Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

RECEIVED
NOV - 2006
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FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160 - 3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

5. Lease Serial No.
NM NM 98791

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☑ Gas Well ☐ Other

8. Well Name and No.
Strong Box 1921-11 Federal #1

2. Name of Operator
Parallel Petroleum Company

9. API Well No.
3001535143

3a. Address
1004 North Big Spring, Midland, Texas 79705

3b. Phone No. *(include area code)*
432-684-3727

10. Field and Pool, or Exploratory Area
Wolfcamp

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*

Surface Location: 1460' FNL and 125' FEL of Section 11, T-19-S, R-21-E
Bottom Hole location: 1456' FNL and 660' FEL of Section, 11, T-19-S, R-21-E
W 11/14/06 C.L.

11. County or Parish, State
Lea, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other **Move location**
	☑ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This Sundry Notice is to move the surface and bottom hole location of the above mentioned well. Attached will be a revised Surface Use Plan, Drilling Plan and all required attachements. An revised archaeological report is being prepared and will be forwarded directly to the Carlsbad, BLM office.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Deane Durham Title **Drilling Engineer**

Signature Deane Durham Date 10/19/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by D Morgan FOR FIELD MANAGER Title Date NOV 22 2006

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

ATTACHMENT TO SUNDRY NOTICE
Change of Location
STRONG BOX 1921-11 FEDERAL #1
Surface Hole Location
1460 FNL AND 125 FEL, SEC 11, 19S, 21E
Bottom Hole Location
1456 FNL AND 660 FWL, SEC 11, 19S, 21E
EDDY COUNTY, NEW MEXICO

DRILLING PROGRAM

This well is designed as a horizontal test in the Wolfcamp formation.

1. GEOLOGIC NAME OF SURFACE FORMATION

San Andres

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

GL 4157'
Glorieta 1739'(+2418')
Tubb 2745'(+1412')
Yeso 2885' (+1272')
Abo Shale 3385' (+772')
Abo Carbonate 3499' (+658')
Wolfcamp 4337' (-180')
Wolfcamp Shale 4430'(-273')
TD 4500' Pilot Hole

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

Fresh water 790'
Oil and Gas Wolfcamp 4337' (-180')
No H_2S gas should be encountered

4. CASING AND CEMENTING PROGRAM

Casing Size	From To	Weight	Grade	Joint
16" conductor	0'-120'			
8 5/8"	0' – 1500'	24#	J-55	STC
5 1/2"	0' – 8,602'	17#	N-80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

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 BLM. A temperature survey will be required. Top out to surface with 1" pipe in the annulus.

Note: 5-1/2" Cement casing with enough volume to circulate to surface plus 25%. (Acid soluble CMT). Lead - 560 sacks 50:50 Poz (Fly Ash):Class C CMT + 10% Bentonite + 0.2% FL-52A + 0.2% Sodium Metasilicate + 141% fresh water. Tail – 560 sacks Class H CMT + 0.6% BA-10 + 0.4% CD-32 + 1% FL-62 + 0.1% ASA-301 + 0.4% Sodium Metasilicate + 20 lbs/sack calcium carbonate + 53% fresh water. Cement must tie back to surface casing per completion procedure.

Drilling Procedure

a. Set 16" conductor pipe as deep as possible up to 120' with a rathole unit.
b. Drill 11" surface hole to an approximate depth of 1500', using fresh water and viscous sweeps for hole cleaning. Set 8 5/8", 24# J-55 casing with 460 sx, Class C cement (lead will be 50/50 Poz, circulate to surface, 1" if necessary).
c. Set slips on 8 5/8" CSG. Cut 8 5/8" CSG and NU & test BOP.
d. Drill 7 7/8" production hole to 4500', using cut brine to an approximate depth of 3200' and a polymer mud system to TD.
e. Run open-hole logs
f. Set CMT kick-off plug.
g. Dress CMT to kick off point at approximately 3802'.
h. Build angle at 10.7 degrees per 100' to 90 degrees and hold.
i. Drill 7 7/8" horizontal drain hole to a terminus of 660' FWL.
j. Run 5 ½" 17# N-80 CSG to TD. Cement with enough volume to circulate to surface plus 25%. (Acid soluble CMT). Lead - 560 sacks 50:50 Poz (Fly Ash):Class C CMT + 10% Bentonite + 0.2% FL-52A + 0.2% Sodium Metasilicate + 141% fresh water. Tail – 560 sacks Class H CMT + 0.6% BA-10 + 0.4% CD-32 + 1% FL-62 + 0.1% ASA-301 + 0.4% Sodium Metasilicate + 20 lbs/sack calcium carbonate + 53% fresh water. Cement must tie back to surface casing per completion procedure.
k. Rig Down Rotary Tools

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. TYPES AND CHARACTERS OF THE PROPOSED MUD SYSTEM

a. Spud and drill to 1,500' with 8.3 ppg Fresh Water system and viscous sweeps for hole cleaning.
c. The production section from 1,500' to 3,200' will utilize a cut brine mud system.
d. The remaining production section from 3,200' to TD will be a polymer mud system with mud weight sufficient to control formation pressures.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

Mud logs as well as DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible. No MWD GR will be used.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

None anticipated.

BHP expected to be 2,100 psi.

10. ANTICIPATED STARTING DATE:

It is planned that operations will commence around fourth quarter of 2006 with drilling and completion operation lasting about 30 days.

