

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 Corp.
 Press Box 1923-5 ST COM
 #2
 200809

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]

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- [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.

Print of Type Name: **Kellahin & Kellahin Attorneys At Law**
 Signature: *[Handwritten Signature]*
 Title: _____
 Date: **2/28/08**
 706 Gonzales Rd.
 Santa Fe, NM 87501
 e-mail Address: _____

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

February 28, 2008

HAND DELIVERED

Mr. Mark Fesmire, P.E., Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Application of Parallel Petroleum Corporation
for authorization to simultaneously dedicate
a standard gas spacing and proration unit in the
Wolfcamp formation to two horizontal wellbores,
including an exception to the well density requirement
of Division Rule 104.D, Eddy County, New Mexico
N/2 Section 5, T19S, R23E
Press Box 1923-5 State Com Well No. 1 (API # 30-015-34844)
Press Box 1923-5 State Com Well No. 2 (API # pending)

Dear Mr. Fesmire:

On behalf of Parallel Petroleum Corporation ("Parallel"), please find enclosed our referenced administrative application. Parallel is the operator of the referenced standard 320-acre gas spacing unit that contains the Well No. 1 which has been horizontally drilled and produces from the Wolfcamp formation. The Division approved request for an allowable shows that this well was placed in the Four Mile Draw-Wolfcamp Gas Pool (Pool Code 97553)

Now, Parallel desires to drill a second well in the same gas spacing unit, the Well No. 2. and therefore seeks approval to simultaneously dedicate a standard gas spacing and proration unit in the Wolfcamp formation to two horizontal wellbores including an exemption to the well density requirements of Rule 104.D. Applicant seeks authorization to dedicate a standard 320-acre spacing and proration unit comprised of the N/2 of Section 5, Township 19 South, Range 23 East, Eddy County, New Mexico in the Wolfcamp formation to the following two wells:

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2008 FEB 28 PM 2 29

(a) The Press Box 1923-5 State Com Well No. 1 (API #30-015-34844) that was drilled at an unorthodox surface location 1880 feet FNL and 300 feet FWL (Unit E) and then to penetrate the Wolfcamp formation within the standard producing area window at a standard subsurface location approximately 1869 feet FNL and 660 feet FWL (Unit E) and then drilled horizontally in an easterly direction staying within the producing area not less than 660 feet from each of the end and side boundaries of this spacing unit and ending at a standard bottom hole location 1882 feet FNL and 662 feet FEL—**See C-102 attached as Exhibit A**

(b) The Press Box 1923-5 State Com Well No. 2 (API #30-015-pending) that is to be drilled at an unorthodox surface location 660 feet FNL and 250 feet FWL (Unit D) and then to penetrate the Wolfcamp formation within the standard producing area window at a standard subsurface location approximately 660feet FNL and 660 feet FWL (Unit D) and then drilled horizontally in an easterly direction staying within the producing area not less than 660 feet from each of the end and side boundaries of this spacing unit and ending at a standard bottom hole location 660 feet FNL and 660 feet FEL. Total Measured Depth of 8800 ft and True Vertical Depth of 4526 ft—**see C-102 attached as Exhibit A and the C-101 with the directional profile attached as Exhibit B**

Division Rule 111 provides for the rules and regulations of the drilling of directional wells and by definition includes “horizontal” wells but apparently does not limit the number of horizontal wells that can be drilled within a Project Area. Instead Rule 111 refers to a project area “that is enclosed by the outer boundaries of a spacing unit or a combination of complete spacing units,” and incorporates by reference Rule 104 to define a “spacing unit”

Division Rule 104.C (2) allows two wells in a 320-acre spacing unit with each well located in a different 160-acre tract of the 320-acre spacing unit. This rule appears not to specifically address horizontal wells.

NOTICE TO AFFECTED PARTIES

Division Rule 104.D (3) States: “number of wells per spacing unit. Exceptions to the provisions of statewide rules or special pool orders concerning the number of wells allowed per spacing unit may be permitted by the Director only after notice and opportunity for hearing. Notice shall be given to those “affected persons” defined by Rule 1207.A (2).”

Parallel Administrative Application

February 28, 2008

-Page 3-

The notice for this type of case, "affected parties" are: (a) each operator of an adjoining and offsetting 320-acre drilled or undrilled spacing units (direct or diagonal offsets) (b) if undrilled, then to the working interest owners and unleased mineral owners, (c) if applicant is also the offsetting operator, then to its working interest owners, (d) if applicant is the offsetting operator and the only working interest owners, then to its lessors, (e) if the offsetting section has no spacing unit, then the applicant and presume the orientation closest to the subject spacing unit.

Parallel will provide written notice of hearing to all "affected parties, including those listed. See locator map (Exhibit "C"), the notice list (Exhibit "D" and the notice letter (Exhibit "E" attached.

