



PARALLEL

Petroleum Corporation

1004 North Big Spring, Suite 400 • Midland, TX 79701 • Ph: 432-684-3727 • Fax: 432-684-3905

November 6, 2006

Sent via CMRRR# 7006 0100 0001 2440 1778

Timothy O. Bayer
2501 West Bulla
Payson, AZ 85541

Re: Personally 1525-33 No. 1
T-15-S, R-25-E
Section 33: N/2
Chaves County, New Mexico

DIVISION CASE # 13864
EXHIBIT # 37
Submitted By: Parallel Petroleum
2/15/07

Dear Mr. Bayer,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the N/2 of Section 33, Township 15 South, Range 25 East, N.M.P.M. in Chaves County, New Mexico. The well will be commenced at an off lease location in the NE/4 NE/4 of Section 32, Township 15 South, Range 25 East, N.M.P.M. and will be drilled to an approximate vertical depth of 4,750'. The well will then be drilled horizontally to encounter the Wolfcamp objective at a legal location in the NW/4 NW/4 of Section 33 and to a projected orthodox terminus in the NE/4 NE/4 of Section 33.

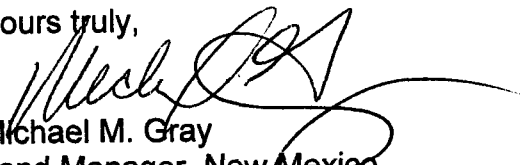
This well will share a drilling pad with a well operated by Parallel Petroleum in the NE/4 NE/4 of Section 32, Township 15 South, Range 25 East, N.M.P.M. The cost of facilities used by both wells will be allocated equally.

Based on an examination of the mineral ownership records located in Chaves County, New Mexico, it appears that your interest in the proposed well would be 0.001058746%.

Enclosed please find an Authority for Expenditure estimating the cost of the proposed well. The total cost for the proposed well is estimated to be \$2,601,300.00. Please mark the appropriate space provided below indicating whether or not you intend to join in the drilling of the well. Should you elect to join in the drilling of the well you will be liable for your proportionate share of the actual cost of drilling which is estimated to be \$2,754.12. If you elect to join, please return a signed copy of the Authority

for Expenditure. Additionally, if you elect to join, please furnish us with your well information requirements.

Yours truly,



Michael M. Gray
Land Manager, New Mexico

TIMOTHY O. BAYER

_____ I/We elect to participate in the proposed Personally 1525-33 No. 1 well and enclose an executed Authority for Expenditure.

_____ I/We elect not to participate in the proposed well.

TIMOTHY O. BAYER

By: _____
Name

Date: _____

TIMOTHY O. BAYER

_____ I/We elect to participate in the proposed Personally 1525-33 No. 1 well and enclose an executed Authority for Expenditure.

_____ I/We elect not to participate in the proposed well.

TIMOTHY O. BAYER

By: _____
Name

Date: _____

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 Street, Apt. No.,
 or PO Box No. 2501 W. Buena
 City, State, ZIP+4 Payson, AZ 85541

PS Form 3800, June 2002

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- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Timothy O. Bayer
 2501 W. Buena
 Payson, AZ 85541

2. Article Number

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

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PS Form 3800, June 2002

See Reverse for Instructions

SECTION

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
☒ Addressee

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D. Is delivery address different from item 1? ☐ Yes
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3. Service Type
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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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D. Is delivery address different from item 1? ☐ Yes
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3. Service Type
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☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

Article Number

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PS Form 3811, February 2004

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