



# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

June 20, 2007

Ms. Sharon Deardorff  
16791 Alexandra Way  
Grass Valley, CA 95949

Re: T-15-S, R-25-E, NMPM  
Giacomo 1525-8 Fed Com. No. 1 Well  
Section 8: N/2  
Funny Cide 1525-8 Fed Com No. 1 Well  
Section 8: S/2  
Chaves County, New Mexico

Dear Ms. Deardorff:

You are a participant in a COMPLAINT FOR DETERMINATION OF HEIRSHIP, QUIET TITLE AND ESTABLISHMENT OF ATTORNEY CHARGING LIEN AND FORCLOSURE OF SAID LEIN, Cause CV-2007-096, related to the establishment of the ownership of 5/8ths of the minerals underlying the NE/4 of Section 7 and 3/4<sup>ths</sup> of the minerals underlying the N/2SW/4 and S/2NW/4 of Section 8-15S-25E, Chaves County New Mexico.

Parallel Petroleum Corporation intends to drill two horizontal wells on lands under which you own minerals. One well, the Giacomo 1525-8 Fed. Com. No. 1 Well, will be drilled in the N/2 of Section 8, Township 15 South, Range 25 East to test the Wolfcamp formation. The well will be drilled to a vertical depth of approximately 5,250' from where it will be kicked off as a horizontal well and drilled to a measured length of approximately 9,450'. A copy the C-102 Well Location and Acreage Dedication Plat for the well is enclosed.

The other well, the Funny Cide 1525-8 Fed. Com No. 1 Well will be drilled in the S/2 of Section 8, Township 15 South, Range 25 East to test the Wolfcamp formation. This well will also be drilled to a vertical depth of approximately 5,250' from where it will be kicked off as a horizontal well and drilled to a measured length of approximately 9,450'. A copy the C-102 Well Location and Acreage Dedication Plat for the well is enclosed.

We enclose Authorities for Expenditure for each of these wells estimating the costs to be incurred in the drilling and completion of the wells. We invite you to participate in the drilling of both of these proposed wells. The rules of the Oil Conservation Commission of the State of New Mexico require that wells of this type be allocated to 320 acres consisting of one half of a square mile section.

The attached schedule sets forth your working interest and the associated costs of participating in each well based upon our assumption that the District Court's final order will adopt the interest set forth in the Exhibit "E" to the Complaint and the proportionate part of the 320 acre proration unit represented by this interest. In the event the order is different, then we will adjust the parties and percentages accordingly.

Before the Oil Conservation Division  
Exhibit No. 12  
Parallel Petroleum Corp  
OCD CASE 13963-13964  
Hearing: August 23, 2007

mgray@pili.com  
www.pili.com




Parallel Petroleum Corporation  
Page 2

If you desire to participate in one or both the wells, please execute and return one copy of this letter indicating your election to participate. If you elect to join, a Joint Operating Agreement for each well will be sent for your review and signature. The Joint Operating Agreement will require that the costs attributable to your interest be paid in advance.

If you do not desire to participate in the drilling of the wells, we propose to purchase an Oil and Gas Lease from you. Tredek, Inc. of Midland, Texas is acting as our agent in the leasing of minerals in this section. A separate letter from Tredek is enclosed, with an Oil and Gas Lease attached thereto. If you desire to lease your interest, please execute and forward your executed and notarized lease to Tredek pursuant to the instructions in their letter.

Please contact me at the letterhead address and phone number if you have questions.

Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

☐ I elect to participate in the drilling of the Giacomo 1525-8 Fed Com. No. 1 Well and will pay the costs associated therewith.

☒ I elect to not participate in the drilling of the Giacomo 1525-8 Fed Com. No. 1 Well.

☐ I elect to participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well and will pay the costs associated therewith.

☒ I elect to not participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well.

  
Sharon Deardorff

Date: 7-31-07

xc: Mr. R. Matthew Bristol  
P. O. Box 2929  
Roswell, New Mexico 88202-2929

word1167

mgray@plll.com  
www.plll.com



Our portion has not been decided yet, so we cannot participate yet.  
Thank you  
We are planning on leasing.



# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

June 20, 2007

Mr. Jerry Lee Hill  
920 Blunk Street  
Palmer, AK 99645

Re: T-15-S, R-25-E, NMPM  
Giacomo 1525-8 Fed Com. No. 1 Well  
Section 8: N/2  
Funny Cide 1525-8 Fed Com No. 1 Well  
Section 8: S/2  
Chaves County, New Mexico

Dear Mr. Hill:

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Parallel Petroleum Corporation intends to drill two horizontal wells on lands under which you own minerals. One well, the Giacomo 1525-8 Fed. Com. No. 1 Well, will be drilled in the N/2 of Section 8, Township 15 South, Range 25 East to test the Wolfcamp formation. The well will be drilled to a vertical depth of approximately 5,250' from where it will be kicked off as a horizontal well and drilled to a measured length of approximately 9,450'. A copy the C-102 Well Location and Acreage Dedication Plat for the well is enclosed.

The other well, the Funny Cide 1525-8 Fed. Com No. 1 Well will be drilled in the S/2 of Section 8, Township 15 South, Range 25 East to test the Wolfcamp formation. This well will also be drilled to a vertical depth of approximately 5,250' from where it will be kicked off as a horizontal well and drilled to a measured length of approximately 9,450'. A copy the C-102 Well Location and Acreage Dedication Plat for the well is enclosed.

