

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

Form C-101
May 27, 2004

NOTIFY OCD OF SPUD & TIME TO
WITNESS CEMENTING OF
SURFACE & INTERMEDIATE
CASING

sources

RECEIVED

Submit to appropriate District Office

NOV 10 2005

☐ AMENDED REPORT

OCD-ARTESIA

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

Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		OGRID Number 230387
Property Code 35074	Property Name Seabiscuit	API Number 30-005-63786
Proposed Pool 1 Wildcat, Wolfcamp Gas 97489		Proposed Pool 2

Surface Location									
UL or lot no. P	Section 33	Township 14S	Range 26E	Lot Idn	Feet from the 400	North/South line S	Feet from the 760'	East/West line E	County Chaves

Proposed Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 33	Township 14S	Range 26E	Lot Idn	Feet from the 660'	North/South line N	Feet from the 760'	East/West line E	County Chaves

Additional Well Information				
Work Type Code N	Well Type Code O & G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3451
Multiple No	Proposed Depth 9311MD, 5255TVD	Formation Wolfcamp	Contractor NA	Spud Date NA
Depth to Groundwater 65'		Distance from nearest fresh water well 1500'		Distance from nearest surface water 2500'
Pit: Liner: Synthetic X 12_mils thick Clay <input type="checkbox"/> Pit Volume: 10,000 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"/>				

Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
* 17-1/2"	13-3/8"	48#	300'	440	Surface
* 12-1/4"	9-5/8"	36#	1300'	325	Surface
8-3/4"	5-1/2"	17#	TVD 5255'	NA	100' Above
			MD 9300'		Glorieta

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.

Well to be Drilled as a Horizontal Wolfcamp test. The attached drilling plan will be utilized for this test and contains details on the cement and mud programs as well as the directional information. The following is a summary of this plan.

1. Prepare surface location. Move in and rig up drilling rig, spud well and drill and set conductor. Install and test BOP's.
2. Drill 17 1/2" surface hole with rotary equipment to a minimum depth of 300'. Set 13 3/8" casing and cement.
3. Drill 12 1/4" intermediate hole to a minimum depth of 1300'. Set 9 5/8" casing and cement.
4. Drill 8 3/4" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
5. Set Kickoff point at 4874' drill and advance hole to a Wolfcamp penetration point at approximately 700' N and 760' W of the SE corner of the section and continue drilling to BHL. (9300' MD & 5255' TVD)
6. Set 5 1/2" to TD and cement to a point 100' above Glorieta around 2570'. Perforate porosity and stimulate as necessary (specific procedure to be determined).
7. Place well on test.

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 ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Deane Durham

Title: Drilling Engineer

E-mail Address: ddurham@plll.com

Date: 11-8-05

Phone: 432-684-3727

OIL CONSERVATION DIVISION	
Approved by:	<i>[Signature]</i>
Title:	<i>[Signature]</i>
Approval Date: NOV 16 2005	Expiration Date: NOV 16 2006
Conditions of Approval Attached <input checked="" type="checkbox"/> Fresh Water Mud To 13cc' pg. 3	

9.5

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 97489	Pool Code ~	Pool Name
Property Code	Property Name SEABISCUIT	Well Number 2
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3451'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	33	14 S	26 E		400	SOUTH	760	EAST	CHAVES

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
A	33	14 S	26 E		660	NORTH	760	EAST	CHAVES

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>Project Area</div> <div>Producing Area</div> <div><table><caption>Coordinate Table</caption><thead><tr><th>Description</th><th>Plane Coordinate</th></tr></thead><tbody><tr><td>Seabiscuit #2</td><td>X = 498,647.3</td></tr><tr><td>Surface Location</td><td>Y = 746,829.9</td></tr><tr><td>Seabiscuit #2</td><td>X = 498,645.7</td></tr><tr><td>Penetration Point</td><td>Y = 747,129.8</td></tr><tr><td>Seabiscuit #2</td><td>X = 498,624.8</td></tr><tr><td>Bottom Hole Location</td><td>Y = 751,086.0</td></tr></tbody></table></div> <div>NOTE: 1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</div>	Description	Plane Coordinate	Seabiscuit #2	X = 498,647.3	Surface Location	Y = 746,829.9	Seabiscuit #2	X = 498,645.7	Penetration Point	Y = 747,129.8	Seabiscuit #2	X = 498,624.8	Bottom Hole Location	Y = 751,086.0	<div>OPERATOR CERTIFICATION</div> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <div>Dean Durham Signature Dean Durham Printed Name Drilling Eng. Title 11-8-05 Date</div> <div>SURVEYOR CERTIFICATION</div> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my upervison and that the same is true and orrect to the best of my belief.</p> <div>October 13, 2005 Date Surveyed Signature & Seal of Professional Surveyor 12185 LVA W.O. Num. 2005-0966 Certificate No.</div>
Description	Plane Coordinate														
Seabiscuit #2	X = 498,647.3														
Surface Location	Y = 746,829.9														
Seabiscuit #2	X = 498,645.7														
Penetration Point	Y = 747,129.8														
Seabiscuit #2	X = 498,624.8														
Bottom Hole Location	Y = 751,086.0														