SURFACE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING
PARALLEL PETROLEUM CORPORATION
STRONG BOX 1921-11 FEDERAL #1
SHL: 1460' FNL AND 125' FEL, SEC 11, T19S, R21E
BHL: 1456' FNL AND 660' FWL, SEC 11, T19S, R21E
EDDY COUNTY, NEW MEXICO

LOCATED:

9 miles South of Hope, New Mexico

OIL & GAS LEASE:

Lease # NM NM 98791

RECORD LESSEE:

Nearburg Exploration Company, LLC
3300 N. A Street, Bldg. 2 #120
Midland, Texas 79705

BOND COVERAGE:

$25,000 statewide bond # NMB000265 of Parallel Petroleum Corporation

ACRES IN LEASE:

1922.48

SURFACE OWNER:

Federal

SURFACE TENANT:

Barbra Runyon Ranch
P.O. Box 2468
Roswell, NM 88202
Jim Bob Burnet, Ranch Manager, 505-484-3141

POOL:

Primary Objective - Wolfcamp

EXHIBITS:

A. Area Road Map
B. Drilling Rig Layout
C. Pad Elevation Plat
D. Vicinity Map
E. Area Production Map
F. Topographic & Location Verification Map
G. Well Location & Acreage Dedication Map (NMOCD Form C-102)
H. NMOCD Form C-144, Pit Registration (Original forwarded to NMOCD)
I. Blow Out Preventer (BOP) Schematic
J. Choke Manifold Schematic
K. Estimated Horizontal Survey Calculation Program
L. Estimated Wellbore Plot

1. EXISTING ROADS

A. Exhibits A and D are area road maps showing existing roads in the vicinity of the site.

B. Exhibit F is a topographic map of the location showing existing roads and the proposed new access road.

2. ACCESS ROADS

A. Length and Width
The access road will be built as shown on Exhibit D. The access road will come off County Road 20 and go east on an existing ranch road 2257' east to the location. The new access road will be surfaced with caliche and will be 16' to 24' wide. A 75' wide turn in will be constructed onto the access road at County Road 20.

B. Surface Material
Caliche from a commercial source.

C. Maximum Grade
Less than five percent.

D. Turnouts
No turnouts will be constructed on this section of the access road.

E. Drainage Design
No low water crossings will be constructed on this section of the access road.

F. Culverts
It is not anticipated that any culverts will be needed on the access road at this time.

G. Gates and Cattle Guards
No gates or cattle guards will be installed as no fences will be crossed for this location or access road.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit "E".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY

A water well may be drilled on this location for water supply for both drilling and completion. Upon completion of operations on this site the well may be used for drilling of additional wells on this lease. The well will be made available for the surface tenant upon completion of drilling in this area for use as stock water. A permit will be secured from the New Mexico Office of the State Engineer for this water well.

6. METHODS OF HANDLING WASTE DISPOSAL

A. Drilling fluids will be allowed to dry in the drilling pits until the pits are closed.

B. Water produced during tests will be disposed of in the drilling pits.

C. Oil produced during tests will be stored in test tanks.

D. Trash will be contained in a trash trailer and removed from well site.

E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

F. The reserve pit will be closed as per BLM and NMOCD regulations and guidelines. This will include leaving the drill cuttings in place in the pit, allowing them to dry, and covering the pit with at least 3' of backfill while not disturbing the pit liner. The cuttings may also be placed in a lined trench along side the drilling pit for disposal. If this disposal method is used the cuttings will be covered with a plastic liner and then covered with a minimum of 3' of backfill.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

A. After completion of drilling and/or completion operations, all equipment and other material that will not be used lease for operations will be removed from the site.

B. After abandonment, all equipment, trash, and debris will be removed and the site will be reclaimed as per BLM permit stipulations.

10. OTHER INFORMATION

A. Topography
The project is located on open, rolling grass area located in Cat Claw Draw and has an eastern exposure. The regional drainage of the site being to the east toward Gardner Draw.

B. Soil
Soils are very thin and shallow, tan/pink/grey loamy sandy silts, overlying limestone bedrock.

C. Flora and Fauna
The location is located on a ridge and the vegetation consist of broom snakeweed, grasses, creosote, cholla, yucca catclaw, prickly pear, beargrass and various species of cacti.

D. Ponds and Streams
Cat Claw Draw, an intermittent stream which flows west to east, is located 1/4 mile north of the site and a small drainage to the south of the site flow east into the Draw. Drainage from this site will flow directly into this draw. There are no other rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures
The Barbra Runyon Ranch house is located 2 miles east of the proposed well site

F. Archaeological, Historical, and Cultural Sites
See archaeological report
submitted by: Southern New Mexico Archaeological Services, Inc.,
P.O. Box 1
Bent, New Mexico 88314 Phone 505-671-4797

G. Land Use
Grazing

H. Surface Ownership
Federal

11. OPERATOR'S REPRESENTATIVE

Deane Durham, Engineer
Parallel Petroleum Corporation
1004 North Big Spring Street, Suite 400
Midland, Texas 79701
Office: (432) 684-3727

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Parallel Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10/19/2006
Date

