

(April 2004)

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

PARALLEL PETROLEUM CORPORATION

3a. Address

P.O. BOX 10587, MIDLAND, TX 79702

3b. Phone No. (include area code)

432-685-6563

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**300 FSL & 710 FEL, SEC 11, TS 19, RANGE 21,
EDDY COUNTY, NM**

5. Lease Serial No.

NM 98791

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

JEWELRY BOX 1

FEDERAL

9. API Well No.

30-015-34724

10. Field and Pool, or Exploratory Area

WOLF CAMP 96086

11. County or Parish, State

EDDY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
- ☒ Subsequent Report
- ☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|---|
| ☐ Acidize | ☐ Deepen | ☐ Production (Start/Resume) | ☐ Water Shut-Off |
| ☐ Alter Casing | ☐ Fracture Treat | ☐ Reclamation | ☐ Well Integrity |
| ☐ Casing Repair | ☐ New Construction | ☐ Recomplete | ☒ Other PROD CASIN |
| ☐ Change Plans | ☐ Plug and Abandon | ☐ Temporarily Abandon | |
| ☐ Convert to Injection | ☐ Plug Back | ☐ Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zone. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed on testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

09-10-2006:

RUN 5.5" CSG, 7.875" HOLE, 17#, SET @ 8041'. CMT W/570 SX C 50/50/10 + +.2% SMS, 11.6 PPG, 2.43 YIELD

TAIL W/800 SX H +.6% BA10 +.4% CD32+.1% ASA30 + 20#CACO3, 15.6 PPG, 1.42 YIELD.

38 TURBOLIZER & 15 STANDARD CENTRALIZERS.

CIRCULATE 92 SX CMT TO SURFACE.

WOC: 8 HOURS; TEST CSG @ 500 PSI FOR 30 MINUTES

ATTACHED: GYRODATA DIRECTIONAL SURVEY & SCHLUMBERGER MWD SURVEY, OPEN HOLE LOG.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

KAYE MC CORMICK

Title

SR PROD & REG TECH

Date **09-26-2006**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

A Gyrodata Directional Survey

for

PARALLEL PETROLEUM

Lease: JEWELRY BOX FED Well: #1
Location: PATRIOT #1, EDDY CO., NEW MEXICO
4- 1/2" DRILLPIPE

Job Number: MD0806G_248

Run Date: 8/16/2006 3:21:37 PM

Surveyor: HENRY DREW

Calculation Method: MINIMUM CURVATURE

Survey Latitude: 32.668417 deg. N Longitude: 104.758139 deg. W

Azimuth Correction:

Gyro: 0.23000 deg East to Grid North

Vertical Section Calculated from Well Head Location

Closure Calculated from Well Head Location

Horizontal Coordinates Calculated from Well Head Location

A Gyrodata Directional Survey

PARALLEL PETROLEUM
 Location: PATRIOT #1, EDDY CO., NEW MEXICO
 Lease: JEWELBOX FED Well: #1, 4- 1/2" DRILLPIPE
 Job Number: MD0806G_248

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. AZIMUTH feet deg.	HORIZONTAL COORDINATES feet
0.00	0.00	0.00	0.00	0.00	0.0 0.0	0.00 N 0.00 E
0 - 4588 FT. RATE GYROSCOPIC MULTISHOT SURVEY RUN INSIDE 4- 1/2" DRILLPIPE ALL MEASURED DEPTHS AND COORDINATES REFERENCED TO PATRIOT RIG #1 R.K.B.						
100.00	0.45	268.22	0.45	100.00	0.4 268.2	0.01 S 0.39 W
138.00	0.46	269.66	0.03	138.00	0.7 268.5	0.02 S 0.70 W
238.00	0.60	238.67	0.31	237.99	1.6 259.3	0.29 S 1.54 W
338.00	0.65	213.25	0.28	337.99	2.5 245.7	1.03 S 2.29 W
438.00	0.77	211.89	0.12	437.98	3.6 234.9	2.08 S 2.96 W
538.00	0.89	221.35	0.18	537.97	5.0 229.8	3.24 S 3.83 W
638.00	0.92	225.28	0.07	637.96	6.6 228.3	4.38 S 4.91 W
738.00	1.10	240.31	0.32	737.94	8.3 229.3	5.42 S 6.31 W
838.69	0.85	271.53	0.57	838.62	9.8 233.3	5.88 S 7.89 W
933.98	1.89	323.88	1.60	933.88	10.6 244.2	4.59 S 9.52 W
1029.27	2.52	344.03	1.04	1029.10	11.1 263.2	1.31 S 11.02 W
1124.56	2.43	348.79	0.23	1124.30	12.3 282.6	2.68 N 11.99 W
1219.85	2.67	341.19	0.44	1219.50	14.7 297.3	6.77 N 13.09 W
1315.14	2.66	340.55	0.03	1314.69	18.2 307.0	10.96 N 14.55 W
1410.43	1.96	347.99	0.81	1409.90	21.4 313.1	14.64 N 15.62 W
1505.72	1.55	342.80	0.46	1505.14	23.9 316.9	17.46 N 16.34 W
1601.01	1.43	339.01	0.16	1600.40	26.2 319.1	19.80 N 17.15 W
1696.30	1.26	343.59	0.21	1695.67	28.3 320.8	21.91 N 17.87 W
1791.59	1.16	345.16	0.11	1790.93	30.1 322.3	23.84 N 18.41 W

