Form 3160-3 (April 2004) 11. Politica de la proposición dela proposición de la proposición dela proposición de la proposición de la proposición de la proposición de la proposición dela proposición dela proposición de la proposición del

FORM APPROVED OCD = ARTESIA, NM
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Lease Serial No.	
NM NM 112249	

6. If Indian, Allotee or Tribe Name

la. Type of work:	7. If Unit or CA Agreer	ment, Name and No.				
lb. Type of Well: Oil Well Gas Well Other	V	Single Zone Multip	le Zone	8. Lease Name and We Letters 1525-20	ell No. Federal #1 [4 36	
2. Name of Operator Parallel Petroleum Corporation	30	387		9. API Well No.	5 - 63934	
3a. Address 1004 North Big Spring, Suite 400 Midland, Texas		No. (include årea code) 684-3727 😀).lde	10. Field and Pool, or Ex		
4. Location of Well (Report location clearly and in accordance with an At surface SHL 760' FNL AND 190' FWL Sec At proposed prod. zone BHL 760' FNL AND 660' FWL Sec	21, T-15S	-R25E		11. Sec., T. R. M. or Blk 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	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 760'	16. No. o	f acres in lease	320 t		ell	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2500'	19. Propo 5500'	· · · · · · · · · · · · · · · · · · ·		BLM/BIA Bond No. on file NMB000265		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 3495'	22. Approximate date work will start* 05/15/2007		rt*	23. Estimated duration 30 days		
The following, completed in accordance with the requirements of Onsho		tachments	ttached to t		LLED WATER BASIN	
 Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). 	Lands, the	4. Bond to cover the ltem 20 above). 5. Operator certific 6. Such other site authorized office.	he operation specific int	formation and/or plans as i	may be required by the	
25. Signature Dene Walan	Na	me (Printed/Typed) Deane Durham			Date 3-19-07	
Title Engineer, Parallel Petroleum Corporation						
Approved by Salpre District R. Salpre	3S Na	me (Printed/Typed)			MAY 08 20	
Title J.H. Assistant Field Manager,	ĺ	ROSWELL FI			PROVED FOR 12Y	
Application approval does not wafrant of certily that the applicant hole conduct operations thereon. Conditions of approval, if any, are attached.	ds legalore	quitable title to those righ	nts in the su	bject lease which would er	ntitle the applicant to	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a Gatates any false, fictitious or fraudulent statements or representations as	crime for an	y person knowingly and er within its jurisdiction.	willfully to	make to any department of	r agency of the United	

*(Instructions on page 2)

DECLARED WATER BASIN

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

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT III

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

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

		W]	ELL LOCA	ATION	AND ACREA	GE DEDICATIO	N PLAT			
API	Number		9-	7489		Wildcai; (Pool Name	GAS		
Property (Code			LETTE	Property Name 1525–20	ne		Well Nur	mber	
OGRID No	.			LLIIL	Operator Nam			Elevati	on	
			PAF	RALLEL	PETROLEUM	1	349	5'		
					Surface Loc	ation				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
D	21	15 S	25 E		760	NORTH	190	WEST	CHAVES	
			Bottom	Hole Lo	ocation If Diffe	erent From Sur	face			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
D	20	15 S	25 E		760	NORTH	660	WEST	CHAVES	
Dedicated Acres	Joint or	Infill Co	onsolidation (Code C	Order No.					
		DE ACCI	CALED TO		NAME TO A STATE OF THE STATE OF			CONGOYEDAM		
NO ALLOWA	RIE MILT					TIL ALL INTERES PROVED BY TH		CONSOLIDATE	SD OR A	
NOTE:										
1) Plane	Coordinates	shown here	on are Trans	sverse			OPERAT	OR CERTIFICA	ATION	
Merca	tor Grid an	d Conform t	o the "New No co East Zone,	Mexico North			,	information contained herein is b and belief, and that this organis	•	
Americ	an Datum of	1927. Distanc	es shown here	on are			working interest or unleas	red mineral interestin the land in	cluding the proposed	
mean	horizontal s	urface values	Project					s a right to drill this well at this er of such a mineral or workin		
			/ Area					nt or a compulsory pooling order i		
							ine aivision.	\circ		
760,			6 <u>8</u> 8	g 	.			() /		
(BHL)			(PP) 🖰 👸	3492.	7		11 6/00	ILL I	-19-07	
660			660	79(SL) 73 493.	2'		Signature	Date		
			3498.2	190,—			Dean	Deane Durham		
							Printed Nam	ne		