PARALLEL PETROLEUM CORPORATION
SEABISCUIT #2
SL: 760' FEL AND 400' FSL, BHL: 760' FEL AND 660' FNL
SEC 33, T14S, R26E
CHAVES 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

Est GL from topo: 3451', KB 3463'.
Glorieta 2570'
Tubb 3580'
Abo Shale 4330'
Wolfcamp 5255'
Wolfcamp Shale 5430'

Well Geometry

- 13 3/8" casing at 300'
- 9 5/8" casing at 1300'
- 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</u> <u>(ft)</u>	<u>Casing</u>	<u>Weight</u>	<u>Grade</u>	<u>Coupling</u>	<u>COMMENT</u>
17-1/2"	0 – 300	13-3/8"	48	H40	ST&C	Must be below 300' (+KB).
12-1/4"	0 – 1300	9-5/8"	36	J55	LT&C	
8-3/4"	0 – 5500'	5-1/2"	17	N80	LT&C	Run through the horizontal lateral.

Casing Cementing Program

13-3/8" slurry: 440 sacks Class C + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 56.3% fresh water

9-5/8" slurry: Lead: 125 sacks (50:50) Poz (Fly Ash): Class C + 5% bwow Sodium Chloride + 10% bwoc Bentonite + 151.7% fresh water. Tail: 200 sacks Class C + 1% bwoc Calcium Chloride + 56.3% fresh water

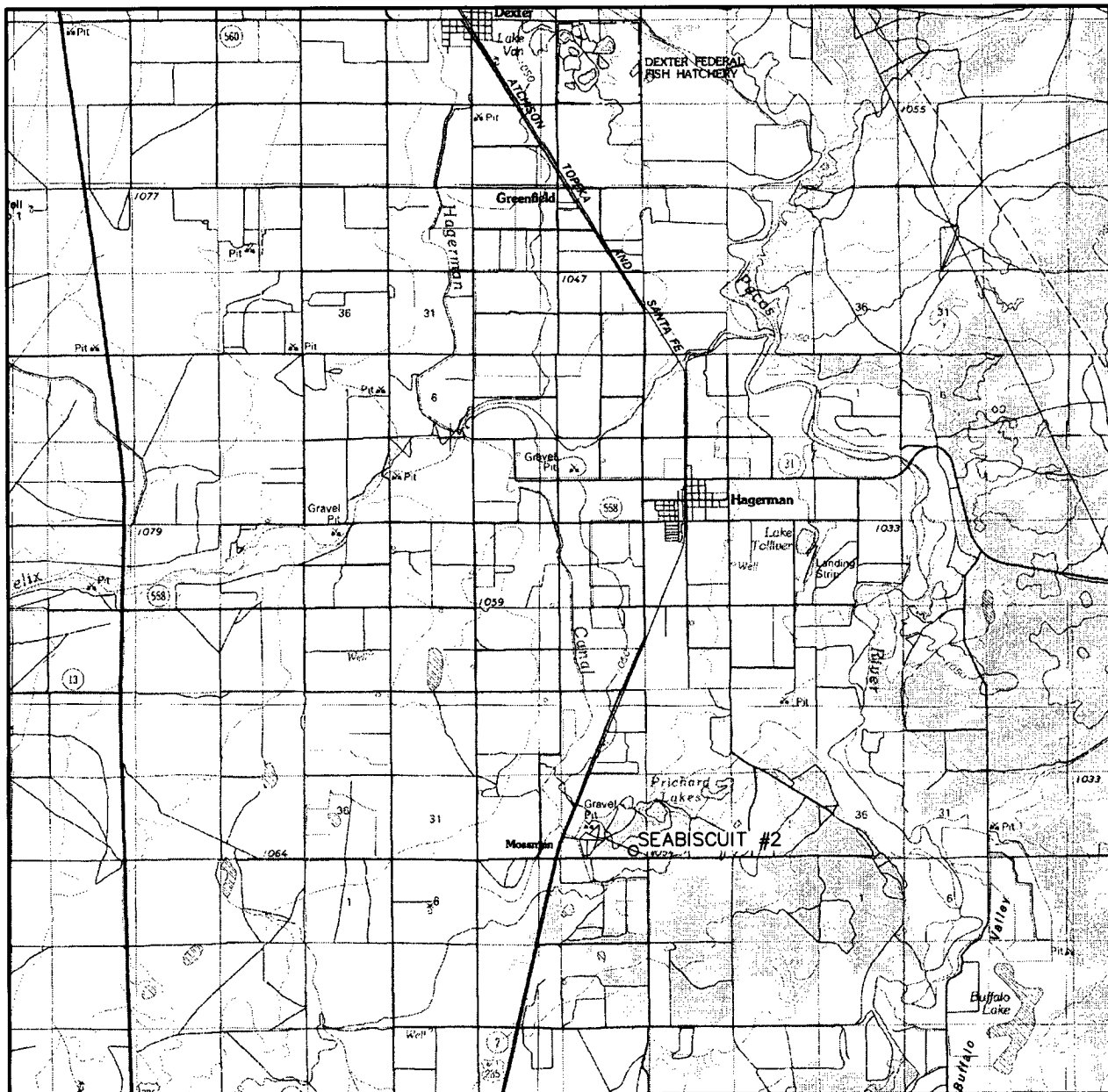
Note: If cement does not circulate to surface, notify OCD. A temperature survey will most likely be required. Top out to surface with 1" pipe in the annulus.

