

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

MICHAEL M. GRAY

Certified Return Receipt

November 13, 2006

EOG Resources, Inc. P. O. Box 2267 Midland, TX 79702

Attention: Mr. Rick Lanning

Re: Personally 1525-33 No. 1

> T-15-S, R-25-E Section 33: N/2

Chaves County, New Mexico

DIVISION CASE # 13864

Submitted By: Parallel Petroleum

2/15/07

Gentlemen:

Parallel Petroleum Corporation proposes the drilling of the captioned well to horizontally test the Wolfcamp formation in the N/2 of Section 33-15S-25E, Chaves County, New Mexico. The well will be commenced at an off lease location in the NE/4NE/4 of Section 32-15S-25E and 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/4NW/4 of Section 33 and to a projected orthodox terminus in the NE/4NE/4 of Section 33.

This well will share a drilling pad with a well operated by Parallel in the NE/4NE/4 of Section 32-15S-25E. The cost of facilities used by both wells will be allocated equally.



Enclosed is an Authority for Expenditure estimating the cost of the proposed well. Please mark the appropriate space provided below indicating whether or not you intend to join in the drilling of the well. If you elect to join please also return one signed copy of the Authority for Expenditure, along with a copy of your well requirements.

Yours truly,
Michael M. Gray
Land Manager, New Mexico
Land Managor, Nov-Moxico
EOG Resources, Inc.
We elect to participate in the proposed well and have enclosed an executed Authority for Expenditure.
We elect not to participate in the proposed well.
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