

 **PARALLEL**
Petroleum Corporation

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

May 3, 2007

Sent via CMRRR# 7006 0810 0005 7586 8359

MYCO Industries, Inc.
105 S. Fourth Street
Artesia, NM 88210

Before the Oil Conservation Division
Exhibit No. 2
Parallel Petroleum Corp
OCD CASE 13932
Hearing: June 21, 2007

Re: Codex 1525-34 #1
T-15-S, R-25-E
Section 34: N/2
Chaves County, New Mexico

To Whom It May Concern:

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 34, 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 SE/4 NE/4 of Section 34, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the SE/4 NE/4 of Section 34. The well will be drilled to an approximate vertical depth of 4,750'. The well will then be drilled horizontally to a projected orthodox terminus in the SW/4 NW/4 of Section 34.

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 \$2,598,400.00. 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 \$117,463.92. 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 my 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", with a long horizontal flourish extending to the right.

Aaron L. Myers
Consulting Landman

MYCO Industries, Inc.

_____ I/We elect to participate in the proposed Codex 1525-34#1 well and
enclose an executed Authority for Expenditure.

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

MYCO Industries, Inc.

By: _____
Name

Title: _____

Date: _____

MYCO Industries, Inc.

_____ I/We elect to participate in the proposed Codex 1525-34#1 well and
enclose an executed Authority for Expenditure.

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

MYCO Industries, Inc.

By: _____
Name

Title: _____

Date: _____



AUTHORITY FOR EXPENDITURE

OPERATOR: Parallel Petroleum, Leasehold Name: Codex 1525-34 #1, AFE NUMBER: 4060062, LOCATION: S/2N/2 Sec 34, T15S, R25E, COUNTY: Chaves, STATE: New Mexico, DOCUMENT DATE: 06-Sep-06, PURPOSE: Drill & Complete Wolfcamp Horizontal Gas Well, TYPE WELL: gas, TO BE STARTED: MAR 07, PROPOSED DEPTH: 501028 / Racehorse / Wildcat(Wolfcamp Gas), 8966 MD, 4750 TVD

INTANGIBLE WELL COSTS table with columns for item description, amount, and totals for BCP, ACP, and TOTAL. Includes items like PERMIT, SURF DAMAGES, DRILLING, and COMPLETION UNIT.

TANGIBLE WELL COSTS table with columns for item description, amount, and totals for BCP, ACP, and TOTAL. Includes items like CASING, PROTECTION, LINER, and PUMPING UNIT.

SUMMARY table showing TOTAL TANGIBLE COSTS (\$65,000), TOTAL WELL COSTS (\$1,420,400), PLUG & ABANDON EXPENSE (\$0), and DRY HOLE COST (\$1,420,400).

Approval table with columns for TYPE, DEPARTMENT, CATEGORY, COMPANY, DECIMAL, and APPROVALS. Includes handwritten signatures and dates.

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.

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

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CERTIFIED MAIL™ RECEIPT
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Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To **M/CW INDUSTRIES**
 Street, Apt. No., or PO Box No. **105 S. Fourth St.**
 City, State, ZIP+4 **ARTESIA, NM 88210**

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:
M/CW INDUSTRIES, Inc.
105 S. Fourth St.

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

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

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:
M/CW INDUSTRIES, Inc.
105 S. Fourth St.
ARTESIA, NM 88210

2. Article Number
 (Transfer from service label) **7006 0810 0005 7586 8359**

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) **KATHY DONAGHE** C. Date of Delivery **95-02-M-1540**

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