

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Parallel Petroleum Corporation		9. WELL NAME and NUMBER: Sunshine Bench #1	
3. ADDRESS OF OPERATOR: 1004 N Big Spring ST, S CITY Midland STATE TX ZIP 79701		PHONE NUMBER: (915) 684-3727	10. FIELD AND POOL, OR WILDCAT: <del>Undesignated</del> <i>Widocat</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 460' FNL & 860' FWL <i>632452X 40.433434</i> AT PROPOSED PRODUCING ZONE: same as above <i>4476826Y -109.438466</i>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 34 4S 22E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 7.8 miles East of Vernal, UT		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 460'	16. NUMBER OF ACRES IN LEASE: 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1200'	19. PROPOSED DEPTH: 5,600	20. BOND DESCRIPTION: <i>UTB-000167</i>	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5090.9' GR	22. APPROXIMATE DATE WORK WILL START: 7/15/2005	23. ESTIMATED DURATION: 30 Days	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4	9 5/8 J-55 36#	350	Premium Lite II	250 SKS	3.38 CF 11.0 PPG
			Class "G"	329 SKS	1.2 CF 15.6 PPG
			Calcuim Chloride	200 SKS	1.10 CF 15.6 PPG
7 7/8	5 1/2 N-80 11.6 #	5,600	Premium Lite II	200 SKS	3.3 CF 11.0 PPG
			Class "G"	400 SKS	1.56 CF 14.3 PPG

**ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER     | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN.                                  |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) William A Ryan TITLE Agent  
SIGNATURE *William A Ryan* DATE 4/15/2005

(This space for State use only)

API NUMBER ASSIGNED: 43047-36732

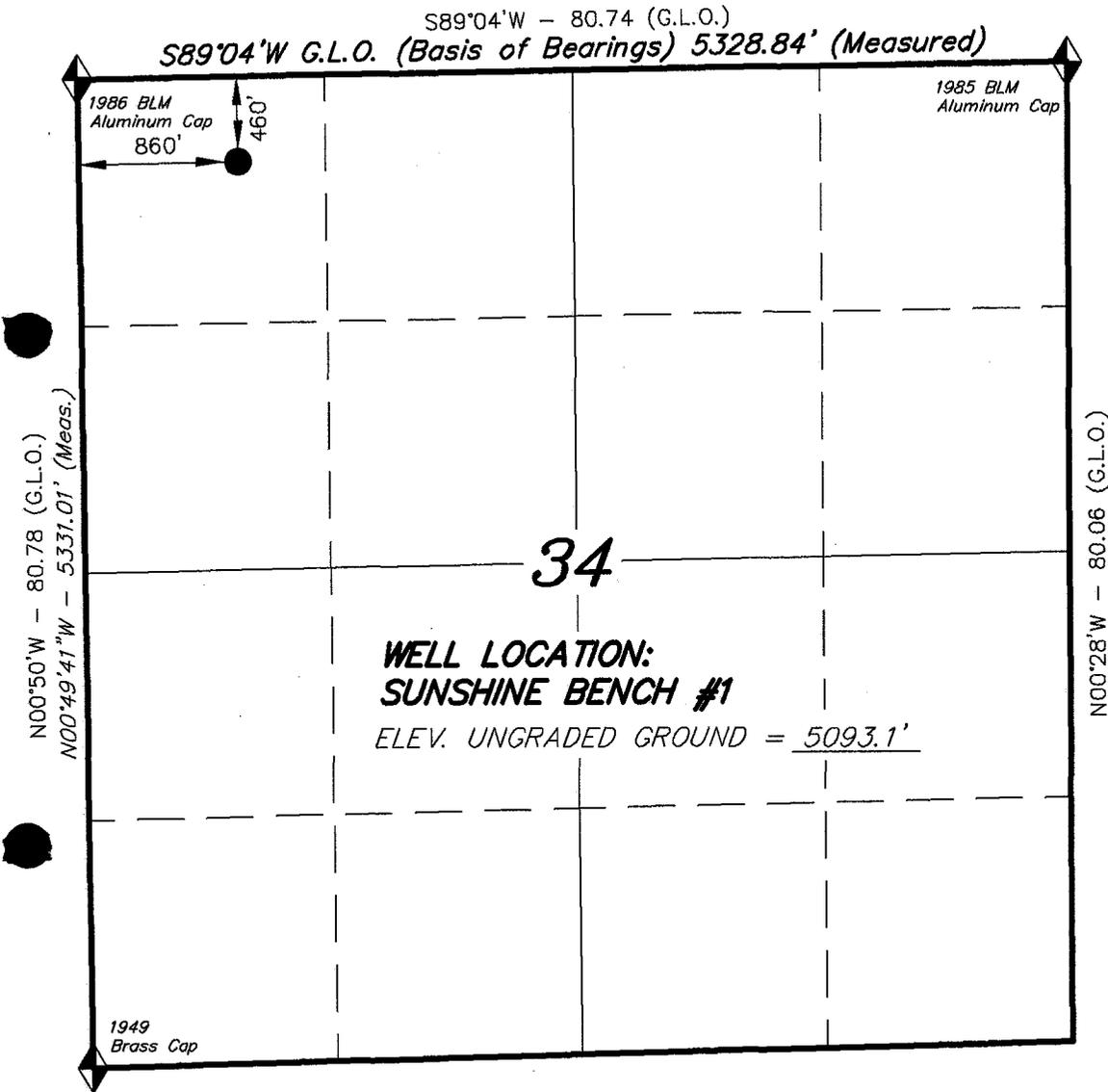
**Approved by the  
Utah Division of  
Oil, Gas and Mining**  
APPROVAL:  
Date: 07-26-05  
*[Signature]*

RECEIVED  
MAY 24 2005

DIV. OF OIL, GAS & MINING

# T4S, R22E, S.L.B.&M.

# PARALLEL PETROLEUM CORP.



WELL LOCATION, SUNSHINE BENCH #1,  
 LOCATED AS SHOWN IN THE NW 1/4 NW  
 1/4 OF SECTION 34, T4S, R22E,  
 S.L.B.&M. UNITAH COUNTY, UTAH.



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS  
 PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS  
 MADE BY ME OR UNDER MY SUPERVISION AND THAT  
 THE SAME ARE TRUE AND CORRECT TO THE BEST OF  
 MY KNOWLEDGE AND BELIEF. No. 189377

*Stacy W. Stewart*  
**STACY W. STEWART**  
 REGISTERED LAND SURVEYOR  
 REGISTRATION No. 189377  
 STATE OF UTAH

◆ = SECTION CORNERS LOCATED  
 BASIS OF ELEV; U.S.G.S. 7-1/2 min QUAD (NAPLES)

<b>TRI STATE LAND SURVEYING &amp; CONSULTING</b> 180 NORTH VERNAL AVE. - VERNAL, UTAH 84078 (435) 781-2501	
SCALE: 1" = 1000'	SURVEYED BY: D.P.
DATE: 5-19-05	DRAWN BY: F.T.M.
NOTES:	FILE #

Parallel Petroleum  
1004 N. Big Springs ST, Suite 400  
Midland, TX 79701

RECEIVED  
JUL 22 2005  
DIV. OF OIL, GAS & MINING

To Whom It May Concern:

The following is an H2S contingency plan for the well location Sunshine Bench #1 in Uintah County, Utah Section 34, Township 4 South, Range 22 East.

1. The proposed drill site will be planned to obtain the maximum safety benefits consistent with the rig configuration, terrain and prevailing winds. The drilling rig will be situated so that prevailing winds blow across the rig in a direction toward the reserve pit and away from escape routes. On-site trailers will be located to allow reasonably safe distances from both the well and the outlet of the flare lines.
2. At least two cleared areas will be designated as crew briefing or safety areas. Both areas will be located at least 200 feet from the well, with at least one area located generally upwind from the well. Please see the attached map.
3. Protective equipment will be provided by the H2S Safety Company for operating personnel and will include the following:
  - 3.1 An adequate number of positive pressure type self-contained breathing apparatus to allow all personnel normally involved in the drilling operation immediate access to such equipment, with a minimum of one working apparatus available for the immediate use of each rig hand in emergencies.
  - 3.2 Chalk boards or note pads to be used for communication when wearing protective breathing apparatus.
  - 3.3 First aid supplies.
  - 3.4 One resuscitator complete with medical oxygen.
  - 3.5 A litter stretcher.
  - 3.6 Harnesses or lifelines
  - 3.7 The H2S contractor will provide a telephone, radio, mobile phone, or other communication device that provides emergency two-way communication from a safe area at the well location.
4. The subject location will have an H2S detection and monitoring system, provided by an H2S contractor, which activates audible and visible alarms when the concentration of H2S reaches the threshold limit of 20 ppm in air. This equipment will have a rapid response time and be capable of sensing a minimum

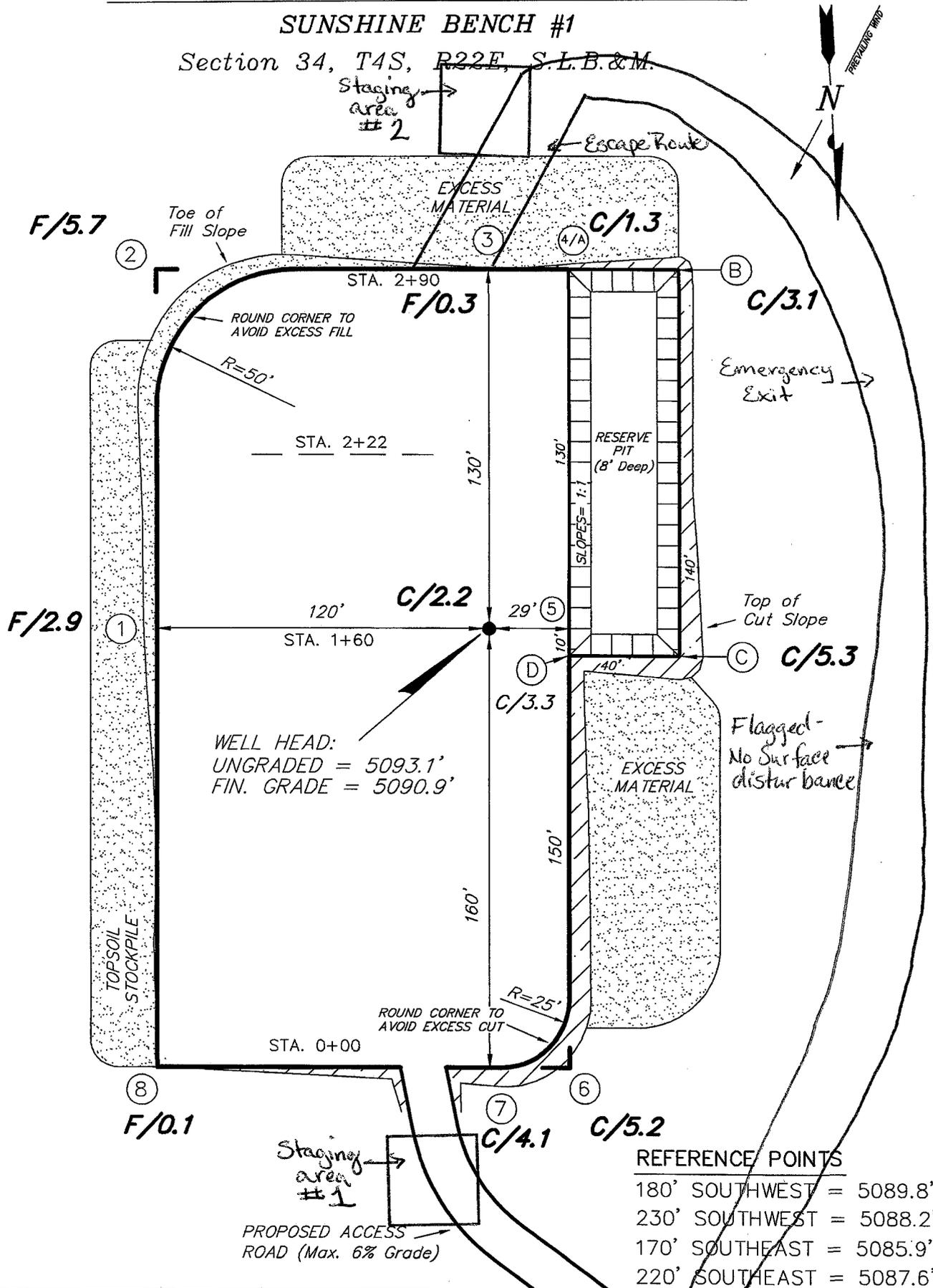
of ten ppm H<sub>2</sub>S in air, with at least three sensing points, located at the shale shaker, on the derrick floor and in the cellar. Other sensing points shall be located at other critical areas where H<sub>2</sub>S might accumulate. Portable H<sub>2</sub>S detection equipment capable of sensing an H<sub>2</sub>S concentration of 20 ppm shall be available for all working personnel and will be equipped with an audible warning signal.

5. Equipment to indicate wind direction at all times shall be installed at prominent locations. At least two windsocks or streamers shall be located at separate elevations at the well location and shall be easily visible from all areas of the location. Windsocks or streamers will be located in illuminated areas for night operations.
6. When H<sub>2</sub>S is encountered during drilling, well marked, highly visible warning signs will be displayed at the rig and along all access routes to the well location. The signs will warn of the presence of H<sub>2</sub>S and will prohibit approach to the well location when red flags are displayed. Red flags will be displayed when H<sub>2</sub>S is present in concentrations greater than 20ppm or in air as measured on the equipment required under R649-3-12-6.
7. If H<sub>2</sub>S is encountered, ventilation fans will be installed under the substructure.
8. A flare system will be utilized to safely gather and burn H<sub>2</sub>S bearing gas. Flare lines will be located as far from the operating site as feasible and will be located in a manner to compensate for wind changes. The outlets of all flare lines will be located at least 150 feet from the wellhead unless otherwise approved by the division. A gas buster and flare igniter will be on location.
9. In case of an emergency, the local Sheriff's Department can be contacted at 789-2511 or for after hours emergencies 789-4222.
10. There are no homes located within a ½ mile radius.
11. Please find the attached map for additional details.

