



# PARALLEL

Petroleum Corporation

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

November 6, 2006

**Sent via CMRRR# 7006 0100 0001 2440 1778**

Timothy O. Bayer  
2501 West Bulla  
Payson, AZ 85541

Re: Personally 1525-33 No. 1  
T-15-S, R-25-E  
Section 33: N/2  
Chaves County, New Mexico

DIVISION CASE # 13864  
EXHIBIT # 37  
Submitted By: Parallel Petroleum  
2/15/07

Dear Mr. Bayer,

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

This well will share a drilling pad with a well operated by Parallel Petroleum in the NE/4 NE/4 of Section 32, Township 15 South, Range 25 East, N.M.P.M. The cost of facilities used by both wells will be allocated equally.

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 0.001058746%.

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 \$2,601,300.00. 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 \$2,754.12. 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.

Yours truly,



Michael M. Gray  
Land Manager, New Mexico

**TIMOTHY O. BAYER**

I/We elect to participate in the proposed Personally 1525-33 No. 1 well and enclose an executed Authority for Expenditure.

I/We elect not to participate in the proposed well.

**TIMOTHY O. BAYER**

By: \_\_\_\_\_  
Name

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

**TIMOTHY O. BAYER**

\_\_\_\_\_ I/We elect to participate in the proposed Personally 1525-33 No. 1 well and enclose an executed Authority for Expenditure.

\_\_\_\_\_ I/We elect not to participate in the proposed well.

**TIMOTHY O. BAYER**

By: \_\_\_\_\_  
Name

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

440 1778

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 Street, Apt. No.,  
 or PO Box No. 2501 W. Buena  
 City, State, ZIP+4 Payson, AZ 85541

PS Form 3800, June 2002 See Reverse for Instructions

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TIMOTHY D. BAYER  
2501 W. BUENA  
PAYSON, AZ 85541

2. Article Number

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

TIMOTHY D. BAYER  
2501 W. BUENA  
PAYSON, AZ 85541

Article Number

(Transfer from service label)

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

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102595-02-M-1540

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 Addressee

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TIM BAYER 9/11/06

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 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes