

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR Parallel Petroleum	LEASEWELL NAME Charismatic 1525-5 #1	AFE NUMBER 4070032	
LOCATION N/2 Sec 5, T15S, R25E	COUNTY Chaves	STATE New Mexico	DOCUMENT DATE 07-Mar-07
PURPOSE Drill & Complete Wolfcamp Horizontal Gas Well	TYPE WELL gas		TO BE STARTED SEP 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME 501087 / County Line / Wildcat (Wolfcamp Gas)		PROPOSED DEPTH 9450 MD, 5250 TVD	

				BCP	ACP	TOTAL
INTANGIBLE WELL COSTS						
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
830.150 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	\$ 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						
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	9450 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
TOTAL TANGIBLE COSTS				\$ 60,100	\$ 388,000	\$ 448,100
TOTAL WELL COSTS				\$ 1,154,900	\$ 1,161,300	\$ 2,316,200
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	\$ 1,968,770	
PREPARED BY: <i>Deane Durham</i>		DATE: <i>7/14/07</i>					NET AFE FOR DRY HOLE COST ONLY	
APPROVALS: <i>Deane Durham</i>		DATE: <i>7/14/07</i>		APPROVALS: <i>Larry O'Brien</i>		DATE: <i>7/14/07</i>	\$ 981,665	
APPROVALS: <i>Deane Durham</i>		DATE: <i>7/14/07</i>		APPROVALS: <i>Deane Durham</i>		DATE: <i>7/14/07</i>		
NAME OF COMPANY:		AUTHORIZED REPRESENTATIVE'S SIGNATURE		TITLE		DATE		

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

Oil Conservation Division
Case No. *5*
Exhibit No. *5*