# PARALLEL PETROLEUM CORP.

## SUNSHINE BENCH #1

Section 34, T4S, R22E, S.L.B.&M.



### REFERENCE POINTS

- 180' SOUTHWEST = 5089.8'
- 230' SOUTHWEST = 5088.2'
- 170' SOUTHEAST = 5085.9'
- 220' SOUTHEAST = 5087.6'

SURVEYED BY: D.P.

SCALE: 1" = 50'

DRAWN BY: F.T.M.

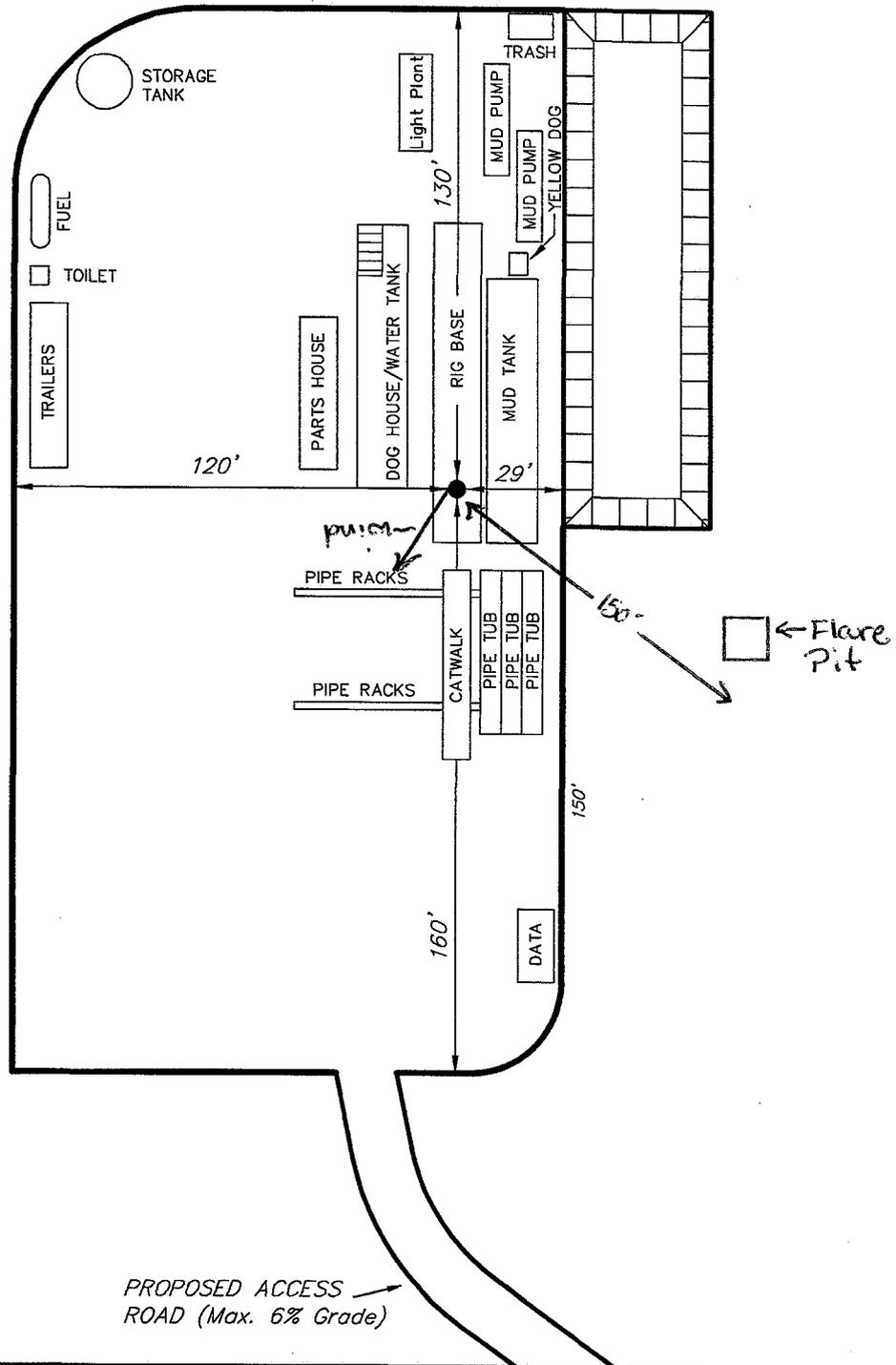
DATE: 5-19-05

**Tri State**  
Land Surveying, Inc.

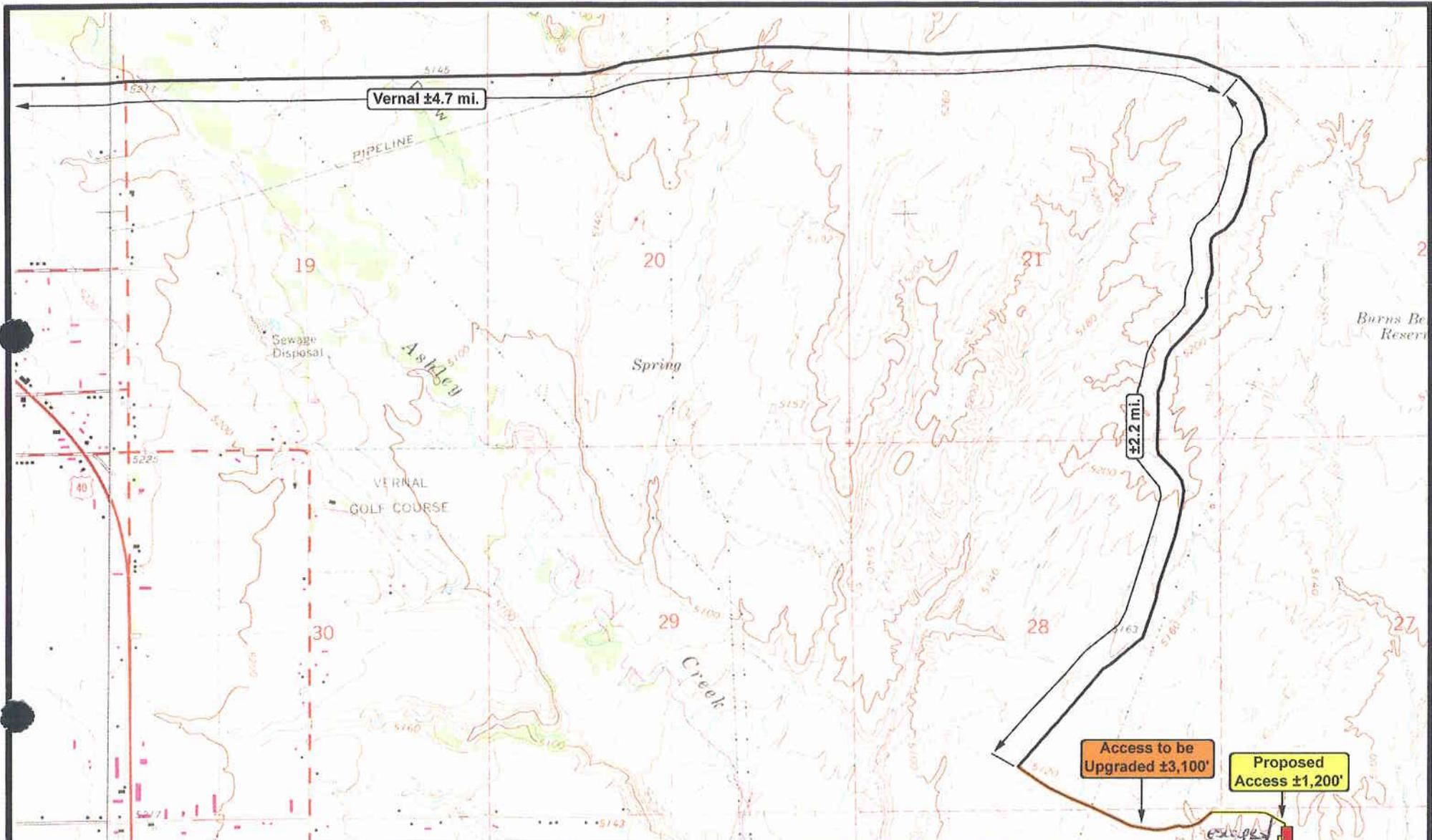
(435) 781-2501

180 NORTH VERNAL AVE. VERNAL, UTAH 84078

PARALLEL PETROLEUM CORP.  
TYPICAL RIG LAYOUT  
SUNSHINE BENCH #1



SURVEYED BY: D.P.	SCALE: 1" = 50'	<b>Tri State</b> Land Surveying, Inc. <small>180 NORTH VERNAL AVE. VERNAL, UTAH 84078</small>
DRAWN BY: F.T.M.	DATE: 5-19-05	



PARALLEL PETROLEUM CORP.

Sunshine Bench #1  
SEC. 34, T4S, R22E, S.L.B.&M.



*Tri-State*  
Land Surveying Inc.  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'

DRAWN BY: bgm

DATE: 03-21-2005

Legend	
	Existing Road
	Proposed Access
	Existing Two-Track

TOPOGRAPHIC MAP

"B"

**Ten Point Plan**

**Parallel Petroleum Corp.**

**Sunshine Bench #1**

**Surface Location Section 34, Township 4 South, Range 22 East NW/NW**

**1. Surface Formation**

Green River

**2. Estimated Formation Tops and Datum:**

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	5,090.9' G.R.
Frontier	900'	4,190.9'
Dakota	1,250'	3,840.9'
Salt Wash	1,800'	3,290.9'
Weber	4,800'	290.9'
TD	5,600'	-510.1'

**3. Producing Formation Depth:**

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information (Wells within a one-mile radius)

Sunshine Bench #2

**4. Proposed Casing:**

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling &amp; Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 ¼	9 5/8	36#	J-55	ST&C	350	NEW
7 7/8	5 ½	11.6#	N-80	LT&C	T.D.	NEW

**Cement Program:**

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 5/8	Premium Lite II .05#/sk Static Free .25#/sk Cello Flake 5#/sk KOL Seal .002 gps FP-6L 10% Bentonite .5% Sodium Metasilicate 3% Potassium Chloride	250 sks. +/-	3.38ft <sup>3</sup> /sk	11.0 ppg
Tail:	9 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft <sup>3</sup> /sk	15.6 ppg
Top Job:	9 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft <sup>3</sup> /sk	15.6 ppg

Production casing will be cemented to 350' or higher as follows:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead: 5 1/2	Premium Lite II .25#/sk Cello Flake .05#/sk Static Free 5#/sk Kol Seal 3% Potassium Chloride .055 gps FP-6L 10% Bentonite .5 Sodium Metasilicate	200 sks +/-	3.3ft <sup>3</sup> /sk	11.0 ppg
Tail: 5 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3 2% Bentonite	400 sks +/-	1.56ft <sup>3</sup> /sk	14.3 ppg

#### **5. BOP and Pressure Containment Data:**

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

## 6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss ML/30 Mins.</u>	<u>Mud Type</u>
0-350	Air/Clear Water	-----	No Control	Water/Gel
350-T.D.	8.4-12.0	30	8-10	Water/Gel

## 7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

## 8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 350' to T.D.
- d) Logging: 

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

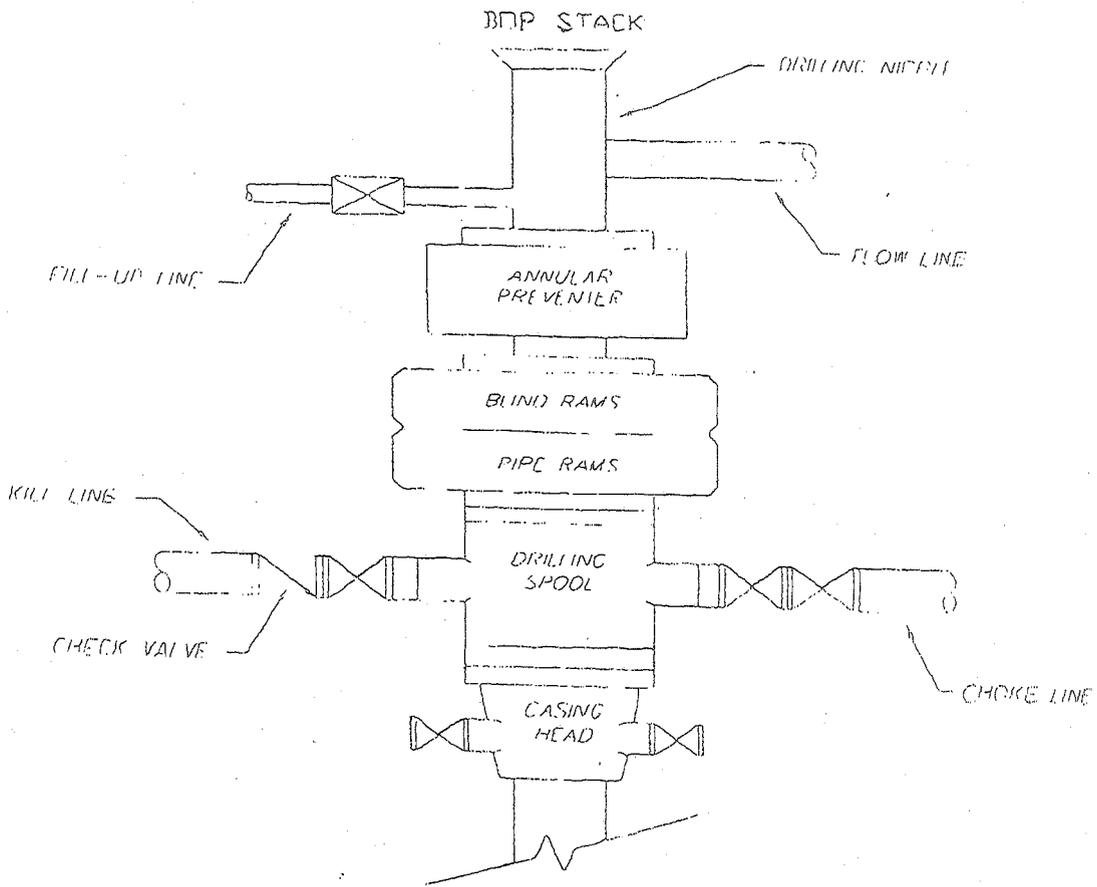
## 9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H<sub>2</sub>S.