Deane Durham
Name: Deane Durham
Title: Engineer

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Parallel Petroleum Corporation
1004 N. Big Spring St.
Suite 400
Midland, Texas 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No:	NM NM 98791
Legal Description of Land:	Strong Box Federal 1921-11 #1 SHL: 1460' FNL AND 125' FEL, SEC 11, T19S, R21E BHL: 1456' FNL AND 660' FWL, SEC 11, T19S, R21E Eddy County, New Mexico
Formation(s) (if applicable:	Wolfcamp
Bond Coverage:	$25,000 statewide bond of Parallel Petroleum Corporation
BLM Bond File No:	**NMB000265**

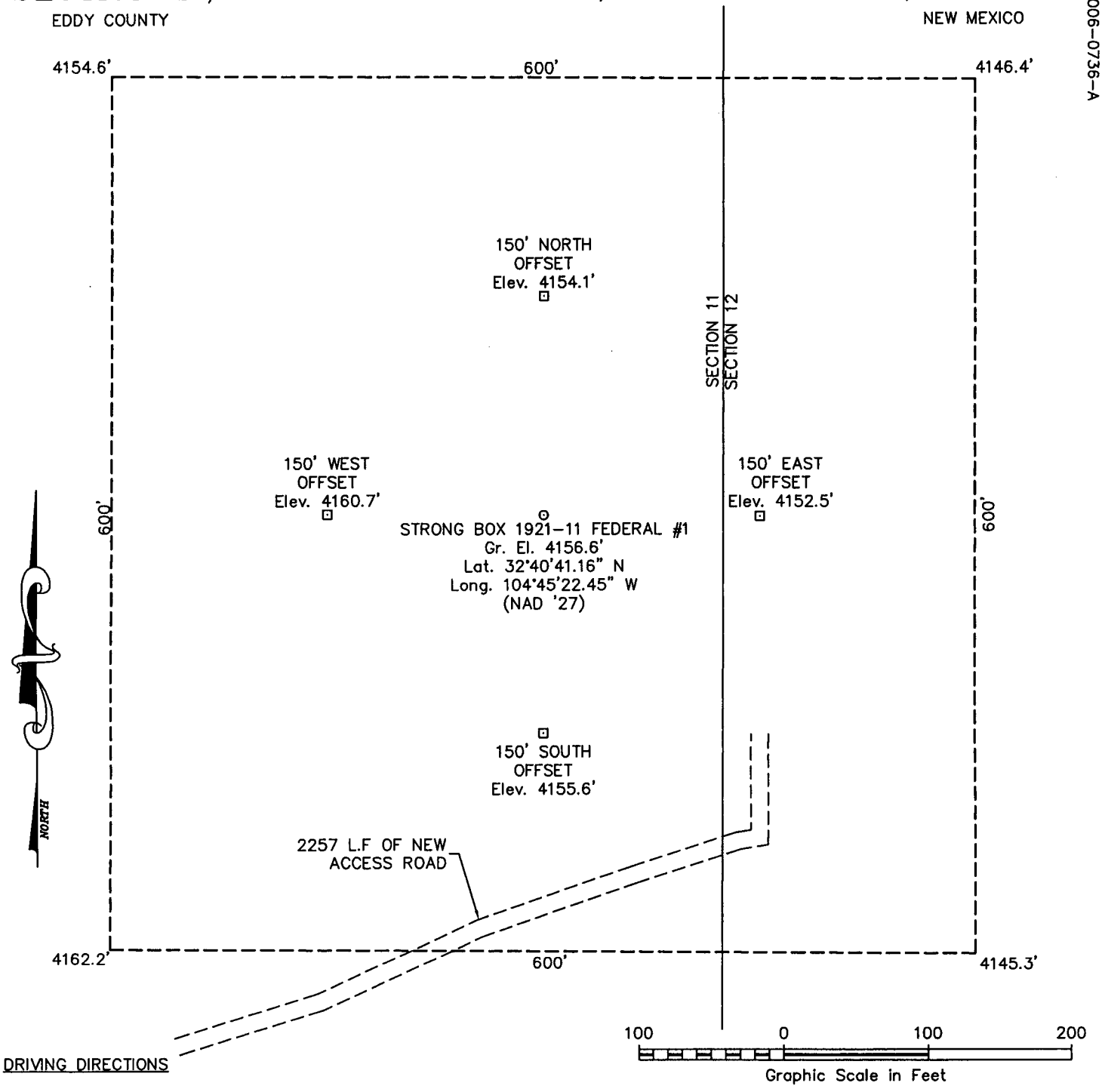
10/19/2006
Date

Deane Durham
Name: Deane Durham
Title: Engineer

SECTION 11, TOWNSHIP 19 SOUTH, RANGE 21 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO

L-2006-0736-A



DRIVING DIRECTIONS

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND STATE HIGHWAY 449 IN HOPE, NM GO SOUTH ON SAID STATE HIGHWAY 449 2.2 MILES TO THE END OF SAID STATE HIGHWAY 449 AND THE BEGINNING OF COUNTY ROAD 12, THEN CONTINUE SOUTH ANOTHER 4.8 MILES (7.0 TOTAL) TO A FORK IN THE ROAD, THE INTERSECTION OF SAID COUNTY ROAD 12 AND COUNTY ROAD 20 (BRONC ROAD), THEN GO SOUTHWEST ALONG SAID COUNTY ROAD 20 (BRONC ROAD) 2.8 MILES TO A POINT WHERE A PROPOSED ACCESS ROAD ON OLD TWO-TRACK ROAD BEGINS ON EAST (LEFT) SIDE OF SAID COUNTY ROAD 20, THEN GO EAST THEN NORTHEAST ALONG SAID ACCESS ROAD 0.4 MILE TO THE PROPOSED LOCATION.

