

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.

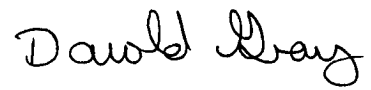
If you wish to drill these well(s) in the future, it will be necessary to submit new Form(s) C101, Application to Drill, and drilling package(s) for review and approval.



October 22, 2009

Page 2

Sincerely,

A handwritten signature in cursive script that reads "Darold Gray". The letters are fluidly connected, with a prominent loop on the 'D' and a trailing flourish on the 'y'.

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

Form C-101
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

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

¹ Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		² OGRID Number 230387
³ Property Code 35990	⁴ Property Name Timber County 1525-35	⁵ API Number 30-005-63855
⁹ Proposed Pool 1 Wildcat; Wolfcamp		¹⁰ Proposed Pool 2

⁷ 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	34	15S	25E		560'	S	185'	E	Chaves

⁸ 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
P	35	15S	25E		660'	S	660'	E	Chaves

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O & G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3405'
¹⁶ Multiple No	¹⁷ Proposed Depth 9196MD, 4750TVD	¹⁸ Formation Wolfcamp	¹⁹ Contractor NA	²⁰ Spud Date NA
Depth to Groundwater 65'		Distance from nearest fresh water well 800'		Distance from nearest surface water 3000'
Pit: Liner Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 25,000 bbls				
Closed-Loop System <input type="checkbox"/> Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ 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' <i>1125'</i>	325	Surface
8-3/4"	5-1/2"	17#	TVD 4750'	NA	Tie back
			MD 9196'		To surface
					casing

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 12 1/4" surface hole to a minimum depth of 1400'. Set 9 5/8" casing and cement.
3. Drill 8 3/4" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
4. Set Kickoff point at 3917' and drill and advance hole to a Wolfcamp penetration point at approximately 660' FSL and 660' FWL of the section 35 and continue drilling to BHL. (9196' MD & 4750' TVD)
5. Set 5 1/2" to TD and tie cement back to surface casing. Perforate porosity and stimulate as necessary (specific procedure to be determined).
6. Place well on test.
7. No H2S is anticipated during the drilling of this well.

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: 9-1-06
Phone: 432-684-3727

Approved by:

Title:

Approval Date: SEP 07 2006

Conditions of Approval A

CANCELLED
Due to APD Expiration Date

D. G.

Expiration Date: SEP 07 2007

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