A Gyrodata Directional Survey

PARALLEL PETROLEUM
 Location: PATRIOT #1, EDDY CO., NEW MEXICO
 Lease: JEWELBOX FED Well: #1, 4- 1/2" DRILLPIPE
 Job Number: MD0806G_248

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. AZIMUTH feet deg.	HORIZONTAL COORDINATES feet
1886.88	1.10	344.86	0.06	1886.21	31.9 323.6	25.66 N 18.90 W
1982.17	0.94	344.26	0.17	1981.48	33.5 324.7	27.30 N 19.35 W
2077.46	0.99	338.66	0.11	2076.76	35.0 325.4	28.82 N 19.86 W
2172.75	0.99	338.02	0.01	2172.03	36.6 326.0	30.35 N 20.47 W
2268.04	0.88	339.54	0.12	2267.31	38.1 326.5	31.80 N 21.03 W
2363.33	0.76	333.68	0.16	2362.59	39.5 326.9	33.05 N 21.57 W
2458.62	0.80	330.82	0.06	2457.87	40.7 327.0	34.19 N 22.17 W
2553.91	0.73	324.56	0.11	2553.15	42.0 327.1	35.26 N 22.84 W
2649.20	0.73	314.32	0.14	2648.44	43.2 326.8	36.18 N 23.63 W
2744.49	0.64	319.74	0.12	2743.72	44.3 326.6	37.02 N 24.42 W
2839.78	0.58	316.06	0.08	2839.00	45.3 326.4	37.77 N 25.09 W
2935.07	0.52	310.85	0.08	2934.29	46.2 326.1	38.40 N 25.75 W
3030.36	0.39	312.67	0.14	3029.58	47.0 325.9	38.90 N 26.32 W
3125.65	0.33	314.98	0.07	3124.86	47.6 325.8	39.32 N 26.75 W
3220.94	0.28	320.10	0.06	3220.15	48.1 325.7	39.69 N 27.10 W
3316.23	0.28	321.03	0.01	3315.44	48.5 325.6	40.05 N 27.39 W
3411.52	0.20	286.39	0.17	3410.73	48.9 325.5	40.28 N 27.70 W
3506.81	0.47	266.57	0.30	3506.02	49.2 325.0	40.30 N 28.25 W
3602.10	0.33	272.04	0.15	3601.31	49.6 324.3	40.29 N 28.91 W
3697.39	0.30	274.60	0.03	3696.60	49.9 323.9	40.32 N 29.43 W
3792.68	0.29	271.84	0.02	3791.88	50.2 323.4	40.34 N 29.91 W
3887.97	0.28	285.73	0.07	3887.17	50.6 323.1	40.42 N 30.38 W
3983.26	0.25	264.86	0.11	3982.46	50.9 322.7	40.46 N 30.81 W

A Gyrodata Directional Survey

PARALLEL PETROLEUM

Location: PATRIOT #1, EDDY CO., NEW MEXICO

Lease: JEWELBOX FED Well: #1, 4- 1/2" DRILLPIPE

Job Number: MD0806G_248

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. AZIMUTH feet deg.	HORIZONTAL COORDINATES feet
4078.55	0.25	277.25	0.06	4077.75	51.1 322.3	31.22 W
4173.84	0.27	264.87	0.06	4173.04	51.4 322.0	31.65 W
4269.13	0.26	263.15	0.01	4268.33	51.6 321.6	32.08 W
4364.42	0.20	261.47	0.05	4363.62	51.8 321.2	32.46 W
4459.71	0.15	269.39	0.06	4458.91	52.0 320.9	32.75 W
4555.00	0.11	293.67	0.07	4554.20	52.1 320.8	32.96 W
4588.00	0.16	294.72	0.15	4587.20	52.2 320.7	33.03 W

Final Station Closure: Distance: 52.20 ft Az: 320.74 deg.

