

**STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSES OF CONSIDERING:**

**CASE NO. 14042**

**APPLICATION OF PARALLEL PETROLEUM CORPORATION  
FOR COMPULSORY POOLING  
CHAVES COUNTY, NEW MEXICO.**

**AFFIDAVIT OF AARON L. MYERS**

**STATE OF TEXAS                   §  
  § ss.  
COUNTY OF MIDLAND         §**

Before me, the undersigned authority, personally appeared Aaron L. Myers, consulting landman, who being fully sworn stated:

My qualifications as an expert are as follows:

Title:            Consulting Landman  
Education:     Texas A&M University, B.A. History, 2000  
                  St. Mary's University School of Law, J.D., 2004

Experience:    2 years, 8 months.

I am over the age of majority and competent to make this Affidavit.

I am responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

I am personally knowledgeable and familiar with the facts and circumstances of this case and the following factual statements.

This affidavit has been prepared in accordance with the New Mexico Oil Conservation Division Rule 1207.A(1)(b).

Before the Oil Conservation Division  
Exhibit No. 2  
Parallel Petroleum Corp  
OCD CASE 14042  
Hearing: December 13, 2007

My expert opinion are based on the following facts and events:

### **CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS**

1. Parallel has the right to drill and develop the oil and gas minerals from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 21, T15S, R25E, NMPM, Chaves County, New Mexico.
2. Parallel has proposed that the S/2 of this section be to dedicated as a standard 320-acre gas spacing unit for production from the Wolfcamp formation to be obtained from its proposed Noor 1525-21 Well No. 1 (API # 30-005-63935) to be located drilled as a horizontal wellbore as shown on Exhibit "A" Attached.
2. On May 9, 2007, Parallel proposed this spacing unit and this well to the New Mexico Department of Transportation
3. Parallel has not been able to obtain a written voluntary agreement from this party as listed on Exhibit "B."
4. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Parallel needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
6. Pursuant to Commission Order R-11992, effective August 15, 2003, Parallel requests that a 200% risk charge be applied.
7. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled and whose current addresses are known as listed on Exhibit "B" of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 13, 2007.

## RULE 1207.A(1)(b) REQUIREMENTS

In accordance with Division Rule 1207.A(1)(b) attached the following statements and exhibits in support of this case:

- (i) No opposition is expected because this party has never appeared in the prior cases.
- (ii) Map (a) outlining the spacing unit already pooled, being the S/2 of Section 21, T15S, R25E, NMPM, Chaves County, New Mexico (b) showing the well location and (c) percentage of ownership interest. **See Exhibit "A" attached**
- (iii) For name and last known address of the party to be pooled with the nature and percent of their interest; I attest that a diligent search has been conducted of all public records in the county where the well is located and the party has been contacted on our behalf on several occasions. **See Exhibit "B" attached**
- (iv) This spacing unit is located within the Walnut Creek-Wolfcamp Gas Pool.
- (v) The pooled unit is for gas.
- (vi) Written evidence of attempts to reach voluntary agreement including letters and summaries of telephone calls are included herein. **See Exhibit "C" attached**
- (vii) The maximum 200% risk factor penalty was justified prior to drilling the well in accordance with Commission Order R-11992 and Division Order R-11926
- (viii) The well costs overhead rates of \$5,000.00/month drilling and \$500.00/month producing well rates, subject to COPAS adjustment should continue to apply for this case. **See Exhibit "D" attached**
- (ix) Copy of Division approval APD and form C-102 showing the well location and the proposed depth of the well (approximately 9,450 feet). **See Exhibit "E" attached**
- (x) Copy of the AFE in the amount of \$1,968,770.00 completed well costs for this well, which we conclude, is fair, reasonable and current for wells of this type in this area. **See Exhibit "F"**

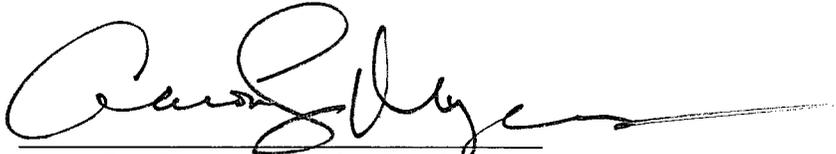
## ATTESTATION

I, Aaron L. Myers, attested that this submittal was prepared by me and the information is correct and complete to the best of my knowledge and belief.

