N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Month - Year
RECEIVED - ARTESIA, NM

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NM NM 112249**

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

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

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. 36502
Bubbling Over 1525-20 Fed Com #1H

2. Name of Operator
Parallel Petroleum Corporation 230387

9. API Well No. 30-005-63933

3a. Address **1004 North Big Spring, Suite 400 Midland, Texas**

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

10. Field and Pool, or Exploratory **Wolfcamp**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **SHL 1880' FSL AND 190' FWL Sec 21, T-15S-R25E**
At proposed prod. zone **BHL 1880' FSL AND 660' FWL Sec 20, T-15-S-R25E**

11. Sec., T. R. M. or Blk. and Survey or Area **20, T15S, R25E**

14. Distance in miles and direction from nearest town or post office*
5 miles North of Artesia, New Mexico

12. County or Parish **Chaves**

13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
660'	**2435.41**	**320 total, 160 acres federal from this lease**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
2500'	**5500'**	**NMB000265**
21. Elevations *(Show whether DF, KDB, RT, GL, etc.)*	22. Approximate date work will start*	23. Estimated duration
GL 3490'	**05/15/2007**	**30 days**

24. Attachments

ROSWELL CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
Deane Durham	**Deane Durham**	3-19-07

Title **Engineer, Parallel Petroleum Corporation**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/ DAVID R. GLASS		MAY 08 2007
Title **Acting Assistant Field Manager, Lands And Minerals**	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEARS

Application approval 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.
Conditions of approval, if any, are attached.

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)*

DECLARED WATER BASIN

CEMENT BEHIND THE 8⅝" CASING MUST BE CIRCULATED

WITNESS

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

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
	97489	WILDCAT; WOLFCAMP

Property Code	Property Name	Well Number
	BUBBLING OVER 1525-20 FED COM	1

OGRID No.	Operator Name	Elevation
	PARALLEL PETROLEUM CORPORATION	3490'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	21	15 S	25 E		1880	SOUTH	190	WEST	CHAVES

Bottom Hole Location If Different From Surface

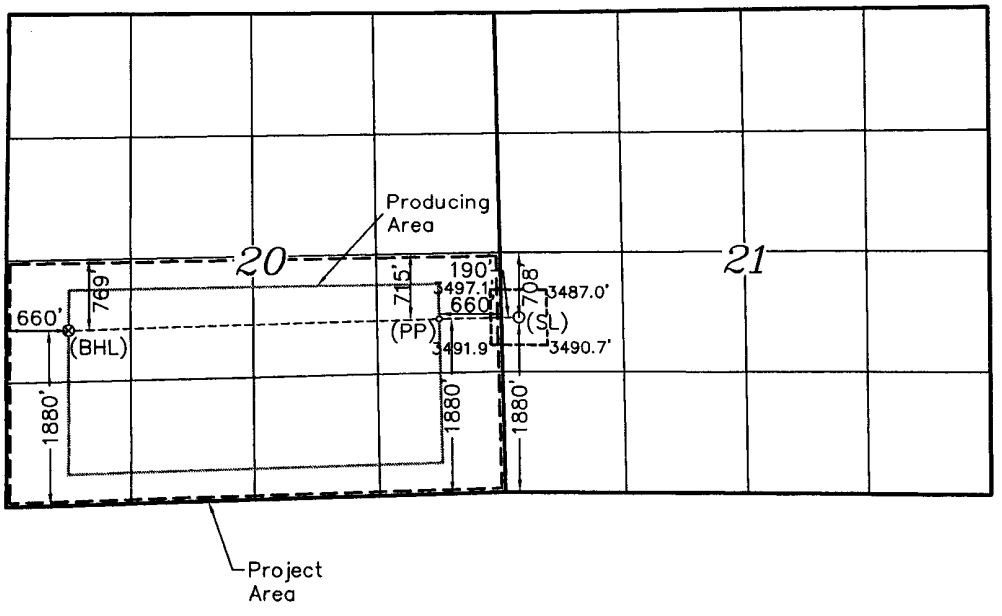
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	15 S	25 E		1880	SOUTH	660	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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
Bubbling Over 1525-20 Fed Com #1 Surface Location	X = 462,622.7
	Y = 727,096.4
Bubbling Over 1525-20 Fed Com #1 Penetration Point	X = 461,773.0
	Y = 727,077.5
Bubbling Over 1525-20 Fed Com #1 Bottom Hole Location	X = 457,800.4
	Y = 726,956.9

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.