PARALLEL PETROLEUM CORPORATION

STRONG BOX 1921-11 FEDERAL #1

Located 1460' FNL & 125' FEL, Section 11
Township 19 South, Range 21 East, N.M.P.M.
Eddy County, New Mexico

Drawn By: LVA	Date: October 16, 2006
Scale: 1"=100'	Field Book: 352 / 1-9
Revision Date:	Quadrangle: Holt Tank
W.O. No: 2006-0736-1	Dwg. No.: L-2006-0736-A

WEST COMPANY of Midland, Inc.

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

Exhibit C

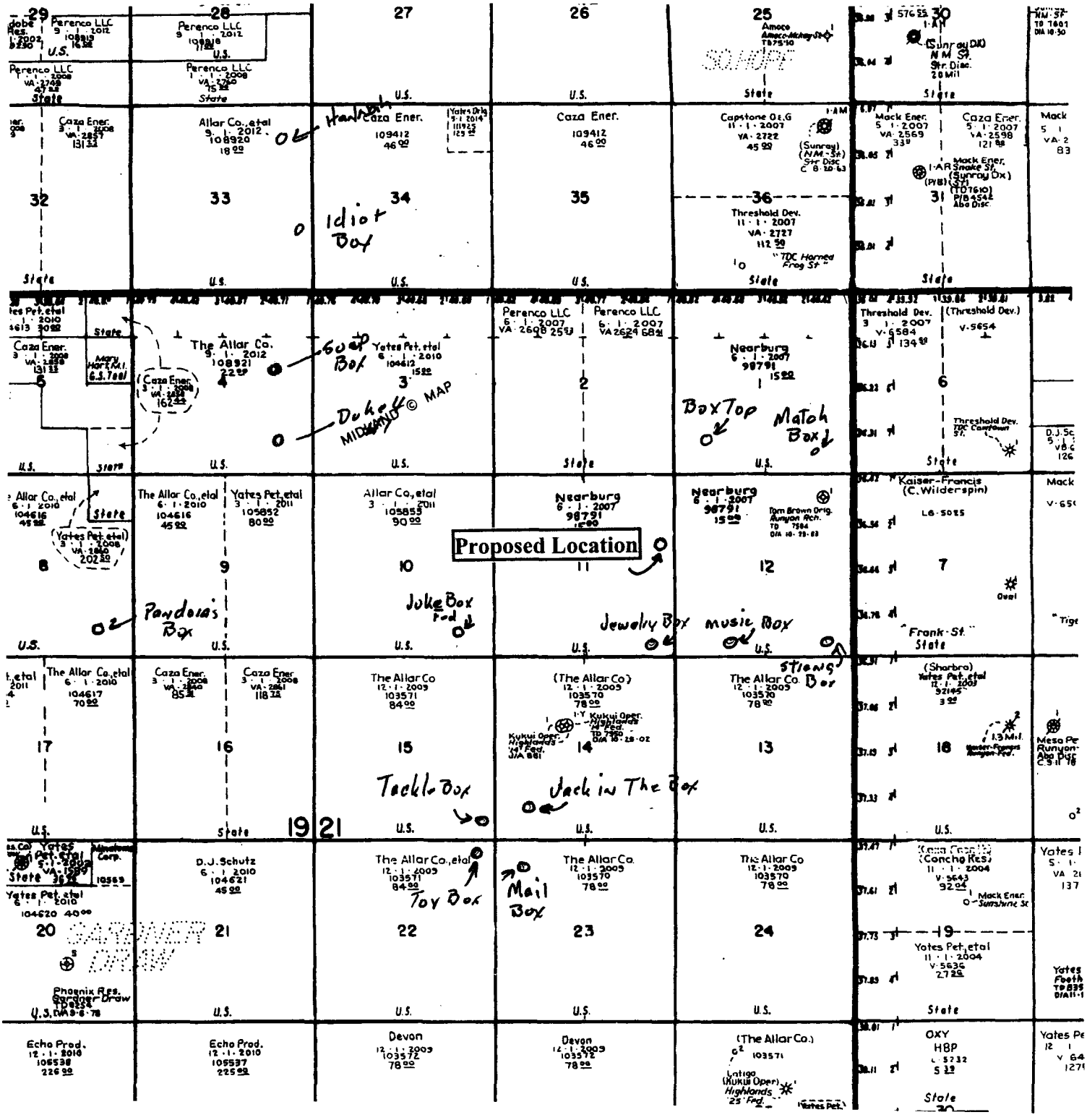
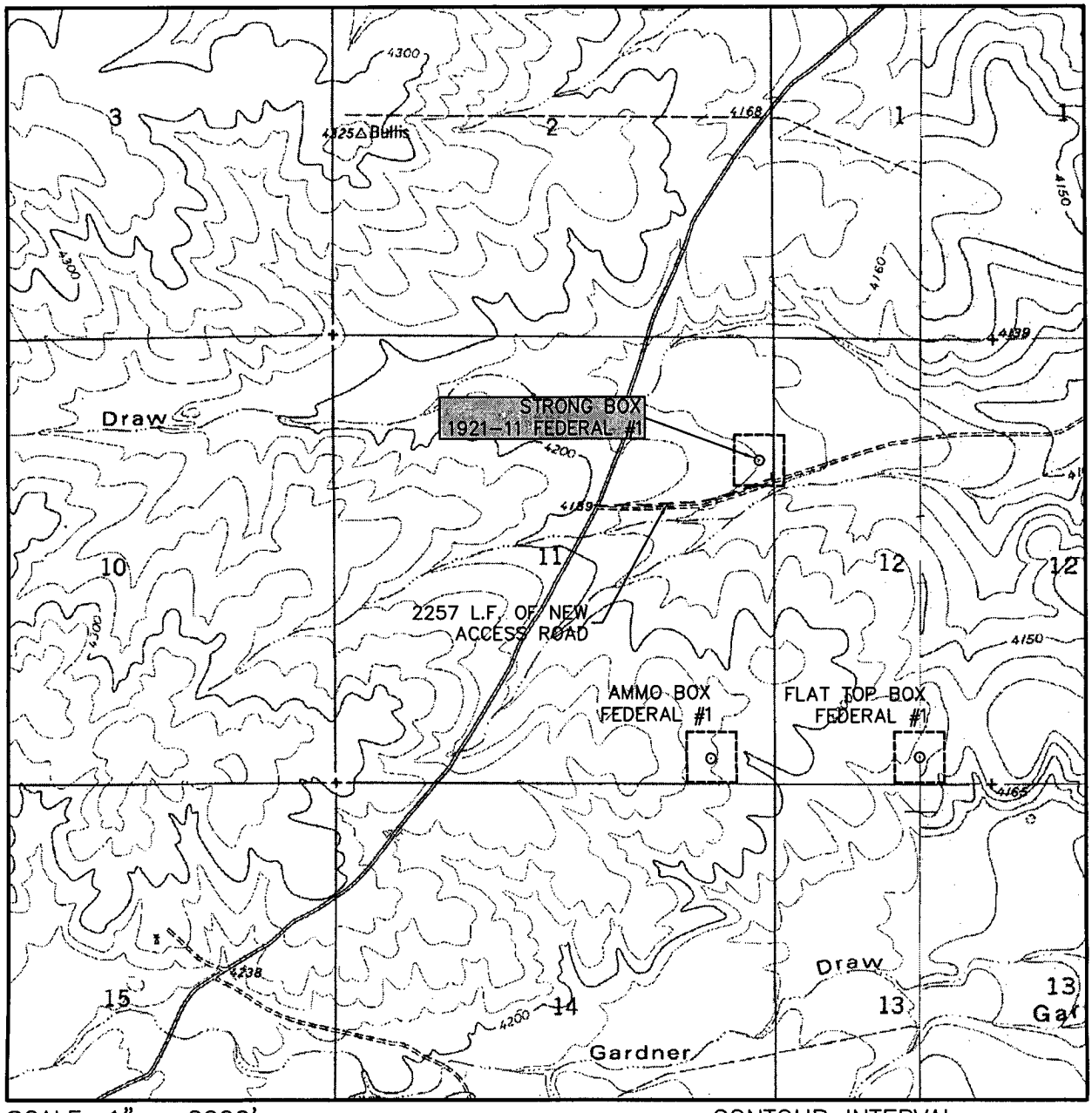