<u> </u>		_ \								
	 2	$0 - \sqrt{}$			-21					
	}		roducing rea			1	SURVEY	OR CERTIFICA	ATION	
								y that the well loca as plotted from fiel		
								made by me or		
				Ī				nd that the same i		
							Correct to th	ie best of my beli	eJ.	
			l					ober 12, 2006	5	
							Date of Surve	ey	KMT	
							Signature &	Seal of Profession	al Surveyor	
					***		_			
				ļ ———	Coordinate			2		
				Letters	Description s 1525-20 Federal		레 <i>(// /</i>	1		
					Location 1525-20 Federal	Y = 729,631.1 #1 $X = 461,722.4$	$-\parallel$			
				Penetro	ation Point s 1525–20 Federal	Y = 729,627.1	W.O. N	lum. 2006-10	004	
					Hole Location	Y = 729,616.4	Certificate N	O. MÁCON MODONA	LD 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: Letters 1525-20 Federal #1

SHL: 760' FNL and 190' FWL, Sec. 21, T15S, R25E BHL: 760' FNL 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 LETTERS 1525-20 FEDERAL #1 Surface Hole Location 760 FNL AND 190 FWL, SEC 21, 15S, 25E Bottom Hole Location 760 FNL 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. <u>ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS</u>

Glorieta 2565'(+930') Tubb 3575'(-80') Abo Shale 4325' (-830') Wolfcamp 5250' (-1755') Wolfcamp Shale 5425'(-1930')

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

Fresh water

65'

Oil and Gas

Wolfcamp 5250' (-1755')

No H₂S gas should be encountered

4. <u>CASING AND CEMENTING PROGRAM</u>

Casing Size	From To	Weight	<u>Grade</u>	<u>Joint</u>
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.

LETTERS 1525-20 FEDERAL #1 Page 2

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

<u>Note</u>: 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

LETTERS 1525-20 FEDERAL #1 Page 3

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. <u>ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS</u>

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 LETTERS 1525-20 FEDERAL #1

(Will share a location with the Alsab 1525-21 Federal #1) SHL: 760' FNL 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)

Page 2

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 2240'. The road will be surfaced with 4 to 6 inches of caliche and is 16' wide.

B. Surface Material

Caliche from a commercial source.

C. <u>Maximum Grade</u>

Less than five percent.

Page 3

D. Turnouts

No turnouts will be constructed.

E. <u>Drainage Design</u>

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.

Page 4

- 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.

Page 5

D. Ponds and Streams

Walnut Creek, an intermittent stream runs west to east and is located approximately 7000' 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

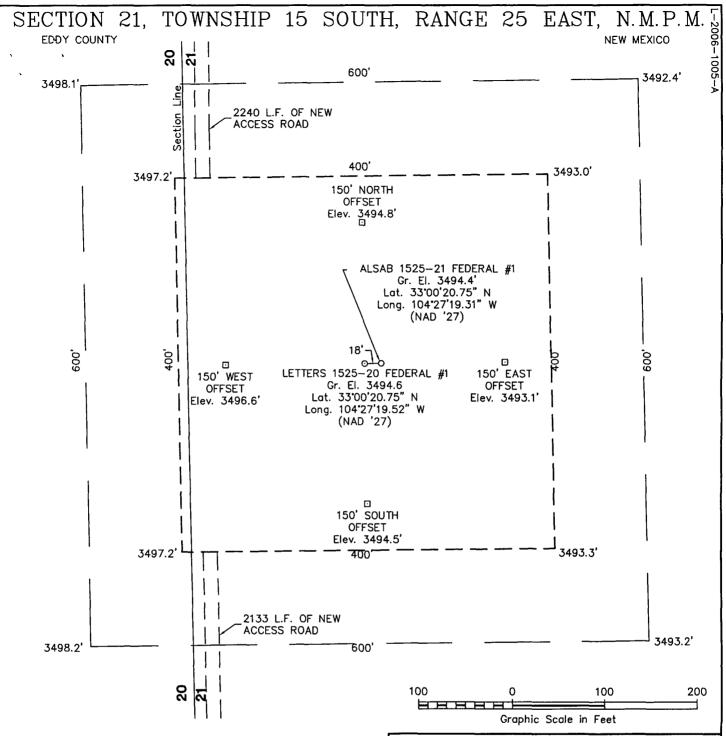
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated 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

Name: Deane Durham Title: Engineer



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 TO PROPOSED LOCATION.