Signature 3-19-07 Date

Degne Durham
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.

October 12, 2006
Date of Survey

KMT
Signature & Seal of Professional Surveyor

W.O. Num. 2006-1006

Certificate No. MACON McDONALD 12185

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 112249
Legal Description of Land:	Bubbling Over 1525-20 Fed Com #1 SHL: 1880' FSL and 190' FWL, Sec. 21, T15S, R25E BHL: 1880' FSL and 660' FWL, Sec. 20, T15S, R25E Chaves County, New Mexico
Formation(s) (if applicable:	Wolfcamp
Bond Coverage:	$25,000 statewide bond of Parallel Petroleum Corporation
BLM Bond File No:	**NMB000265**

3-19-07
Date

Name: Deane Durham
Title: Engineer

ATTACHMENT TO FORM 3160-3
BUBBLING OVER 1525-20 FED COM #1
Surface Hole Location
1880 FSL AND 190 FWL, SEC 21, 15S, 25E
Bottom Hole Location
1880 FSL AND 660 FWL, SEC 20, 15S, 25E
CHAVES 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

Glorieta 2565'(+925')
Tubb 3575'(-85')
Abo Shale 4325' (-835')
Wolfcamp 5250' (-1760')
Wolfcamp Shale 5425'(-1935')

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

Fresh water 65'
Oil and Gas Wolfcamp 5250' (-1760')
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' – 1400'	24#	J-55	STC
5 1/2"	0' – TOTAL DEPTH	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: 225 sacks (50:50) Poz (Fly Ash): Class C + 5% bwow Sodium Chloride + 10% bwoc Bentonite + 151.7% fresh water. Tail: 235 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" Acid-soluble cement 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 1400', 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 kick off point at approximately 4,400'.
e. Build angle at 6.7 degrees per 100' to 90 degrees and hold.
f. Drill 7 7/8" horizontal drain hole to a terminus of 660' FWL approximately 9,690'.
g. Run 5 ½" 17# N-80 CSG to TD. Cement with 750 sx Class C Acid Soluble
h. Circulate to surface or run temperature survey to verify tie in to surface casing.
i. 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 1,400' with 8.3 ppg Fresh Water system and viscous sweeps for hole cleaning.
c. The production section from 1,500' to 4,300' will utilize a cut brine mud system from 8.8 to 9.2 ppg.
d. The remaining production section from 4,300' to TD will be a polymer mud system with mud weight (8.8 – 9.6) sufficient to control formation pressure anticipated to be approximately 1,900 psi.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

Mud logs are planned. This is the second well on a dual pad, so no open-hole logs are planned, however, additional open-hole logs, drill stem tests, cores and sidewall cores are possible.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

None anticipated.

BHP expected to be 1,900 psi.

10. ANTICIPATED STARTING DATE:

It is planned that operations will commence around forth quarter of 2007 with drilling and completion operation lasting about 35 days.

SURFACE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING

PARALLEL PETROLEUM CORPORATION
BUBBLING OVER 1525-20 FED COM #1
(Will share a location with the Noor 1525-21 Federal #1)
SHL: 1880' FSL AND 190' FWL, SEC 21, T15S, R25E
CHAVES COUNTY, NEW MEXICO

LOCATED:

5 miles north of Artesia, New Mexico

OIL & GAS LEASE:

NM NM 112249

RECORD LESSEE:

J Bar Cane Inc.
P.O. Box 16
Stanley, NM 87056

BOND COVERAGE:

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

ACRES IN LEASE:

2435.41

FEDERAL SURFACE:

Surface Tenant:
Coleman Jackson
72 W. Jackson Rd.
Lake Arthur, NM 88253 505-627-2342

POOL:

Wolfcamp (Gas)

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
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

Access to this location will be from State Highway 285. A cattle guard has been placed in the fence and an access road constructed to the Parallel Petroleum Company, Forgo State #1 and the Swale 1525-16 State #1. The access road will continue south from the Swale location then south 2240' to the Letters 1525-20 Federal #1 location and continuing south 2133' to the location. The road will be surfaced with 4 to 6 inches of caliche and is 16' wide and this section will be 2133' in length.

B. Surface Material

Caliche from a commercial source.