TECHNICAL EVIDENCE

- (1) Parallel bases its application upon the technical data it presented to the Division in Case 13986 that resulted in Division Order R-12851.
- (2) Parallel believes that because of the low permeability of the Wolfcamp formation in this area:
 - a. the actual area being depleted by the first horizontal well is generally limited to the south half of this spacing unit, being the S/2N/2 of Section 5, and is not effectively recovery either the gas underlying the N/2N/2 of Section 5 or adversely affecting the correlative rights of the offsetting interest owners.
 - b. A second horizontal well is needed in the north half of this spacing unit, being the N/2N/2 of Section 5, in order to provide a opportunity to recovery gas that might otherwise not be recovered under the N/2 of Section 5 and in doing so will not adversely affect the correlative rights of the offsetting interest owners.
- (1) Approval of this application will not impair the correlative rights of any other interest owner in the area and will afford Parallel the opportunity to utilize two horizontal wells to produce the Wolfcamp formation gas reserves from this GPU.

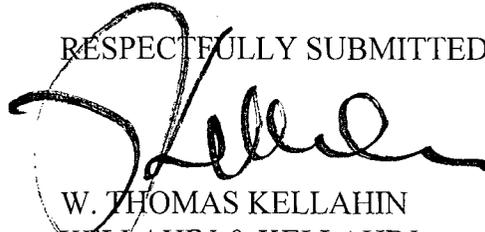
Parallel's Administrative Application

February 28, 2008

-Page 4-

- (2) Approval of this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the printed name.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Ed., Aztec, NM 87410

DISTRICT IV
1229 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 30-015-36142 | Pool Code | Pool Name |
| Property Code | Property Name PRESS BOX 1923-5 STATE COM | Well Number 2 |
| OGRID No. | Operator Name PARALLEL PETROLEUM CORPORATION | Elevation 4046' |

Surface Location

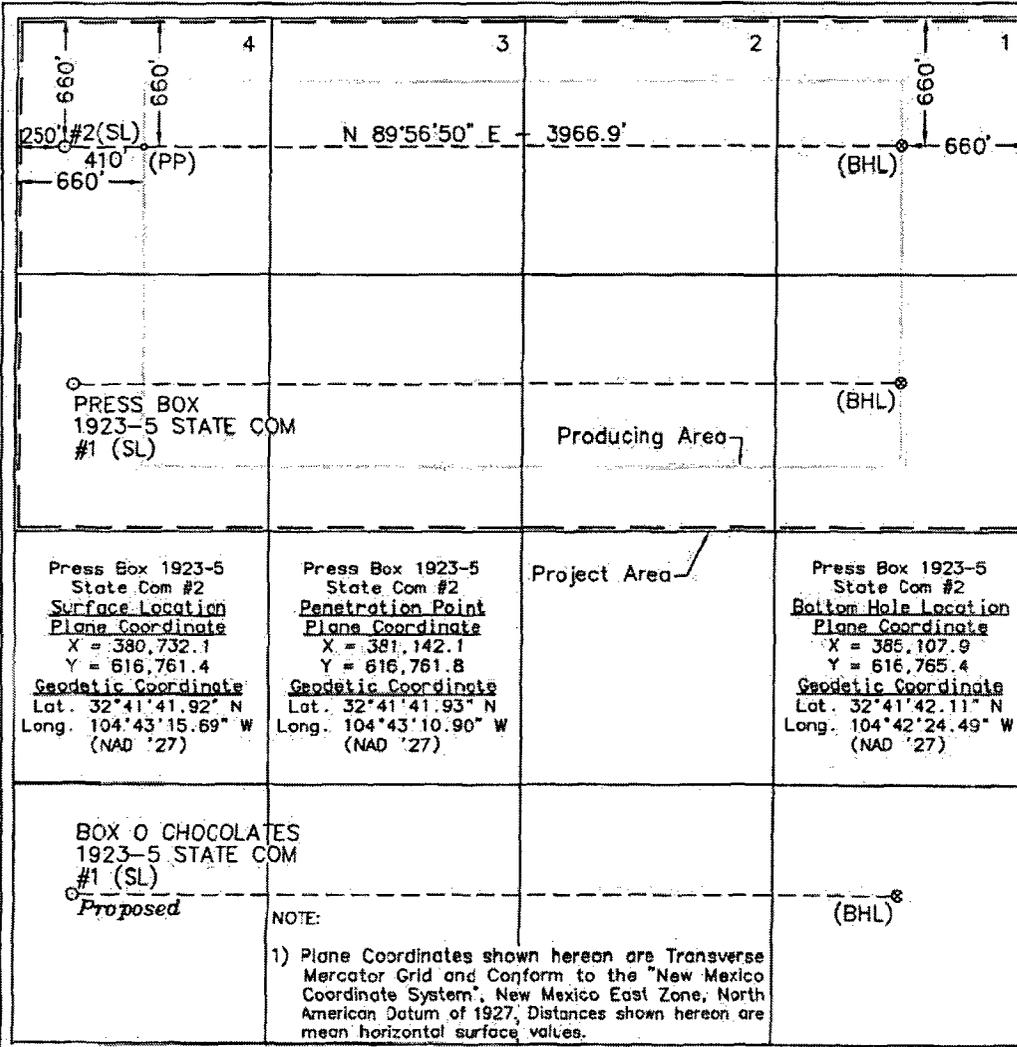
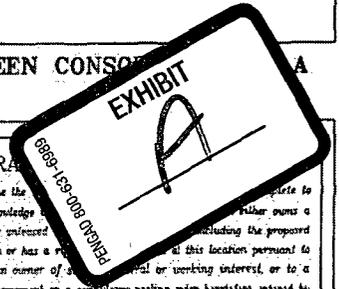
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 4 | 5 | 19 S | 23 E | | 660 | NORTH | 250 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 5 | 19 S | 23 E | | 660 | NORTH | 660 | EAST | 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. A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR
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.

