DATE IN	SUSPENSE	ENGNEER	LOGGEDIN	TYPE	APP NO
D				1176	

ABOVE THIS LINE FOR DIMSION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



SEP 2 6 2007 OCD-ARTESIA

ADMINISTRATIVE APPLICATION CHECKLIST

TI	HIS CHECKLIST IS MA	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AN WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE	D REGULATIONS
Applic	[DHC-Dowi		ngling]
	[EOR-Qua	lified Enhanced Oil Recovery Certification] [PPR-Positive Production Resp	oonse]
[1]	TYPE OF AP [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD	
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	IN SEP
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	OE P 24
	[D]	Other: Specify	3 <
[2]	NOTIFICATI [A]	ION REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners	ED 2 21
	[B]	Offset Operators, Leaseholders or Surface Owner	• • • • • • • • • • • • • • • • • • • •
	[C]	Application is One Which Requires Published Legal Notice	
	[D]	Notification and/or Concurrent Approval by BLM or SLO US Bureau of Land Management - Commissioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of Notification or Publication is Attached, and	l/or,
	[F]	☐ Waivers are Attached	
[3]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCES ATION INDICATED ABOVE.	S THE TYPE
	val is accurate a	FION: I hereby certify that the information submitted with this application for and complete to the best of my knowledge. I also understand that no action will quired information and notifications are submitted to the Division.	
	Note:	Statement must be completed by an individual with managerial and/or supervisory capacity	
Print o	or Type Name	Signature Atterney Title Lemantinez Ohollan e-mail Address	9/24/07 Date
		<u>kemartinez Qhollan</u> e-mail Address	dhart.com



Kristina Martinez Phone (505) 988-4421 kemartinez@hollandhart.com

September 24, 2007

VIA HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Parallel Petroleum Corporation, for permission to complete its Alsab 1525-21 Federal No. 1 well at an unorthodox location in the Wolfcamp formation, 753 feet from the North line and 643 feet from the East line of Section 21, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico.

Dear Mr. Fesmire:

Parallel Petroleum Corporation ("Parallel") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) of an unorthodox well location for its Alsab 1525-21 Federal No. 1 well which will be drilled as a Wildcat well to test the Wolfcamp formation. The horizontal wellbore was planned and permitted to be at a standard location at approximately 9056 feet of measured depth, at a location 750 feet from the North line and 670 feet from the East line of Section 21, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. Unfortunately, the directional driller drilled to the planned measured depth without considering the coordinates of the well at that point. Therefore, at total depth the well is non-standard to the east by 17 feet. That puts the location at total depth at 753 feet from the North line and 643 feet from the East line of Section 21.

This proposed location in the Wolfcamp formation is unorthodox because it is governed by state wide rules which provide for wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of quarter section on which the well is located. The proposed unorthodox well location is approximately 643 feet from the eastern outer boundary of the quarter section. However, Parallel will only perforate inside the standard producing area for the well. Additionally, Parallel has contacted all offset operators and effected parties are being noticed. Signed waivers are forthcoming.



The non-standard location is required to complete the well and prevent possible damage to the well. Parallel incorporates by reference a letter of explanation previously sent to Examiner Richard Ezeanyim, attached as **Exhibit A**.

Exhibit B is a landmap depicting the well and spacing unit.

Exhibit C is the C-102 originally filed for the well before it was drilled. It shows the surveyed location of the well.

Exhibit D is a list of affected parties. As required by Rule 1210 (A) (2), a copy of this application (with attachments) has been sent to those parties listed on Exhibit D and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Also enclosed is a proposed administrative order prepared by Parallel.

Your attention to this application is appreciated.