Company Parallel PetroleumWell Jewelery Box Federal #1Field Eddy County, N.MRig Patriot # 1Anadrill D.D. Carlos CervantesMag. Decl. 8.757Target Inc. 91.01Target TVD 4300Target Az. 276.2Tgt. Coord.

Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
Tie-In	1	3792	0.29	271.84		3791.9	34.10	40.34 N	29.91 W			
MWD	2	3805	0.98	1.51	13	3804.90	34.14	40.45 N	29.94 W	7.85	5.31	-689.77
	3	3837	2.92	27.50	32	3836.88	33.87	41.45 N	29.56 W	6.51	6.06	81.22
	4	3869	6.03	33.60	32	3868.78	32.80	43.57 N	28.25 W	9.82	9.72	19.06
	5	3901	9.92	34.43	32	3900.46	30.72	47.25 N	25.76 W	12.16	12.16	2.59
	6	3932	13.71	35.63	31	3930.80	27.65	52.44 N	22.11 W	12.25	12.23	3.87
	7	3964	16.20	28.52	32	3961.72	24.10	59.44 N	17.77 W	9.65	7.78	-22.22
	8	3996	17.96	16.25	32	3992.31	21.54	68.11 N	14.26 W	12.50	5.50	-38.34
	9	4028	20.27	6.50	32	4022.56	20.65	78.35 N	12.25 W	12.29	7.22	-30.47
	10	4060	23.30	358.79	32	4052.27	21.44	90.19 N	11.75 W	13.01	9.47	24.09
	11	4090	27.18	353.70	30	4079.41	23.69	102.94 N	12.63 W	14.81	12.93	-16.97
	12	4123	30.99	348.43	33	4108.25	27.92	118.77 N	15.16 W	13.90	11.55	-15.97
	13	4155	34.51	343.83	32	4135.16	33.92	135.54 N	19.37 W	13.66	11.00	-15.00
	14	4187	38.14	339.19	32	4160.94	41.89	153.48 N	25.44 W	14.00	11.34	-13.88
	15	4218	41.11	336.59	31	4184.82	51.28	171.79 N	32.89 W	10.97	9.58	-8.39
	16	4250	44.15	334.18	32	4208.36	62.39	191.48 N	41.92 W	10.78	9.50	-7.53
	17	4282	47.18	332.17	32	4230.72	74.87	211.90 N	52.26 W	10.48	9.47	-6.28
	18	4314	50.29	330.36	32	4251.82	88.65	232.98 N	63.83 W	10.61	9.72	-5.66
	19	4345	53.90	328.46	31	4270.87	103.31	254.03 N	76.28 W	12.61	11.65	-6.13
	20	4377	57.84	326.10	32	4288.82	119.95	276.30 N	90.60 W	13.74	12.31	-7.37
	21	4409	61.93	324.02	32	4304.87	138.17	298.98 N	106.45 W	13.96	12.78	-6.50
	22	4441	65.99	322.02	32	4318.92	157.84	321.93 N	123.74 W	13.87	12.69	-6.25
	23	4473	69.42	320.14	32	4331.06	178.82	344.96 N	142.34 W	12.02	10.72	-5.87
	24	4504	72.83	318.18	31	4341.09	200.29	367.14 N	161.52 W	12.52	11.00	-6.32
	25	4536	76.68	316.46	32	4349.50	223.54	389.83 N	182.44 W	13.10	12.03	-5.38
	26	4568	80.61	315.45	32	4355.80	247.65	412.38 N	204.24 W	12.66	12.28	-3.16
	27	4600	83.83	313.89	32	4360.13	272.47	434.66 N	226.79 W	11.16	10.06	-4.88
	28	4631	86.59	312.07	31	4362.72	297.21	455.72 N	249.38 W	10.65	8.90	-5.87
	29	4663	90.14	310.08	32	4363.63	323.45	476.73 N	273.48 W	12.72	11.09	-6.22
	30	4695	91.10	308.30	32	4363.29	350.29	496.95 N	298.28 W	6.32	3.00	-5.56
	31	4727	90.76	305.66	32	4362.77	377.78	516.20 N	323.84 W	8.32	-1.06	-8.25
	32	4759	90.69	303.38	32	4362.36	405.94	534.33 N	350.20 W	7.13	-0.22	-7.13
	33	4790	91.27	301.58	31	4361.83	433.73	550.97 N	376.34 W	6.10	1.87	-5.81
	34	4822	91.79	299.52	32	4360.98	462.88	567.23 N	403.89 W	6.64	1.63	-6.44
	35	4854	91.41	297.20	32	4360.08	492.50	582.42 N	432.03 W	7.34	-1.19	-7.25
	36	4886	90.65	295.48	32	4359.51	522.54	596.62 N	460.70 W	5.88	-2.37	-5.37
	37	4917	90.89	293.53	31	4359.09	551.96	609.47 N	488.90 W	6.34	0.77	-6.29
	38	4949	90.72	291.59	32	4358.64	582.66	621.75 N	518.45 W	6.09	-0.53	-6.06
	39	4981	90.30	290.16	32	4358.36	613.62	633.15 N	548.35 W	4.66	-1.31	-4.47
	40	5014	89.83	291.52	33	4358.32	645.55	644.89 N	579.19 W	4.36	-1.42	4.12
	41	5046	90.24	289.76	32	4358.30	676.53	656.17 N	609.13 W	5.65	1.28	-5.50
	42	5077	90.89	288.28	31	4357.99	706.76	666.27 N	638.43 W	5.21	2.10	-4.77
	43	5109	91.17	286.61	32	4357.42	738.14	675.86 N	668.95 W	5.29	0.88	-5.22
	44	5141	91.00	284.48	32	4356.81	769.71	684.44 N	699.77 W	6.68	-0.53	-6.66
	45	5173	90.62	283.26	32	4356.36	801.42	692.11 N	730.84 W	3.99	-1.19	-3.81
	46	5204	90.48	280.63	31	4356.06	832.25	698.52 N	761.16 W	8.50	-0.45	-8.48