C. Maximum Grade

Less than five percent.

D. Turnouts
No turnouts will be constructed.

E. Drainage Design

No Change.

F. Culverts

None necessary.

G. Gates and Cattle Guards

A cattle guard has been constructed at the entrance off State Highway 285.

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. If no well is drilled water will be purchased from a commercial source.

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.

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 not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in as aesthetically pleasing condition as possible.

B. After abandonment, all equipment, trash, and junk will be removed from the site.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the south and east.

B. Soil

The limited topsoil at the well site is rocky, sandy soil.

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

Walnut Creek, an intermittent stream runs west to east and is located approximately 3000' south of the site. Drainage from the site will be to the south and east, to a drainage that eventually flows to Walnut Creek. No lakes or playas are located in the immediate vicinity of the wellsite.

E. Residences and Other Structures

Homes are located 3.5 miles south and east of the 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

Undeveloped pasture

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.

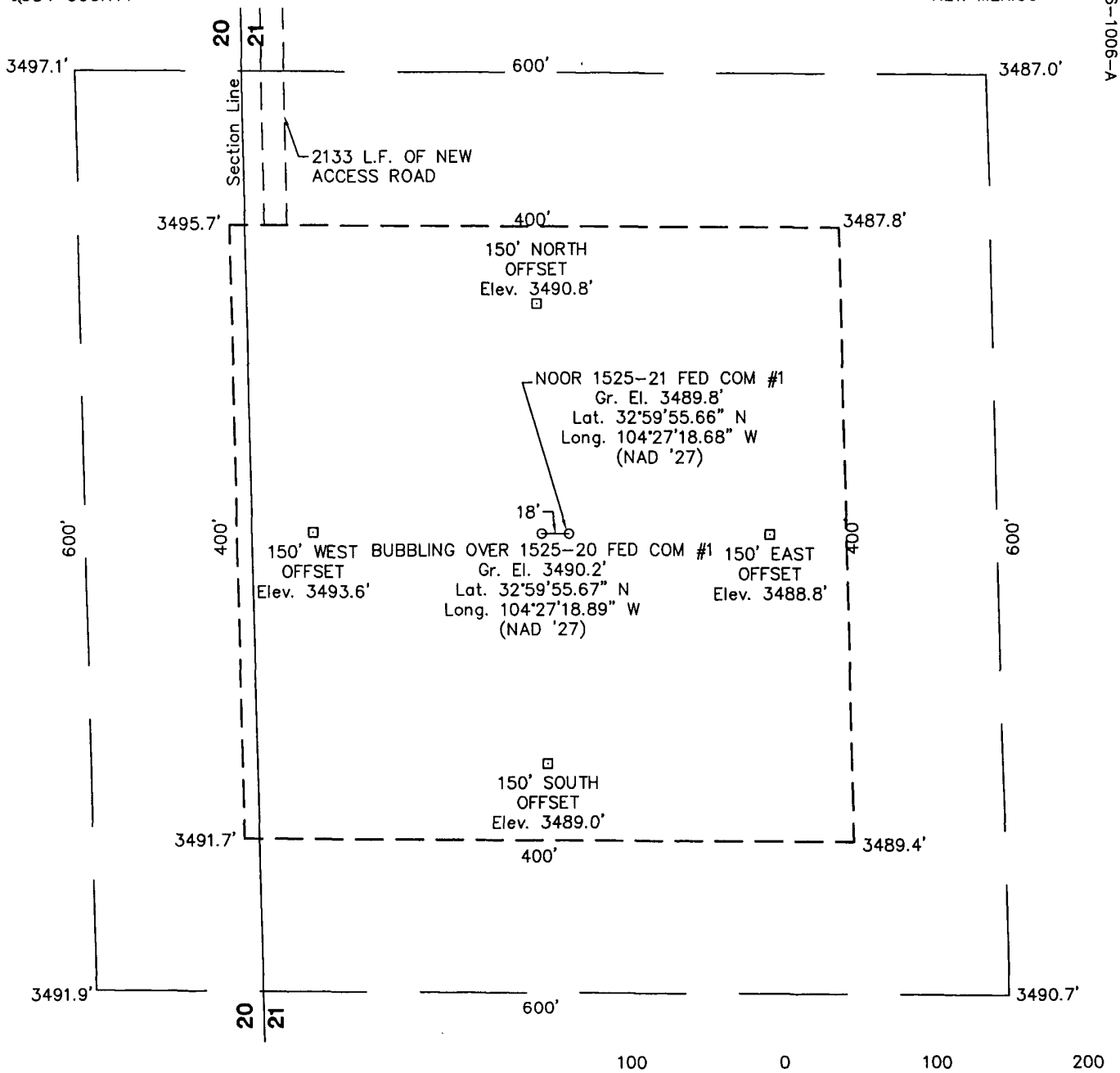
3-19-07
Date

Name: Deane Durham
Title: Engineer

SECTION 21, TOWNSHIP 15 SOUTH, RANGE 25 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO

L-2006-1006-A



DRIVING DIRECTIONS

FROM THE INTERSECTION OF U.S. HIGHWAY 380 and 285 IN ROSWELL, NM GO SOUTH ON SAID U. S. HIGHWAY 285 ABOUT 27 MILES TO A POINT WHERE AN ACCESS ROAD BEGINS ON THE WEST (RIGHT SIDE) OF SAID HIGHWAY 285, THEN GO WEST ON SAID ACCESS ROAD 0.3 MILES TO A POINT, THEN SOUTH 242 FEET TO A NEW ACCESS ROAD ON RIGHT SIDE, WEST OF ROAD, THEN GO WEST AND SOUTHWEST ON SAID ACCESS ROAD 3745 FEET. THEN GO SOUTH ON SAID ACCESS ROAD 2287. THEN GO SOUTH ON SAID ACCESS ROAD 2240 FEET. THEN GO 2132 FEET TO PROPOSED LOCATION.

PARALLEL PETROLEUM CORPORATION

BUBBLING OVER 1525-20 FED COM #1

Located 1880' FSL & 190' FWL, Section 21
Township 15 South, Range 25 East, N.M.P.M.
Chaves County, New Mexico

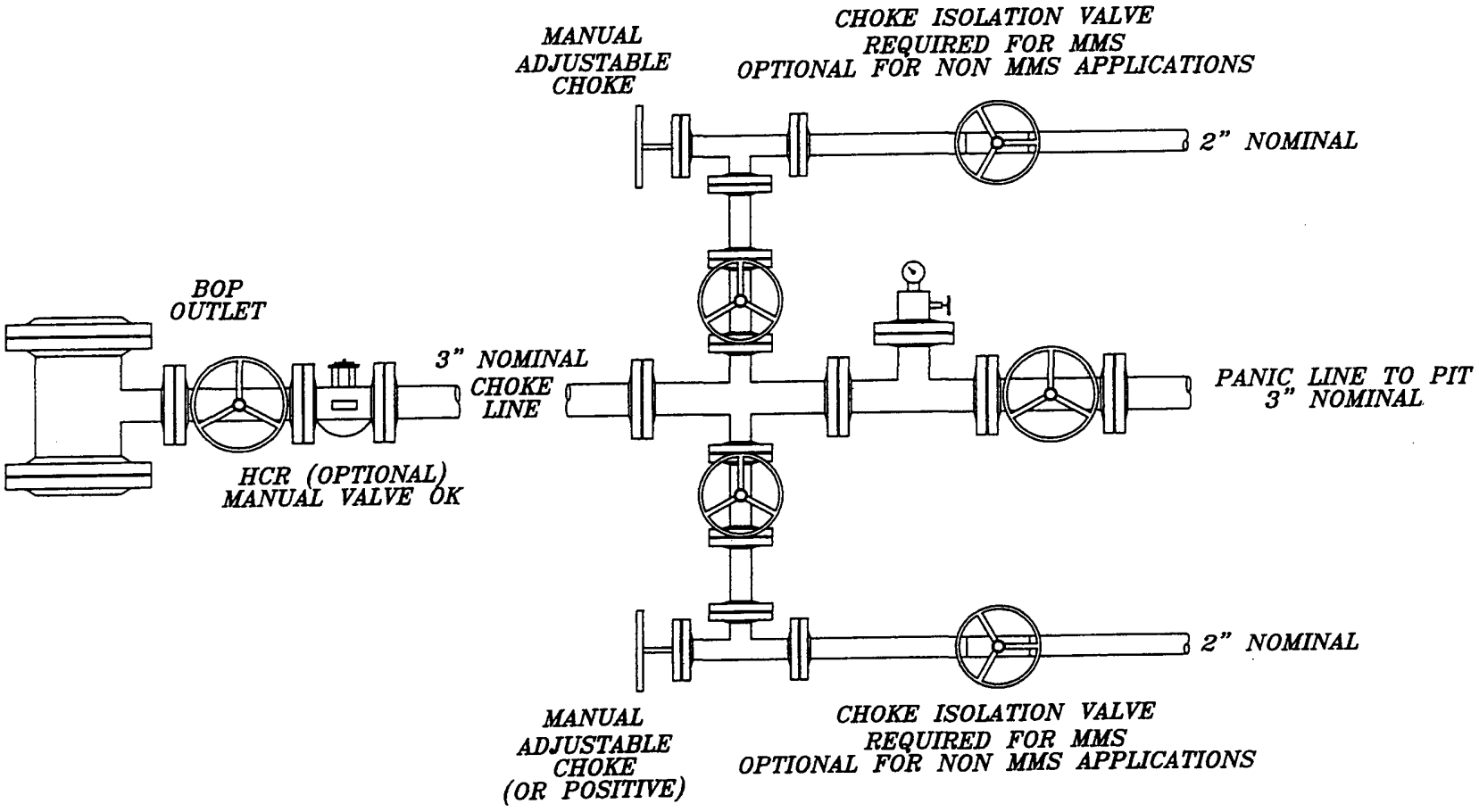
Drawn By: KMT	Date: October 31, 2006
Scale: 1"=100'	Field Book: 272 / 59-61
Revision Date:	Quadrangle: Hagerman SW
W.O. No: 2006-1006	Dwg. No.: L-2006-1006-A

