

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 22, 2009

Parallel Petroleum Corp.
1004 N. Big Spring
Suite 400
Midland, TX 79701

Re: Easy Jet #1	Sec.4	T15S R26E	API # 30-005-63784
Box O Chocolates St Co #1	Sec.5	T19S R23E	API # 30-01534843
Tabasco Cat 1426-28 #1	Sec.28	T14S R26E	API # 30-005-63848
Codex 1535-34 #1	Sec.34	T15S R25E	API # 30-005-63853
Snow Cat 1525-34	Sec.34	T15S R25E	API # 30-005-63854
Timber County 1525-35	Sec.34	T15S R25E	API # 30-005-63855
Disputed Testimony 1525-35	Sec.34	T15S R25E	API # 30-005-63856
Gift Box 1920-36 St. #1	Sec.36	T19S R20E	API # 30-005-63877
Bernardini 1426-22M #1C	Sec.27	T14S R26E	API # 30-005-63831
Barbaro 1426-22 O #1	Sec.22	T14S R26E	API # 30-005-63832
Prairie Bayou 1426-28 #1	Sec.28	T14S R26E	API # 30-005-63847

To whom it may concern:

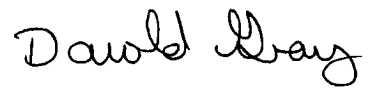
Please be advised that your permits to drill the referenced well(s) have expired and have been cancelled. If drilling operations have commenced, you should contact this office immediately.

If you wish to drill these well(s) in the future, it will be necessary to submit new Form(s) C101, Application to Drill, and drilling package(s) for review and approval.



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Sincerely,

A handwritten signature in cursive script that reads "Darold Gray". The signature is written in black ink and is positioned above the printed name and title.

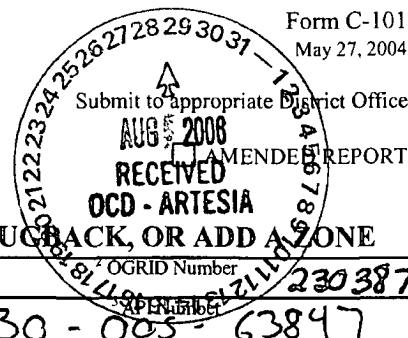
Darold Gray
Field Supervisor, District II

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

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

Form C-101
May 27, 2004



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

Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		OGRID Number 30-005-63847
Property Code	Property Name Prairie Bayou 1426-28 36010	Well No. 1
Proposed Pool 1 Wildcat Wolfcamp		Proposed Pool 2

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	28	14S	26E		1920	N	250'	E	Chaves

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
E	28	14S	26E		1880'	N	660'	W	Chaves

Additional Well Information

Work Type Code N	Well Type Code O & G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3427'
Multiple No	Proposed Depth 9479MD, 5284TVD	Formation Wolfcamp	Contractor NA	Spud Date NA
Depth to Groundwater 65'		Distance from nearest fresh water well 1600'		Distance from nearest surface water 5000'
Pit Liner: Synthetic X 12_mils thick Clay <input type="checkbox"/> Pit Volume: 25,000 bbls		Drilling Method Fresh Water X Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		
Closed-Loop System <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	36#	1400'	325	Surface
8-3/4"	5-1/2"	17#	TVD 5284'	NA	Tie back
			MD 9479'		To surface casing

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.

- Prepare surface location. Move in and rig up drilling rig, spud well and drill and set conductor. Install and test BOP's.
- Drill 12 1/4" surface hole to a minimum depth of 1400'. Set 9 5/8" casing and cement.
- Drill 8 3/4" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
- Set Kickoff point at 4875' and drill and advance hole to a Wolfcamp penetration point at approximately 660' FEL and 660' FSL of the Section 28 and continue drilling to BHL. (9479' MD & 5284' TVD)
- Set 5 1/2" to TD and tie cement back to surface casing. Perforate porosity and stimulate as necessary (specific procedure to be determined).
- Place well on test.
- No H2S is anticipated during the drilling of this well and a H2S contingency plan.

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@pili.com

Date: 8-26-06

Phone: 432-684-3727

OIL CO

Approved by:

Title:

Approval Date:

Conditions of Approval Attach

CANCELLED

Due to APD Expiration Date

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Expiration Date: AUG 30 2007

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