Sincerely,

Kristina Martinez Attorney for Parallel

Enclosures

cc: Oil Conservation Division, District 2 – Artesia

Kristina Martinez



Phone (505) 988-4421 kemartinez@hollandhart.com

September 24, 2007

CERTIFIED MAIL RETURN RECEIPT REQUESTED

[offset address]

Re: Application of Parallel Petroleum Corporation, for permission to complete its Alsab 1525-21 Federal No. 1 well at an unorthodox location in the Wolfcamp formation, 753 feet from the North line and 643 feet from the East line of Section 21, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Parallel Petroluem Corporation ("Parallel") for administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) of an unorthodox well location in the Wolfcamp Formation for its Alsab 1525-21 Federal No. 1 well.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,

Kristina Martinez Attorney for Parallel

Enclosures

Parallel Petroleum Corporation

Attention: Dennis J. Hopkins. CPL

Administrative Order NSL-

Dear Mr. Hopkins:

cc:

Reference is made to your application dated September 24, 2007 for administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) of an unorthodox well location for Parallel's Alsab 1525-21 Federal No. 1 well which will be drilled as a Wildcat well to test the Wolfcamp formation. The horizontal wellbore was planned and permitted to be at a standard location at approximately 9056 feet of measured depth, at a location 750 feet from the North line and 670 feet from the East line of Section 21, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. However, the directional driller got offline and the well is non-standard to the east by 17 feet. That puts the location at total depth at 753 feet from the North line and 643 feet from the East line of Section 21.

A 320-acre spacing and proration unit in the Wolfcamp formation comprising the E/2 NE/4 of Section 21 was previously dedicated to said well before it was drilled.

This application has been duly filed under the provisions of Rule 104.F of the General Rules of the Oil Conservation Division revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By authority granted me under the provisions of Rule 104.F(2), the above-described unorthodox well location within this 320-acre unit in the Wolfcamp formation is hereby approved.

Sincerely,

Mark E. Fesmire, P.E. Director

Oil Conservation Division, District 2 – Artesia



Petroleum Corporation

1004 N. Big Spring Street, Suite 400 • Midland, TX 79701 • Ph. 915-684-3727 • Fax: 915-684-3905

DEARE GURHAM Operatura Ecgineer

September 5, 2007

Mr. Richard Ezeanyim New Mexico Oil Conservation Division 1220 S. St. Francis Santa Fe, NM 87505

Re: Alsab 1525-21 Federal #1

Parallel Petroleum Corporation Sec. 21, T-15-S, R-25-E

Chaves County, New Mexico

Dear Mr. Ezeanyim:

The referenced well has reached total depth in the horizontal section. The well path in the horizontal was planned and permitted to reach a standard (orthodox) location at approximately 9056' measured depth and 670' FEL and 760' FNL of Section 21. Unfortunately the directional driller drilled to the planned measured depth of 9056' without considering the coordinates of the well at that point. Therefore at total depth the well is non-standard to the east by 17'. That puts the location at total depth at 753' FNL and 643' FEL Section 21. We will intentionally perforate the entire horizontal interval inside the standard producing area. We request a non-standard allowance for this well. All offset operators and effected parties are being noticed and all signed waivers are forthcoming.

Should you need additional information regarding this issue, please contact me.

Sincerely,

Deane Durham

New Mexico Operations Engineer

Attachments:

C-102

Pathfinder - MWD survey

Waivers from all offset operators

CC: Bryan Arrant



attatreli (sels)	Roraltel	rdfallei r.e.i. 9 ' \$ ' \$305	् । १ काम ११६७४३	"' "	i hanner		omarthilis = ,				
	ts ave	,	Parellel Per	PHPAILEI SHIDINY JUNE	Geneals L.R.M. Florra Oli fo M.		PERSENSE ALA	uey Corpontor	ineo148)1	ON THE STATE OF TH	merche in Alex Relieved Commission
li Brobaro	Branklilleby	GR. Norristo E. H. Hill	B 2 2009		Genesis L.R M Fiotro Gil En M W.E. Bornilli, M. Georgia Edilege, Virginio Weig		S.W.Ledenick (Kutie Million 1/4	elist Den	Personal Property of the Control of	Esta de la Caración de la companya d
a distribution		Perallel q: 1 Socia tilizado 20200	\$ 15 165 G.A. Norris la C.H. Hill	} . [Asegliel Co	ostore Parullel Cald Ray Land Traden	19110161 Buch 16	PRINTS	Armonani B	Possipi Possipi	Fig help a gam trafficio Treden 1 100 000 100 1000 1 100 000 000 1 100 000 1 100 000 1 100 000 1 100 000 1 100 000 1 1
	ion di		K.b.	S.E.Denton etal P.A.	Ì	Rimenedu	Achord Gerry Astallel 5 57 8085		ALL Modes	Villadion 1	direct amount of the second
8	Elie à Cloreire W. A. Llock less 158-16 11 S. R. L.	A THE RESIDENCE OF THE PROPERTY OF THE PERSON NAMED IN	u.s. of the	Denian.		inantes 11999	Mary F. News	emo Gerrott,	Spunce Meclure 6.4	Belle kout.	All people of the state of the
	28. Carrier Valinteen	112:43	निक्तिशिक्ष निकारीको निकारीको । १९ १ देवा । १९ १ देवा । १९ १ देवा	Perollel Table Eliza	Copstone Deg., 1. 8 R 1. 800 AV B 314 February B 314 February	Parollal Banglal VA Bigg	न्द्रिक्तिहा (। । १०५५	roos.el.e	incallel 8 - 1 - 2016 1129 - 20 1129 - 20	6,47	मार्ग हिल्के हुई मार्ग है है है है है है।
Burthus S.	Beevlan English	Trivi Trigili		.}	J	B 7 201	6. #	A 4 County atul 13	100 mm	The state of the s	Gopsteng Constitution Constitution
18 13 Sohware her	Parallel	Auralia H- Et tana	France 17-121	<u>u</u>	AMILIAN (6	(285)	G.H. Gir III, etal	C.A. Speace, Btal, M.I. 5 Cartruda Spaines Parallel 1 2 2008	Parallel Parallel W	34 Tom mile	Amilia Lieut
Arrington,	nessan range	7 1.11 [201.5	unt Van Ahben		Phresipi Swale	Biot.			(4) (1) (4)	ANGEL ST.	PAULTA SON A.N. Etc. etc.
The Landing	Aminuton Bernhung Sicom, U.S.	CerrallJockson	U.S. Clark Meet.	forethi livere.	Sin Sin	* 1 P.	25	1 4	Editor Awares	apour Dert	Milehell on Mystrom Comm. (D) Reference (D) Reference (D) Reference (D)
unit des	Parallel P. Sinsky B. Sins	arallel Cerson	Perellel B. I. Soud		A 1046 15:12	AT AT B	Lauged Lecuter	Paralles Log Resc Byl 2012 Sys 2013 1112 Eg Rechtor Oko Ca Populles	unit ago! Halmes . IL	Minuspies	Printed 4557 E NEWS
IL. S. Wrowford	19.04, 1 12.416.4 18.65.44		590.50 H854.4		0		can leurett	ORUER Formilal	Paradal 4 16 2001	Harallei 11 10 1000 14 10 1000 14 10 1000	ATE SECOND STORES AND SECOND S
madion Ovella news	in U.S.	19 Lette	20		AN AN A	Hanson Oper	Homseld Economic Results Non-Results Non-R	=	23	COMPANDED CONTROL	Trees h misself the fact of th