WEST COMPANY of Midland, Inc.

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

EXHIBIT C

CHOKE MANIFOLD
5M SERVICE

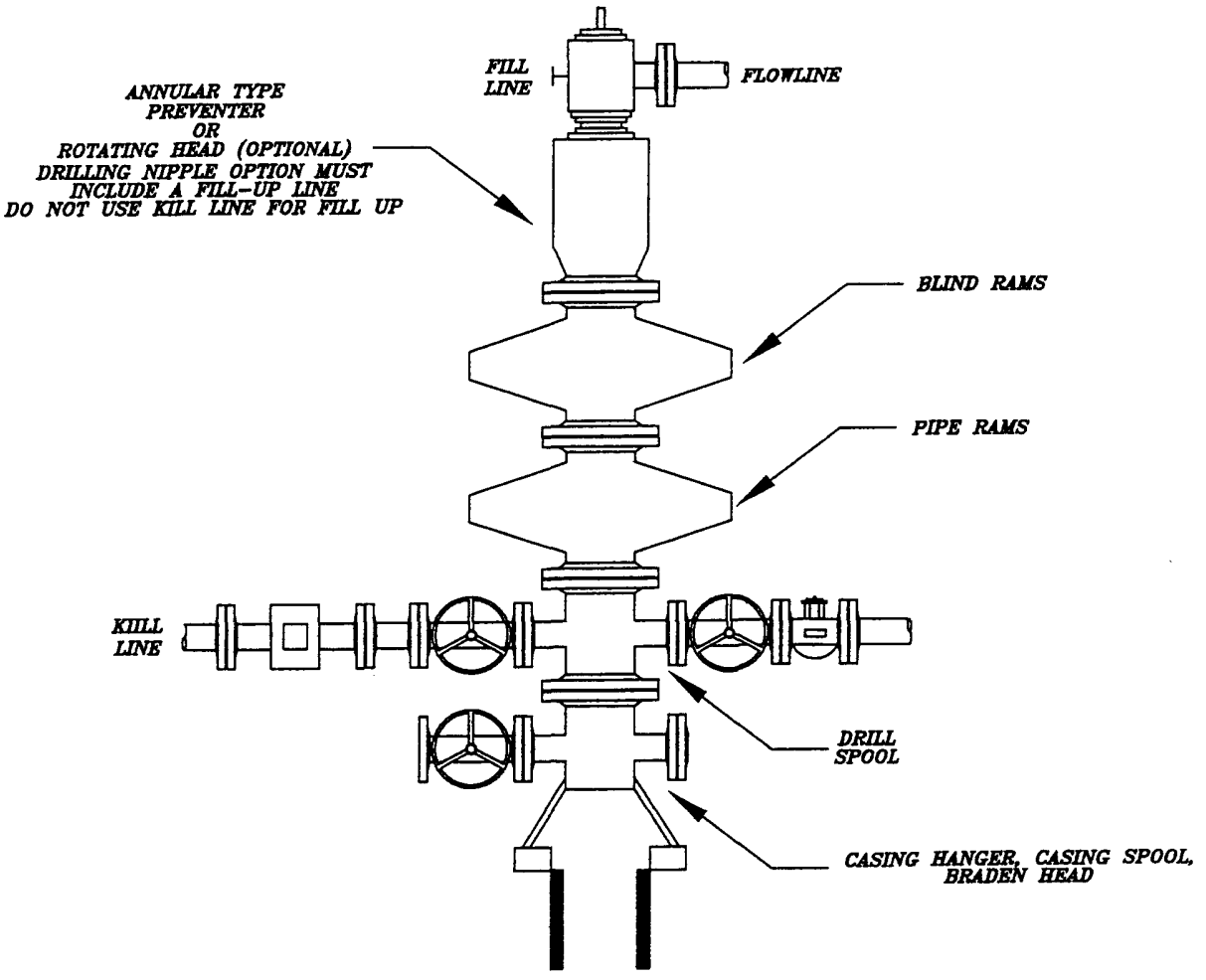


NOT TO SCALE

EXHIBIT J

DATE: 8/17/05	PARALLEL PETROLEUM CHOKE MANIFOLD
DWN. BY: JJ	HIGHLANDER ENVIRONMENTAL CORP. MIDLAND, TEXAS
FILE: C:\PARALLEL\2K3R\ CHOKE MANIFOLD	

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\2439\ BOP SCHEMATIC	

PARALLEL PETROLEUM CORPORATION

SURVEY CALCULATION PROGRAM

OPERATOR:	Parallel Petroleum Corporation	Supervisors:	
WELL:	Bubbling Over 1525-20 FED COM #1		
LOCATION:	S/2 Sec. 20 T-15-S R-25-E		
API NUMBER:			
COMMENTS:			
		MAG DEC.(-/+)	
		GRID CORR.(-/+)	
		TOTAL CORR.(-/+)	0.0

DATE: 03/06/07 TIME: 7:45 AM 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	4400	0.0	0.0	4400.0	0.0	0.0	0.0	0.0	850.0	0.0
2	4410	0.7	270.0	4410.0	0.1	0.0	-0.1	6.7	840.0	0.0
3	4420	1.3	270.0	4420.0	0.2	0.0	-0.2	6.7	830.0	0.0
4	5736	90.0	270.0	5250.6	850.5	0.0	-850.5	6.7	-0.6	0.0
5	9690	90.0	270.0	5250.6	4804.5	0.0	-4804.5	0.0	-0.6	0.0