I recommend that a compulsory pooling order be entered which provides that:

- (1) Parallel Petroleum Corporation be to the named Operator;
- (2) In the event a working interest owner fails to elect to participate, then provisions be make to recover out of production the costs of the drilling, completing, equipping and operating the gas well, including a risk factor penalty; and
- (3) Provisions for overhead rates of \$5,000 per month drilling and \$500 per month operating and a provision for an adjustment method of the overhead rates as provided by COPAS;

**FURTHER AFFIANT SAYETH NOT:**

  
 Aaron L. Myers, Consulting Landman

**ACKNOWLEDGMENT**

STATE OF TEXAS                    )  
   )SS:  
 COUNTY OF MIDLAND            )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this \_\_\_ day of December 2007 personally appeared Aaron L. Myers, a person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

  
 Notary Public

My Commission expires:



DISTRICT I  
1625 N. Fynach Dr., Hobbs, NM 88240

DISTRICT II  
1501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
1220 South St. Frances Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 97489	Pool Name Wildcat; Wolfcamp GAS
Property Code	Property Name NOOR 1525-21 FED COM	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3490'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	21	15 S	25 E		1880	SOUTH	208	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	21	15 S	25 E		1880	SOUTH	660	EAST	CHAVES

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

NOTE:

- Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest, the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Deane Dunham* 3-19-07  
Signature Date

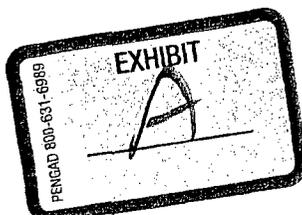
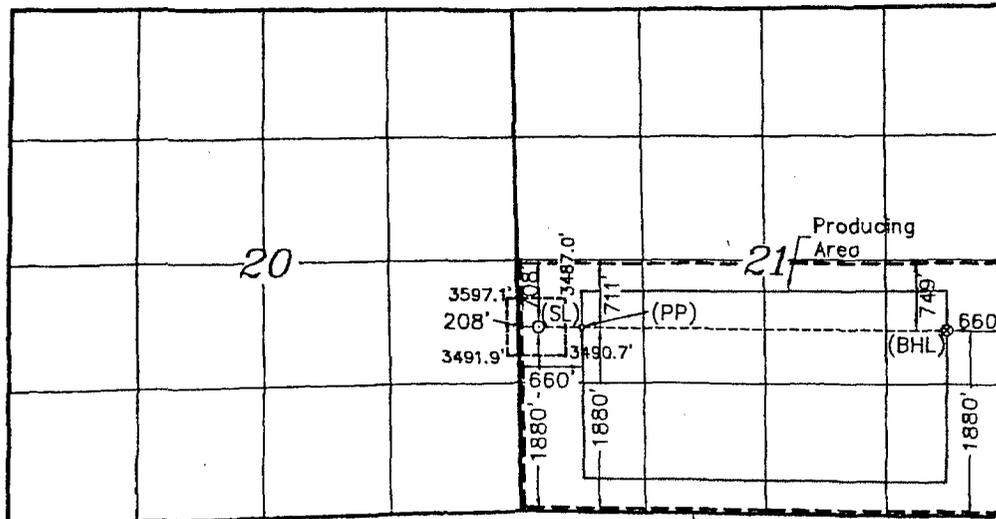
Deane Dunham  
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

October 12, 2006

Date of Survey  
Signature & Seal of Professional Surveyor. KMT



Coordinate Table	
Description	Plane Coordinate
Noor 1525-21 Fed Com #1	X = 462,640.6
Surface Location	Y = 727,096.3
Noor 1525-21 Fed Com #1	X = 463,092.6
Penetration Point	Y = 727,093.7
Noor 1525-21 Fed Com #1	X = 467,022.0
Bottom Hole Location	Y = 727,067.1

W.O. Num. 2006-1007

Certificate No. MACON, McDONALD 42185

Exhibit "B"

