

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| WELL API NO. | 30-005-63978 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> | |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name | Forty Niner 1525-15 B |
| 8. Well Number | 3 |
| 9. OGRID Number | |
| 10. Pool name or Wildcat | Walnut Creek - Wollcamp Gas (97631) |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3486' GR | |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> | |
| Pit type _____ Depth to Groundwater 65 _____ Distance from nearest fresh water well 2500 _____ Distance from nearest surface water 5500 _____ | |
| Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____ | |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other ☐ JUN 09 2008

2. Name of Operator
Parallel Petroleum Corporation

3. Address of Operator
1004 N. Big Spring St., Suite 400, Midland, Texas 79701

4. Well Location
Unit Letter H : 1880 feet from the North line and 208 feet from the East line
Section 15 Township 15S Range 25E NMPM Chaves County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
|------------------------------------------------|--------------------------------------------------|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| PLUG AND ABANDON <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| CHANGE PLANS <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> |
| MULTIPLE COMPL <input type="checkbox"/> | |
| OTHER: X | OTHER: <input type="checkbox"/> |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Request to extend approved permit expiration from AUG 8, 2008 to AUG 8, 2009.

Change drilling pit operation to a closed mud system. No reserve pit will be used in drilling this well.

NOTE: New Pit Rule
NMAC 19-15-17

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Deane Durham TITLE Engineer DATE 6-6-08

Type or print name Deane Durham E-mail address: ddurham@plll.com Telephone No. (432) 684-3727
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any):

Accepted for record - NMOCD

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

es

Form C-101
May 27, 2004

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

Submit to appropriate District Office
AUG 08 2007
OCD-ARTESIA 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 | | ⁴ OGRID Number |
| | | ³ API Number 30-005-63978 |
| ² Property Code 36666 | ⁵ Property Name Forty Niner 1525-15 B | ⁶ Well No. 3 |
| ⁹ Proposed Pool 1 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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 15 | 15S | 25E | | 1880' | N | 208' | 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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 15 | 15S | 25E | | 1880' | N | 660' | W | 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 3486 |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 9045MD, 4840TVD | ¹⁸ Formation Wolfcamp | ¹⁹ Contractor NA | ²⁰ Spud Date NA |
| Depth to Groundwater 65' | | Distance from nearest fresh water well 2500' | | Distance from nearest surface water 5500' |
| ²¹ Drilling Method 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"/> 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 |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 11" | 8-5/8" | 24# | 1475' | 325 | Surface |
| 7-7/8" | 5-1/2" | 17# | TVD 4840' | NA | Tie back |
| | | | MD 9045' | | 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 11" surface hole to a minimum depth of 1475'. 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. Set Kickoff point at 4380' and drill and advance hole to a Wolfcamp penetration point at approximately 1880' FNL and 660' FEL of the Section 15 and continue drilling to BHL. (9045' MD & 4840' 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 ~~4-7-2007~~ 8-7-2007 Phone. 432-684-3727

OIL CONSERVATION DIVISION

Approved by

BRYAN G. ARANT

Title

DISTRICT II GEOLOGIST

Approval Date **AUG 08 2007**

Expiration Date

AUG 08 2008

Conditions of Approval Attached ☐