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

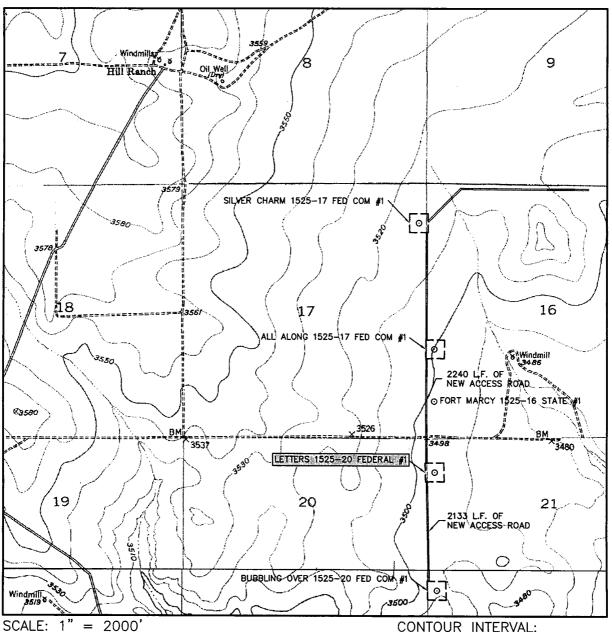
PARALLEL PETROLEUM CORPORATION

LETTERS 1525-20 FEDERAL *1

Located 760' FNL & 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: 2006-1005	Dwg. No.: L-2006-1005-A

LOCATION VERIFICATION MAP



CONTOUR INTERVAL: HAGERMAN SW - 10'

SEC	21	TWP	15-5	RGF	25-E
JLU.	4		15-5	NGL.	2J-L

SURVEY N.M.P.M.

COUNTY ___ CHAVES

DESCRIPTION 760' FNL & 190' FWL

ELEVATION _____3495'

OPERATOR PARALLEL PETROLEUM CORPORATION

LEASE LETTERS 1525-20 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

HAGERMAN SW

EXHIBIT F

WEST

COMPANY

110 W. LOUISIANA, STE. 110

MIDLAND TEXAS, 79701

687-0865 - (432) 687-0868 FAX

11			LAL UM CORI	PORATIO					I PROGR	
	ATOR		Parallel P			on	Superviso	rs:		
WELL				25-20 Fed						
	TION:		N/2 Sec. 2	0 T-15-S F	₹-25-E				167	
API N	UMBE	₹:	1							
			COMN	ENTS:			<u> </u>			
									EC.(-/+)	
									ORR.(-/+)	
4.005.000								LIUIAL	CORR (-/+)	0.0
		DATE	03/06/07		TIME;	7:46 AM	TRUE TO GRI			_
	JM CURV	ATURE	SALCULATIO	NS(SPE-3362) Pi	ROPOSED	DIRECTION	270.0	TARGET 1	
SVY NUM	MD	INC	GRID AZM	TVD	VERT SECT	N-S	E-W	DLS/ 100	ABOVE(+) BELOW(-)	
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

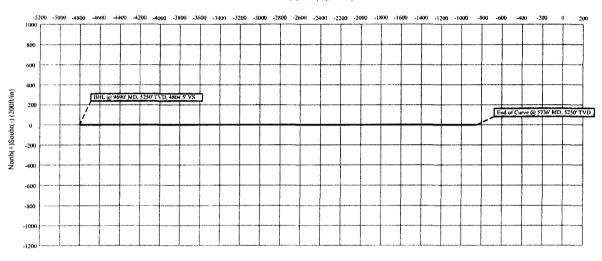
Parallel Petroleum Corp.