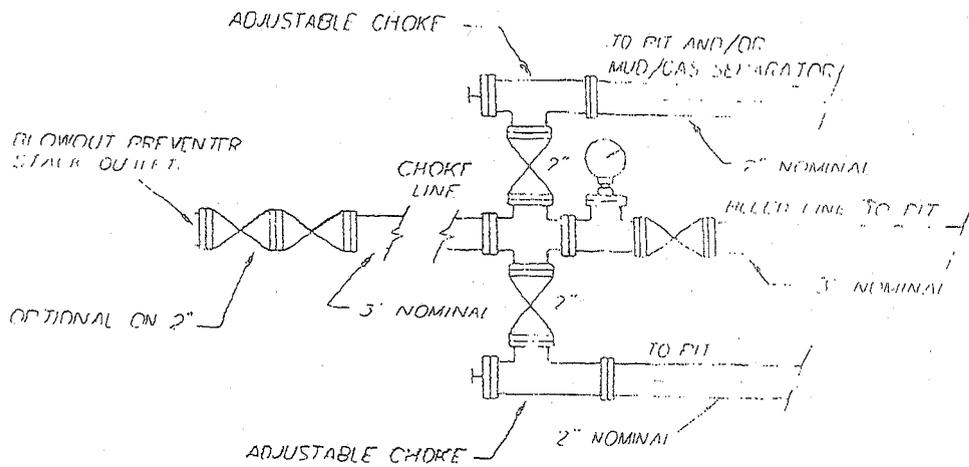
## 10. Drilling Schedule:

The anticipated starting date is July 15, 2005. Duration of operations is expected to be 30 days.

TYPICAL 3,000 p.s.i.  
BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i.  
CHOKER MANIFOLD SCHEMATIC



**PARALLEL PETROLEUM CORPORATION**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**SUNSHINE BENCH #1**

**LOCATED IN NW ¼ NW ¼**

**SECTION 34, T.4S, R22E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: FEE**

**SURFACE OWNERSHIP: ASHLEY VALLEY SEWER  
MANAGEMENT BOARD**

**789-9400**

**1. Existing Roads:**

To reach Parallel Petroleum well Sunshine Bench #1 in Section 34, T4S, R 22 E, Starting in Vernal, Utah.

Proceed in an easterly direction from Vernal, Utah approximately 4.7 miles on 500 South to the junction of this road and an existing road to the south, turn right and proceed in a southwesterly direction approximately 2.2 miles to the junction of this road and an existing two-track to the east; turn left and proceed in a southeasterly direction approximately 3,100' to the proposed access to the Sunshine Bench #1 follow road flags in an easterly direction approximately 1200' to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 7.8 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

**2. Planned access road**

The proposed access road will be approximately 1000' +/- of new construction on lease, 200' of new construction off lease and approximately 3100' of upgrade two-track off lease. The road will

be graded once per year minimum and maintained.

- A) Approximate length 1200 ft
- B) Right-of-Way width 30 ft
- C) Running surface 18 ft
- D) Surface material Native soil
- E) Maximum grade 5%
- F) Fence crossing None
- G) Culvert None
- H) Turnouts None
- I) Major cuts and fills None
- J) Road Flagged Yes
- K) Access road surface ownership Ashley Valley Sewer Management Board
- L) All new construction on lease No
- M) Pipe line crossing No

Please see the attached location plat for additional details.

An off lease Right-of-Way will be required for approximately 3,100' of two-track upgrade and approximately 200' of new construction off lease in Section 33, T4S, R22E . Surface owner has been contacted for permission.

All surface disturbances for the road and location will be within the lease boundary.

**3. Location of existing wells**

The following wells are located within a one-mile radius of the location site.

- A) Producing well None
- B) Water well None
- C) Abandoned well None
- D) Temp. abandoned well None

- E) Disposal well                      None
- F) Drilling /Permitted well       None
- G) Shut in wells                      None
- H) Injection well                      None
- D) Monitoring or observation well   None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is **Carlsbad Canyon**.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

5. Location and type of water supply

**Water for drilling and cementing will come from Vernal City.**

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **8 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 290 ft
- B) Pad width 149 ft
- C) Pit depth 8 ft
- D) Pit length 130 ft
- E) Pit width 40 ft
- F) Max cut 5.3 ft
- G) Max fill 5.7 ft
- H) Total cut yds. 2,970 cu yds
- I) Pit location west side
- J) Top soil location east end
- K) Access road location north end
- L) Flare Pit none

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum

distance between any two posts shall be no greater than 16 ft.

- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,720** cubic yards of material.

Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back

filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified. And left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

**To be determined by the Authorized Officer.**

11. Surface ownership:

**Access road**  
**Ashley Valley Sewer**  
**Management Board**

<b>Location</b>	<b>Federal</b>
<b>Pipe line</b>	<b>None</b>

**Fee Ownership: Ashley Valley Sewer Management Board.**  
**1344 W HWY 40**  
**Vernal, UT 84078**  
**789-9400**  
**Pryor Harrell (Sewer Plant Manager)**  
**789-9805**

12. Other information:

A) Vegetation

The vegetation coverage is slight.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would affect such sites will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

**The nearest water is Vernal City Sewer Lagoons.**

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction  
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion  
Prior to moving on the drilling rig.
- c) Spud notice  
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing  
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests  
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice  
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

**None**

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan  
Rocky Mountain Consulting  
Vernal, UT 84078

Office 435-789-0968  
Fax 435-789-0970  
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

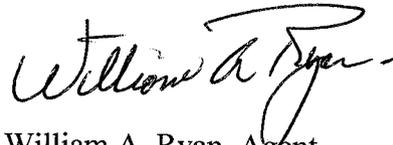
This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have

inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by Parallel Petroleum and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date 4/15/05



William A. Ryan, Agent  
Rocky Mountain Consulting

**Onsite Dates:**

### **Statement of use of Hazardous Materials**

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan  
Agent for Parallel Petroleum Corporation  
Rocky Mountain Consulting  
290 S 800 E  
Vernal, UT 84078

435-789-0968 Office  
435-828-0968 Cell  
435-789-0970 Fax

## SURFACE USE AGREEMENT

THIS AGREEMENT is made and entered into as of the 5 day of MAY, 2005, by and between **PARALLEL PETROLEUM COMPANY**, a Texas corporation ("Operator"), the **ASHLEY VALLEY SEWER MANAGEMENT BOARD**, a special improvement district located in Uintah County, Utah (the "Surface Owner").

**WHEREAS**, the Surface Owner is the owner of all of the surface rights in real property known as the northwest quarter of Sections 34, and other lands in Sections 28, 33 and 34, Township 4 South, Range 22 East in Uintah County, Utah; and

**WHEREAS**, Operator has leased subsurface mineral rights, including the right to drill for, and if found, to extract oil and gas from the Surface Owner's property; and

**WHEREAS**, Operator desires to enter upon the property of Surface Owner for the purpose of conducting oil and gas drilling and continued operations, if oil and gas is discovered, and Surface Owner acknowledges Operator's right of access for Operator's desired purposes, subject to the terms and conditions of this Agreement; Surface Owner agrees to allow Operator to use roads constructed and/or maintained by Operator to access wells adjacent to Surface Owner's property.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **License and Use Granted.** In exchange for the payment of \$2,000 from Operator to Surface Owner, Surface Owner hereby grants to Operator permission and license to enter upon the Surface Owner's property for the purpose of constructing and maintaining a drilling and oil or gas well site to be known as Sunshine Bench #1 subject to the remaining terms and conditions of this Agreement.

2. **Authorized Representative Acknowledgment.** Parallel Petroleum Company has, in its dealings with the Surface Owner, been represented by William P. Harris, located at P.O. Box 47, Amarillo, Texas 79105. Harris hereby represents that he has full and complete authorization from Parallel Petroleum Company to agree to the terms and conditions of this Agreement and in all respects can bind both companies by his representation and signature on this Agreement.

3. **No Incidental Storage.** Operator hereby agrees that the well site shall not be used as a storage facility for equipment other than the actual equipment used by Operator in connection with the drilling and production of the Sunshine Bench #1 well, unless agreed to between Surface Owner and Operator.

4. **Site Secured.** All mud and drilling fluid pits will be secured during operations to prevent livestock or game from entering such excavations. Upon completion of

drilling operations, the pits will be dried, and the pits leveled and the surface restored to as near its original condition as practicable within 60 days. At the completion of drilling operations, and in the event a well is completed as a producer of oil and gas, a five strand barbed wire fence at least four and one-half feet high shall be placed at Operator's cost and expense around any production or other equipment, including tank battery, that remains on the well site with metal gates placed at the entrance.

**5. No Hunting Rights.** Neither the Operator nor any of its employees shall have any hunting rights to or on the above described land nor the right to take any firearm thereon, or the right to take, place, or maintain any cattle or other livestock on said land. Operator shall not enter the above-described land except on roads constructed by the Operator for the access to the well site on the land owned by the Surface Owner.

**6. Prohibited Water Use.** Except in case of an accident constituting an emergency such as a fire or oil spill, Operator shall not use any surface water from stock tanks, surface reservoirs, existing water wells or streams situated upon the well site. Operator shall not use any gravel, rock or clay on the property without the written permission of the Surface Owner or his agent, and then only upon mutually agreeable terms.

**7. Operations to Comply with Environmental Restrictions.** Due to the restrictions imposed on the Surface Owner by the Department of Reclamation, the Division of Wildlife Resources, the U.S. Environmental Protection Agency, and the Utah Department of Water Quality, the Operator will not pond or dam any water produced by the drilling operation. The Operator will store all water required for the drilling operation in above ground tanks. The "mud pit" will be lined to prevent water from leaching into the ground water or the shale layer below ground that may cause selenium to be transmitted to the nearby Ashley Creek. The Operator agrees to use all reasonable efforts to prevent any waste oil or salt water from flowing on or over the surface of the well site and to prevent any waste oil or salt water from draining into any draw, drain, creek, or ravine on the leased premises. Operator shall not provide for any salt water disposal on any of the Surface Owner's property.

**8. Drilling Logs to be Provided.** The Operator agrees to provide the Surface Owner with copies of the drilling logs from surface to a point where the Operator encounters any and all fresh water zones. These drilling logs will be held in "strict confidence" and will only be used for possible future culinary water wells for the Surface Owners and the logs will not be made public.

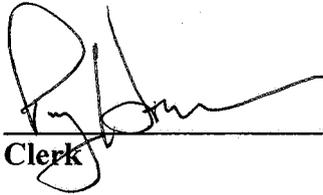
**9. Restoration of Property.** Upon the plugging and abandonment of the Sunshine Bench #1 well, the Operator agrees to restore the surface of the well site within 60 days to as nearly as practicable the condition in which the surface was found prior to the commencement of the Operator's oil and gas operations. The "dry hole marker" shall be a below ground marker as approved by the State of Utah.

10. **Covenant of Indemnity.** The Operator agrees to indemnify, defend, and hold Surface Owner, its successors and assigns harmless from any and all damages, claims, penalties, fines, costs, attorney's fees or claims of any type occasioned by, arising in any way out of, or resulting from Operator's operations on the well site or in connection therewith, including those that may arise from strict liability and from indemnities' own negligence.

11. **Operator's Obligation to Provide Permits.** The Operator will provide the Surface Owner copies of all permits and bonds related to the construction, drilling, and operation of the Sunshine Bench #1 well site.

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement individually or by and through their respective, duly authorized representatives as of the day and year first above written.