Signature: Deane Durham Date: 2/9/08
Printed Name: Deane Durham

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: February 7, 2008
Signature & Seal of Professional Surveyor: [Signature] LVA
W.O. Num: 2008-0115
Certificate No: MACON McDONALD 12185

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--|-------------------------------------|
| ¹ Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701 | | ² OGRID Number 230387 |
| | | ³ API Number |
| ⁴ Property Code | ⁵ Property Name Press Box 1923-5 State Com | ⁶ Well No. 2 |
| ⁷ Proposed Pool 1 Four Mile Draw; Wolfcamp, SW | | ⁸ Proposed Pool 2 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 4 | 5 | 19 S | 23 E | | 660 | North | 250 | West | Eddy |

⁸ Proposed 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 5 | 19 S | 23 E | | 660 | North | 660 | East | Eddy |

Additional Well Information

| | | | | |
|---|--|---|------------------------------------|---|
| ¹¹ Work Type Code N | ¹² Well Type Code G | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 4046' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 8740MD,4550TVD | ¹⁸ Formation Wolfcamp | ¹⁹ Contractor NA | ²⁰ Spud Date NA |
| Depth to Groundwater 500' | | Distance from nearest fresh water well 7000' | | Distance from nearest surface water 2000' |
| Pit: Liner: Synthetic X 20 mils thick Clay <input type="checkbox"/> | | Pit Volume: 25000 bbls | | Drilling Method: |
| Closed-Loop System <input type="checkbox"/> | | Fresh Water X Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|-----------------------|-----------------|---------------------|
| 11" | 8-5/8" | 24# | 1500' | 325 | Surface |
| 7-7/8" | 5-1/2" | 17# | TVD 4550' MD 8740' | NA | Tie back to surface |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Prepare surface location. Move in and rig up drilling rig, spud well, drill and set conductor. Install and test BOPE.
2. Drill 11" surface hole to a minimum depth of 1500'. Set 8-5/8" casing and cement.
3. Drill 7-7/8" hole to approximately 5500' TD. Evaluate running mud logs and possibly DLJ/CNL/LDT/CAI/GR to TD.
4. Set kick-off plug for kick-off point at 4130'. Drill and advance hole to a Wolfcamp penetration point at 660' FNL and 660' FWL of the NE corner of the section and continue drilling to BHL of 660' FNL and 660' FEL of the section.
5. Set 5-1/2" casing to TD and cement back to surface casing.
6. Perforate porosity interval within the standard unit boundary (Producing Area on C-102).
7. Stimulate as necessary (specific procedure to be determined).
8. Place well on test.
9. No H2S is anticipated during the drilling of this well.



| | | |
|---|---------------------------|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> | OIL CONSERVATION DIVISION | |
| | Approved by: | |
| Printed name: Deane Durham <i>Deane Durham</i> | Title: | |
| Title: Engineer | Approval Date: | Expiration Date: |
| E-mail Address: ddurham@p111.com | | |
| Date: 2/19/2008 | Phone: 432-684-3727 | Conditions of Approval Attached <input type="checkbox"/> |

**PARALLEL PETROLEUM CORPORATION
 PRESS BOX 1923-5 STATE COM #2
 SL: 660' FNL AND 250' FWL, BHL: 660' FNL AND 660' FEL
 SEC 5, T19S, R23E
 EDDY COUNTY, NEW MEXICO**

Objective

Drill a vertical well through the Wolfcamp pay. Log and evaluate for a sidetrack to horizontal in the Wolfcamp.

Expected Geologic Tops

GL: 4046', KB 4063'.
 Glorieta 1880'
 Tubb 2890'
 Abo Shale 3535'
 Wolfcamp 4550'
 Wolfcamp Shale 4660'

Well Geometry

- 8 5/8" casing at 1500'
- Set kick-off plug for horizontal through the zone of interest
- 5 1/2" casing through the horizontal Wolfcamp; Cement per completion.

Casing Program

| <u>Hole</u> | <u>MD (ft)</u> | <u>Casing</u> | <u>Weight</u> | <u>Grade</u> | <u>Coupling</u> | <u>COMMENT</u> |
|-------------|--------------------|---------------|---------------|--------------|-----------------|--|
| 11" | 0 – 1500 | 8-5/8" | 24 | J55 | ST&C | |
| 7-7/8" | 0 – TD' | 5-1/2" | 17 | N80 | LT&C | Run through the horizontal lateral. |
| | | | | | | |

Casing Cementing Program

8-5/8" 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 OCD. A temperature survey will be required. Top out to surface with 1" pipe in the annulus.

