64	5268.68	686.77	686.77 S	90.94 E	1.66	-1.61	-0.41
MWD	25	5827	89.79	180.92	63	5269.44	749.75	749.75 S	89.72 E	1.64	1.52	-0.60
MWD	26	5891	92.17	180.98	64	5268.35	813.73	813.73 S	88.66 E	3.72	3.72	0.09
MWD	27	5986	92.06	181.66	95	5264.84	908.64	908.64 S	86.47 E	0.72	-0.12	0.72
MWD	28	6050	90.03	181.57	64	5263.67	972.60	972.60 S	84.67 E	3.17	-3.17	-0.14
MWD	29	6114	88.97	181.13	64	5264.23	1036.58	1036.58 S	83.16 E	1.79	-1.66	-0.69
MWD	30	6177	90.93	183.13	63	5264.29	1099.53	1099.53 S	80.82 E	4.44	3.11	3.17
MWD	31	6241	89.66	183.40	64	5263.96	1163.42	1163.42 S	77.17 E	2.03	-1.98	0.42
MWD	32	6304	88.87	182.96	63	5264.77	1226.32	1226.32 S	73.68 E	1.44	-1.25	-0.70
MWD	33	6367	90.03	183.28	63	5265.37	1289.22	1289.22 S	70.25 E	1.91	1.84	0.51
MWD	34	6430	90.38	182.34	63	5265.15	1352.14	1352.14 S	67.16 E	1.59	0.56	-1.49
MWD	35	6493	89.69	182.38	63	5265.11	1415.09	1415.09 S	64.57 E	1.10	-1.10	0.06
MWD	36	6557	88.69	181.79	64	5266.01	1479.04	1479.04 S	62.24 E	1.81	-1.56	-0.92
MWD	37	6621	88.01	181.51	64	5267.85	1542.98	1542.98 S	60.40 E	1.15	-1.06	-0.44
MWD	38	6684	89.14	180.34	63	5269.42	1605.95	1605.95 S	59.38 E	2.58	1.79	-1.86
MWD	39	6747	88.80	180.17	63	5270.55	1668.94	1668.94 S	59.10 E	0.60	-0.54	-0.27
MWD	40	6811	89.69	180.33	64	5271.40	1732.94	1732.94 S	58.82 E	1.41	1.39	0.25
MWD	41	6875	88.83	179.57	64	5272.22	1796.93	1796.93 S	58.88 E	1.79	-1.34	-1.19
MWD	42	6970	88.55	179.39	95	5274.40	1891.90	1891.90 S	59.74 E	0.35	-0.29	-0.19
MWD	43	7033	89.69	179.40	63	5275.36	1954.89	1954.89 S	60.40 E	1.81	1.81	0.02
MWD	44	7097	88.69	179.30	64	5276.27	2018.88	2018.88 S	61.13 E	1.57	-1.56	-0.16
MWD	45	7193	88.32	178.36	96	5278.77	2114.82	2114.82 S	63.09 E	1.05	-0.39	-0.98
MWD	46	7224	89.35	177.54	31	5279.40	2145.80	2145.80 S	64.20 E	4.25	3.32	-2.65
MWD	47	7288	88.25	175.32	64	5280.74	2209.65	2209.65 S	68.18 E	3.87	-1.72	-3.47
MWD	48	7351	90.17	174.95	63	5281.61	2272.42	2272.42 S	73.52 E	3.10	3.05	-0.59
MWD	49	7382	91.10	175.03	31	5281.27	2303.30	2303.30 S	76.23 E	3.01	3.00	0.26
MWD	50	7414	91.14	174.76	32	5280.64	2335.16	2335.16 S	79.08 E	0.85	0.13	-0.84
MWD	51	7446	90.93	175.13	32	5280.06	2367.04	2367.04 S	81.89 E	1.33	-0.66	1.16
MWD	52	7509	90.79	177.11	63	5279.12	2429.88	2429.88 S	86.16 E	3.15	-0.22	3.14