Note: 5-1/2" Cement per completion procedure. Top of Cement should be a minimum of 100' above Glorieta at 2570'.

Mud Program

<u>Depth</u>	<u>Hole</u>	<u>MW</u>	<u>Visc.</u>	<u>WL</u>	<u>Synopsis</u>
0 – 300	17-1/2"	8.4	32 - 38	No control	Fresh gel Lime flocc.(outer) reserve. Fresh gel sweeps, paper & cotton seed hulls for losses.
300 - 1300	12-1/4"	8.4 – 8.6	28 - 29	No control <i>1300' Red</i>	FRESH WATER mud only to 1300 ft. Severe loss potential. Circulate inner reserve. LCM: paper, fiber, cotton seed hulls.
1300 – 4100	8-3/4"	8.6 – 9.2	28 -29	No control	Cut brine. Start w/existing & add brine t/80K-120K chlorides
4100 – TD	8-3/4"	8.9 – 9.5	38 - 45	6 - 10	XCD/Starch polymer as req'd for hole cleaning. Lubricants.
KOP – TD Horizontal	8-3/4" & 7-7/8"	8.9 – 9.5	38 - 45	6 - 10	XCD/Starch polymer as req'd for hole cleaning. Lubricants.

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 33 TWP. 14-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 400' FSL & 760' FEL

ELEVATION 3451'