Exhibit "E"
AREA PRODUCTION MAP
PARALLEL PETROLEUM CORPORATION
STRONG BOX 1921-11 FEDERAL #1
SHL: 1460' FNL AND 125' FEL, SEC 11, T19S, R21E
BHL: 1460' FNL AND 660' FWL, SEC 11, T19S, R21E
EDDY COUNTY, NEW MEXICO

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOLT TANK - 20'

SEC. 11 TWP. 19-S RGE. 21-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1460' FNL & 125' FEL

ELEVATION 4157'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE STRONG BOX 1921-11 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
HOLT TANK, N.M.

Exhibit F

WEST COMPANY of Midland, Inc.
110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

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

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

DISTRICT III
1000 Rio Brazos 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. 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	Pool Code	Pool Name

Property Code	Property Name	Well Number
	STRONG BOX 1921-11 FEDERAL	1
OGRID No.	**Operator Name**	**Elevation**
	PARALLEL PETROLEUM CORPORATION	4157'

Surface Location

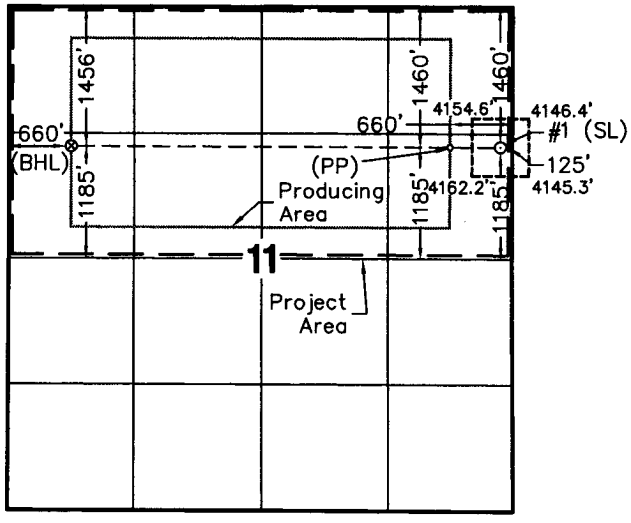
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	11	19 S	21 E		1460	NORTH	125	EAST	EDDY

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
E	11	19 S	21 E		1456	NORTH	660	WEST	EDDY

Dedicated Acres	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



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.