Company Parallel Petroleum

Well Jewelry Box Federal #1

Field Eddy County, N.M

Rig Patriot # 1

Anadrill D.D. Carlos Cervantes

Mag. Decl. 8.757

Target Inc. 91.01

Target TVD 4300

Target Az. 276.2

Tgt. Coord.

Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
	47	5236	90.89	277.93	32	4355.68	864.20	703.68 N	792.73 W	8.53	1.28	-8.44
	48	5268	91.27	275.94	32	4355.08	896.19	707.55 N	824.49 W	6.33	1.19	-6.22
	49	5300	91.55	274.25	32	4354.29	928.17	710.39 N	856.35 W	5.35	0.88	-5.28
	50	5332	91.82	272.83	32	4353.35	960.12	712.36 N	888.27 W	4.52	0.84	-4.44
	51	5395	91.89	270.54	63	4351.42	1022.89	714.21 N	951.21 W	3.64	-0.21	-3.63
	52	5427	91.93	270.55	32	4350.41	1054.71	714.52 N	983.19 W	0.75	0.75	0.03
	53	5490	91.62	270.27	63	4348.46	1117.36	714.97 N	1046.16 W	0.66	-0.49	-0.44
	54	5554	90.76	269.50	64	4347.13	1180.96	714.84 N	1110.14 W	1.80	-1.34	-1.20
	55	5617	90.52	269.21	63	4346.42	1243.50	714.13 N	1173.14 W	0.60	-0.38	-0.46
	56	5650	90.52	268.45	33	4346.12	1276.23	713.46 N	1206.13 W	2.30		-2.30
	57	5713	90.96	267.06	63	4345.31	1338.53	710.99 N	1269.07 W	2.31	0.70	-2.21
	58	5776	91.00	266.52	63	4344.23	1400.67	707.46 N	1331.96 W	0.86	0.06	-0.86
	59	5872	90.55	264.06	96	4342.94	1494.91	699.58 N	1427.61 W	2.60	-0.47	-2.56
	60	5935	91.03	263.98	63	4342.07	1556.48	693.02 N	1490.26 W	0.77	0.76	-0.13
	61	5999	91.38	264.16	64	4340.72	1619.04	686.41 N	1553.91 W	0.61	0.55	0.28
	62	6094	90.73	262.99	95	4338.97	1711.72	675.78 N	1648.29 W	1.41	-0.68	-1.23
	63	6158	91.04	262.83	64	4337.98	1773.89	667.88 N	1711.79 W	0.55	0.48	-0.25
	64	6221	91.35	263.34	63	4336.67	1835.33	660.30 N	1774.32 W	0.95	0.49	0.81
	65	6284	90.27	262.97	63	4335.78	1896.70	652.79 N	1836.86 W	1.81	-1.71	-0.59
	66	6348	90.20	263.52	64	4335.52	1959.07	645.26 N	1900.42 W	0.87	-0.11	0.86
	67	6412	90.47	263.31	64	4335.14	2021.48	637.92 N	1963.99 W	0.53	0.42	-0.33
	68	6475	91.16	263.29	63	4334.25	2082.88	630.57 N	2026.56 W	1.10	1.10	-0.03
	69	6507	91.81	263.14	32	4333.42	2114.05	626.79 N	2058.32 W	2.08	2.03	-0.47
	70	6571	91.33	263.36	64	4331.66	2176.39	619.27 N	2121.85 W	0.82	-0.75	0.34