	A NAME OF THE PARTY OF THE PART	tery State State	Super Oralla Ise Price Connell GA Devices 5:18	2007		Hunley Pet. A 26 2009	GETT 7606 Mee Beawa M D.O. CIER (S)	1	Lapstone	Eddices on Act	AKKOON TOO HOLD TO THE STORY OF
104 205 104 205 111 5009 111 5009	Porollei Joek		Stoven Correit	1600g)		in tana a film maa	BOU HEEC. F	M. grud Island	RC.Cullers in ISA	A TO LEAD TO THE CORP.	1 19 14. 1 (3 % to 1000) 1 A C
1825. (acolle) + 2.1.9.1(all) 2 + 1 + 9010	War.	t de Manda Sesinen 19a Parallel Emphi 19a dine enny Paralle	es Calhori Lie	U.S.	Parallel Parallel	Constant Harry Most hows (S) Constant Osc 4.22.2001 (2 0.2.24500)	Parellel S. 19.2000	Changada Parallel Changada Parallel Inst Sone (4:22:200)	Log fine. Log fine. 1. 6. 2407 Pine of K. P. 14. Neographic Trail	PARTY DESCRIPTION OF THE PROPERTY OF THE PROPE	
0.000 1.00 (lultorit) 0.000 1.000 (luntorit) 0.000 0.000 (luntorit) 0.000 0.000 (luntorit) 0.000 0.000 (luntorit) 0.000 0.000 (luntorit)	. 🖺 🐪	Pints In the second	112 10 10 10 10 1 2014 119997 112000	navast. Valuta	· (0)	Carrall Jackson) i	Horvey John Parallal	He rough of the Danital	arings of the second of the se	dillinet Res Arring
Correll Sini	Ja oras	M Yales 🛰	Carrell Jackson U.S.	Parallet ffet. John Fown (Partollyockeou &	Tredick U.MYood LE Chapman, Hr Cappall Clackson also	Server Semali	Ece gust	15 10 5000 (15 15 5005)	Althoracy Althoracy	the fleet of the f
Parallel 3-1-1009	Ja 21 5	Puralial Poration of a 2220	in hijh an ar laneaune (") and		-	Patallel R: 14 Edda	le ta ting	italiel is enud	Foralial Poris	H.H. Atills, W	LOGRAM 6-78-6657 Parallel 6-11-2000 1-11
Bren The E.C.	30 27 a	11.15.18 11.15.18	ek 4 is 20eg Eppstans	on Onle	Paralle led	Tredek OH Trivios OH Chisos Ligi	Vivian Sheridan	edek 20' 2010 Esp	W.E. As WE. W. Toylor la	Spenta Vi Midls	Mills Farms from
Hingins eral Fee			son Carroll dockse	n, érat	C.E.C. Fuel Souls	Joekeanielal	Dewby B.)	Nearburg, M.K., M. A. N. Pearson Jarsoness Transless		you KAINE time (
Pat etal Parallel 1. 2000 1137 VA 3144	A STATE OF WICK	Teleil manage B	1111	arailti Bale noncer	a 15 koca g 17 2007	Friellel HUB 2000	Parallel ==================================		FOUL BACE. 4 28 20100 - Principal	Con Parish	Humilet 7969
789 100 22 Tred(39 (1 p) BC	GRUSC Pord	WE BUT THE	rilei 2009 Paralli 2009	HANTE	Copylone 1 11 2011	1605 1755 P	The second of	W Court of which was	A Hamping	Automita 1
State 4	4 5 2508	31	· I Miller From 18	Ported No.	Contract of the Contract of th	HI D	A Colver	UNORT	HODOX LOCAT	the same of	JCATION
ti N	Halva	Frank, West.	7	10	XHIBIT	5 - 5 to - 1884 An Anglesta (1969)	III. was a distant		1525 FEDERAL R-35-E, NMPM		gich min
Ŋ	The winds	4.00 May 1		Zi di di	B	THE CHANGE AND A	Figurette die	SECTIO	N 21: N/2		
						J		SPazzintien	manuscript confidence	* 1 5 2 At 11 A	