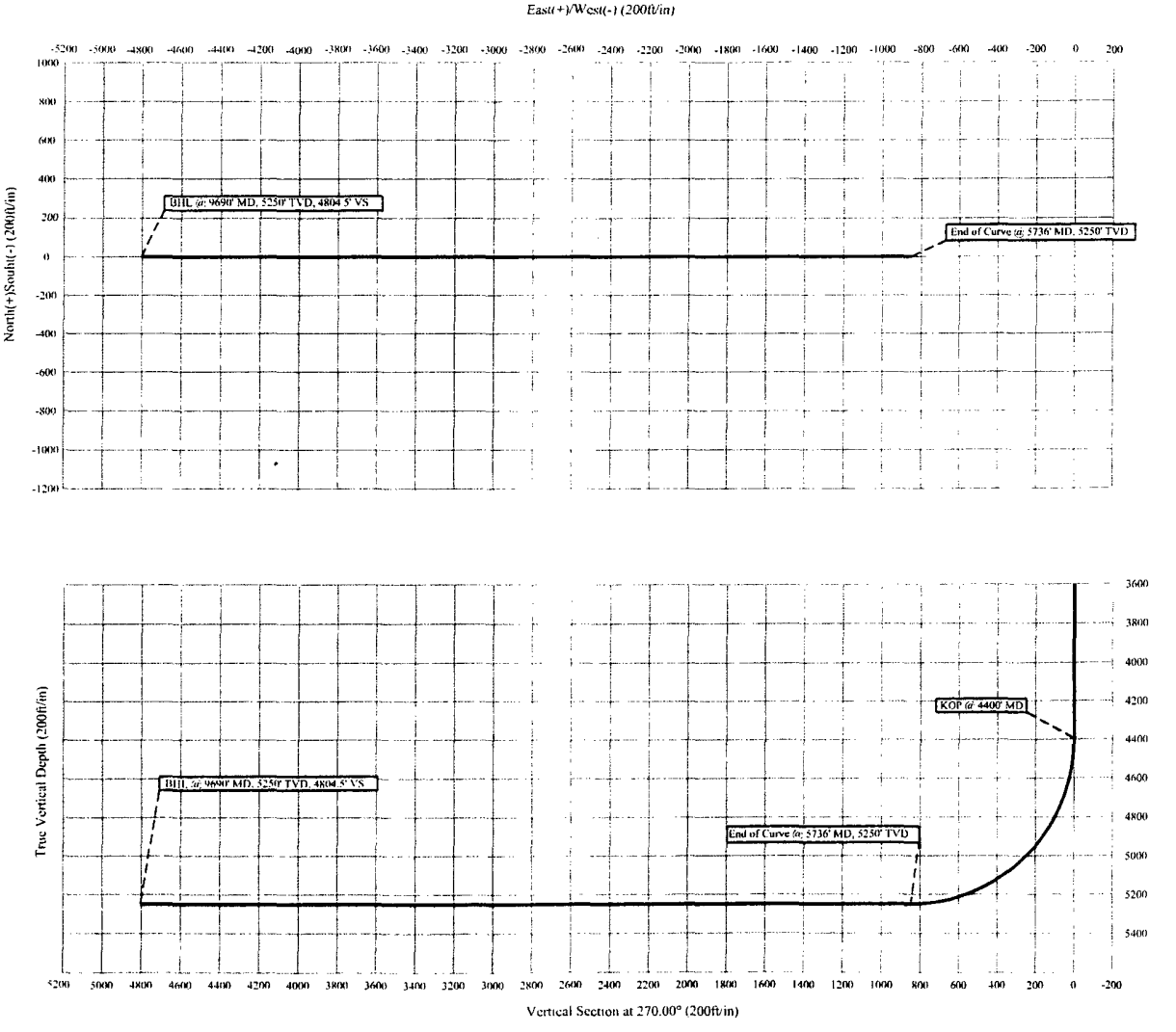
KOP @ 4400' MD
BUR = 6.7 DEG per 100 FT
End Curve @ 5736' MD, 5250' TVD
BHL @ 9690' MD, 5250' TVD, 4804.5' VS

Parallel Petroleum Corp.

Bubbling Over 1525-20 Fed. Com. #1
S/2 Sec. 20, T-15-S, R-25-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: 432-685-6580

August 24, 2006

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 and the Seabiscuit #2 wells located in Section 33, T-14-S, R-26-E and the Dash for Cash #1 in Section 4, T-15-S, R-26-E. These wells were tested in the Wolfcamp formation and did not have any indications of hydrogen sulfide from this formation. Please see the gas analysis attached to this letter. We believe the potential for H2S 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

Deane Durham
Drilling Engineer

Wildcat Measurement Service
P.O. Box 1836
Artesia, New Mexico 88211-1836
