

 **PARALLEL**  
Petroleum Corporation

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

MICHAEL M. GRAY

CERTIFIED MAIL

New Mexico Department of Transportation  
P. O. Box 1149  
Santa Fe, NM 87504-1149

Attention: Secretary Rhonda G. Faught

Re: War Emblem 1525-9 No. 1 Well  
Township 15 South, Range 25 East  
Section 9: S/2  
Chaves County, New Mexico

Dear Secretary Faught:

According to the records of Chaves County, New Mexico, the New Mexico State Highway Commission appears to be the owner of the minerals underlying the following lands in Section 9, T15S, R25E, NMPM, Chaves County, New Mexico:

a 12.022 acre tract of land more particularly described by metes and bounds as follows: BEGINNING at a point on the easterly right of way line of NMP F-023-2(6), County of Chaves, State of New Mexico; a point on the southerly line of Section 9, said point bears westerly along said southerly line a distance of 219.43 feet from the southeasterly corner of said Section 9; THENCE north 1 degree 41 minutes west along said easterly right of way line a distance of 2,618.97 feet to a point on the latitudinal ¼ line of Section 9; THENCE westerly along said Latitudinal ¼ line a distance of 200.1 feet to a point on the westerly right of way line of NMP F-023-2(6); THENCE south 1 degree 41 minutes east along said westerly right of way line a distance of 2,618.03 feet to a point on the southerly line of Section 9; THENCE easterly along said southerly section line of Section 9, a distance of 200.14 feet to the point and place of beginning.

Parallel Petroleum Corporation proposes the drilling of the War Emblem 1525-9 No. 1 Well to horizontally test the Wolfcamp formation in the S/2 of Section 9, 15S-25E, NMPM, Chaves County, New Mexico. An Authority for

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13960...Exhibit No. 3  
Submitted by:  
Parallel Petroleum Corp.  
Hearing Date: July 26, 2007

mgray@plil.com  
www.plil.com



Expenditure, estimating the cost (\$2,317,500.00) of the proposed well is enclosed. The Authority for Expenditure is an estimate and actual costs could be more or less the amount estimated. Under the rules of the Oil Conservation Division of the State of New Mexico, the proration unit for this well will be comprised of the 320 acres constituting the S/2 of Section 9. Your mineral interest represents 3.756875% of the proration unit. Your estimated proportionate cost, if you elect to participate in the well, will be \$87,066.00.

The War Emblem 1525-9 No. 1 Well will be commenced at an off-unit location, 1880' from the south line and 190' from the east line of Section 8, T15S, R25E, and will be drilled to an approximate vertical depth of 5,250'. The well is then projected to be drilled horizontally, 4,150', to a terminus approximately 1,880' from the south line and 660' from the east line of Section 9. The well is projected to penetrate the Wolfcamp formation at 1880' from the south line and 660' from the west line of Section 9.

If you desire to participate for your interest in this well, please signify your intention to join in the well by executing and returning one copy of the enclosed Authority for Expenditure to the letterhead address.

We would like to acquire an Oil and Gas Lease from the Department. Previous attempts to determine the method for acquiring an Oil and Gas Lease from the Department have led to dead ends. If there is a statutory method allowing the acquisition of oil and gas leases from the Department of Transportation, please advise us.

If you have any questions please contact me at the letterhead address or phone number.

Yours truly,



Michael M. Gray  
Land Manager, New Mexico

word1149



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- 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.
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BOX 1149  
SANTA FE, NM 87504-1149

2. Article Number

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PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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A. Signature

X

Agent

Addressee

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1. Article Addressed to:

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Return Receipt Fee (Endorsement Required)

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Total Postage

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New Mexico  
Street, Apt. No. or PO Box No.  
City, State, ZIP+4

WAR EMBLEM 1525-9 #1

2. Article Number

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

Agent

Addressee

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C. Date of Delivery

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If YES, enter delivery address below:  No

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Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

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Petroleum Corporation

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

MICHAEL M. GRAY

CERTIFIED MAIL

May 30, 2007

Rebecca L. Tedeschi  
550 Mound Ave.  
St. Paul, MN 55126

Re: War Emblem 1525-9 No. 1 Well  
Township 15 South, Range 25 East  
Section 9: S/2  
Chaves County, New Mexico

Dear Ms. Tedeschi:

According to the records of Chaves County, New Mexico, you appear to be the owner of a 1/6<sup>th</sup> mineral interest in the E/2 SE/4 of the captioned lands. Parallel Petroleum Corporation proposes the drilling of the War Emblem 1525-9 No. 1 Well to horizontally test the Wolfcamp formation in the S/2 of Section 9, 15S-25E, NMPM, Chaves County, New Mexico. An Authority for Expenditure, estimating the cost (\$2,317,500.00) of the proposed well is enclosed. The Authority for Expenditure is an estimate and actual costs could be more or less the amount estimated. Under the rules of the Oil Conservation Division of the State of New Mexico, the proration unit for this well will be comprised of the 320 acres constituting the S/2 of Section 9. Your mineral interest represents 4.16667% of the proration unit. Your estimated proportionate cost, if you elect to participate in the well, will be \$96,562.50.

