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January 25, 2007

Sent via CMRRR# 7006 0100 0001 2440 3321

Wells Fargo Bank Attn: Mike Talley **Trust Department** 500 W. Texas Midland, Texas 79701

Re:

Personally 1525-33 No. 1

T-15-S. R-25-E Section 33: N/2

Chaves County, New Mexico

Mr. Talley,

On August 9, 2005, Parallel Petroleum Corporation, took an oil and gas lease from Ann Denton, Trustee of the Charles A. and Ann Denton Revocable Trust u/t/a dated April 30, 1987.

DIVISION CASE # 13864

EXHIBIT #----

2115107

Submitted By: Parallel Petroleum

In a drilling title opinion prepared by our attorneys a number of concerns were raised regarding the validity of the lease taken from Ms. Denton in her capacity as Trustee. Enclosed please find the pertinent portion of the title opinion regarding the mineral interest owned by the trust. Title requirements 7(a) through 7(d) outline the information that will be necessary to resolve the issues that exist regarding the lease taken from Ms. Denton as Trustee.

It appears that Ms. Denton originally served as a Co-Trustee of the Charles A. and Ann Denton Revocable Trust along with United New Mexico Trust Company (now Wells Fargo Bank). We have found an order modifying the trust agreement whereby United New Mexico Trust Company was released as a Co-Trustee and Ann Denton was named the Sole Sucessor Trustee in regards to Trust "B".

We have found nothing that would indicate that United New Mexico Trust Company/Wells Fargo has ever been removed or released from its duties and responsibilities as a Co-Trustee of Trust "A". Without any documentation to demonstrate otherwise, we must assume that Wells Fargo, the successor in interest to United New Mexico Trust Company, is in

fact still a Co-Trustee of the Charles A. and Ann Denton Revocable Trust in regards to Trust "A". A ratification of the aforementioned lease by Wells Fargo Bank will be necessary in order to ensure that Parallel Petroleum Corporation does in fact own a valid oil and gas lease covering the mineral interests owned by the trust.

Trek Petroleum, Inc., an independent contractor employed by Parallel Petroleum Corporation to handle leasing and title curative issues has made numerous attempts to obtain the documents and information asked for in the above referenced title opinion. If the information or documentation cannot be supplied, Parallel Petroleum Corporation has no choice other than to list that the mineral interests owned by the Charles A. and Ann Denton Revocable Trust u/t/a dated April 30, 1987, be subject to a compulsory pooling hearing.

The remainder of this letter contains Parallel Petroleum Corporation's well proposal in the event that compulsory pooling efforts in fact become necessary to resolve this matter:

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 in Chaves County, New Mexico, your interest in the proposed well would be a 0.01263778 decimal interest.

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

\$32,874.66. 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.

Also enclosed with this letter please find a copy of our pro forma operating agreement for the drilling of this well. A completed "Exhibit A" and signature pages will be provided to all participating parties upon the completion of a compulsory pooling hearing.

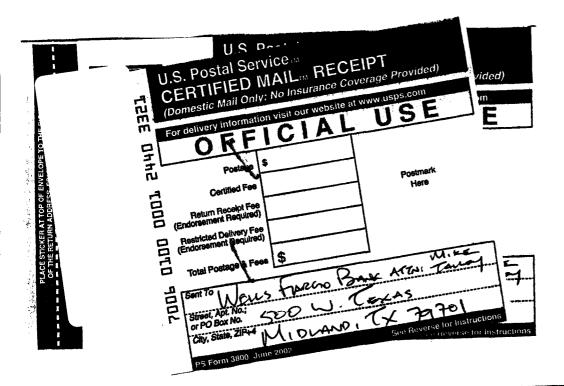
If you have any questions or need anything further, please feel free to contact me at the above listed telephone number. Thank you.

Yours truly,

Aaron L. Myers

Consulting Landman

Wells Fargo Bank, as Co-Trustee of the Charles A. and Ann Denton Revocable Trust Agreement u/t/a dated April 30, 1987.
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.
Wells Fargo Bank, as Co-Trustee of the Charles A. and Ann Denton Revocable Trust Agreement u/t/a dated April 30, 1987.
By: Name
Title:
Date:



SENDER, SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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 so that we can return the card to you. Attach or on the front if space permits.	A Signature X M He naud
1. Article A 1. Article Addressed to: Wen Wens France Bank	If YES, enter delivery address below: No
Attn Attn: Mike Talley	
After After: Mike Talley Trust Dept. 500 500 W. Texas Min Minner, TX 79701	3. Service Type Certified Mail