ATTEST:

  
\_\_\_\_\_  
Clerk

**ASHLEY VALLEY WATER AND SEWER  
IMPROVEMENT DISTRICT**

By:   
\_\_\_\_\_  
Chairman

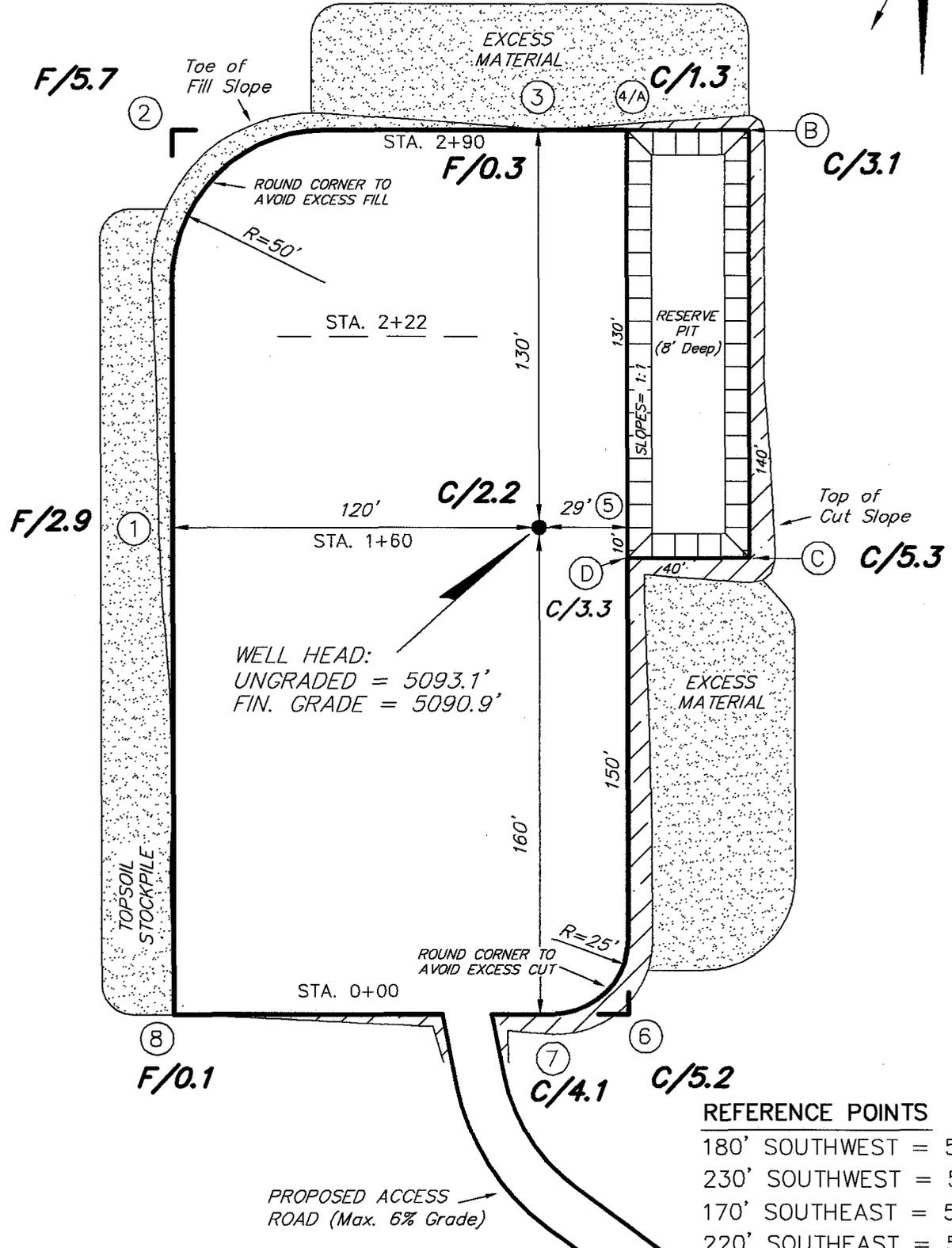
**PARALLEL PETROLEUM COMPANY**

By:   
\_\_\_\_\_  
William P. Harris - Agent

# PARALLEL PETROLEUM CORP.

## SUNSHINE BENCH #1

Section 34, T4S, R22E, S.L.B.&M.



### REFERENCE POINTS

- 180' SOUTHWEST = 5089.8'
- 230' SOUTHWEST = 5088.2'
- 170' SOUTHEAST = 5085.9'
- 220' SOUTHEAST = 5087.6'

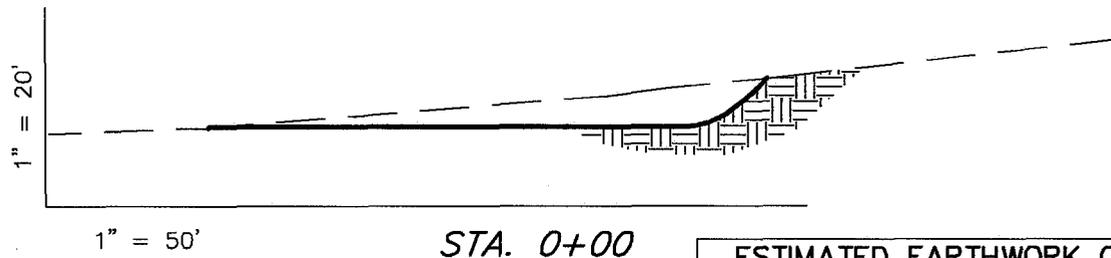
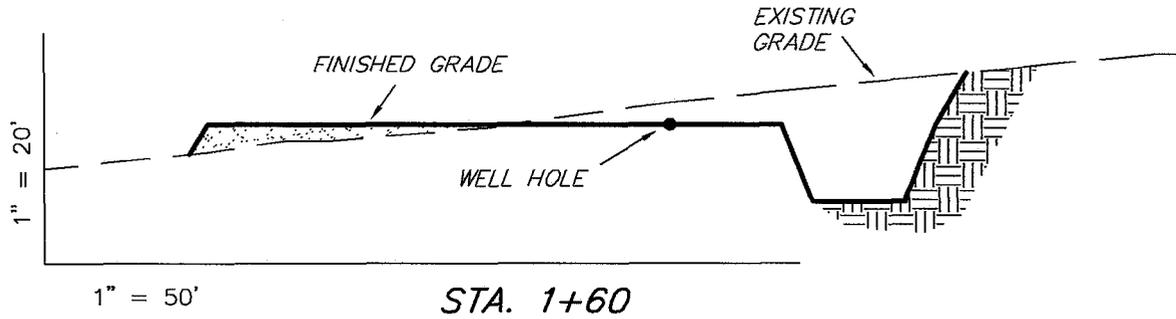
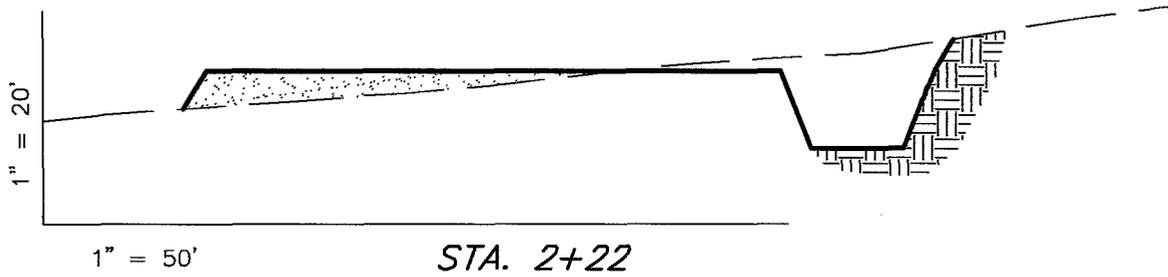
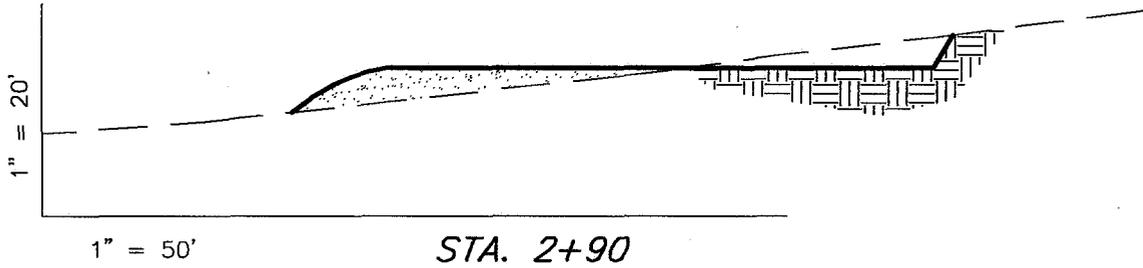
SURVEYED BY: D.P.	SCALE: 1" = 50'
DRAWN BY: F.T.M.	DATE: 5-19-05

**Tri State**  
 Land Surveying, Inc.  
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078  
 (435) 781-2501

# PARALLEL PETROLEUM CORP.

## CROSS SECTIONS

### SUNSHINE BENCH #1



NOTE:  
UNLESS OTHERWISE NOTED  
ALL CUT/FILL SLOPES ARE  
AT 1.5:1

#### ESTIMATED EARTHWORK QUANTITIES (No Shrink or swell adjustments have been used) (Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	1,720	1,720	Topsoil is not included in Pad Cut	0
PIT	1,250	0		1,250
TOTALS	2,970	1,720	970	1,250

SURVEYED BY: D.P.

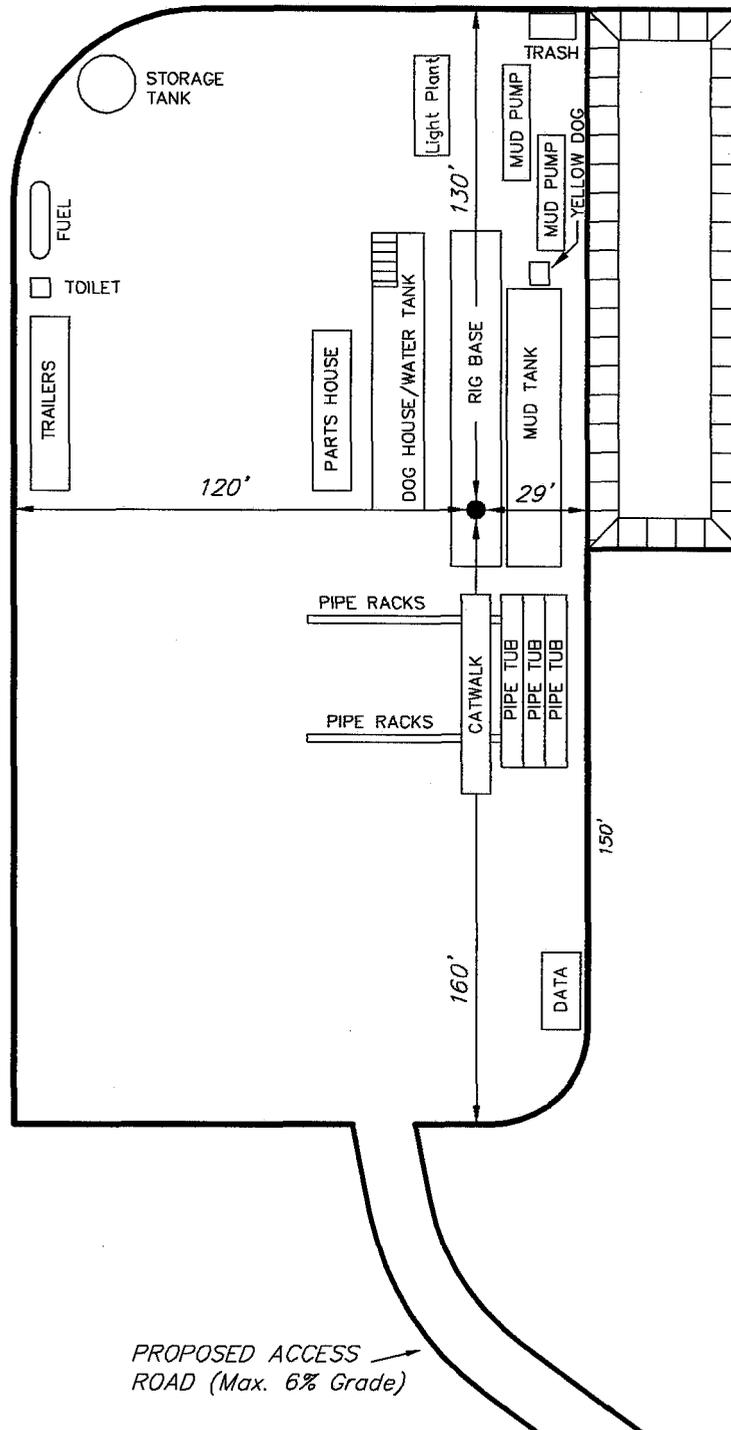
SCALE: 1" = 50'

DRAWN BY: F.T.M.

