

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

August 7, 2007

Sent via CMRRR# 7006 0220 0002 4961 6578

New Mexico Department of Transportation Attn: Rhonda Faught, Secretary 1120 Cerillos Road Santa Fe, New Mexico 87505

Re:

Native Dancer 1525-28 #1

T-15-S, R-25-E Section 28: N/2

Chaves County, New Mexico

Ms. Faught,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the North half (N/2) of Section 28, Township 15 South, Range 25 East, N.M.P.M. in Chaves County, New Mexico. The well will be commenced at an on lease location in the NW/4 NW/4 of Section 28, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 NW/4 of Section 28. The well 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 28 and to a projected orthodox terminus in the NE/4 NE/4 of Section 28.

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 a 0.02536 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 \$2,316,200.00. 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 \$1,603.81. 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. In the event

Before the Oil Conservation Division Parallel Petroleum Corp OCD CASE 13985 Hearing: September 20, 2007 that no contact is made with Parallel Petroleum Corporation prior to August 20, 2007, an application for compulsory pooling for the above captioned lands will be filed with the New Mexico Oil Conservation Division.

If you have any questions or need anything further, please to do not hesitate to contact me. You can reach me at the office, my direct dial number is (432) 687-8663. You can also reach me on my cell phone, the number is (956) 330-4051. Thank you.

Yours truly,

Aaron L. Myers

Consulting Landman

NEW MEXICO DEPARTMENT OF TRANSPORTATION
I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.
I/We elect not to participate in the proposed well.
NEW MEXICO DEPARTMENT OF TRANSPORTATION
By: Name
Title:
Date:

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