Note: 5-1/2" acid-soluble cement per completion procedure. Top of Cement should be tied back to surface casing at a minimum.

Mud Program

| <u>Depth</u> | <u>Hole</u> | <u>MW</u> | <u>Visc.</u> | <u>WL</u> | <u>Synopsis</u> |
|------------------------|-------------|--------------|--------------|---------------|--|
| 0 - 1500 | 11" | 8.4 – 8.6 | 28 - 29 | No control | FRESH WATER mud only to 1500 ft. Severe loss potential. Circulate inner reserve. LCM: paper, fiber, cotton seed hulls. |
| 1500 – 3400 | 7-7/8" | 8.6 – 9.2 | 28 -29 | No control | Cut brine. Start w/existing & add brine t/80K-120K chlorides |
| 3400 – TD | 7-7/8" | 8.9 – 9.5 | 38 - 45 | 6 - 10 | XCD/Starch polymer as req'd for hole cleaning. Lubricants. |
| KOP – TD Horizontal | 7-7/8" | 8.9 – 9.5 | 38 - 45 | 6 - 10 | XCD/Starch polymer as req'd for hole cleaning. Lubricants. |
| | | | | | |

PARALLEL SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION

| | | | |
|-----------------------|--------------------------------|-------------------------|---------------------------------------|
| OPERATOR: | Parallel Petroleum Corporation | Supervisors: | |
| WELL: | Press Box 1923-5 State Com #2 | | |
| LOCATION: | N/2 Sec. 5 T-19-S R-23-E | | |
| API NUMBER: | | | |
| COMMENTS: | | | |
| | | MAG DEC.(-/+) | |
| | | GRID CORR.(-/+) | |
| | | TOTAL CORR.(-/+) | 0.0 |
| DATE: 02/20/08 | | TIME: 8:41 AM | TRUE TO GRID <input type="checkbox"/> |

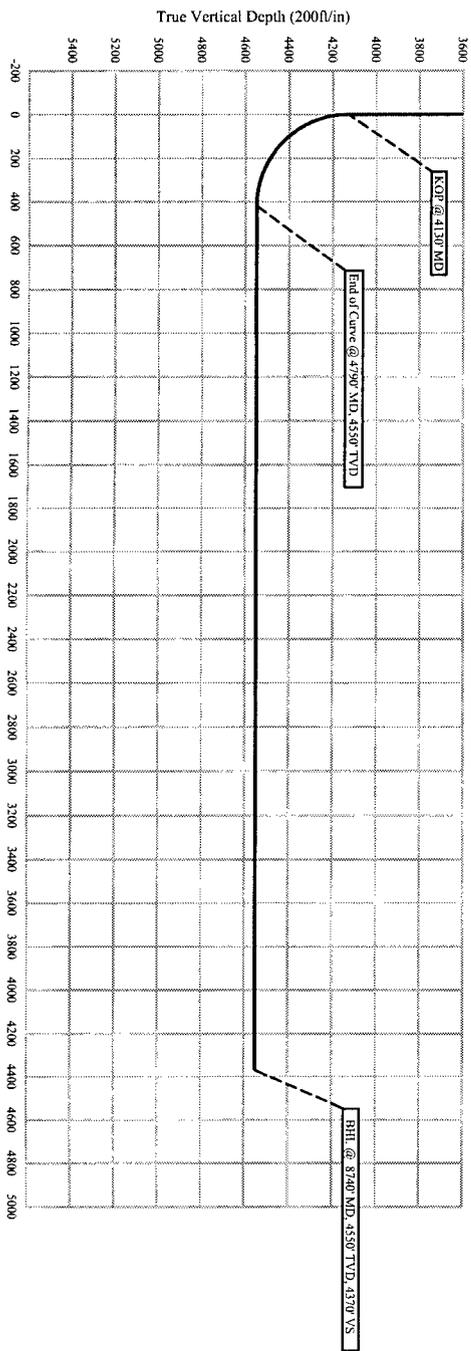
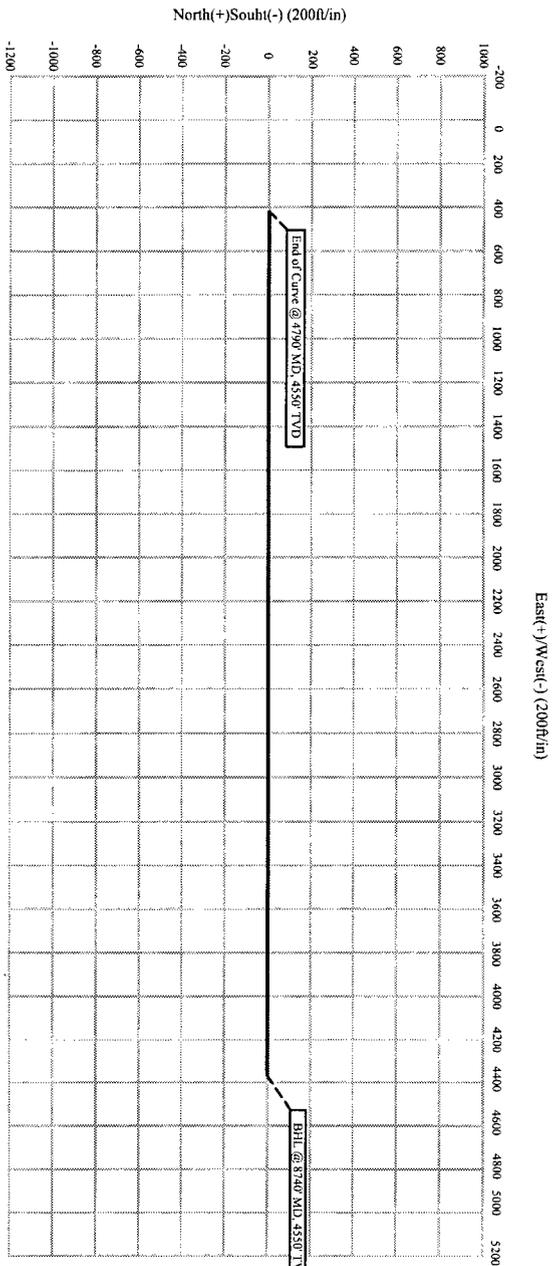
| MINIMUM CURVATURE CALCULATIONS(SPE-3362) | | | | | | | | | PROPOSED DIRECTION | TARGET TRACKING TO CENTER | |
|--|------|------|------|--------|--------|-----|--------|------|--------------------|---------------------------|--|
| SVY | MD | INC | GRID | VERT | | | | DLS/ | ABOVE(+) | RIGHT(+) | |
| NUM | | | AZM | TVD | SECT | N-S | E-W | 100 | BELOW(-) | LEFT(-) | |
| TIE | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| 1 | 4130 | 0.0 | 0.0 | 4130.0 | 0.0 | 0.0 | 0.0 | 0.0 | 420.0 | 0.0 | |
| 2 | 4141 | 1.5 | 90.0 | 4141.0 | 0.1 | 0.0 | 0.1 | 13.6 | 409.0 | 0.0 | |
| 3 | 4152 | 3.0 | 90.0 | 4152.0 | 0.6 | 0.0 | 0.6 | 13.6 | 398.0 | 0.0 | |
| 4 | 4790 | 90.0 | 90.0 | 4550.2 | 420.2 | 0.0 | 420.2 | 13.6 | -0.2 | 0.0 | |
| 5 | 8740 | 90.0 | 90.0 | 4550.2 | 4370.2 | 0.0 | 4370.2 | 0.0 | -0.2 | 0.0 | |