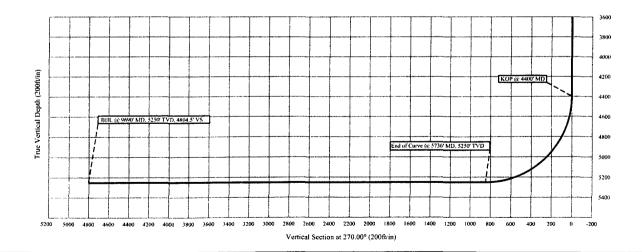
COMPANY DETAILS

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

Letters 1525-20 Federal #1 N/2 Sec. 20, T-15-S, R-25-E Chaves County, New Mexico

East(+)/West(-) (200fl/in)





MINIMUM BOP SCHEMATIC

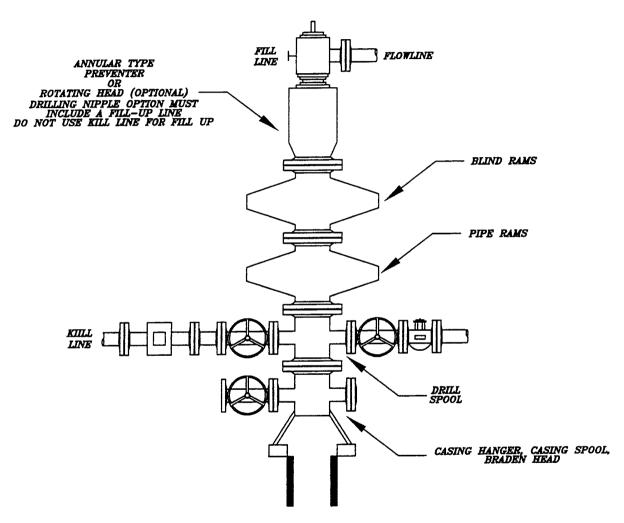


EXHIBIT I

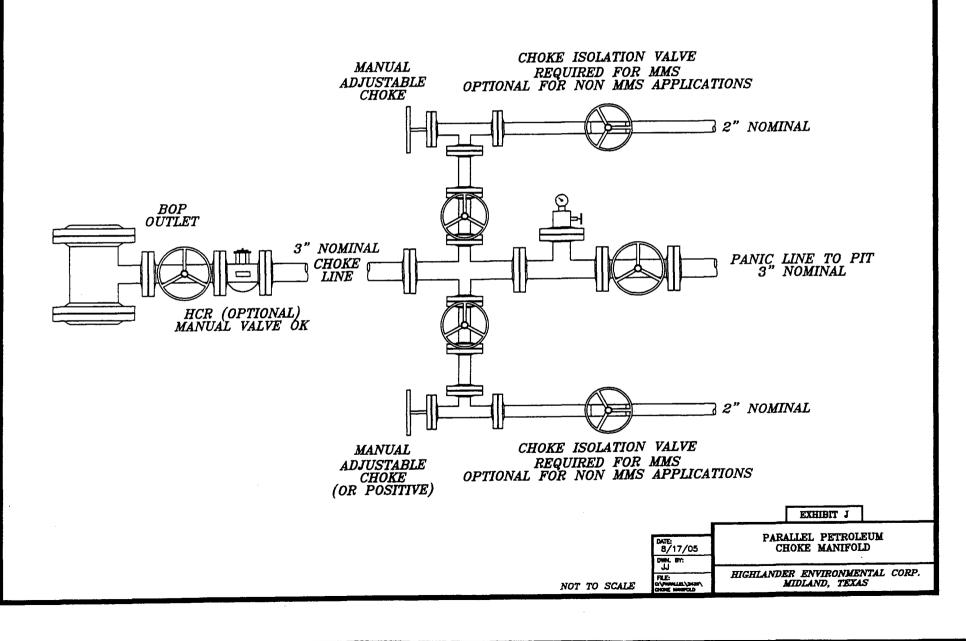
DATE: 7/26/05 DWRL BY: JJ

FILE: C\PWRILE\3436\ BOP SCHBAGE HIGHLANDER ENVIRONMENTAL CORP.
MIDLAND, TEXAS

PARALLEL PETROLEUM BOP SCHEMATIC

NOT TO SCALE

CHOKE MANIFOLD 5M SERVICE





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 Drilling Engineer

Wildcat Measurement Service P.O. Box 1836 Artesia, New Mexico 88211-1836 TollPree 1888-421-9453

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

GPANGL.L62

Analysis for: PARALLEL PETROLEUM CORPORATION

Well Name: DASH FOR CASH #1

Producer: PARALLEL PETROLEUM CORP.

