PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	War Emblem 1525-9 #1			4070029

LOCATION	COUNTY	STATE	DOCUMENT DATE
S/2 Sec 9, T15S, R25E	Chaves	New Mexico	07-Mar-07

PURPOSE	TYPE WELL	TO BE STARTED
Drill & Complete Wolfcamp Horizontal Gas Well	gas	AUG 07

PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME	PROPOSED DEPTH
501084 / County Line / Wildcat(Wolfcamp Gas)	9690 MD, 5250 TVD

INTANGIBLE WELL COSTS

									BCP	ACP	TOTAL
830.020	PERMIT	$ 2,000	830.030	SURVEY LOC	$ 2,500				$ 4,500		$ 4,500
830.040	SURF DAMAGES	$ 4,000	830.050	INSURANCE	$ -	830.020	TITLE	$ 10,000	$ 14,000		$ 14,000
830.110	LOC & PITS	$ 54,000	830.110	ROADS	$ 2,000				$ 56,000		$ 56,000
830.130	DRLG - DAYWORK	20.0 DAYS @			$17,000 /DAY				$ 340,000		$ 340,000
830.130	DRILLING	0 FEET @			$0.00 /FT	830.130	TURNKEY	$ -			
830.120	DRILLING RIG - MOB	$ 49,000							$ 49,000		$ 49,000
830.200	BITS	$ 65,000	830.250	WELDING	$ 2,000				$ 67,000		$ 67,000
830.180	WATER - BCP	$ 35,000	830.190	MUD & CHEM	$ 58,000	840.140	WTR - ACP	$ 35,000	$ 35,000	$ 93,000	$ 128,000
830.140	TRUCKING - BCP	$ 18,200	840.140	TRUCKING - ACP	$ 8,000				$ 18,200	$ 8,000	$ 26,200
830.170	POWER & FUEL	$ 30,000	830.135	DIRECTIONAL	$ 139,000				$ 169,000		$ 169,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -				$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	FLOAT EQ	$ 3,000	$ 38,000		$ 38,000
840.190	PRODUCTION	$ 30,000	860.080	FLOAT EQUIP	$ 3,000					$ 33,000	$ 33,000
830.270	CORING	$ -	830.270	CORE ANAL.	$ -						
830.290	WL LOGGING: OH	$ 32,000	840.200	CSD. HOLE	$ 7,000	840.200	PERF	$ 70,000	$ 32,000	$ 77,000	$ 109,000
840.100	COMPLETION UNIT	5 DAYS @			$4,500 /DAY					$ 22,500	$ 22,500
830.150	BCP - RENTALS: SURF	$ 20,000	830.160	BCP - SUBSURFACE	$ 35,000				$ 55,000		$ 55,000
840.150	ACP - RENTALS: SURF	$ 15,000	840.160	ACP - SUBSURFACE	$ 20,000					$ 35,000	$ 35,000
840.220	STIMULATE: ACID	$ 25,000	840.220	FRACTURE	$ 385,000					$ 410,000	$ 410,000
			840.140	COMPL. FLUID	$ 5,000					$ 5,000	$ 5,000
830.240	ENVIRON. COST - BCP	$ 15,000	840.260	ENV. COST - ACP	$ 15,000				$ 15,000	$ 15,000	$ 30,000
830.320	DRLG OVERHEAD	$ 6,000	830.070	GEOL SUPR	$ 5,000	830.080	ENGR SUPR	$ 10,000	$ 16,000	$ 5,000	$ 21,000
830.090	LABOR: CO. - BCP	$ 24,000	830.250	CONTRACT - BCP	$ 15,000				$ 39,000		$ 39,000
840.030	LABOR: CO. - ACP	$ 5,000	840.020	CONTRACT - ACP	$ 15,000					$ 20,000	$ 20,000
830.240	CLEAN UP SITE	$ 50,000	830.250	FENCE LOC	$ 3,000				$ 50,000	$ 3,000	$ 53,000
830.250	MISC. INTANG. COST	$ 20,000	840.120	MISC. COST - ACP	$ 10,000				$ 20,000	$ 10,000	$ 30,000
830.340	CONTINGENCY: BCP	5.00%	840.280	CONTING: ACP	5.00%				$ 52,100	$ 36,800	$ 88,900
							TOTAL INTANGIBLE WELL COSTS		**$ 1,094,800**	**$ 773,300**	**$ 1,868,100**