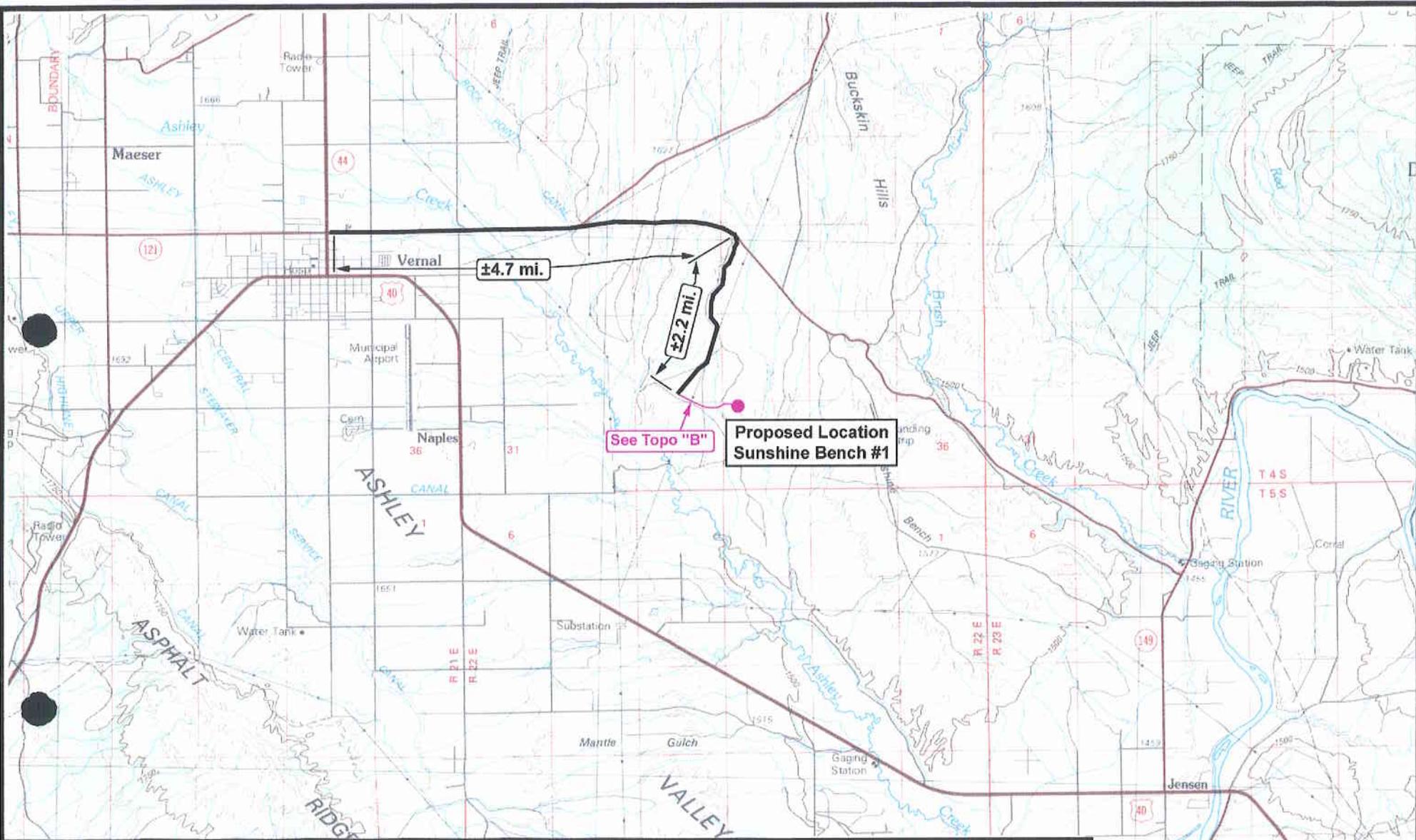
DATE: 5-19-05

**Tri State** (435) 781-2501  
Land Surveying, Inc.  
180 NORTH VERNAL AVE. VERNAL, UTAH 84078

**PARALLEL PETROLEUM CORP.**  
**TYPICAL RIG LAYOUT**  
**SUNSHINE BENCH #1**



SURVEYED BY: D.P.	SCALE: 1" = 50'	<b>Tri State</b> <b>Land Surveying, Inc.</b> 180 NORTH VERNAL AVE. VERNAL, UTAH 84078	(435) 781-2501
DRAWN BY: F.T.M.	DATE: 5-19-05		



**PARALLEL PETROLEUM CORP.**

**Sunshine Bench #1  
SEC. 34, T4S, R22E, S.L.B.&M.**



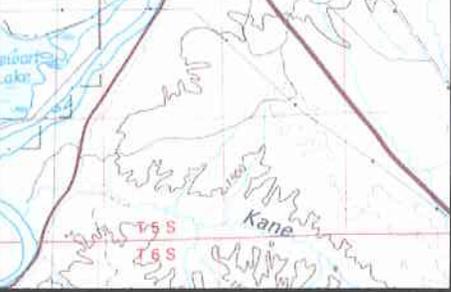
*Tri-State  
Land Surveying Inc.*  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

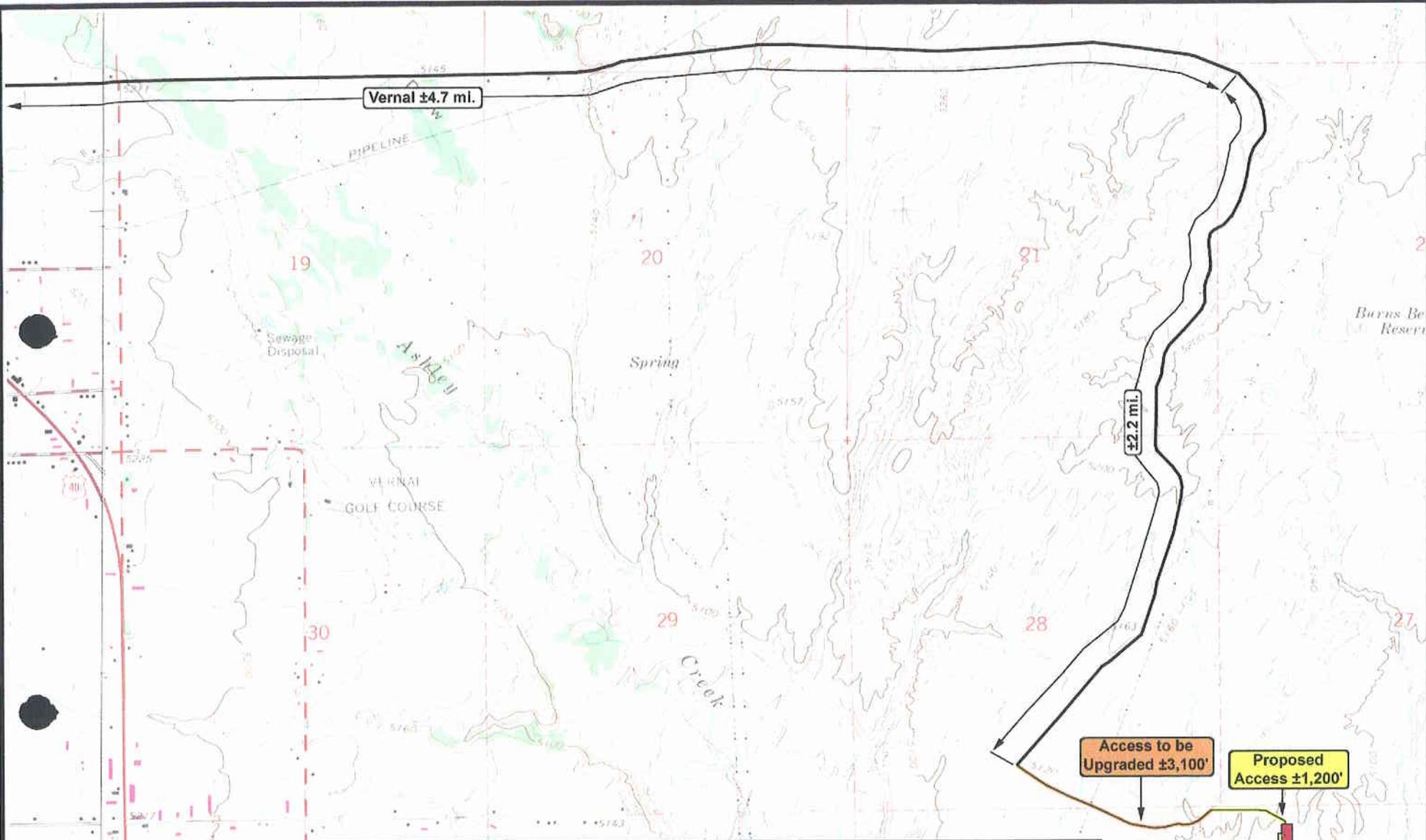
SCALE: 1" = 100,000'  
DRAWN BY: bgm  
DATE: 03-21-2005

**Legend**

- Existing Road
- Proposed Access

**TOPOGRAPHIC MAP**  
**"A"**





Access to be Upgraded ±3,100'

Proposed Access ±1,200'

Proposed Location Sunshine Bench #1

PARALLEL PETROLEUM CORP.

Sunshine Bench #1  
SEC. 34, T4S, R22E, S.L.B.&M.



*Tri-State*  
Land Surveying Inc.  
(435) 781-2501

180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'

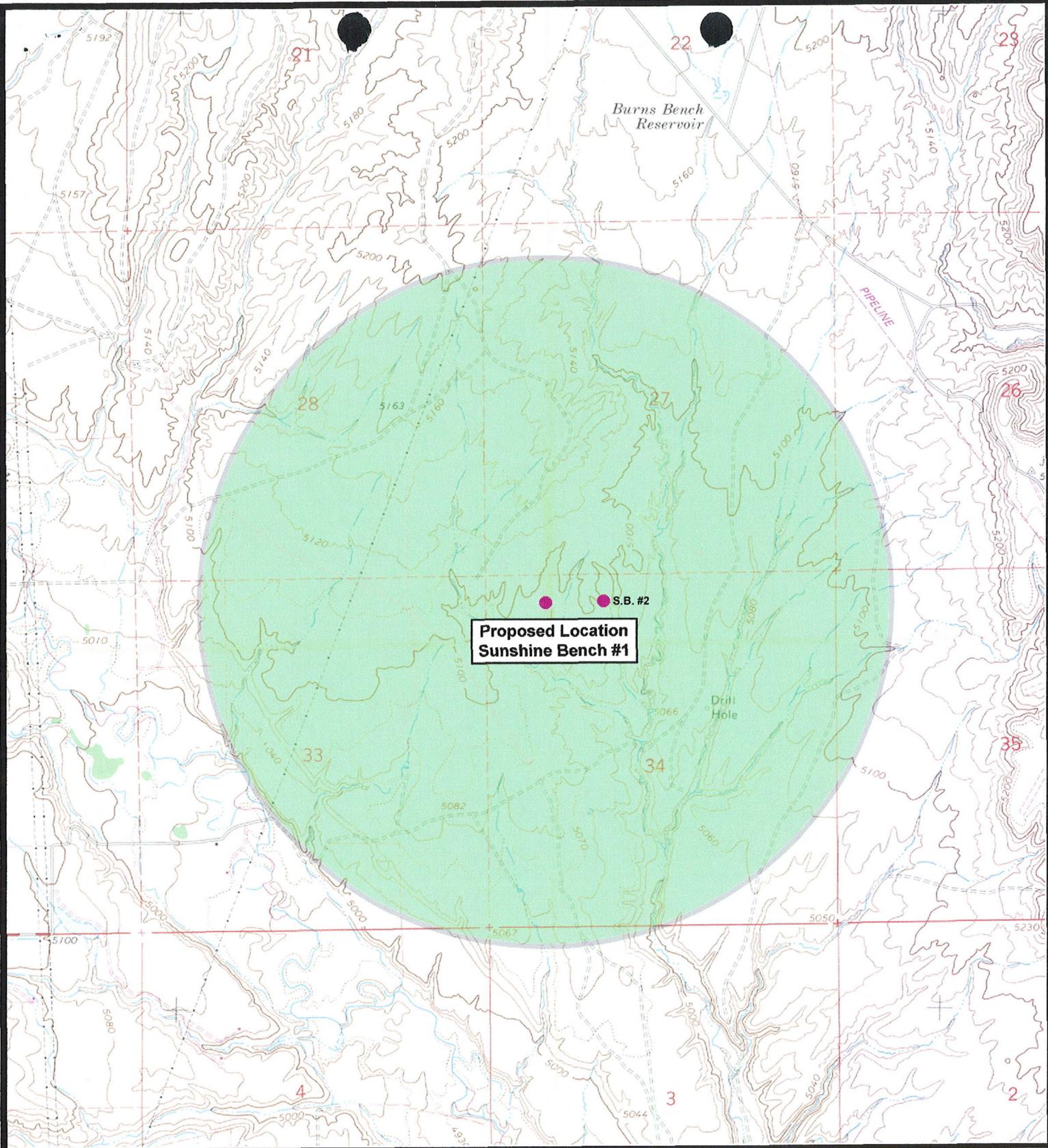
DRAWN BY: bgm

DATE: 03-21-2005

Legend	
	Existing Road
	Proposed Access
	Existing Two-Track

TOPOGRAPHIC MAP

"B"



**PARALLEL PETROLEUM CORP.**

**Sunshine Bench #1  
SEC. 34, T4S, R22E, S.L.B.&M.**



**Tri-State  
Land Surveying Inc.**  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'

DRAWN BY: bgm

DATE: 03-21-2005

**Legend**

- Location
- One-Mile Radius

TOPOGRAPHIC MAP

**"C"**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT   
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Parallel Petroleum Corporation				9. WELL NAME and NUMBER: Sunshine Bench #1	
3. ADDRESS OF OPERATOR: 1004 N Big Spring ST, S CITY Midland STATE TX ZIP 79701			PHONE NUMBER: (915) 684-3727	10. FIELD AND POOL, OR WILDCAT: <del>Undesignated</del> <i>W. idcat</i>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 460' FNL & 860' FWL AT PROPOSED PRODUCING ZONE: same as above				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 34 4S 22E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 7.8 miles East of Vernal, UT				12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 460'		16. NUMBER OF ACRES IN LEASE: 640		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1200'		19. PROPOSED DEPTH: 5,600		20. BOND DESCRIPTION: UTB-000167	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5090.9' GR		22. APPROXIMATE DATE WORK WILL START: 7/15/2005		23. ESTIMATED DURATION: 30 Days	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4	9 5/8 J-55 36#	350	Premium Lite II	250 SKS	3.38 CF 11.0 PPG
			Class "G"	329 SKS	1.2 CF 15.6 PPG
			Calcuim Chloride	200 SKS	1.10 CF 15.6 PPG
7 7/8	5 1/2 N-80 11.6 #	5,600	Premium Lite II	200 SKS	3.3 CF 11.0 PPG
			Class "G"	400 SKS	1.56 CF 14.3 PPG

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) William A Ryan TITLE Agent

SIGNATURE \_\_\_\_\_ DATE 4/15/2005

(This space for State use only)

API NUMBER ASSIGNED: 43-047-36732

APPROVAL:

RECEIVED  
MAY 24 2005

# T4S, R22E, S.L.B.&M.

PARALLEL PETROLEUM CORP.

S89°04'W - 80.74 (G.L.O.)

S89°04'W G.L.O. (Basis of Bearings) 5328.84' (Measured)

1986 BLM  
Aluminum Cap  
860'

460'

1985 BLM  
Aluminum Cap

N00°50'W - 80.78 (G.L.O.)  
N00°49'41"W - 5331.01' (Meas.)