KOP @ 4130' MD
 BUR = 13.6 DEG per 100 FT
 End Curve @ 4790' MD, 4550' TVD
 BHL @ 8740' MD, 4550' TVD, 4370' VS

Parallel Petroleum Corp.

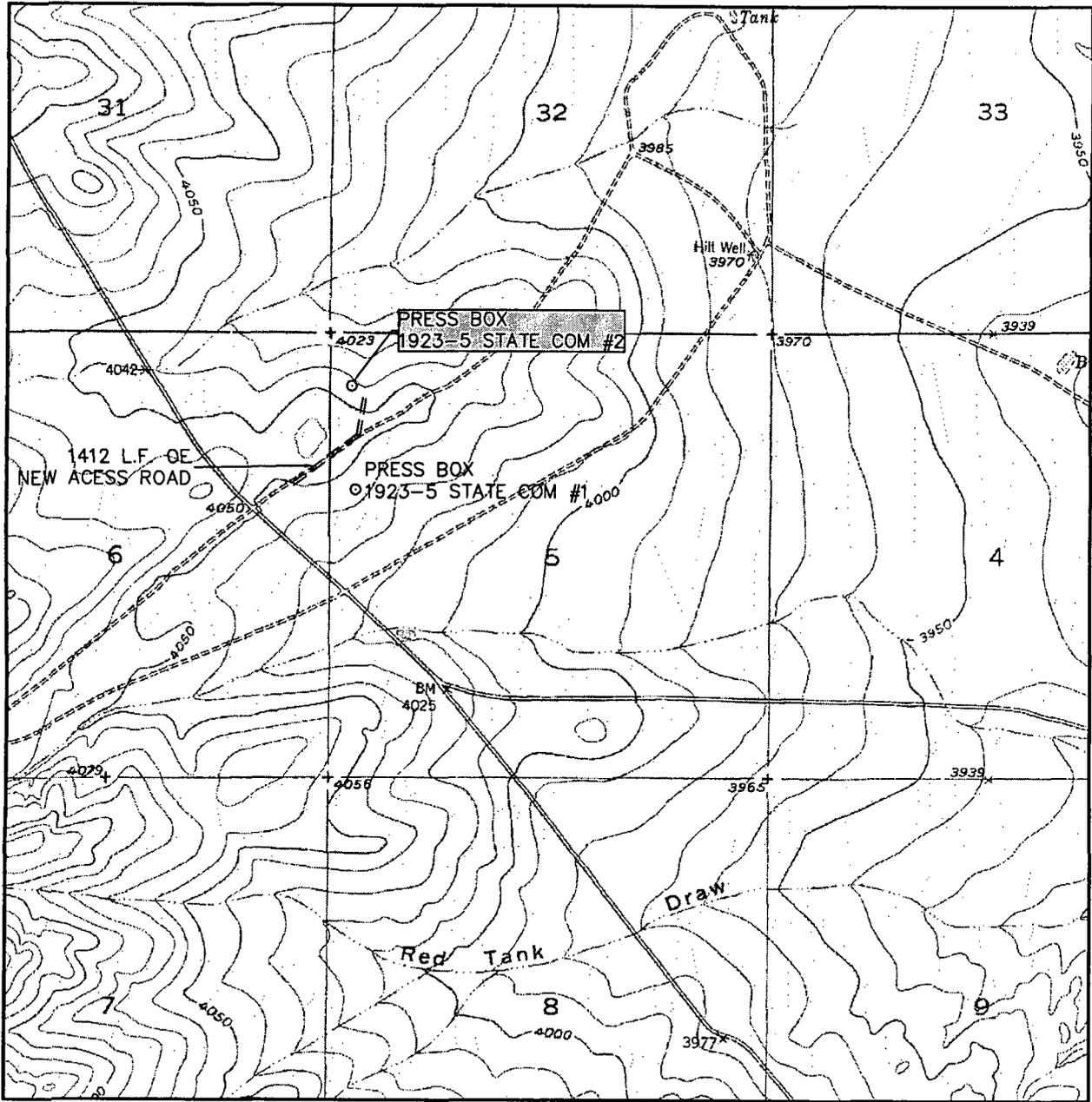
Press Box 1923-5 State Com #2
N/2 Sec. 5, T-19-S, R-23-E
Eddy County, New Mexico