OPERATOR PARALLEL PETROLEUM CORPORATION

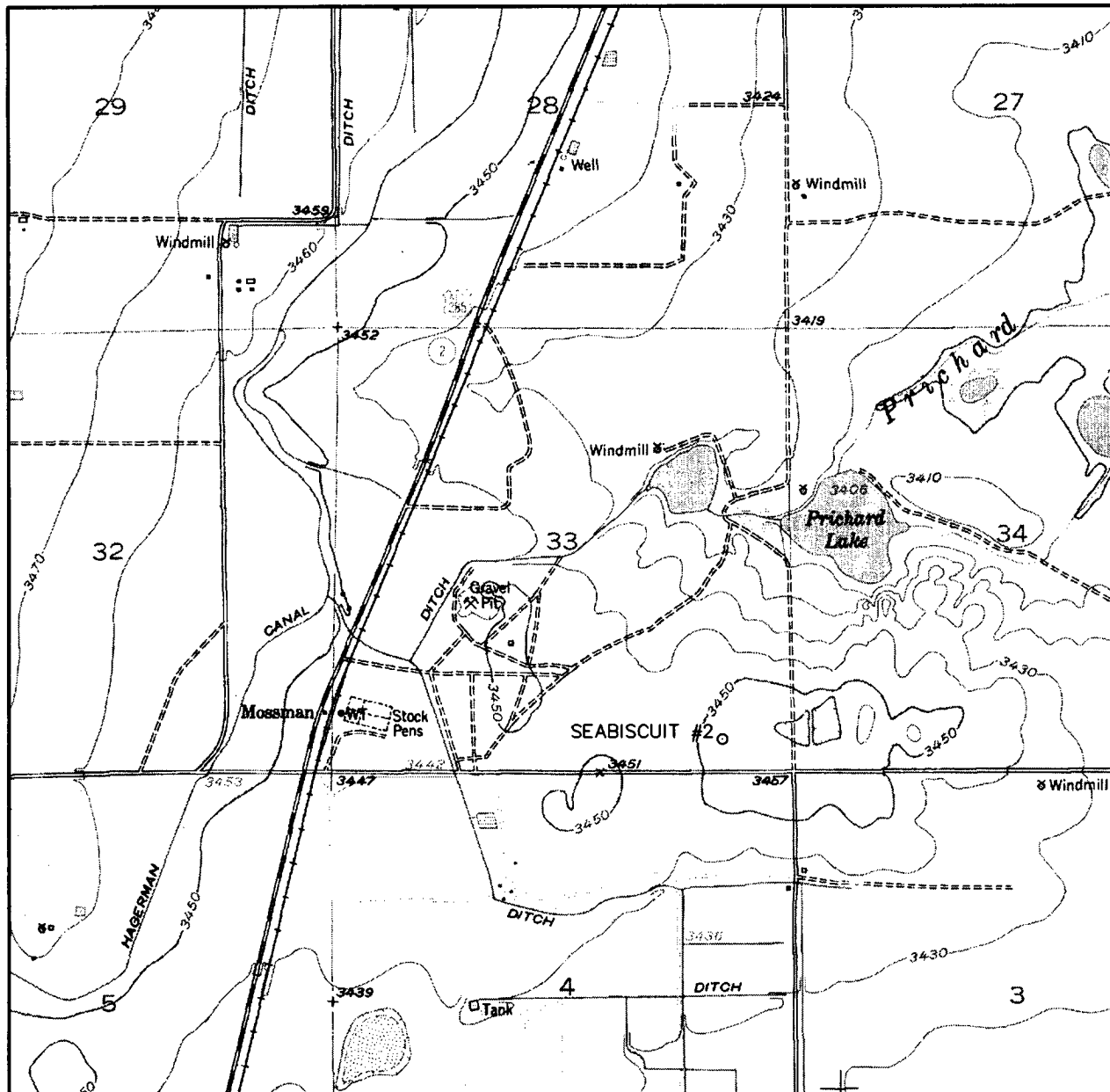
LEASE SEABISCUIT



**WEST
COMPANY**
of Midland, Inc.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HAGERMAN - 10'

SEC. 33 TWP. 14-S RGE. 26-E

SURVEY _____ N.M.P.M.

COUNTY _____ CHAVES

DESCRIPTION 400' FSL & 760' FEL

ELEVATION 3451'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE _____ SEABISCUIT

U.S.G.S. TOPOGRAPHIC MAP
HAGERMAN, N.M.



**WEST
COMPANY**
of Midland, Inc.

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

PARALLEL SURVEY CALCULATION PROGRAM PETROLEUM CORPORATION

OPERATOR:	Parallel Petroleum Corporation		Supervisors:	
WELL:	Seabicult #2			
LOCATION:	Sec. 33 T-14-S R-26-E			
API NUMBER:				
COMMENTS:				
			MAG DEC. (-/+)	
			GRID CORR. (-/+)	
			TOTAL CORR. (-/+)	0.0

DATE: 10/21/05 TIME: 1:42 PM TRUE TO GRID ☐

MINIMUM CURVATURE CALCULATIONS(SPE-3362)					PROPOSED DIRECTION		0.0	TARGET TRACKING TO CENTER	
SVY	MD	INC	GRID	VERT	N-S	E-W	DLS/100	ABOVE(+)	RIGHT(+)
NUM			AZM	TVD	SECT			BELOW(-)	LEFT(-)

TIE	0	0.0	0.0	0.0	0.0	0.0	0.0		
1	4874	0.0	0.0	4874.0	0.0	0.0	0.0	381.0	0.0
2	4884	1.5	0.0	4884.0	0.1	0.1	0.0	371.0	0.0
3	4894	3.0	0.0	4894.0	0.5	0.5	0.0	361.0	0.0
4	5473	90.0	0.0	5255.3	381.3	381.3	0.0	-0.3	0.0
5	9311	90.0	0.0	5255.3	4219.3	4219.3	0.0	-0.3	0.0

KOP @ 4874' MD
 BUR = 15 DEG per 100 FT
 End Curve @ 5473' MD, 5255.3' TVD
 BHL @ 9311' MD, 5255.3' TVD, 4219.3' VS

Parallel Petroleum Corp.