Schlumberger

Survey Report

Company Parallel Petroleum										Mag. Decl. 8.61			
Well Bold Venture # 1										Target Inc. 89.85			
Field Wolfcamp Gas										Target TVD 5268			
Rig JW Rig # 4										Target Az. 180			
Anadrill D.D. Nathan Moore										Tgt. Coord. _____			
Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk	
MWD	53	7573	91.07	177.45	64	5278.08	2493.80	2493.80 S	89.19 E	0.69	0.44	0.53	
MWD	54	7636	90.79	177.04	63	5277.06	2556.72	2556.72 S	92.22 E	0.79	-0.44	-0.65	
MWD	55	7700	91.03	177.22	64	5276.04	2620.63	2620.63 S	95.43 E	0.47	0.37	0.28	
MWD	56	7764	91.00	178.49	64	5274.91	2684.57	2684.57 S	97.82 E	1.98	-0.05	1.98	
MWD	57	7827	90.41	178.02	63	5274.13	2747.54	2747.54 S	99.74 E	1.20	-0.94	-0.75	
MWD	58	7891	90.45	178.22	64	5273.65	2811.50	2811.50 S	101.84 E	0.32	0.06	0.31	
MWD	59	7954	90.31	178.64	63	5273.23	2874.48	2874.48 S	103.56 E	0.70	-0.22	0.67	
MWD	60	8018	90.52	178.67	64	5272.77	2938.46	2938.46 S	105.07 E	0.33	0.33	0.05	
MWD	61	8082	89.21	178.68	64	5272.92	3002.44	3002.44 S	106.55 E	2.05	-2.05	0.02	
MWD	62	8145	89.93	178.47	63	5273.39	3065.42	3065.42 S	108.11 E	1.19	1.14	-0.33	
MWD	63	8208	88.28	178.19	63	5274.38	3128.38	3128.38 S	109.95 E	2.66	-2.62	-0.44	
MWD	64	8272	87.97	177.76	64	5276.47	3192.31	3192.31 S	112.21 E	0.83	-0.48	-0.67	
MWD	65	8303	88.11	178.08	31	5277.53	3223.27	3223.27 S	113.33 E	1.13	0.45	1.03	
MWD	66	8367	88.60	177.33	64	5279.37	3287.19	3287.19 S	115.90 E	1.40	0.77	-1.17	
MWD	67	8431	90.31	176.65	64	5279.98	3351.10	3351.10 S	119.26 E	2.88	2.67	-1.06	
MWD	68	8462	90.72	176.54	31	5279.70	3382.04	3382.04 S	121.10 E	1.37	1.32	-0.35	
MWD	69	8494	91.24	176.97	32	5279.15	3413.98	3413.98 S	122.91 E	2.11	1.62	1.34	
MWD	70	8526	90.31	176.66	32	5278.72	3445.93	3445.93 S	124.69 E	3.06	-2.91	-0.97	
MWD	71	8589	89.83	177.74	63	5278.64	3508.85	3508.85 S	127.76 E	1.88	-0.76	1.71	
MWD	72	8653	89.72	177.99	64	5278.89	3572.81	3572.81 S	130.15 E	0.43	-0.17	0.39	
MWD	73	8716	89.24	178.47	63	5279.47	3635.78	3635.78 S	132.09 E	1.08	-0.76	0.76	
MWD	74	8779	89.31	178.93	63	5280.26	3698.76	3698.76 S	133.52 E	0.74	0.11	0.73	
MWD	75	8842	89.38	179.14	63	5280.98	3761.74	3761.74 S	134.58 E	0.35	0.11	0.33	
MWD	76	8905	88.90	178.95	63	5281.93	3824.73	3824.73 S	135.63 E	0.82	-0.76	-0.30	
MWD	77	8969	89.14	178.66	64	5283.02	3888.70	3888.70 S	136.97 E	0.59	0.37	-0.45	
MWD	78	9032	89.66	178.67	63	5283.68	3951.68	3951.68 S	138.44 E	0.83	0.83	0.02	
MWD	79	9096	90.24	178.56	64	5283.74	4015.66	4015.66 S	139.98 E	0.92	0.91	-0.17	
MWD	80	9159	89.93	178.47	63	5283.65	4078.64	4078.64 S	141.61 E	0.51	-0.49	-0.14	
MWD	81	9222	89.97	178.75	63	5283.70	4141.62	4141.62 S	143.14 E	0.45	0.06	0.44	
MWD	82	9254	89.79	178.57	32	5283.77	4173.61	4173.61 S	143.89 E	0.80	-0.56	-0.56	
Bit Proj.to TD	83	9314	89.79	178.57	60	5283.99	4233.60	4233.60 S	145.39 E				

RECEIVED APR 05 2007

PARALLEL Petroleum Corporation

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

MICHAEL M. GRAY

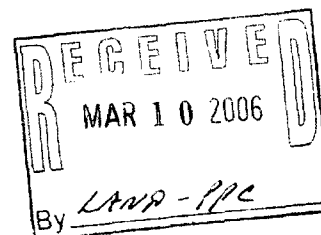
April 3, 2007

Capstone Oil & Gas Company, L.P.
 P. O. Box 10187
 Midland, Texas 79702

Attention: Mr. Dale Douglas

Sally A. Ellis
 771 Crescent Dr.
 Boulder, Co 80306

Re: Bold Venture No. 1 Well
 T-14-S, R-26-E
 Section 27: E/2
 Chaves County, New Mexico