New Mexico Department of Transportation  
Attn: Rhonda Faught, Secretary  
1120 Cerrillos Road  
Santa Fe, NM 98505

May 9, 2007

**Sent via CMRRR# 7006 0810 0005 7586 8663**

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

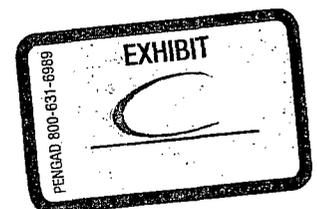
Re: Noor 1525-21 Fed Com. #1  
T-15-S, R-25-E  
Section 21: S/2  
Chaves County, New Mexico

Ms. Faught,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 21, 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 SW/4 of Section 21, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 21. 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 SW/4 of Section 21 and to a projected orthodox terminus in the NE/4 SE/4 of Section 21.

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 1.0000 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 \$86,973.31. 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.



If you have any questions or need anything further, please 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,

A handwritten signature in black ink, appearing to read "Aaron L. Myers". The signature is fluid and cursive, with a long horizontal stroke at the end.

Aaron L. Myers  
Consulting Landman

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

\_\_\_\_\_ I/We elect to participate in the proposed Noor 1525-21 Fed Com. #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: \_\_\_\_\_

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE  
**CERTIFIED MAIL**

7006 0810 0005 7586 8663  
 7006 0810 0005 7586 8663

U.S. Postal Service<sup>TM</sup>  
**CERTIFIED MAIL<sup>TM</sup> RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

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

Sent To **NMDDOT**

Street, Apt. No., or PO Box No. **1120 CERILLOS ROAD**  
 City, State, ZIP+4 **SANTA FE, NM 87501**

PS Form 3800, June 2002 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- 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:  
**NMDDOT**  
**Attn: Rebuda Farnith, Sec.**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
**X**

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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**NMDDOT**  
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**1120 CERILLOS RD.**  
**SANTA FE, NM 87501**

2. Article Number  
 (Transfer from service label)

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
**X** *McS...*

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

USPS 8750

Express Mail  
 Return Receipt for Merchandise  
 C.O.D.

Delivery? (Extra Fee)  Yes

**5 7586 8663**

102595-02-M-1540

7006 0810 0005 7586 8663  
 Domestic Return Receipt

# New Mexico

Chaves

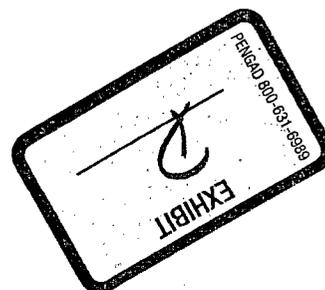
## Monthly Drilling Well Fixed Overhead Rates

Responses	Wells	Depth
1	5	0 - 5,000
2	26	5,001 - 10,000
1	1	10,001 - 15,000
		15,001 - 20,000
		20,001 +
2	4	No Depth Limit

Minimum	Average	Median	Maximum
\$3,500	\$3,500	\$3,500	\$3,500
\$1,995	\$3,497	\$3,497	\$5,000
\$10,064	\$10,064	\$10,064	\$10,064
\$9,772	\$9,772	\$9,772	\$9,772

## Monthly Producing Well Fixed Overhead Rates

Minimum	Average	Median	Maximum
\$3,500	\$3,500	\$3,500	\$3,500
\$1,999	\$3,500	\$3,500	\$5,000
\$1,006	\$1,006	\$1,006	\$1,006
\$1,027	\$1,027	\$1,027	\$1,027



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV  
1220 E. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
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OIL CONSERVATION DIVISION  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

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Property Code	Property Name NOOR 1525-21 FED COM	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3490'

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L	21	15 S	25 E		1880	SOUTH	208	WEST	CHAVES