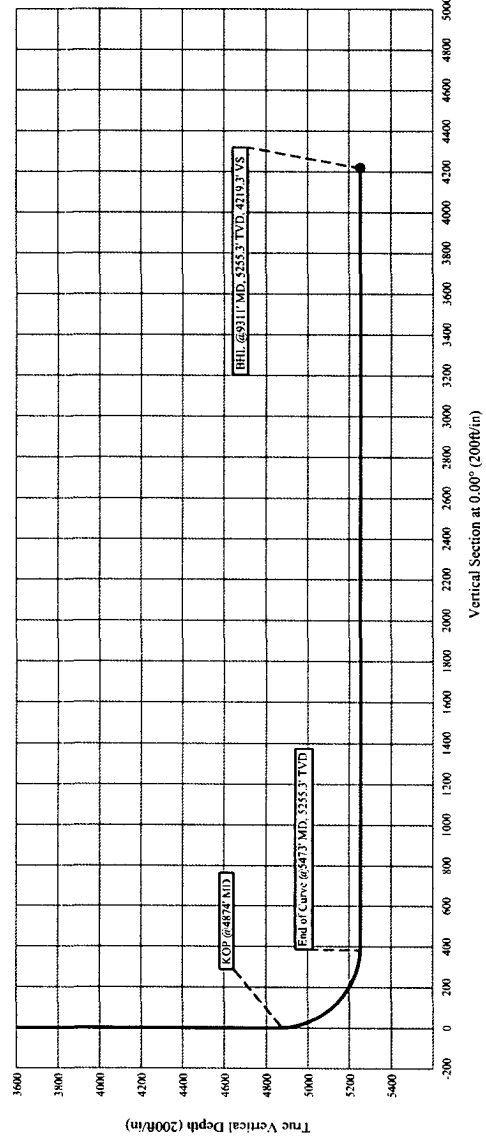
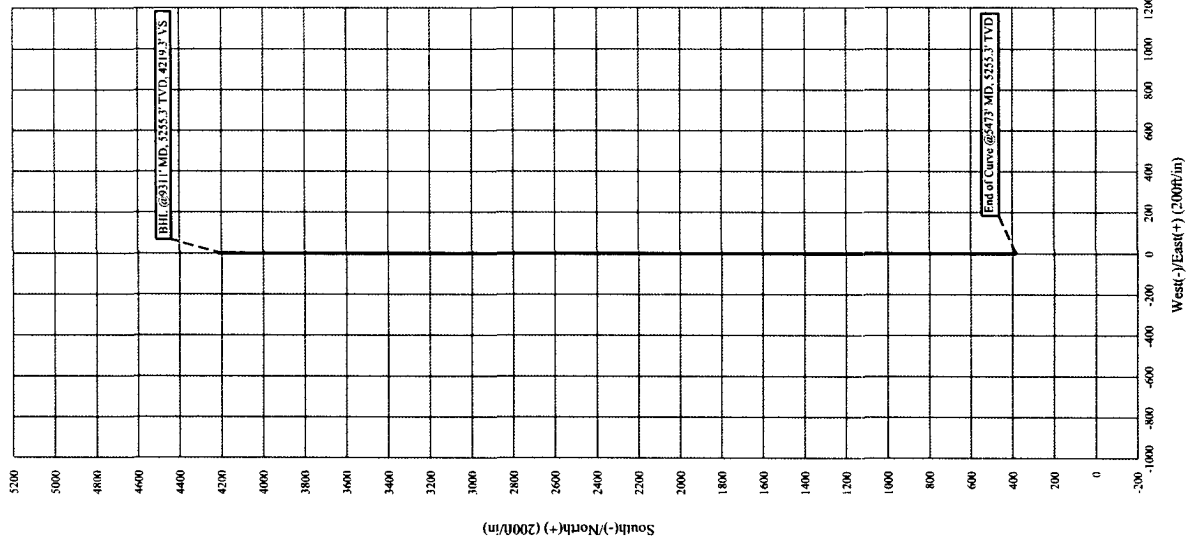
Seabiscuit #2

Section 33, T 14-S, R 26-E

Chaves County, New Mexico

COMPANY DETAILS

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





PARALLEL

Petroleum Corporation

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

October 21, 2005

New Mexico Oil conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential
Hagerman Area Wolfcamp Program
Chavez County, New Mexico

Gentlemen:

Parallel Petroleum Corporation operates the Seabiscuit #1 well located in Section 33, T-14-S, R-26-E. The well which was tested in the Wolfcamp formation did not have any indications of hydrogen sulfide from this formation. We believe the potential for it on locations in this area are negligible.

Should you need any additional information regarding this issue, please contact me at the address or phone number listed above.

Sincerely,

Deane Durham
Drilling Engineer