TollFree #888-421-9453
Office #505-746-3481
"Quality and Service is our First Concern"

PDS 06/25/00

Run No. 260728-01
Date Run 07/28/2006
Date Sampled 07/27/2006

Analysis for: PARALLEL PETROLEUM CORPORATION
Well Name: DASH FOR CASH #1
Field:
Sta. Number:
Purpose: SPOT
Sampling Temp: 60 DEG F
Volume/day:
Pressure on Cylinder: 733 PSIG

GPANGL.L62

Producer: PARALLEL PETROLEUM CORP.
County: CHAVES State: NM
Sampled By: DON NORMAN
Atmos Temp: 91 DEG F
Formation:
Line Pressure: 746.2 PSIA

GAS COMPONENT ANALYSIS

		Mol %	GPM
Carbon Dioxide	CO2	5.6514	
Nitrogen	N2	1.8667	
Hydrogen Sulfide	H2S	0.0000	
Methane	C1	80.6277	
Ethane	C2	6.7430	1.8023
Propane	C3	3.0262	0.8332
Iso-Butane	IC4	0.4434	0.1450
Nor-Butane	NC4	0.8870	0.2796
Iso-Pentane	IC5	0.2361	0.0864
Nor-Pentane	NC5	0.2341	0.0848
Hexanes Plus	C6+	0.2844	0.1241
TOTAL		100.0000	3.3555