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



Vertical Section at 90.00° (200ft/in)

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ANTELOPE SINK - 10'

SEC. 5 TWP. 19-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 250' FWL

ELEVATION 4046'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE PRESS BOX 1923-5 STATE COM

U.S.G.S. TOPOGRAPHIC MAP
ANTELOPE SINK, N.M.



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

EXHIBIT "C"

Application of Parallel Petroleum Corporation Simultaneous Dedication
of North-Half (N/2) of Section 5, Township 19 South, Range 23 East,
N.M.P.M., Eddy County, New Mexico

Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960

Bold Energy
415 W. Wall Street, Suite 500
Midland, Texas 79701-4314

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210-2177

C. D. Ray
303 Veterans Airpark Lane
Midland, Texas 79705-4512

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

Elger Exploration, Inc.
P. O. Box 2623
Midland, Texas 7902-2623

CMW Interests, Inc.
24 Smith Road, Suite 405
Midland, Texas 79705-4427

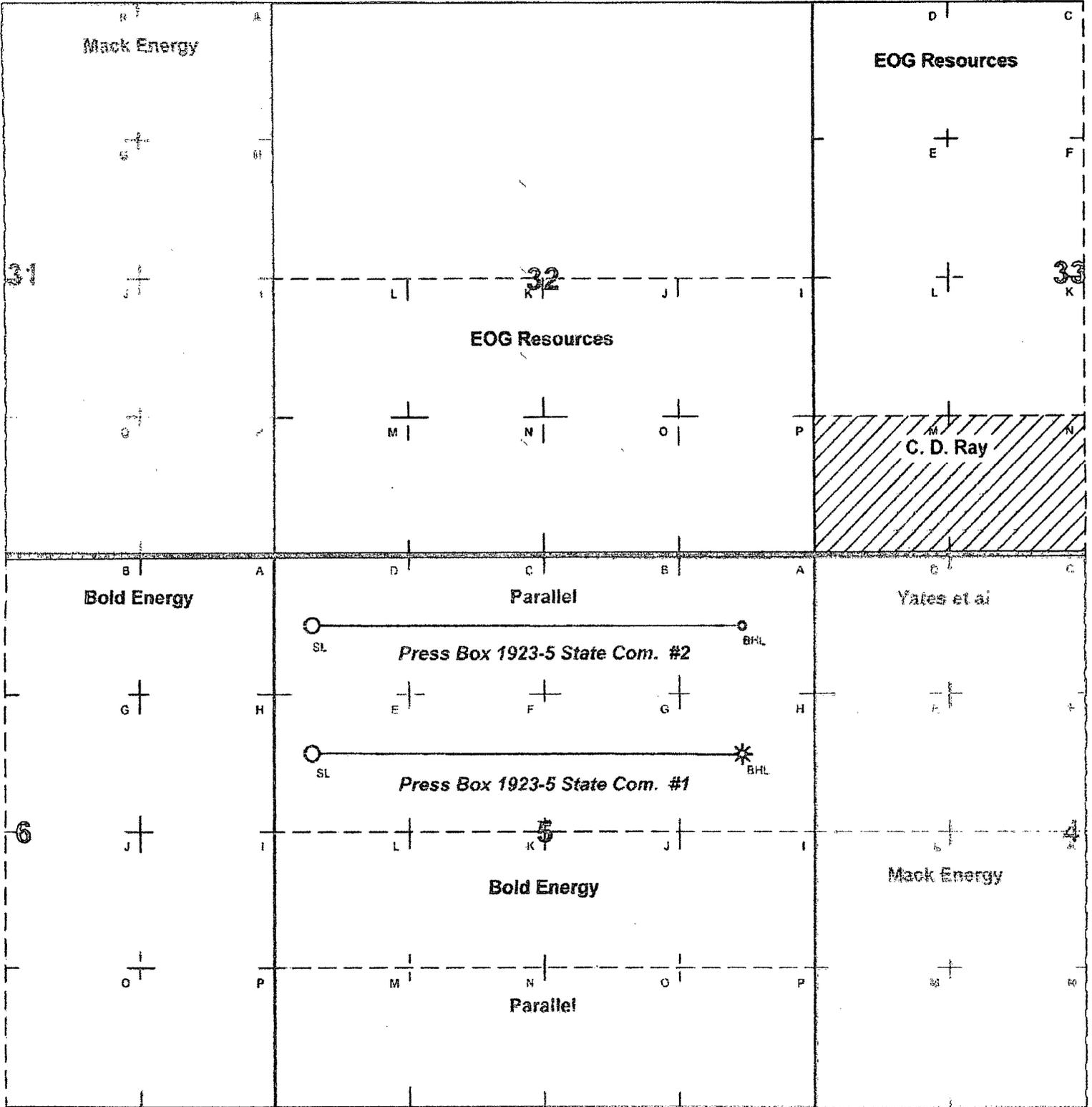


EXHIBIT
D
 09-09-2011 10:00 AM

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

February 28, 2008
CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

OFFSETTING INTEREST OWNERS:

Re: Administrative Application of Parallel Petroleum Corporation
for authorization to simultaneously dedicate
a standard gas spacing and proration unit in the
Wolfcamp formation to two horizontal wellbores,
including an exemption to the well density requirements
of Rule 104.D, Chaves County, New Mexico

Dear interest owner:

On behalf of Parallel Petroleum Corporation please find enclosed a copy of
its referenced administrative application. This notice is based upon records that
indicate that you have an interest in adjoining and offsetting tracts and are parties
affected by this application

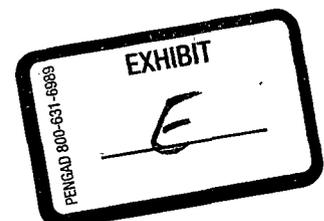
If you have no objection, then there is nothing for you to do. If you are
willing to waiver objection, please sign this letter as indicated and return it to me.
However, should you have any objection to the Division approving this
application, then it will be necessary for you to file a written objection with the
New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa
Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure
