

# 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:

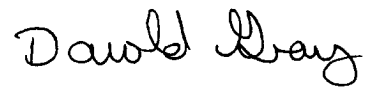
Please be advised that your permits to drill the referenced well(s) have expired and have been cancelled. If drilling operations have commenced, you should contact this office immediately.

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 letters are fluid and connected, with a prominent loop at the end of the last name.

Darold Gray  
Field Supervisor, District II

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 ... Avenue, Artesia, NM 88210  
District III  
1000 ... Road, Aztec, NM 87410  
District IV  
1220 ... 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

Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		OGRID Number 230387
Property Code 36191	Property Name Gift Box 1920-36 State	API Number 30-005-63877
Proposed Pool 1 Wildcat; Wolfcamp		Well No. 1
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
D	36	19S	20E		1250	North	660'	West	Body

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
A	36	19S	20E		1250'	North	660'	East	Body

Additional Well Information

Work Type Code N	Well Type Code O & G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 4693'
Multiple No	Proposed Depth 7807MD, 4030TVD	Formation Wolfcamp	Contractor NA	Spud Date NA
Depth to Groundwater 500'		Distance from nearest fresh water well 4700'		Distance from nearest surface water 1000'
Pit: Liner Synthetic X 12 mils thick Clay <input type="checkbox"/> Pit Volume: 25,000 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water X Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	1500'	325	Surface
7-7/8"	5-1/2"	17#	7807' MD	NA	Tie back to
			4030' TVD		* Surface casing

\* Verify by CB Log Temp Survey

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 program 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 11" Surface hole to a minimum depth of 1500'. Set 8 5/8" casing and cement.
3. Drill 7-7/8" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
4. Plug back well and set Kickoff Point at 3605' drill and advance hole to a Wolfcamp penetration point at approximately 1250' FNL and 660' FWL of the section and continue drilling to BHL. (7807' MD & 4030' 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 if anticipated during the drilling of this well.

NOTIFY OCD OF SPUD & TIME

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 NMOC guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Approved by:

Printed name: Gary Miller for Deane Durham

Title:

Title: Agent

Approval Date: DEC 07 2006

E-mail Address: ddurham@pml.com

Expiration Date: DEC 07 2007

Date: Nov. 30, 2006

Phone: 432-684-3727

Conditions of Approval Attached ☐

**CANCELLED**

Due to APD Expiration Date

D.G.