Pressure Base: 14.7300

Real BTU Dry: 1092.27
Real BTU Wet: 1073.26
Real Calc. Specific Gravity: 0.7159
Field Specific Gravity: 0.0000

Standard Pressure: 14.6960
BTU Dry: 1086.59
BTU Wet: 1067.68

Z Factor: 0.9971
K Value: 1.2913
Avg Mol Weight: 20.6848
Avg CuFt/Gal: 56.8397
26 Lb Product: 0.4422
Methane+ GPM: 17.0215
Ethane+ GPM: 3.3555
Propane+ GPM: 1.5531
Butane+ GPM: 0.7199
Pentane+ GPM: 0.2953

REMARKS:
H2S IN GAS STREAM: NONE DETECTED

Approved by: DON NORMAN

Fri Jul 28 15:04:04 2006

Wildcat Measurement Service
P.O. Box 1836
Artesia, New Mexico 88211-1836
TollFree #888-421-9453
Office #505-746-3481
"Quality and Service is our First Concern"

PDS 06/25/00

Run No. 260728-02
Date Run 07/28/2006
Date Sampled 07/27/2006

Analysis for: PARALLEL PETROLEUM CORPORATION
Well Name: SEABISCUIT #2
Field:
Sta. Number:
Purpose: SPOT
Sampling Temp: 60 DEG F
Volume/day:
Pressure on Cylinder: 576 PSIG

GPANGL.L62

Producer: PARALLEL PETROLEUM CORP.
County: CHAVES State: NM
Sampled By: DON NORMAN
Atmos Temp: 90 DEG F
Formation:
Line Pressure: 589.2 PSIA

GAS COMPONENT ANALYSIS

		Mol %	GPM
Carbon Dioxide	CO2	3.8765	
Nitrogen	N2	1.1954	
Hydrogen Sulfide	H2S	0.0000	
Methane	C1	84.4558	
Ethane	C2	6.1856	1.6534
Propane	C3	2.4877	0.6850
Iso-Butane	IC4	0.3548	0.1161
Nor-Butane	NC4	0.7054	0.2224
Iso-Pentane	IC5	0.1941	0.0710
Nor-Pentane	NC5	0.1929	0.0699
Hexanes Plus	C6+	0.3518	0.1535
TOTAL		100.0000	2.9711

Pressure Base: 14.7300

Real BTU Dry: 1098.66
Real BTU Wet: 1079.53
Real Calc. Specific Gravity: 0.6842
Field Specific Gravity: 0.0000

Standard Pressure: 14.6960
BTU Dry: 1093.16
BTU Wet: 1074.14

Z Factor: 0.9973
N Value: 1.2930
Avg Mol Weight: 19.7705
Avg CuFt/Gal: 56.9423
26 Lb Product: 0.4521
Methane+ GPM: 17.2860
Ethane+ GPM: 2.9711
Propane+ GPM: 1.3178
Butane+ GPM: 0.6328
Pentane+ GPM: 0.2944

REMARKS:
H2S IN GAS STREAM: NONE DETECTED

Approved by: DON NORMAN

Fri Jul 28 15:04:04 2006

III. WELL SUBSURFACE REQUIREMENTS:

A. GENERAL DRILLING REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 627-0272 in sufficient time for a representative to witness:

a. Spudding b. Cementing casing: **8-5/8** inch **5-1/2** inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

4. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

B. CASING:

1. **8-5/8** inch surface casing should be set **at approximately 1400 feet,** below usable water and circulate cement to the surface. If cement does not circulate to the surface, the Roswell Field Office shall be notified at (505) 627-0275 and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the **5-1/2** inch production casing is **sufficient to tie back 500 feet above the uppermost perforation in the pay zone.**

C. PRESSURE CONTROL:

1. Before drilling below the **8-5/8** inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.

3. The BOPE shall be installed before drilling below the **8-5/8** inch surface casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

a. The results of the test will be reported to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.

b. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

c. Testing must be done in a safe workman like manner. Hard line connections shall be required.