Gentlemen:

The Bold Venture No. 1 Well has been completed as a horizontal Wolfcamp gas producer under the captioned 320 acre unit. Under the rules of the Oil Conservation Division (the OCD) the entry point and terminus point for a horizontal gas well at this depth must be at least 660' from the outer boundary of the unit. We have learned that we inadvertently drilled the Bold Venture No. 1 Well to a terminus point of 646' from the unit and section line between the Bold Venture in Section 27 and Section 34, where we drilled the Alysheba 1426-34D # 1 well in the North half of Section 34. The Bold venture well encroaches by 14' on the section line. Under the OCD rules, the Bold Venture # 1 well was shut in on Friday, March 30. In order to turn the well back on, we have to get a non-standard location exception from the OCD.

You own a working interest under both the Bold Venture well and the Alysheba 1426-34D # 1 wells. In order to expedite the OCD's grant of the non-standard location application for the Bold Venture well, we request that you waive any objection to the non-standard terminus point for the Bold Venture # 1 well. With your waivers we expect to get consent from the OCD to turn the Bold Venture well back on within 7 to 10 days from receipt of both of the waivers. Without the waivers, we will have to have a hearing before the OCD which could take up to 30 days.

For your information the Bold Venture well was producing about 200 mcf/gpd before it was shut in and the Alysheba well produces about 100 mcf/gd.

mgray@plll.com
 www.plll.com



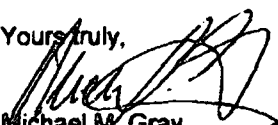
Parallel Petroleum Corporation
Page 2

Objection Waiver Election – Bold Venture #1 Well

Please execute and return one copy of this letter by fax to 432-684-3905 or by scan and email to mgray@plll.com and mail as soon as possible.

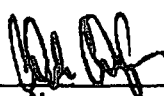
Call me at 432-684-3727 (office) or 432-349-7033 (cell) if you have questions.

Yours truly,


Michael M. Gray
Land Manager, New Mexico

CAPSTONE OIL & GAS COMPANY, L.P.

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

By 
Name Dale Douglas, President of
Title: Capstone Investments, Inc. its
General Partner
Date: 4/10/07

SALLY A. ELLIS

I/we agree to waive objection to Non-Standard location exception application for the Parallel Petroleum Corporation Bold Venture No. 1 well in the E/2 of Section 27-14S-26E, Chaves County, New Mexico.

Sally A. Ellis

Date: _____

word1075

mgray@plll.com
www.plll.com





PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

April 3, 2007

Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, Texas 79702

Attention: Mr. Dale Douglas

Sally A. Ellis
771 Crescent Dr.
Boulder, Co 80306

Re: Bold Venture No. 1 Well
T-14-S, R-26-E
Section 27: E/2
Chaves County, New Mexico

Dear Ms. Ellis:

The Bold Venture No. 1 Well has been completed as a horizontal Wolfcamp gas producer under the captioned 320 acre unit. Under the rules of the Oil Conservation Division (the OCD) the entry point and terminus point for a horizontal gas well at this depth must be at least 660' from the outer boundary of the unit. We have learned that we inadvertently drilled the Bold Venture No. 1 Well to a terminus point of 646' from the unit and section line between the Bold Venture in Section 27 and Section 34, where we drilled the Alysheba 1426-34D # 1 well in the North half of Section 34. The Bold venture well encroaches by 14' on the section line. Under the OCD rules, the Bold Venture # 1 well was shut in on Friday, March 30. In order to turn the well back on, we have to get a non-standard location exception from the OCD.

You own a working interest under both the Bold Venture well and the Alysheba 1426-34D # 1 wells. In order to expedite the OCD's grant of the non-standard location application for the Bold Venture well, we request that you waive any objection to the non-standard terminus point for the Bold Venture # 1 well. With your waivers we expect to get consent from the OCD to turn the Bold Venture well back on within 7 to 10 days from receipt of both of the waivers. Without the waivers, we will have to have a hearing before the OCD which could take up to 30 days.

For your information the Bold Venture well was producing about 200 mcf/gpd before it was shut in and the Alysheba well produces about 100 mcf/gd.

APR 09 2007

PULL - MIDLAND

mgray@pili.com
www.pili.com

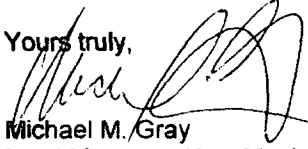


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Land Manager, New Mexico

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By _____

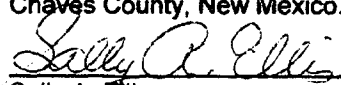
Name

Title: _____

Date: _____

SALLY A. ELLIS

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Sally A. Ellis

Date: 4/4/07

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