	71	6634	91.05	263.19	63	4330.35	2237.78	611.90 N	2184.41 W	0.52	-0.44	-0.27
	72	6698	91.92	263.13	64	4328.70	2300.10	604.28 N	2247.93 W	1.36	1.36	-0.09
	73	6761	91.50	263.22	63	4326.82	2361.45	596.79 N	2310.45 W	0.68	-0.67	0.14
	74	6825	90.50	263.02	64	4325.70	2423.78	589.13 N	2373.98 W	1.59	-1.56	-0.31
	75	6889	92.23	263.12	64	4324.17	2486.08	581.41 N	2437.49 W	2.71	2.70	0.16
	76	6952	91.36	263.25	63	4322.20	2547.43	573.94 N	2500.01 W	1.40	-1.38	0.21
	77	7016	91.26	263.20	64	4320.74	2609.78	566.39 N	2563.55 W	0.17	-0.16	-0.08
	78	7079	91.42	263.40	63	4319.26	2671.17	559.04 N	2626.10 W	0.41	0.25	0.32
	79	7143	91.60	263.39	64	4317.58	2733.55	551.68 N	2689.66 W	0.28	0.28	-0.02
	80	7206	90.83	264.34	63	4316.24	2795.08	544.95 N	2752.28 W	1.94	-1.22	1.51
	81	7269	91.36	262.98	63	4315.04	2856.56	538.00 N	2814.88 W	2.32	0.84	-2.16
	82	7333	91.30	263.83	64	4313.55	2918.95	530.65 N	2878.44 W	1.33	-0.09	1.33
	83	7396	90.10	264.26	63	4312.78	2980.53	524.11 N	2941.09 W	2.02	-1.90	0.68
	84	7460	89.09	264.03	64	4313.24	3043.11	517.58 N	3004.75 W	1.62	-1.58	-0.36
	85	7523	89.06	264.44	63	4314.25	3104.73	511.26 N	3067.43 W	0.65	-0.05	0.65
	86	7587	89.35	264.66	64	4315.14	3167.40	505.18 N	3131.13 W	0.57	0.45	0.34
	87	7650	90.69	264.93	63	4315.12	3229.15	499.46 N	3193.87 W	2.17	2.13	0.43
	88	7683	91.07	263.44	33	4314.61	3261.42	496.12 N	3226.69 W	4.66	1.15	-4.52
	89	7746	91.83	265.69	63	4313.02	3323.10	490.15 N	3289.38 W	3.77	1.21	3.57
	90	7810	91.05	266.16	64	4311.41	3386.05	485.61 N	3353.20 W	1.42	-1.22	0.73
	91	7873	91.29	266.41	63	4310.12	3448.09	481.53 N	3416.05 W	0.55	0.38	0.40

Company Parallel PetroleumWell Jewelery Box Federal #1Field Eddy County, N.MRig Patriot # 1Anadrill D.D. Carlos CervantesMag. Decl. 8.757Target Inc. 91.01Target TVD 4300Target Az. 276.2

Tgt. Coord. _____

Date	No.	DEPTH	INC.	AZM	C.L.	T.V.D.	V.S.	N/S	E/W	DLS	B/D.	Walk
	92	7969	91.15	265.60	96	4308.08	3542.55	474.84 N	3511.79 W	0.86	-0.15	-0.84
BITPJT	93	8041	91.15	265.60	72	4306.63	3613.31	469.32 N	3583.57 W			