Coordinate Table	
Description	Plane Coordinate
Strong Box 1921-11 Federal #1 Surface Location	X = 369,875.5
	Y = 610,663.1
Strong Box 1921-11 Federal #1 Penetration Point	X = 369,340.4
	Y = 610,666.5
Strong Box 1921-11 Federal #1 Bottom Hole Location	X = 365,379.9
	Y = 610,691.8

OPERATOR CERTIFICATION

I hereby certify the 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 interestin 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.

Deane Dunham 10/19/06
Signature Date

Deane Dunham
Printed Name

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 supervison and that the same is true and correct to the best of my belief.

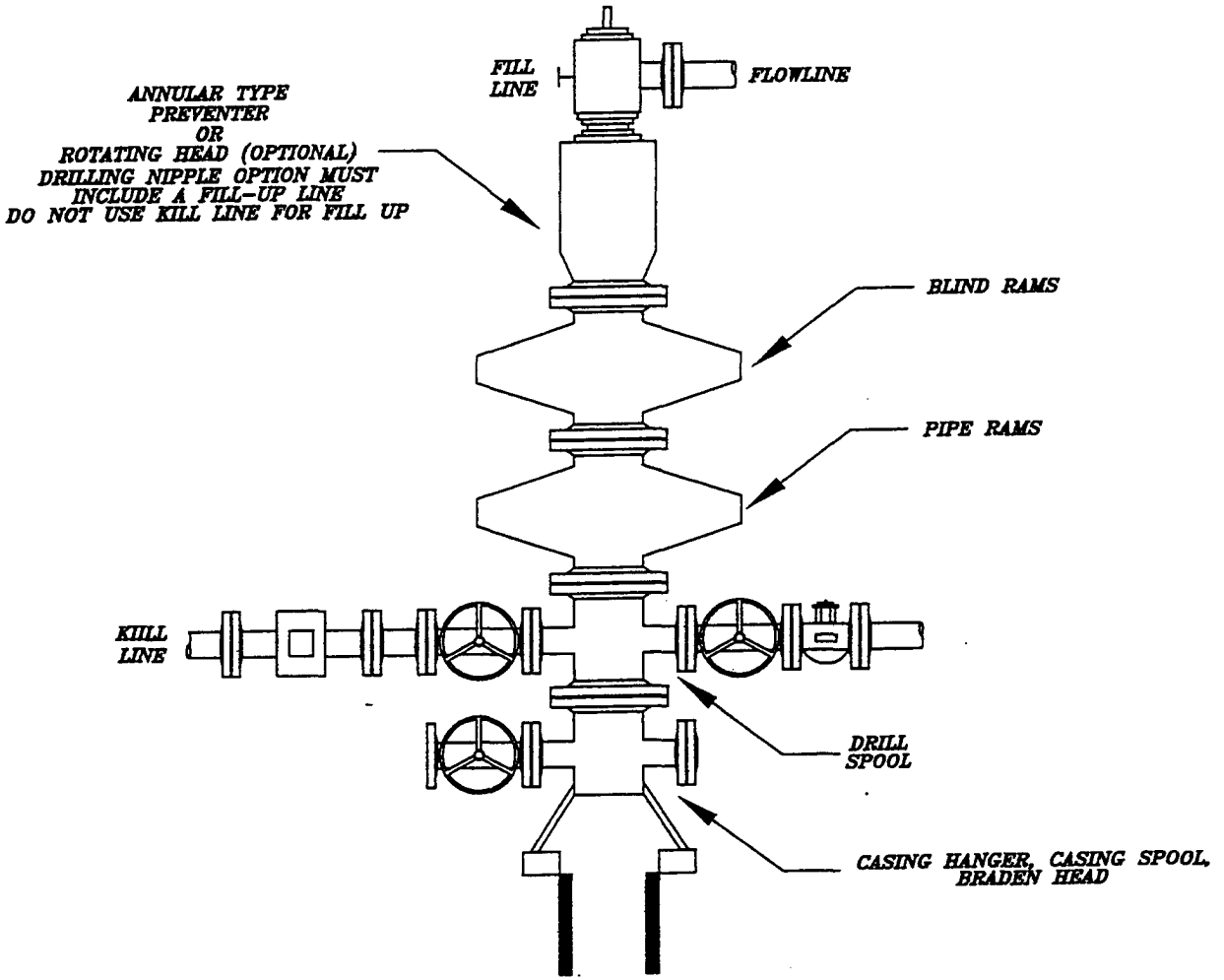
September 27, 2006
Date of Survey

LVA
Signature & Seal of Professional Surveyor

W.O. Num. 2006-0736-1

Certificate No. MACON McDONALD 12185

MINIMUM BOP SCHEMATIC

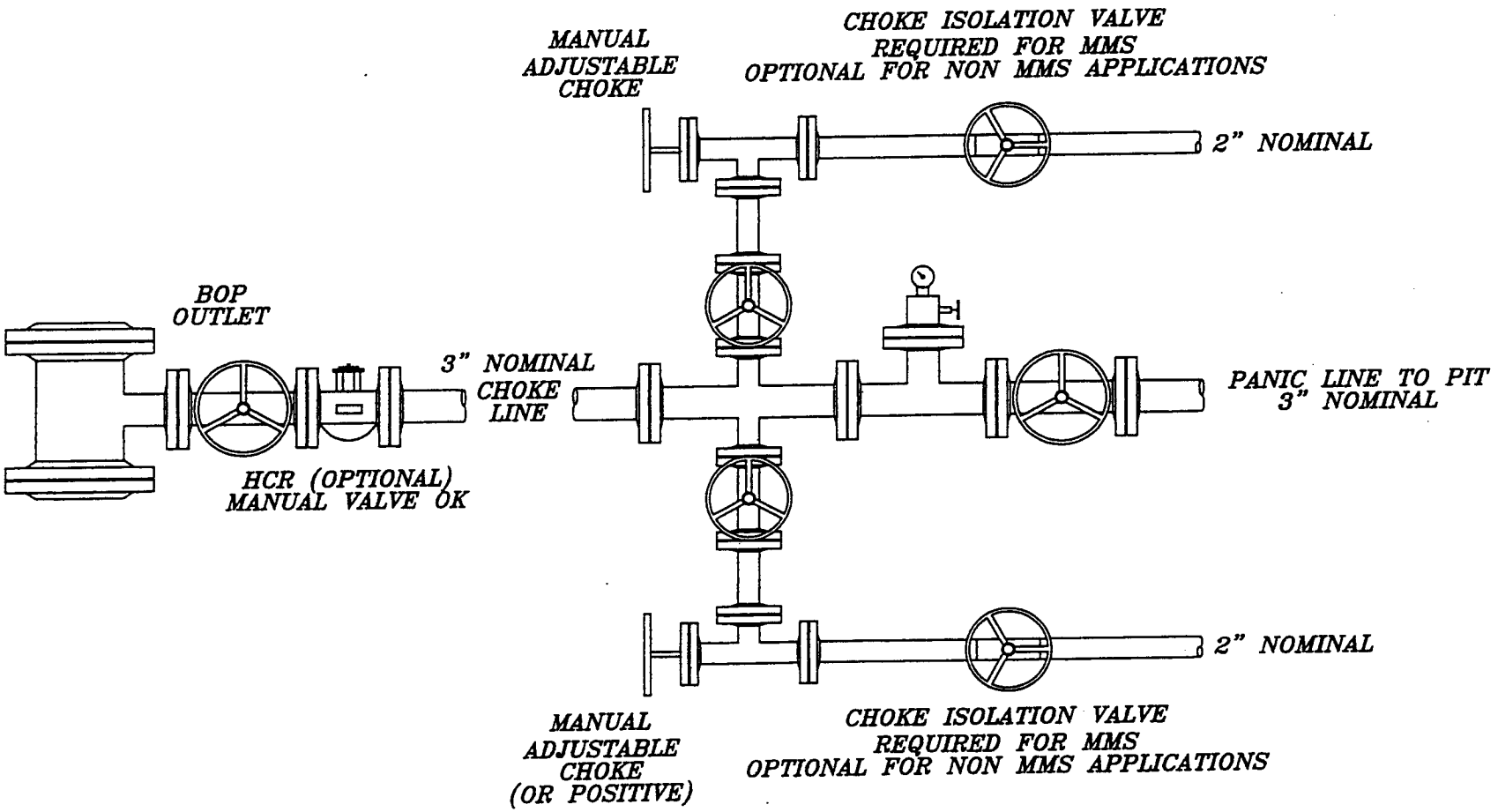


NOT TO SCALE

EXHIBIT I

DATE: 7/26/05	PARALLEL PETROLEUM BOP SCHEMATIC
DWN. BY: JJ	HIGHLANDER ENVIRONMENTAL CORP. MIDLAND, TEXAS