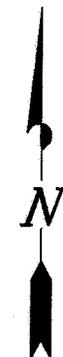
34

WELL LOCATION:  
SUNSHINE BENCH #1

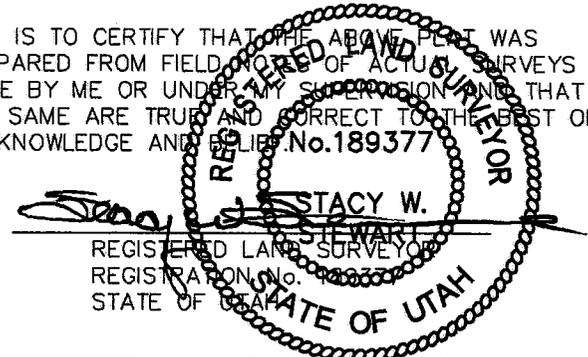
ELEV. UNGRADED GROUND = 5093.1'

N00°28'W - 80.06 (G.L.O.)

1949  
Brass Cap



THIS IS TO CERTIFY THAT THE ABOVE PLAN WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. No. 189377



STACY W. STEWART  
REGISTERED LAND SURVEYOR  
REGISTRATION No. 189377  
STATE OF UTAH

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; U.S.G.S. 7-1/2 min QUAD (NAPLES)

## TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078  
(435) 781-2501

SCALE: 1" = 1000'

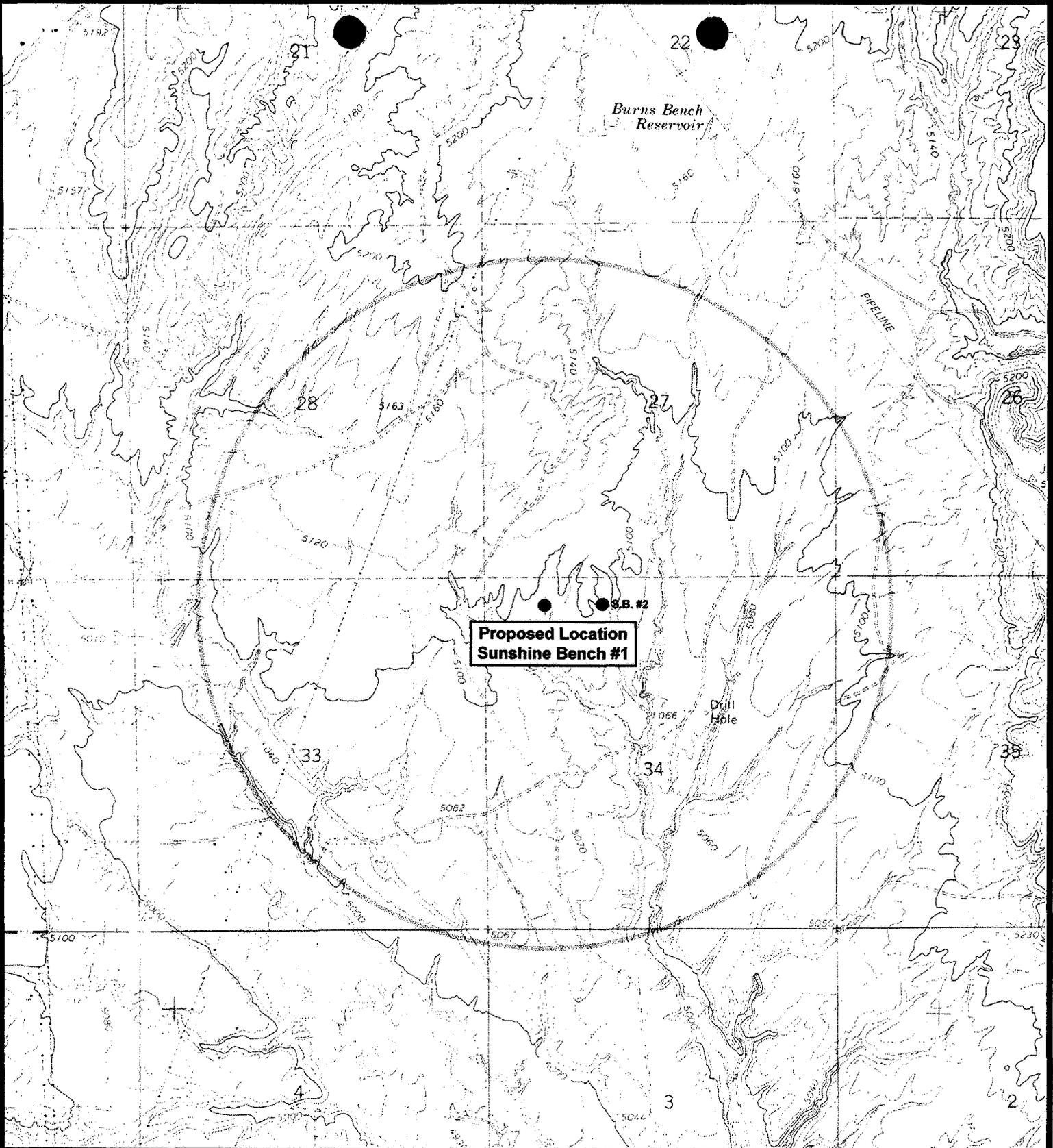
SURVEYED BY: D.P.

DATE: 5-19-05

DRAWN BY: F.T.M.

NOTES:

FILE #



**Proposed Location  
Sunshine Bench #1**

Burns Bench  
Reservoir

PIPELINE

Drill  
Hole

S.B. #2

**PARALLEL PETROLEUM CORP.**

**Sunshine Bench #1  
SEC. 34, T4S, R22E, S.L.B.&M.**



*Tri-State  
Land Surveying Inc.*  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'  
DRAWN BY: bgm  
DATE: 03-21-2005

**Legend**

- Location
- One-Mile Radius

TOPOGRAPHIC MAP

**"C"**

**From:** Robert Clark  
**To:** Whitney, Diana  
**Date:** 6/1/2005 8:32:18 AM  
**Subject:** Comments regarding RDCC #5285, #5286, and #5287

The following comments are submitted in response to three short turn around items that appeared on this weeks RDCC memo.

The item numbers are:

**RDCC #5285 Bonanza 9-24-32-22 wildcat well,  
RDCC #5286 Bonanza 9-24-34-23 wildcat well, and  
RDCC #5287 Sunshine Bench #1 wildcat well.  
All drilling sites are located in Uintah County.**

The comments are applicable to all three RDCC items.

**Comments begin:** The proposed well drilling project may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are constructed at the site. A permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order.

The proposed well drilling project is subject to Utah Air Conservation Rule R307-205-3, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Division of Air Quality, but steps need to be taken to minimize fugitive dust, such as, watering and/or chemical stabilization, providing vegetative or synthetic cover and windbreaks. A copy of the rules are found at [www.rules.utah.gov/publicat/code/r307/r307.htm](http://www.rules.utah.gov/publicat/code/r307/r307.htm) . **Comments end.** Robert Clark  
Division of Air Quality 536-4435

**CC:** Mcneill, Dave; Wright, Carolyn

Project Number: 5287  
SLB&M: Sec. 34, T4S, R22E

Sponsor: Division of Oil, Gas and Mining  
Counties Affected: Uintah

Description: Application for Permit to Drill - proposal to drill a wildcat well, the Sunshine Bench 1 on a Fee lease

**4. Description of Project:**

Parallel Petroleum Corporation proposes to drill the Sunshine Bench 1 well (wildcat) on a Fee lease, Uintah County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.

**Comments:**

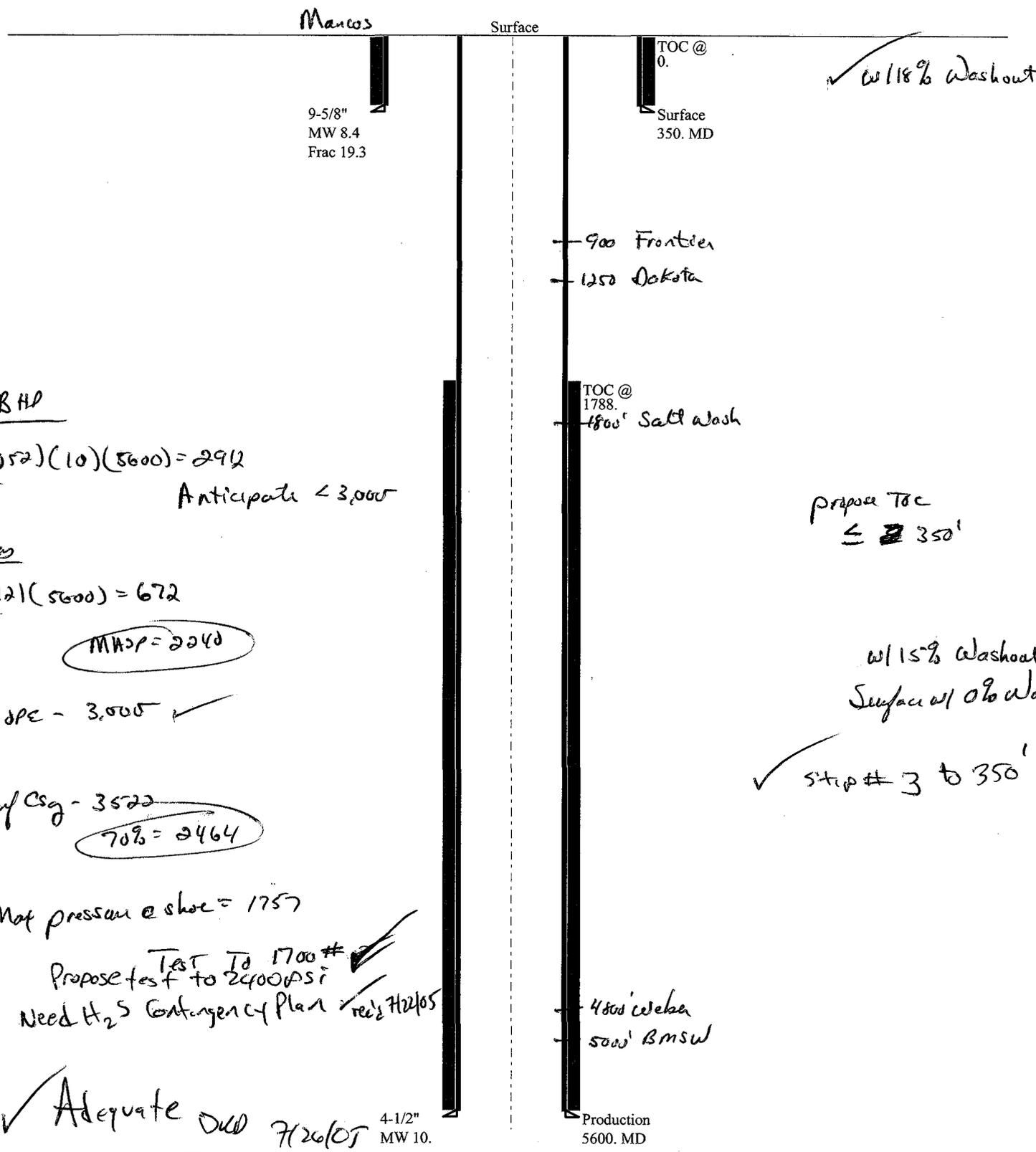
While the extraction of hydrocarbons will provide energy for a limited time, the soil, water quality, and hydrology, can be negatively impacted for much longer.

Before permitting development to proceed, conditions should be included within the permit to protect environmental quality, sustain valuable natural resources, and to reduce future costs on the treasury of Utah and its citizens. These conditions should include -

- A) Net erosion from the total comprehensive project shall not exceed 'tolerable' erosion rates as determined by USDA / NRCS for agricultural soils. Although the land is not in agricultural use, maintaining these standards will preserve and protect natural resource values of the soil and in the waters downslope of the project area.
- B) Erosion from any one site or disturbance will not exceed the tolerable erosion rate by greater than 2.0 times the tolerable rate.
- C) All sites disturbed by the project, including roads, drilling pads, storage and other areas shall be restored to appropriate species, variety, and density of vegetative cover when use of the site for hydrocarbon extraction is no longer pursued.
- D) No discharge or runoff of hydrocarbons shall be permitted or allowed which might enter waters of the state.
- E) Project pipeline placements and all other ground disturbing activities shall be designed, engineered, and implemented to minimize crossing of and/or disturbance to streams, washes, gullies, arroyos, or other depressions where resulting erosion potential or habitat value might be high.
- F) Where any pipeline is installed, the pipeline corridor shall be maintained to prevent erosion exceeding USDA tolerable rates with appropriate vegetative cover and other means as needed, particularly on slopes or swales.
- G) Appropriate maintenance of pumping, extraction, pipeline, and all other facilities shall be ongoing for duration of lease to sustain ecological and hydrological function including infiltration, soil stability, habitat, vegetative cover, and prevention of damage to the environment including release or deposition of materials that are toxic or otherwise detrimental.
- H) Upon ultimate termination of the lease in the future, well site, pipeline and all other disturbances shall be appropriately removed and sites restored as closely as

possible to equal or exceed vegetative cover, soil stability and soil permeability as existed prior to project implementation. A bond shall be provided to insure such restoration.

06-05 Parallel Sunshine Bend #1  
Casing Schematic



✓ w/ 18% Washout

BHP

$(.052)(10)(5600) = 2912$

Anticipate < 3,000

Ges

$(.12)(5600) = 672$

MASP = 2240

BOPC - 3,000 ✓

Surf Csg - 3522

70% = 2464

Max pressure @ shoe = 1757

Propose test to 1700# ✓  
Propose test to 2400 psi ✓  
Need H<sub>2</sub>S Contingency Plan ✓ rec'd 7/22/05

✓ Adequate DWD 7/26/05 4-1/2" MW 10.

