

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

RECEIVED

Submit to appropriate District Office

FEB 09 2005

☐ AMENDED REPORT

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

<sup>1</sup> Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		<sup>2</sup> OGRID Number 230387
<sup>3</sup> Property Code	<sup>4</sup> Property Name Seabiscuit	<sup>5</sup> API Number 30-005-61867
<sup>9</sup> Proposed Pool 1 Wildcat		<sup>10</sup> Proposed Pool 2

<sup>7</sup> Surface Location

UL or lot no. G	Section 33	Township 14S	Range 26E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 1980	East/West line E	County Chaves
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<sup>8</sup> 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
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Additional Well Information

<sup>11</sup> Work Type Code E	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3427'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 5775'	<sup>18</sup> Formation Abo	<sup>19</sup> Contractor NA	<sup>20</sup> Spud Date NA
Depth to Groundwater 30'		Distance from nearest fresh water well 900'		Distance from nearest surface water 300'
<b>Pit:</b> Liner: Synthetic X 12_mils thick Clay <input type="checkbox"/> Pit Volume: 5500 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"/>				

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	370'	275	Surface
12-1/4"	8-5/8"	24#	1368'	605	Surface
7-7/8"	4-1/2"	11.6#	6902'	270	6050'

<sup>22</sup> 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 formerly drilled and plated as Morrow test as the Drumm "A" #1, Original Survey Plat attached.

1. Dig and line surface working pits. Prepare surface location.
2. Remove dry-hole marker and install 4 1/2" casing head.
3. Move in and rig up service unit with power swivel. Install and test BOP's. **3000# Double ram and Stripper head.**
4. Pick-up bit and 2 7/8" work string. Drill plugs #1 through 6. Continue in hole, tagging plug at 5775'.
5. Circulate hole clean with fresh water and pull out of hole. *To perf: @ 5240-5310'*
6. Perforate and squeeze to ensure isolation of the Abo interval (specific procedure to be determined).
7. Perforate Abo porosity and stimulate as necessary (specific procedure to be determined).
8. Place well on test.

*Cement to be circ. to surface*

<sup>23</sup> 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 <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Don Tiffin <i>Don Tiffin</i>		Approved by: <b>TIM W. GUM</b>	
Title: Chief Operating Officer		Title: <b>DISTRICT II SUPERVISOR</b>	
E-mail Address: Don Tiffin [tiffin@p1ll.com]		Approval Date: <b>FEB 11 2005</b> Expiration Date: <b>FEB 11 2006</b>	
Date: <i>2/8/05</i>	Phone: <i>432-684-3727</i>	Conditions of Approval Attached: <input checked="" type="checkbox"/>	

As conditions of approval the following stipulations must be met:

1. If during pit construction water is encountered or if water seeps in pits after construction the **OCD MUST BE CONTACTED IMMEDIATELY!**
2. The OCD must be contacted prior to pit construction
3. A detailed closure plan must be filed before pit closure may commence.

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-005-61897</b>		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name <b>Wildcat</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Seabiscuit</b>		<sup>6</sup> Well Number <b>1</b>
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name <b>Parallel Petroleum Corp</b>		<sup>9</sup> Elevation <b>3427'</b>

<sup>10</sup> Surface Location

UL or lot no. <b>G</b>	Section <b>33</b>	Township <b>14-S</b>	Range <b>26-E</b>	Lot Idn	Feet from the <b>1980</b>	North/South line <b>North</b>	Feet from the <b>1980</b>	East/West line <b>East</b>	County <b>Chaves</b>
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<sup>11</sup> 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
<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.					

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

	160 Acres	<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>	
		Signature <i>Don Tiffin</i> Printed Name <b>Don Tiffin</b> Title and E-mail Address <b>Chief Operating Officer tiffin@plll.com</b> Date <b>2/8/05</b>	
Please refer to original 1982 survey plat for the Clements Energy, Inc. Drumm "A" #1 for Engineers Certification		<sup>18</sup> SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
		Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number	

# CONSERVATION DIVISION

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 7088  
SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-78  
**RECEIVED**

All distances must be from the outer boundaries of the Section.

Operator <b>Clements Energy, Inc.</b>			Lease <b>Drumm "A"</b>			DEC 6 1982		No. 1	
Unit Letter <b>G</b>	Section <b>33</b>	Township <b>14-S</b>	Range <b>26-E</b>	County <b>O. C. D.</b>					
Actual Footage Location of Well:				Chaves ARTESIA, OFFICE					
1980' feet from the North line and		1980' feet from the East line							
Ground Level Elev. <b>3427'</b>	Producing Formation <b>Morrow</b>		Pool <b>W. Buffalo Valley-Penn</b>			Dedicated Acreage: <b>320</b> Acres			

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) None - Upon completion as producer will File Designation of Pooling

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

		Linda L. Wax 1/8	First National Bank of Kansas City, Agent U/A with Andrew Drumm Inst.
		1980'	
			3/8
		#1	1980'
		Andrew Drumm Inst.	
T-14-S R-26-E		William J. Schnedar 3/16	
		E. H. Walkup 5/16	
Clements Energy, Inc. et al 100% Working Interest			

## CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Colene Aldridge

Name

Asst. to V. P. Operations

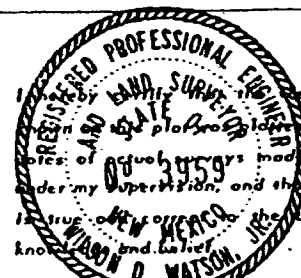
Position

Clements Energy, Inc.

Company

December 3, 1982

Date



November 30, 1982

Date Surveyed

Registered Professional Engineer  
and/or Land Surveyor

3959

Certificate No.

0 310 600 90 1370 1680 1990 2310 2640 2960 3280 3600 3920 4240 4560 4880 5200 5520 5840 6160 6480 6800 7120 7440 7760 8080 8400 8720 9040 9360 9680 10000

# **PARALLEL** Petroleum Corporation

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

DONALD E. TIFFIN, P.E.  
Chief Operating Officer

February 8, 2005

New Mexico Oil Conservation Division  
1301 W. Grand Ave  
Artesia, New Mexico 88210

Re: Hydrogen Sulfide Potential  
Sea Biscuit No. 1  
Re-entry of the Drumm A No. 1  
Section 33, T-14-S, R-26-E  
Chavez County, New Mexico

Gentlemen:

During the past year, Parallel Petroleum has participated in the drilling of seven Abo wells in northeastern Eddy County, operated by Perenco and EOG. Based on the lack of hydrogen sulfide in these wells, we believe the potential for it to be at the location referenced above is negligible.

Should you need additional information regarding this issue, please contact me at the address or phone number listed above.

Sincerely,



Donald E. Tiffin  
Chief Operating Officer