FILE: C:\PARALLEL\2005\ BOP SCHEMATIC	

CHOKE MANIFOLD
5M SERVICE



NOT TO SCALE

EXHIBIT J

DATE: 8/17/05
DWN. BY: JJ
FILE: C:\PARALLEL\3438\CHOKE MANIFOLD

PARALLEL PETROLEUM
CHOKE MANIFOLD

HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

PARALLEL PETROLEUM CORPORATION

SURVEY CALCULATION PROGRAM

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Strong Box 1921-11 Federal #1		
LOCATION:	Sec. 11 T-19-S R-21-E		
API NUMBER:			
COMMENTS:			
		MAG DEC.(-/+)	
		GRID CORR.(-/+)	
		TOTAL CORR.(-/+)	0.0
DATE: 10/19/06	TIME: 1:09 PM	TRUE TO GRID	

MINIMUM CURVATURE CALCULATIONS(SPE-3362) PROPOSED DIRECTION 270.0

SVY NUM	MD	INC	GRID AZM	TVD	VERT SECT	N-S	E-W	DLS/ 100	TARGET TRACKING TO CENTER ABOVE(+) BELOW(-)	RIGHT(+) LEFT(-)
TIE	0	0.0	0.0	0.0	0.0	0.0	0.0			
1	3802	0.0	0.0	3802.0	0.0	0.0	0.0	0.0	535.0	0.0
2	3812	1.1	270.0	3812.0	0.1	0.0	-0.1	10.7	525.0	0.0
3	3822	2.1	270.0	3822.0	0.4	0.0	-0.4	10.7	515.0	0.0
4	4643	90.0	270.0	4337.4	535.4	0.0	-535.4	10.7	-0.4	0.0
5	8602	90.0	270.0	4337.4	4494.4	0.0	-4494.4	0.0	-0.4	0.0