TOC @ 1788. 1800' Salt wash

Propose TOC ≤ 350'

w/ 15% Washout  
Surface w/ 0% Washout

✓ Step # 3 to 350'

900 Frontier  
1250 Dakota

4800' Weber  
5000' BMSW

Production 5600. MD

Well name:	<b>06-05 Parallel Sunshine Bench #1</b>	
Operator:	<b>Parallel Petroleum Corporation</b>	
String type:	Surface	Project ID: 43-047-36732
Location:	Uintah County	

**Design parameters:**

**Collapse**

Mud weight: 8.400 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 80 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 350 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 308 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 350 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Tension is based on buoyed weight.  
Neutral point: 306 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 5,600 ft  
Next mud weight: 10.000 ppg  
Next setting BHP: 2,909 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 350 ft  
Injection pressure 350 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	350	9.625	36.00	J-55	ST&C	350	350	8.796	24.9
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	153	2020	13.226	350	3520	10.06	11	394	35.71 J

Prepared by: Clinton Dworshak  
Utah Div. of Oil & Mining

Phone: 801-538-5280  
FAX: 801-359-3940

Date: June 17, 2005  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 350 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kernler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	<b>06-05 Parallel Sunshine Bench #1</b>		
Operator:	<b>Parallel Petroleum Corporation</b>		
String type:	Production	Project ID:	43-047-36732
Location:	Uintah County		

**Design parameters:**

**Collapse**

Mud weight: 10.000 ppg  
 Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 2,237 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP: 2,909 psi  
  
 No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

8 Round STC: 1.80 (J)  
 8 Round LTC: 1.80 (J)  
 Buttress: 1.60 (J)  
 Premium: 1.50 (J)  
 Body yield: 1.50 (B)

Tension is based on buoyed weight.  
 Neutral point: 4,763 ft

**Environment:**

H2S considered? No  
 Surface temperature: 75 °F  
 Bottom hole temperature: 153 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,500 ft  
  
 Cement top: 1,788 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	5600	4.5	11.60	N-80	LT&C	5600	5600	3.875	129.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2909	6350	2.183	2909	7780	2.67	55	223	4.04 J

Prepared by: Clinton Dworshak  
 Utah Div. of Oil & Mining

Phone: 801-538-5280  
 FAX: 801-359-3940

Date: June 17, 2005  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 5600 ft, a mud weight of 10 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/24/2005

API NO. ASSIGNED: 43-047-36732
--------------------------------

WELL NAME: SUNSHINE BENCH #1  
 OPERATOR: PARALLEL PETROLEUM CORP ( N2720 )  
 CONTACT: BILL RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

NWNW 34 040S 220E  
 SURFACE: 0460 FNL 0860 FWL  
 BOTTOM: 0460 FNL 0860 FWL  
 UINTAH  
 WILDCAT ( 1 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DVCO	7/26/05
Geology		
Surface		

LEASE TYPE: 4 - Fee  
 LEASE NUMBER: FEE  
 SURFACE OWNER: 4 - Fee  
 PROPOSED FORMATION: WEBR  
 COALBED METHANE WELL? NO

LATITUDE: 40.43343  
 LONGITUDE: -109.4385

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. 16405 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. T75514 )
- RDCC Review (Y/N)  
(Date: 06/10/2005 )
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

- R649-2-3.  
Unit \_\_\_\_\_
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (06-08-05)

STIPULATIONS: 1- Spacing Strip  
2- STATEMENT OF BASIS  
3- Cement Strip #3 - 4 1/2" production string back to 350' as proposed



OPERATOR: PARALLEL PETRO CORP (N2720)  
 SEC: 34 T. 4S R. 22E  
 FIELD: WILDCAT (001)  
 COUNTY: UINTAH  
 SPACING: R649-3-2 / GENERAL SITING



- | Wells                 | Units.shp      | Fields.shp   |
|-----------------------|----------------|--------------|
| ⚡ GAS INJECTION       | ☐ EXPLORATORY  | ☐ ABANDONED  |
| ⊠ GAS STORAGE         | ☐ GAS STORAGE  | ☐ ACTIVE     |
| × LOCATION ABANDONED  | ☐ NF PP OIL    | ☐ COMBINED   |
| ⊕ NEW LOCATION        | ☐ NF SECONDARY | ☐ INACTIVE   |
| ⊖ PLUGGED & ABANDONED | ☐ PENDING      | ☐ PROPOSED   |
| ⚡ PRODUCING GAS       | ☐ PI OIL       | ☐ STORAGE    |
| ● PRODUCING OIL       | ☐ PP GAS       | ☐ TERMINATED |
| ⊖ SHUT-IN GAS         | ☐ PP GEOTHERML |              |
| ⊖ SHUT-IN OIL         | ☐ PP OIL       |              |
| × TEMP. ABANDONED     | ☐ SECONDARY    |              |
| ○ TEST WELL           | ☐ TERMINATED   |              |
| ⊕ WATER INJECTION     |                |              |
| ⊕ WATER SUPPLY        |                |              |
| ⊖ WATER DISPOSAL      |                |              |



PREPARED BY: DIANA WHITNEY  
 DATE: 26-MAY-2005

**DIVISION OF OIL, GAS AND MINING  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS**

**OPERATOR:** PARALLEL PETROLEUM CORPORATION  
**WELL NAME & NUMBER:** SUNSHINE BENCH #1  
**API NUMBER:** 43-047-36732  
**LOCATION:** 1/4,1/4 NW/NW Sec: 34 TWP: 4S RNG:22E 860' FWL 460' FNL

**Geology/Ground Water:**

Parallel proposes to set 350 feet of surface casing which will be cemented to surface. The base of the moderately saline ground water is estimated to be at a depth of 5,000 feet. A search of Division of Water Rights records indicates that there are 5 water wells within a 10,000 foot radius of the proposed location. These wells range in depth between 15 and 50 feet, are owned by individuals and used for domestic and stock watering purposes. The wells probably produce from alluvial material which is recharged by surface waters. The surface formation at the proposed site would be the Mancos Shale which is overlain by alluvium. The Mancos is not expected to yield significant volumes of useable water. The proposed casing and cementing program should adequately protect any useable ground water in this area.

**Reviewer:** Brad Hill **Date:** 06-15-05

**Surface:**

The predrill investigation of the surface was performed on 6/08/05. This site is on fee surface with fee minerals, and appears to be the best site for a location in the immediate area. David Hackford notified Mr. Pryor Harrell (landowner representative and General Manager, Ashley Valley Water Reclamation Facility) of this investigation on 6/02/05 by telephone at (435) 789-9805. Mr. Harrell was present at this inspection and requested that the reserve pit and any other pits be lined. Mr. Harrell also requested a copy of the drilling logs and notification of any water encountered during drilling for possible use as a public water source. This request was agreed to by Ms. Stringham and covered in the landowner agreement.

**Reviewer:** Richard Powell **Date:** 6/10/05

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

OPERATOR: PARALLEL PETROLEUM CORPOATION  
WELL NAME & NUMBER: SUNSHINE BENCH #1  
API NUMBER: 43-047-36732  
LEASE: FEE FIELD/UNIT: WILDCAT  
LOCATION: 1/4,1/4 NW/NW Sec: 34 TWP: 4S RNG: 22E 460' FNL 860' FWL  
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.  
GPS COORD (UTM): 4476828N 12632460E SURFACE OWNER: ASHLEY VALLEY SEWER  
MANAGEMNET BOARD

**PARTICIPANTS**

DAVID W. HACKFORD, RICHARD POWELL (DOGM), GINGER STRINGHAM (PARALLEL),  
PRYOR HARRELL (ASHLEY VALLEY), 1 DIRT CONTRACTOR.

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

SITE IS ON GENTLY ROLLING HILLS WITH SHALLOW DRAINAGES FIVE MILES EAST  
SOUTH EAST OF VERNAL, UTAH AND APPROXIMATELY .75 MILES TO ASHLEY CREEK  
AND WITHIN 1 MILE OF ASHLEY VALLEY SEWER TREATMENT FACILITY. DRAINAGE  
IS TO ASHLEY CREEK SOUTH WEST OF SITE.

**SURFACE USE PLAN**

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 290' BY 189'. ACCESS  
ROAD WILL BE 3100 FEET OF UPGRADED TWO TRACK AND 1200 FEET OF NEW  
ACCESS.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: NONE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION  
FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. NO  
PIPELINE PERMITTED AT THIS TIME.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE  
BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OF CONCERNS?  
(EXPLAIN): PROPOSED WELL WILL BE VISIBLE FROM VERNAL UTAH.

**WASTE MANAGEMENT PLAN:**

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL  
BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE  
TANKS. COMMERCIAL CONTRACTOR WILL HANDLE SEWAGE FACILITIES, STORAGE AND  
DISPOSAL. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN  
APPROVED LAND FILL.

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: SHADSCALE, GREASEWOOD, SAGE, SALTBRUSH, CHEATGRASS, SUN FLOWER: ELK, DEER, RODENTS, RAPTORS, COYOTE, SONGBIRDS, RABBIT, BOBCAT, BEAR, COUGAR, PRONGHORN.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN CLAY SOIL.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED

**RESERVE PIT**

CHARACTERISTICS: 140' BY 40' AND EIGHT FEET DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL BE REQUIRED FOR RESERVE PIT.

**SURFACE RESTORATION/RECLAMATION PLAN**

AS PER LANDOWNER AGREEMENT

SURFACE AGREEMENT: YES

CULTURAL RESOURCES/ARCHAEOLOGY: SITE IS ON FEE SURFACE. MS. STRINGHAM STATED THAT AN ARCHAEOLOGICAL STUDY HAD BEEN DONE.

**OTHER OBSERVATIONS/COMMENTS**

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COOL, WINDY DAY.

**ATTACHMENTS**

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

RICHARD POWELL  
DOGM REPRESENTATIVE

6/08/05 10:45 AM  
DATE/TIME

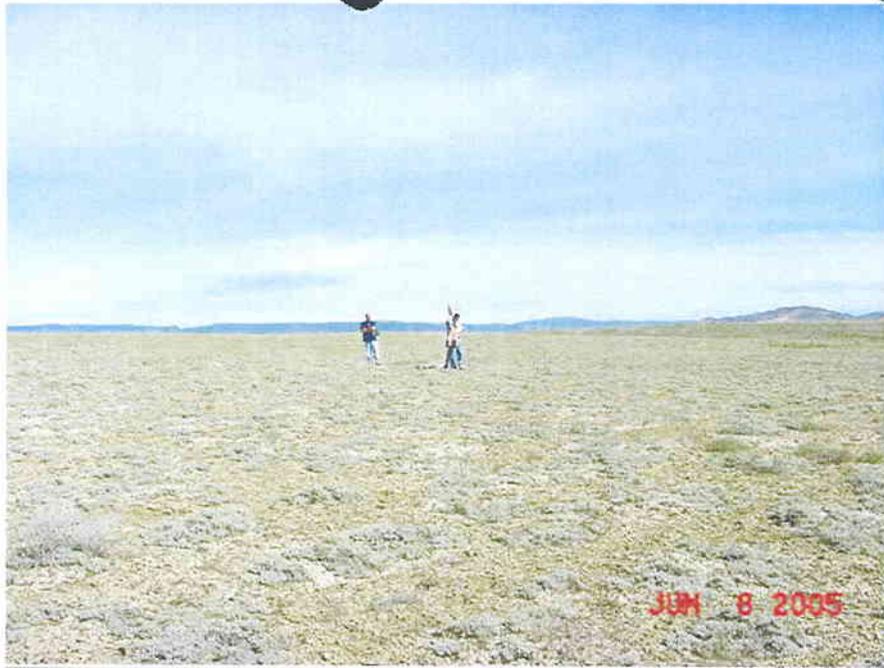
**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>10</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid containing significant levels of hazardous constituents	15	
	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>15</u>

**Final Score**      45      (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.  
Sensitivity Level II = 15-19; lining is discretionary.  
Sensitivity Level III = below 15; no specific lining is required.