Bottom Hole Location If Different From Surface

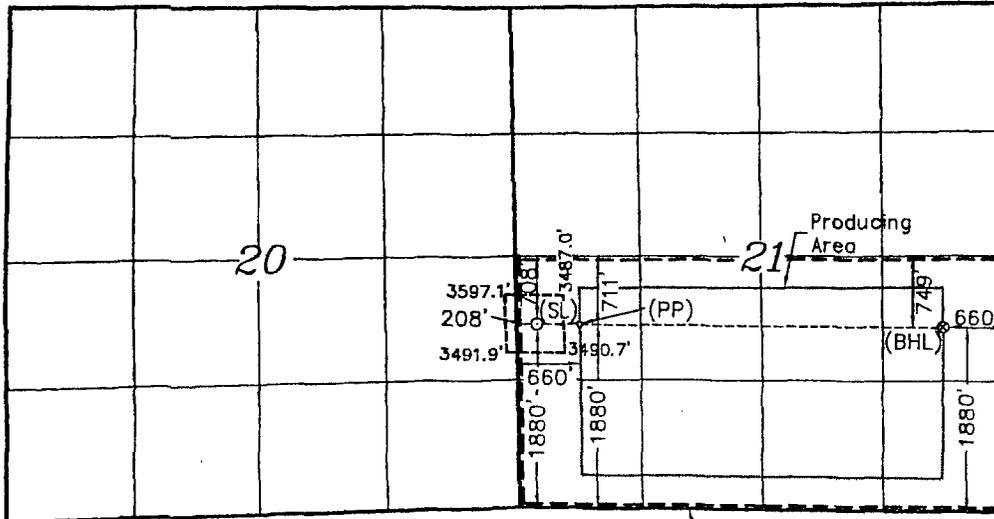
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or leased mineral interests in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Deane Dunham* 3-19-07  
Signature Date

Deane Dunham  
Printed Name

**SURVEYOR CERTIFICATION**

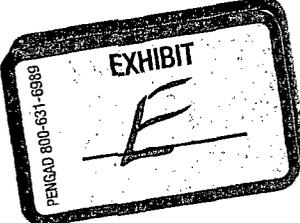
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

October 12, 2006  
Date of Survey

KMT  
Signature & Seal of Professional Surveyor.

*J. McDonald*  
W.O. Num. 2006-1007

Certificate No. MACON-MCDONALD 42185

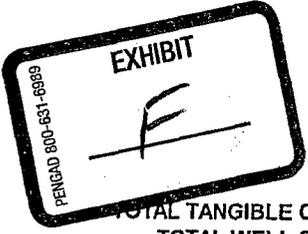


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Penetration Point	Y = 727,093.7
Noor 1525-21 Fed Com #1	X = 467,022.0
Bottom Hole Location	Y = 727,067.1

OPERATOR	LEASE/WELL NAME	ALB NUMBER
Parallel Petroleum	Noor 1525-21 FED COM #1	4070019
LOCATION	COUNTY	STATE
S/2 Sec 21, T15S, R25E	Chaves	New Mexico
PURPOSE	TYPE WELL	TO BE STARTED
Drill & Complete Wolfcamp Horizontal Gas Well	gas	MAY 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME	PROPOSED DEPTH	
501074 / County Line / Wildcat (Wolfcamp Gas)	8450 MD, 5250 TVD	

				BCP	ACP	TOTAL	
<b>INTANGIBLE WELL COSTS</b>							
830.020 PERMIT	\$ 2,000	830.030 SURVEY LOC	\$ 2,500	\$ 4,500		\$ 4,500	
830.040 SURF DAMAGES	\$ 4,000	830.050 INSURANCE	\$ -	\$ 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				
830.120 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	\$ 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.	\$ -	\$ 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	\$ 32,000	\$ 77,000	\$ 109,000	
840.100 COMPLETION UNIT	5 DAYS @		\$4,500 /DAY		\$ 22,500	\$ 22,500	
830.160 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	\$ 8,000	830.070 GEOL SUPR	\$ 5,000	\$ 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	
				<b>TOTAL INTANGIBLE WELL COSTS</b>	<b>\$ 1,094,800</b>	<b>\$ 773,300</b>	<b>\$ 1,868,100</b>