We enclose Authorities for Expenditure for each of these wells estimating the costs to be incurred in the drilling and completion of the wells. We invite you to participate in the drilling of both of these proposed wells. The rules of the Oil Conservation Commission of the State of New Mexico require that wells of this type be allocated to 320 acres consisting of one half of a square mile section.

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mgray@p111.com  
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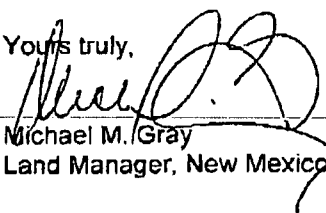


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Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

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☒ I elect to not participate in the drilling of the Giacomo 1525-8 Fed Com. No. 1 Well.

☐ I elect to participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well and will pay the costs associated therewith.

☒ I elect to not participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well.

  
Jerry Lee Hill

Date:

8-1-07

xc: Mr. R. Matthew Bristol  
P. O. Box 2929  
Roswell, New Mexico 88202-2929

word1171

mgray@p111.com  
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# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

June 20, 2007

Ms. Kathryn Hill  
811 N. Klevin St.  
Anchorage, AK 99508-1441

Re: T-15-S, R-25-E, NMPM  
Giacomo 1525-8 Fed Com. No. 1 Well  
Section 8: N/2  
Funny Cide 1525-8 Fed Com No. 1 Well  
Section 8: S/2  
Chaves County, New Mexico

Dear Ms. Hill:

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The other well, the Funny Cide 1525-8 Fed. Com No. 1 Well will be drilled in the S/2 of Section 8, Township 15 South, Range 25 East to test the Wolfcamp formation. This well will also be drilled to a vertical depth of approximately 5,250' from where it will be kicked off as a horizontal well and drilled to a measured length of approximately 9,450'. A copy the C-102 Well Location and Acreage Dedication Plat for the well is enclosed.

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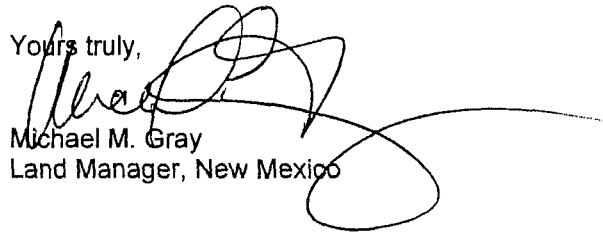


If you desire to participate in one or both the wells, please execute and return one copy of this letter indicating your election to participate. If you elect to join, a Joint Operating Agreement for each well will be sent for your review and signature. The Joint Operating Agreement will require that the costs attributable to your interest be paid in advance.

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Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

\_\_\_\_\_ I elect to participate in the drilling of the Giacomo 1525-8 Fed Com. No. 1 Well and will pay the costs associated therewith.

\_\_\_\_\_ I elect to **not** participate in the drilling of the Giacomo 1525-8 Fed Com. No. 1 Well.

\_\_\_\_\_ I elect to participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well and will pay the costs associated therewith.

\_\_\_\_\_ I elect to **not** participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well.

\_\_\_\_\_  
Kathryn Hill

Date: \_\_\_\_\_

xc: Mr. R. Matthew Bristol  
P. O. Box 2929  
Roswell, New Mexico 88202-2929

word1172

mgray@p111.com  
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# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

June 20, 2007

Ms. Delia Hill-Moder  
8301 Antelope Lane  
Flagstaff, AZ 86004

Re: T-15-S, R-25-E, NMPM  
Giacomo 1525-8 Fed Com. No. 1 Well  
Section 8: N/2  
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Section 8: S/2  
Chaves County, New Mexico

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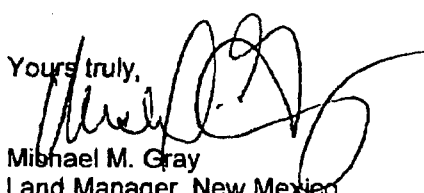


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*I am not able to sign a lease at this time as I do not have title to any interest yet.*  
Please contact me at the letterhead address and phone number if you have questions.

Yours truly,

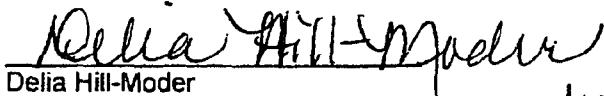
  
Michael M. Gray  
Land Manager, New Mexico

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☒ I elect to not participate in the drilling of the Giacomo 1525-8 Fed Com. No. 1 Well.

☐ I elect to participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well and will pay the costs associated therewith.

☒ I elect to not participate in the drilling of the Funny Cide 1525-8 Fed Com No. 1 Well.

  
Delia Hill-Moder

Date: 8/1/2007

xc: Mr. R. Matthew Bristol  
P. O. Box 2929  
Roswell, New Mexico 88202-2929

word1178

NOTE: I do not want to sell my mineral interests. I will leave them. However, I can not sign any lease at present as my

share has not been determined yet (nor do I know if I will even own a share) until some future date.

mgray@plll.com  
www.plll.com



DM 8/1/07