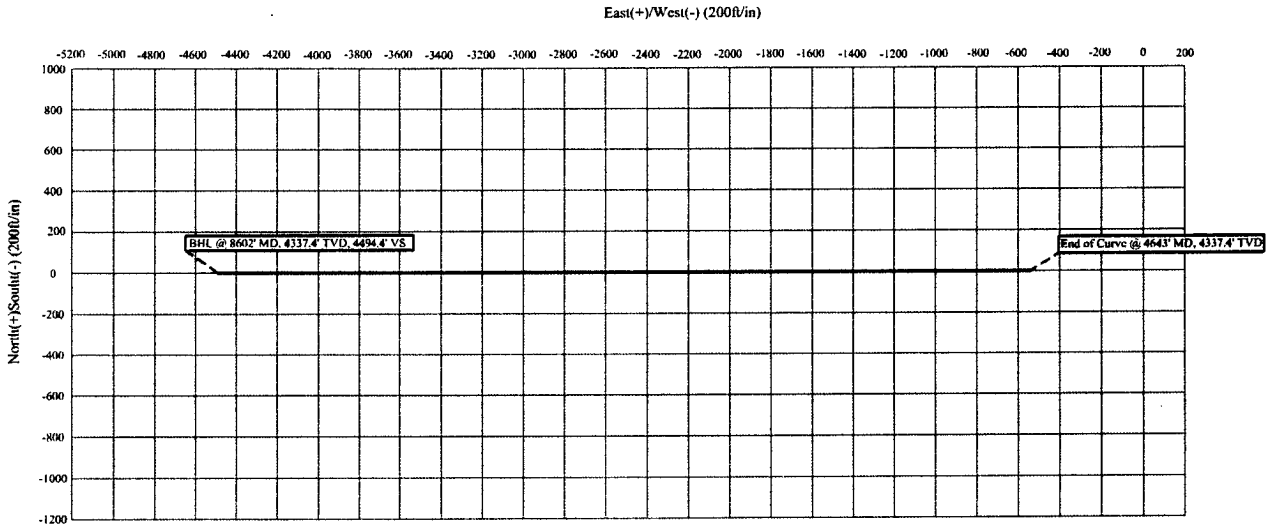
KOP @ 3802' MD
BUR = 10.7 DEG per 100 FT
End Curve @ 4643' MD, 4337.4' TVD
BHL @ 8602' MD, 4337.4' TVD, 4494.4' VS

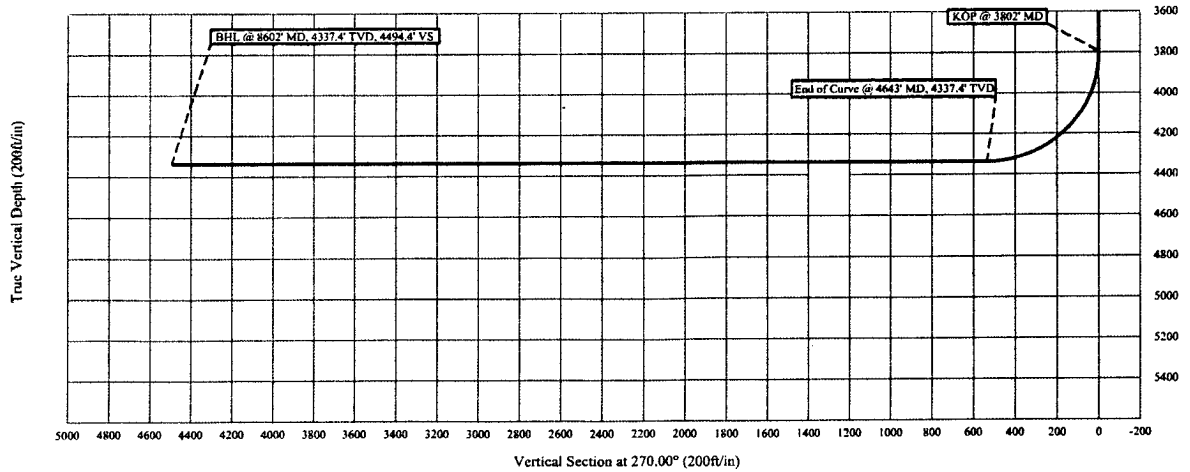
Parallel Petroleum Corp.

Strong Box 1921-11 Federal #1
Sec. 11, T-19-S, R-21-E
Eddy 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: 432-685-6580

June 12, 2006

Mr. Bryan Arrant
New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential
South Hope Area Wolfcamp Program
SW Chaves and Eddy Counties, New Mexico

Dear Mr. Arrant:

Parallel Petroleum Corporation operates the Boxtop 1921-1 Federal #1 well located in Section 1, T-19-S, R-21-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. There are no occupied dwellings in the area of these new drilling locations.

Should you need any additional information regarding this issue, please contact me at the address or phone number listed or email at ddurham@plll.com .

Sincerely,

A. Deane Durham
Senior Engineer