				BCP	ACP	TOTAL	
<b>TANGIBLE WELL COSTS</b>							
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	8450 FEET OF	5.500 INCH CASING @	\$14.00 /FT		\$ 132,300	\$ 132,300	
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	\$ 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	4790 FEET OF	2.875 INCH TUBING @	\$5.63 /FT		\$ 26,968	\$ 26,968	
860.110 RODS	0 FEET OF RODS @	\$0.00 /FT (AVG)					
860.130 SUBSURFACE PUMP	\$ -	860.120 TBG ANCHOR	\$ -		\$ 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	\$ -		\$ 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	\$ 35,232	\$ 40,732	
				<b>TOTAL TANGIBLE COSTS</b>	<b>\$ 60,100</b>	<b>\$ 388,000</b>	<b>\$ 448,100</b>
				<b>TOTAL WELL COSTS</b>	<b>\$ 1,154,900</b>	<b>\$ 1,161,300</b>	<b>\$ 2,316,200</b>
				<b>PLUG &amp; ABANDON EXPENSE</b>	<b>\$ -</b>		
				<b>DRY HOLE COST</b>	<b>\$ 1,154,900</b>		



CATEGORY				NET ESTIMATED COST	\$ 1,968,770
TYPE	DEPARTMENT	CATEGORY	COMPANY	DECIMAL	
X CAPITAL	BUDGETED		Parallel Petroleum	0.8500000	
PREPARED BY	DATE				NET ARE FOR DRY HOLE COST ONLY
<i>Keane Barkam</i>	7/MAR/07				\$ 981,665
APPROVALS	DATE	APPROVALS	DATE		
<i>Boyer McHugh</i>	3/8/07	<i>Leung Allen</i>	3/12/07		
<i>Sheld E. ...</i>	3/19/07	<i>John D. ...</i>	3/19/07		



**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
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**SANTA FE, NEW MEXICO 87501**

**TELEPHONE 505-982-4285**  
**FACSIMILE 505-982-2047**  
**TKELLAHIN@COMCAST.NET**

November 13, 2007

CERTIFICATE MAIL-RETURN RECEIPT REQUESTED  
NOTICE OF THE HEARING OF THE FOLLOWING  
NEW MEXICO OIL CONSERVATION DIVISION CASE:

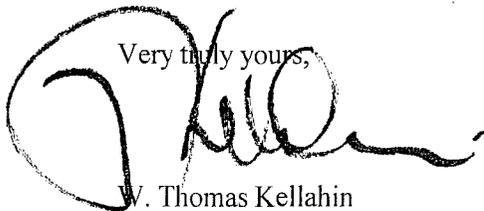
*Re: Application of Parallel Petroleum Corporation for Compulsory  
Pooling Chaves County, New Mexico*

On behalf of Parallel Petroleum Corporation, please find enclosed our application for an compulsory pooling for S/2 of Section 21, T15S, R25E, Eddy County, NM to be dedicate to its Noor 1525-21 Federal Com Well No. 1 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for at 8:15 am on December 13, 2007. The hearing will be held at the Division hearing room located at 1220 South St. Francis Drive, Santa Fe, New Mexico.

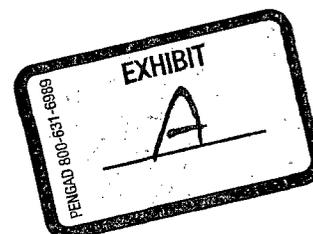
You are not required to attend this hearing, but as an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Rule 1208.B, parties appearing in cases are required to file a Pre-Hearing Statement with the Division not later than 5:00 pm on Thursday, December 6, 2007, with a copy delivered to the undersigned. This statement must include: a summary of your position, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and the identification of any procedural matters that are to be resolved prior to the hearing. In addition, the Division will impose a 200% risk charge unless you declare in this Pre-Hearing Statement that you intend to oppose it. Please note that the burden of proof as to this issue will be yours. If you have any questions about this case you may contact Aaron L. Myers at 432-684-3727.

Very truly yours,



W. Thomas Kellahin



SENDER COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to:  <div style="border: 1px solid black; padding: 5px; text-align: center;">  <p>Rhonda Faught, Secretary              Department of Transportation              1120 Cerrillos Road              Santa Fe, NM 87505</p> </div>	B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span> <i>W. Faught</i>
2. Article Number (Transfer from service label)	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
PS Form 3811, February 2004	3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.  4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
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Domestic Return Receipt <span style="float: right;">102595-02-M-1540</span>	

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PS Form 3800, June 2002

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