to file a timely objection will preclude you from objecting at a later date.

Very truly yours,

W. Thomas Kellahin

WAIVER OF OBJECTION:

By: _____ with authority for
and on behalf of _____
Date: _____



Brooks, David K., EMNRD

From: Tom Kellahin [tkellahin@comcast.net]
Sent: Monday, March 24, 2008 7:54 AM
To: Brooks, David K., EMNRD
Cc: Dennis Hopkins
Subject: SD Administrative application for Parallel's Press Box
Attachments: Parallel's Press Box-Notices.pdf

Re: Administrative Application for SD of two horizontal wellbores to
N/2 Sec 5, T19S, R23E, Eddy County, NM
(a) Press Box 1923-5 State Com Well No 1 (API 30-015-34844)
(b) Press Box 1923-5 State Com Well No. 2 API pending

David,

On February 28th I filed the reference application and send the required notices. The 20-day notice period is up and I did not received any objections.

In reviewed the application, I note that you may have a question about the notice list (Exhibit C) and the notice map (Exhibit D) Capstone, Elger and CMW are Parallel's working interest partners comprising 15% of the leasehold for undeveloped spacing units operated by Parallel. All other parties are shown on Exhibit D

Attached are waivers from Bold Energy, Elger and Capstone and copies of the 7 certified mail green cards

Please let me know if you need anything further.

Regards,

Tom

This inbound email has been scanned by the MessageLabs Email Security System.

RECEIVED

Russell Kuech

MAR - 3 2008

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

February 28, 2008

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

OFFSETTING INTEREST OWNERS:

**Re: Administrative Application of Parallel Petroleum Corporation
for authorization to simultaneously dedicate
a standard gas spacing and proration unit in the
Wolfcamp formation to two horizontal wellbores,
including an exemption to the well density requirements
of Rule 104.D, Chaves County, New Mexico**

Dear interest owner:

On behalf of Parallel Petroleum Corporation please find enclosed a copy of its referenced administrative application. This notice is based upon records that indicate that you have an interest in adjoining and offsetting tracts and are parties affected by this application

If you have no objection, then there is nothing for you to do. If you are willing to waiver objection, please sign this letter as indicated and return it to me. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,