DISTRICT I 1625 N. French Dr., Hobbs, NM 68240

DISTRICT LI 1301 W. Grand Avenue, Artesia, NM 88210

1000 Rio Brasos Rd., Antec, NM 87410

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
Foe Lease - 3 Copies

☐ AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code Poo	Name
	97489 Wildcaz Wolfcamp GAS	
Property Code	Property Name	Well Number
	ALSAB 1525-21 FEDERAL	1
OGRID No.	Operator Name	Elevation
	PARALLEL PETROLEUM CORPORATION	3494'

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	21	15 S	25 E		760	NORTH	208'	WEST	CHAVES

Bottom Hole Location If Different From Surface

-	UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
	A 21		15 S	25 E		760	NORTH	660	EAST	CHAVES
	Dedicated Acres Joint or Infill Consolidation Code			Code Or	der No.				<u> </u>	
	320	ļ	į.		1					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

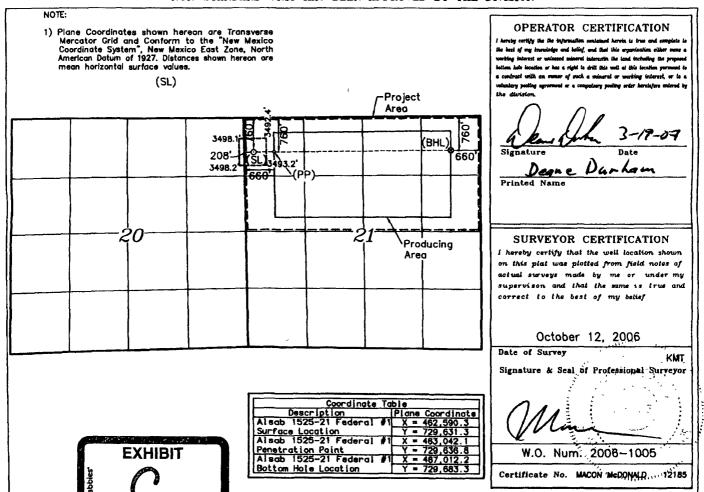


EXHIBIT D

APPLICATION OF PARALLEL PETROLEUM CORPORATION ALSAB 1525-21 FEDERAL NO. 1 WELL N/2 OF SECTION 21, TOWNSHIP 15 SOUTH, RANGE 25 EAST, N.M.P.M. CHAVES COUNTY, NEW MEXICO.

Offsetting Owners N/2 of Section 22-15S-25E

Parallel Petroleum Corporation 1004 N. Big Spring, Suite 400 Midland, Texas 79701-3383

Capstone Oil & Gas Company, LLP P.O. Box 10187 Midland, Texas 79702

CMW Interests, Inc. 24 Smith Road, Suite 405 Midland, Texas 79705

Elger Exploration, Inc. P.O. Box 2623 Midland, Texas 79702-2623

A. Gayle Hudgens P.O. Box 25561 Dallas, Texas 75225

Sacramento Partners Limited Partnership 105 S. Fourth Street Artesia, New Mexico 88210

Spiral, Inc. P.O. Box 1933 Roswell, New Mexico 88202-1933

Sharbro Oil Ltd. Co. P.O. Box 829 Artesia, New Mexico 88211-0829

Southwestern Resources, Inc. 1111 W. Country Club Road Roswell, New Mexico 88201

Lobos Energy Partners, LLC 3817 NW Expressway, Suite 950 Oklahoma City, Oklahoma 73112

Estate of W.E. Flint, deceased Elaine B. Fling, Indiv. & Ind. Exec. 2125 Thomas Drive Las Cruces, New Mexico 88001

Margaret Louise Doyle & John Steven Doyle, JTWROS 3747 0 66 Campana South Oceanside, California 92054

John A. Holmstrom John A. Holmstrom and Evelyn A. Holmstrom 1992 Trust 6200 Gale Drive Boulder, Colorado 80303

N.R.L.L. Inc. Nine Goodyear Irvine, California 92718

Barbara Lee Waltrip 5201 Mustang Trail Plano, Texas 75093

Michelle McDermott 3641 SE Haig Portland, Oregon 97202

Tedek Inc. 1030 Andrews Highway, Suite 213 Midland, Texas 79701

Myco Inc. 105 S. Fourth Street Artesia, New Mexico 88210

Estate of Martin Yates III 105 S. Fourth Street Artesia, New Mexico 88210