Field: Sta. Number:

County: CHAVES State: NN

Purpose: SPOT

Sampled By: DON NORMAN Atmos Temp: 91 DRG P

Sampling Temp: 60 DEG F

Pormation:

Volume/day:

Line Pressure: 746.2 PSIA

GAS COMPONENT ANALYSIS

Pressure on Cylinder: 733

Pressure Base: 14.7300

Mol 1 **GPM**

PSIG

Real BTU Dry: 1092.27 Real BTU Wet: 1073.26

Real Calc. Specific Gravity: 0.7159

Field Specific Gravity: 0.0000

Carbon Dioxide CO2 5.6514

Standard Pressure: 14.6960

Mitrogen 1.8667 Hydrogen Sulfide H28 0.0000

BTU Dry: 1086.59 BTU Wet: 1067.68

Methane C1 80.6277 Ethane C2 6.7430 1.8023 3.0262 Propane C3 0.8332 Iso-Butane IC4 0.4434 0.1450 Nor-Butane NC4 0.8870 0.2796

% Factor: 0.9971 N Value: 1.2913

IC5 0.2361 0.0864 Iso-Pentane Nor-Pentane NC5 0.2341 0.0848

Avg Kol Weight: 20.6848 Avg CuFt/Gal: 56.8397 26 Lb Product: 0.4422

0.2844 Hexanes Plus C6+ 0.1241

Methane+ GPM: 17.0215 Bthane+ GPM: 3.3555

Propane+ GPM: 1.5531 Butane+ GPM: 0.7199 Pentane+ GPM: 0.2953

100.0000

TOTAL

3.3555

REMARKS:

H2S IN GAS STREAM: NONE DETECTED

Approved by: DON NORMAN

Fri Jul 28 15:04:04 2006

AUG 09 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 Ro. Date Run 260728-02 07/28/2006

Date Sampled 07/27/2006

GPANGL. L62

Analysis for: PARALLEL PETROLEUM CORPORATION

Well Name: SEABISCUIT #2

Field:

Sta. Number:

Purpose: SPOT

Sampling Temp: 60 DRG P

Volume/day:

Pressure on Cylinder: 576

PSIG

Producer: PARALLEL PETROLEUM CORP. County: CHAVES

State: XM

Pressure Base: 14.7300

Real BTO Dry: 1098.66 Real BTU Wet: 1079.53

Standard Pressure: 14.6960

BTU Dry: 1093.16

BTU Wet: 1074.14

% Factor: 0.9973

N Value: 1.2930

Avg Hol 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

Real Calc. Specific Gravity: 0.6842 Field Specific Gravity: 0.0000

Sampled By: DOW NORMAN

Atmos Temp: 90

DEG P

Pormation:

Line Pressure: 589.2 PSIA

GAS COMPONENT ANALYSIS

Hol & GPM

3.8765

Nitrogen 1.1954 Hydrogen Sulfide H28 0.0000

Carbon Dioxide CO2

Nethane C1 84.4558 Ethane C2 6.1856

2.4877 0.6850 Propane C3 Iso-Butane IC4 0.3548 0.1161 Nor-Butane NC4 0.7054 0.2224 Iso-Pentane IC5 0.1941 0.0710

Nor-Pentane NC5 0.0699 0.1929 Hexanes Plus C6+ 0.3518 0.1535

TOTAL

100.0000

2.9711

1.6534

REMARKS:

H2S IN GAS STREAM: NONE DETECTED

Fri Jul 28 15:04:04 2006

Approved by: DOR NORMAN

RECEIVED

WELL DRILLING REQUIREMENTS

3 of 5 pages

III. WELL SUBSURFACE 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.

B. CASING:

- 1. <u>8-5/8</u> inch surface casing should be set <u>at approximately 1400 feet</u>, 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 <u>5-1/2</u> inch production casing is <u>sufficient to tie back 500 feet</u> <u>above the uppermost perforation in the pay zone.</u>

C. PRESSURE CONTROL:

- 1. Before drilling below the <u>8-5/8</u> 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 <u>8-5/8</u> 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.