W. Thomas Kellahin
W. Thomas Kellahin

WAIVER OF OBJECTION:

By: *[Signature]* with authority for
and on behalf of *[Signature]*
Date: 3/17/08

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

February 28, 2008

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

OFFSETTING INTEREST OWNERS:

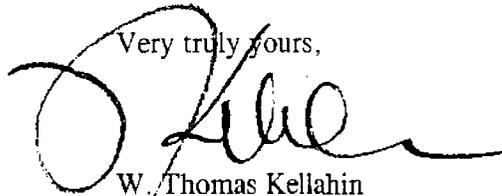
Re: Administrative Application of Parallel Petroleum Corporation
for authorization to simultaneously dedicate
a standard gas spacing and proration unit in the
Wolfcamp formation to two horizontal wellbores,
including an exemption to the well density requirements
of Rule 104.D, Chaves County, New Mexico

Dear interest owner:

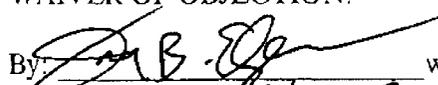
On behalf of Parallel Petroleum Corporation please find enclosed a copy of
its referenced administrative application. This notice is based upon records that
indicate that you have an interest in adjoining and offsetting tracts and are parties
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However, should you have any objection to the Division approving this
application, then it will be necessary for you to file a written objection with the
New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa
Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure
to file a timely objection will preclude you from objecting at a later date.

Very truly yours,


W. Thomas Kellahin

WAIVER OF OBJECTION:

By:  with authority for
and on behalf of Elger Exploration, Inc
Date: 3-11-08

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

February 28, 2008

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:

OFFSETTING INTEREST OWNERS:

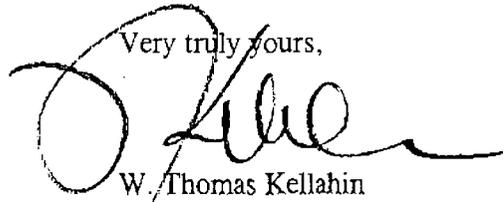
Re: Administrative Application of Parallel Petroleum Corporation
for authorization to simultaneously dedicate
a standard gas spacing and proration unit in the
Wolfcamp formation to two horizontal wellbores,
including an exemption to the well density requirements
of Rule 104.D, Chaves County, New Mexico

Dear interest owner:

On behalf of Parallel Petroleum Corporation please find enclosed a copy of
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indicate that you have an interest in adjoining and offsetting tracts and are parties
affected by this application

If you have no objection, then there is nothing for you to do. If you are
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However, should you have any objection to the Division approving this
application, then it will be necessary for you to file a written objection with the
New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa
Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure
to file a timely objection will preclude you from objecting at a later date.

Very truly yours,



W. Thomas Kellahin

WAIVER OF OBJECTION:

By:  with authority for
and on behalf of Capstone Investments, Inc. Dale Douglas, President of
Date: 3/11/08 General Partner

N/25-195-23E
P.O. Box 5 St. Con

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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:

Elger Exploration, Inc.
P. O. Box 2623
Midland, Texas 7902-2623

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
 JERRY ELGER
 C. Date of Delivery
 3-6-05
 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 0100 0005 5710 9302
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15-00

SENDER: COMPLETE THIS SECTION

- 1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 1. Print your name and address on the reverse so that we can return the card to you.
- 1. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Mack Energy Corporation
P. O. Box 960
Artesia, New Mexico 88211-0960

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 X *J. J. JASON*
 B. Received by (Printed Name) Addressee
 J. J. JASON
 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

Article Number 7006 0100 0005 5710 9255
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15-00

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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:

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
 JERRY ELGER
 C. Date of Delivery
 3-7-05
 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 0100 0005 5710 9319
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15-00

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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:

CMW Interests, Inc.
24 Smith Road, Suite 405
Midland, Texas 79705-4427

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 X *J. J. JASON*
 B. Received by (Printed Name) Addressee
 J. J. JASON
 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 0100 0005 5710 9258
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15-00

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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.

Yales Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210-2177

1. Article Addressed to:
2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt
7006 0100 0005 5710 9289

102595-02-M-15-0

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X *Melissa* Agent
- B. Received by (Printed Name) *MELISSA STEPHENSON* Address
- C. Date of Delivery *3-3-04*
- 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

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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.

Bold Energy
415 W. Wall Street, Suite 500
Midland, Texas 79701-4314

1. Article Addressed to:
2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt
7006 0100 0005 5710 9272

102595-02-M-15

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X *Bold* Agent
- B. Received by (Printed Name) *BOLD ENERGY* Address
- C. Date of Delivery *3-3-04*
- 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

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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.

C. D. Ray
303 Veterans Airpark Lane
Midland, Texas 79705-4512

1. Article Addressed to:
2. Article Number
(Transfer from service label)
PS Form 3811, February 2004

Domestic Return Receipt
7006 0100 0005 5710 9296

102595-02-M-15

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X *Raymond* Agent
- B. Received by (Printed Name) *Raymond* Address
- C. Date of Delivery *3-3-04*
- 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