TANGIBLE WELL COSTS

									BCP	ACP	TOTAL
850.020	CASING: SURFACE	0	FEET OF............................		0.000	INCH CASING @		$0.00 /FT			
850.030	INTERMEDIATE	1400	FEET OF............................		8.625	INCH CASING @		$26.00 /FT	$ 36,400		$ 36,400
850.030	PROTECTION	0	FEET OF............................		0.000	INCH CASING @		$0.00 /FT			
860.040	PRODUCTION	9690	FEET OF............................		5.500	INCH CASING @		$14.00 /FT		$ 135,660	$ 135,660
860.040	LINER	0	FEET OF............................		0.000	INCH CASING @		$0.00 /FT			
830.210	INSPECT TUB. - BCP	$ 4,500	840.170	INSP. - ACP	$ 4,500	840.120	CSG SRVCS	$ 6,000	$ 7,500	$ 7,500	$ 15,000
850.050	CASINGHEAD	$ 7,500	860.030	TUBINGHEAD	$ 7,500				$ 7,500	$ 7,500	$ 15,000
860.070	CHRISTMAS TREE	$ 10,000	860.070	WH FITTINGS	$ 5,000					$ 15,000	$ 15,000
860.090	TUBING	4400	FEET OF............................		2.875	INCH TUBING @		$5.63 /FT		$ 24,772	$ 24,772
860.110	RODS	0	FEET OF RODS @		$0.00	/FT (AVG)					
860.130	SUBSURFACE PUMP	$ -	860.120	TBG ANCHOR	$ -	860.120	PACKER	$ 7,500		$ 7,500	$ 7,500
860.200	FLOWLINE	$ 2,000	860.190	ELEC CONSTR	$ -					$ 2,000	$ 2,000
860.210	TANK BATTERY	$ 15,000	860.260	COMPRESSOR	$ -	860.100	COAT TBG	$ -		$ 15,000	$ 15,000
860.220	GAS PROD. UNIT	$ -	860.260	DEHYDRATOR	$ 10,000					$ 10,000	$ 10,000
860.220	HEATER-TREATER	$ -	860.220	SEPARATOR	$ 10,000					$ 10,000	$ 10,000
860.130	PLUNGER LIFT	$ -	860.180	PRIME MOVER	$ -						
860.230	SURF EQUIP FTNGS	$ 16,000	860.250	BUILDINGS	$ -					$ 16,000	$ 16,000
860.020	INSTALLATION LABOR	$ 18,000	840.130	TRUCKING	$ 18,200				$ 3,200	$ 33,000	$ 36,200
860.170	PUMPING UNIT	$ -	860.290	METER/CONTROLS	$ 20,000					$ 20,000	$ 20,000
860.280	GAS PIPELINE/METER	$ 50,000								$ 50,000	$ 50,000
860.160	CONTINGENCY	10.00%							$ 5,500	$ 35,368	$ 40,868
							TOTAL TANGIBLE COSTS		**$ 60,100**	**$ 389,300**	**$ 449,400**
							TOTAL WELL COSTS		**$ 1,154,900**	**$ 1,162,600**	**$ 2,317,500**
							PLUG & ABANDON EXPENSE		**$ -**		
							DRY HOLE COST		**$ 1,154,900**		

CATEGORY

TYPE		DEPARTMENT		CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
X	CAPITAL	BUDGETED			Parallel Petroleum	0.8500000	$ 1,969,875

PREPARED BY: Deane Durham - Engineer
DATE: 7 MAR 07

NET AFE FOR DRY HOLE COST ONLY: $ 981,665

APPROVALS	DATE	APPROVALS	DATE
Brian McCurry - Operations Manager	3-8-07	Larry Oldham - President / CEO	3/12/07
Don Tiffin - Chief Operating Officer	3/9/07		3/12/07

PARTICIPANT APPROVAL

NAME OF COMPANY	AUTHORIZED REPRESENTATIVE'S SIGNATURE	TITLE	DATE

This Authorization for Expenditure (AFE) is merely an estimate of :s and expenses associated with the proposed operation could substantially exceed such estimates.

BEFORE THE OIL CONSERVATION DIVISON
Santa Fe, New Mexico
Case No. 13960....Exhibit No. 4
Submitted by:
Parallel Petroleum Corp.
Hearing Date: July 26, 2007