State Online Services

Agency List

Business.utah.gov

Search Utah.gov

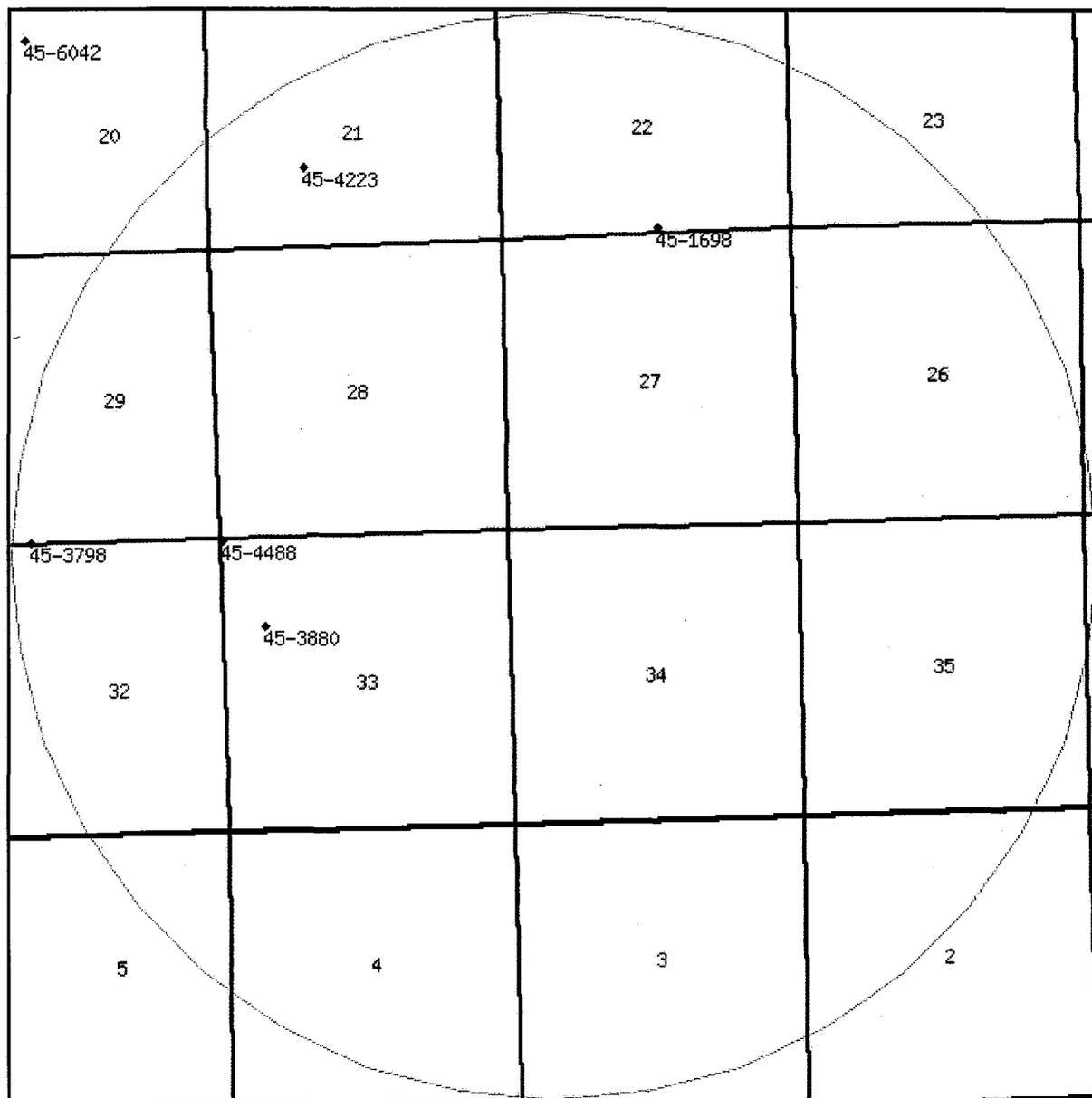


# UTAH DIVISION OF WATER RIGHTS

## WRPLAT Program Output Listing

Version: 2004.12.30.00      Rundate: 06/15/2005 10:57 AM

● Radius search of 10000 feet from a point S460 E860 from the NW corner, section 34, Township 4S, Range 22E, SL b&m  
Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



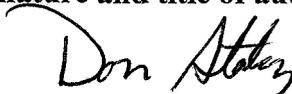
0 1300 2600 3900 5200 ft

## Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>45-1698</u>	Underground N106 E193 S4 22 4S 22E SL		P	19650827	I	0.100	0.000	LAFAY PETERSON VERNAL, UT 84078
<u>45-3798</u>	Underground N135 E1900 SW 29 4S 22E SL	<a href="#">well info</a>	P	19770421	I	0.015	0.000	AFTON P. PRICE 2867 EAST 1500 SOUTH
<u>45-3880</u>	Underground N1100 E745 W4 33 4S 22E SL	<a href="#">well info</a>	P	19770504	DIS	0.015	0.000	MELVIN G.AND/OR KATHERN M. SMITH P.O. BOX 805
<u>45-4223</u>	Underground N1440 W950 S4 21 4S 22E SL	<a href="#">well info</a>	P	19770719	I	0.015	0.000	W. LYNN & JEANETTE NELSON 175 SOUTH 1200 WEST
<u>45-4488</u>	Underground S26 E60 NW 33 4S 22E SL		P	19790910	DI	0.015	0.000	STELLA F.S. SADLIER 3490 EAST 1500 SOUTH
<u>45-6042</u>	Underground S1413 W590 N4 20 4S 22E SL	<a href="#">well info</a>	A	20030521	IS	0.000	4.280	ENRIQUE VALENCIA 245 N 2850 E

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**STATE ACTIONS**  
**Resource Development Coordinating Committee**  
**Governor's Office of Planning and Budget**  
**5110 State Office Building**  
**SLC, UT 84114**  
**Phone No. 537-9230**

<b>1. State Agency</b> Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	<b>2. Approximate date project will start:</b>  Upon Approval or June 9, 2005
<b>3. Title of proposed action:</b> Application for Permit to Drill	
<b>4. Description of Project:</b>  Parallel Petroleum Corporation proposes to drill the Sunshine Bench 1 well (wildcat) on a Fee lease, Uintah County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
<b>5. Location and detailed map of land affected (site location map required, electronic GIS map preferred)</b> (include UTM coordinates where possible) (indicate county) 460' FNL 860' FWL, NW/4 NW/4, Section 34, Township 4 South, Range 22 East, Uintah County, Utah	
<b>6. Possible significant impacts likely to occur:</b> Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
<b>7. Identify local government affected</b> a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
<b>8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable:</b> a. Has the representative and senator been contacted? N/A	
<b>9. Areawide clearinghouse(s) receiving state action:</b> (to be sent out by agency in block 1) Uintah Basin Association of Governments	
<b>10. For further information, contact:</b>   Diana Whitney Phone: (801) 538-5312	<b>11. Signature and title of authorized officer</b>   for Gil Hunt, Acting Associate Director Date: May 26, 2005



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

July 26, 2005

Parallel Petroleum Corporation  
1104 N Big Springs St., Suite 400  
Midland, TX 79701

Re: Sunshine Bench #1 Well, 460' FNL, 860' FWL, NW NW, Sec. 34, T. 4 South,  
R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-36732.

Sincerely,

Gil Hunt  
Acting Associate Director

pab  
Enclosures

cc: Uintah County Assessor

Operator: Parallel Petroleum Corporation  
Well Name & Number Sunshine Bench #1  
API Number: 43-047-36732  
Lease: Fee

Location: NW NW Sec. 34 T. 4 South R. 22 East

### Conditions of Approval

#### 1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

#### 2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

#### 3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

#### 4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

#### 5. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

#### 6. Cement volume for the 4 1/2" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 350' as proposed in the submitted drilling plan.

7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

<b>1. TYPE OF WELL</b> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> Fee
<b>2. NAME OF OPERATOR:</b> Parallel Petroleum Corporation		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>3. ADDRESS OF OPERATOR:</b> 1004 N Big Spring ST, Suite _____ CITY Midland STATE TX ZIP 79701		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>4. LOCATION OF WELL</b> FOOTAGES AT SURFACE: 460' FNL & 860' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 34 4S 22E		<b>8. WELL NAME and NUMBER:</b> Sunshine Bench #1
PHONE NUMBER: (915) 684-3727		<b>9. API NUMBER:</b> 4304736732
COUNTY: Uintah STATE: UTAH		<b>10. FIELD AND POOL, OR WILDCAT:</b> Undesignated

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> (Submit in Duplicate)  Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS.** Clearly show all pertinent details including dates, depths, volumes, etc.

Due to a typo the ten point plan has incorrect formation tops. Please find the attached, correct ten point plan for the subject location.

William A Ryan, Agent

290 S 800 E

Vernal, UT 84078

NAME (PLEASE PRINT) <u>William A Ryan</u>	TITLE <u>Agent</u>
SIGNATURE	DATE <u>9/19/2005</u>

(This space for State use only)

RECEIVED  
SEP 22 2005  
DIV. OF OIL, GAS & MINING

**Ten Point Plan**

**Parallel Petroleum Corp.**

**Sunshine Bench #1**

**Surface Location Section 34, Township 4 South, Range 22 East NW/NW**

**1. Surface Formation**

Frontier

**2. Estimated Formation Tops and Datum:**

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
	Surface	5,090.9' G.R.
Frontier	900'	4,190.9'
Dakota	1,250'	3,840.9'
Salt Wash	1,800'	3,290.9'
Weber	4,800'	290.9'
TD	5,600'	-510.1'

**3. Producing Formation Depth:**

Formation objective includes the Frontier, Dakota, Salt Wash and the Weber.

Off Set Well information (Wells within a one-mile radius)

Sunshine Bench #2

**4. Proposed Casing:**

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling &amp; Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 ¼	9 5/8	36#	J-55	ST&C	350	NEW
7 7/8	5 ½	15.5#	N-80	LT&C	T.D.	NEW

**Cement Program:**

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 5/8	Premium Lite II .05#/sk Static Free .25#/sk Cello Flake 5#/sk KOL Seal .002 gps FP-6L 10% Bentonite .5% Sodium Metasilicate 3% Potassium Chloride	250 sks. +/-	3.38ft <sup>3</sup> /sk	11.0 ppg
Tail:	9 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft <sup>3</sup> /sk	15.6 ppg
Top Job:	9 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft <sup>3</sup> /sk	15.6 ppg

Production casing will be cemented to 350' or higher as follows:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead: 5 1/2	Premium Lite II .25#/sk Cello Flake .05#/sk Static Free 5#/sk Kol Seal 3% Potassium Chloride .055 gps FP-6L 10% Bentonite .5 Sodium Metasilicate	200 sks +/-	3.3ft <sup>3</sup> /sk	11.0 ppg
Tail: 5 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3 2% Bentonite	400 sks +/-	1.56ft <sup>3</sup> /sk	14.3 ppg

##### **5. BOP and Pressure Containment Data:**

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

## 6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-350	Air/Clear Water	-----	No Control	Water/Gel
350-T.D.	8.4-12.0	30	8-10	Water/Gel

## 7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

## 8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 350' to T.D.
- d) Logging: 

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

## 9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H2S.

## 10. Drilling Schedule:

The anticipated starting date is July 15, 2005. Duration of operations is expected to be 30 days.



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

October 2, 2006

Ginger Stringham  
Parallel Petroleum Corporation  
1004 N Big Springs St., Suite 400  
Midland, TX 79701

Re: APD Rescinded –Sunshine Bench 1 Sec. 34 T. 4S R. 22E  
Uintah County, Utah API No. 43-047-36732

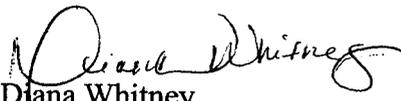
Dear Ms. Stringham:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 26, 2005. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 2, 2006.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Whitney  
Engineering Technician

cc: Well File  
Brad Hill, Technical Service Manager

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

- |        |
|--------|
| 1. DJJ |
| 2. CDW |

Change of Operator (Well Sold)

**X - Operator Name Change/Merger**

The operator of the well(s) listed below has changed, effective:

**1/1/2010**

<b>FROM:</b> (Old Operator): N2720-Parallel Petroleum, Corporation 1004 Big Springs St, Suite 400 Midland, TX 79701 Phone: 1 (432) 685-6568	<b>TO:</b> (New Operator): N3625-Parallel Petroleum, LLC 1004 Big Springs St, Suite 400 Midland, TX 79701 Phone: 1 (432) 682-6568
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**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SUNSHINE BENCH #1	34	040S	220E	4304736732		Fee	OW	LA
TRAIL CREEK ANTICLINE 1-2-6-25	02	060S	250E	4304738324		State	TW	APD
BUCKSKIN HILLS 13-32-3-22	32	030S	220E	4304738325		State	TW	RET
TULLY ST 15-13-5-22	13	050S	220E	4304739310		State	GW	APD C
FEDERAL PIPELINE 13-17-4-23	17	040S	230E	4304739910		Federal	GW	APD C

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 1/26/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/26/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 2/4/2010
- Is the new operator registered in the State of Utah:          Business Number: 5956493-0161
- (R649-9-2) Waste Management Plan has been received on:          IN PLACE
- Inspections of LA PA state/fee well sites complete on:          ok DJJ
- Reports current for Production/Disposition & Sundries on:          ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on:          BLM not yet          BIA n/a
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on:          n/a
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on:          n/a
- Underground Injection Control ("UIC")** The Division has approved UIC-Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on:          n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on:          1/28/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on:          1/28/2010
- Bond information entered in RBDMS on:          1/28/2010
- Fee/State wells attached to bond in RBDMS on:          1/28/2010
- Injection Projects to new operator in RBDMS on:          n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on:          n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number:          61648852
- Indian well(s) covered by Bond Number:
- (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number          61645284
- The **FORMER** operator has requested a release of liability from their bond on:          n/a

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on:          n/a

**COMMENTS:** Parallel Petroleum changed their business from a Corporation to an LLC. Since their bond remains the same, state and fee wells with LA needed to go to the new operator number.

## Parallel Petroleum, LLC

P.O. Box 10587 • Midland, TX 79702 • 432-684-3727 •

January 1, 2010

Field Manager  
Vernal Field Office Manager  
Bureau of Land Management  
170 S. 500 E  
Vernal, UT 84078

Re: Oil & Gas Operations  
Parallel Petroleum LLC  
State of Utah

Dear Sirs:

Parallel Petroleum LLC is hereby authorizing Ginger Bowden of Paradigm Consulting, Inc. to act on behalf of Parallel Petroleum LLC in all aspects of the permit process for potential new wells proposed on Federal and State oil and gas leases as required under Onshore Oil and Gas Order Number One.

This authority would include preparing and submitting applications to drill wells, preparing and submitting applications for road and pipeline right-of-ways and submitting various sundry notices. In addition, she is an authorized Parallel Petroleum LLC agent in all discussions with local, State or Federal regulatory agencies regarding proposed drill sites, routing of roads or pipeline and other matters pertaining to our planned operations in Utah.

If you have questions regarding this designation of an agent on our behalf, please call 432-685-6577.

Sincerely,



Donald E. Tiffin  
Chief Operations Officer  
Parallel Petroleum

**RECEIVED**

**JAN 26 2010**

**DIV. OF OIL, GAS & MINING**