The War Emblem 1525-9 No. 1 Well will be commenced at an off-unit location, 1880' from the south line and 190' from the east line of Section 8-15S-25E, and will be drilled to an approximate vertical depth of 5,250'. The well is then projected to be drilled horizontally, 4,150', to a terminus approximately 1,880' from the south line and 660' from the east line of Section 9. The well is projected to penetrate the Wolfcamp formation at 1880' from the south line and 660' from the west line of Section 9.

mgray@p1ll.com  
www.p1ll.com



If you desire to participate for your interest in this well, please signify your intention to join in the well by executing and returning one copy of the enclosed Authority for Expenditure to the letterhead address.

Tredek, Inc., acting as our agent is attempting to purchase an Oil and Gas Lease from you, on our behalf. If you would prefer to lease your interest please contact Fidel Saldivar at Tredek, Inc. (432) 694-6300.

If you have any questions please contact me at the letterhead address or phone number.

Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

cc: Tredek Inc.  
Attn: Fidel Saldivar  
1030 Andrews Hwy.  
Midland, Texas 79701

Fax: Steven Leverett  
(949) 258-5135

word1150

mgray@p1ll.com  
www.p1ll.com



OFFICIAL RETURN ADDRESS FOLD AT DOTTED LINE  
CERTIFIED MAIL

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

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Sent To REBECCA TERESCHI  
 Street, Apt. No.,  
 or PO Box No. 550 MOUND AVE.  
 City, State, ZIP+4  
ST. PAUL MN 55126

PS Form 3800, June 2002 See Reverse for Instructions

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1. Article Addressed to:  
REBECCA TERESCHI  
550 MOUND AVE.  
ST. PAUL, MN 55126

**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

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

Sent To REBECCA TERESCHI  
 Street, Apt. No.,  
 or PO Box No. 550 MOUND AVE.  
 City, State, ZIP+4  
ST. PAUL MN 55126

PS Form 3800, June 2002

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550 MOUND AVE.  
ST. PAUL, MN 55126

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A. Signature  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery  
REBECCA TERESCHI 4-07

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



# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

CERTIFIED MAIL

May 30, 2007

Bob R. Leverett and Mary Leverett,  
Individually and as Trustees of the  
Leverette Living Trust, dated January  
20, 1984  
2328 E. Meadowgrass  
Meridian, Idaho 83646

Re: War Emblem 1525-9 No. 1 Well  
Township 15 South, Range 25 East  
Section 9: S/2  
Chaves County, New Mexico

Gentlemen:

According to the records of Chaves County, New Mexico, you appear to be the owner of a 1/6<sup>th</sup> mineral interest in the E/2 SE/4 of the captioned lands. Parallel Petroleum Corporation proposes the drilling of the War Emblem 1525-9 No. 1 Well to horizontally test the Wolfcamp formation in the S/2 of Section 9, 15S-25E, NMPM, Chaves County, New Mexico. An Authority for Expenditure, estimating the cost (\$2,317,500.00) of the proposed well is enclosed. The Authority for Expenditure is an estimate and actual costs could be more or less the amount estimated. Under the rules of the Oil Conservation Division of the State of New Mexico, the proration unit for this well will be comprised of the 320 acres constituting the S/2 of Section 9. Your mineral interest represents 4.16667% of the proration unit. Your estimated proportionate cost, if you elect to participate in the well, will be \$96,562.50.

The War Emblem 1525-9 No. 1 Well will be commenced at an off-unit location, 1880' from the south line and 190' from the east line of Section 8-15S-25E, and will be drilled to an approximate vertical depth of 5,250'. The well is then projected to be drilled horizontally, 4,150', to a terminus approximately 1,880' from the south line and 660' from the east line of Section 9. The well is projected to penetrate the Wolfcamp formation at 1880' from the south line and 660' from the west line of Section 9.

mgray@ppll.com  
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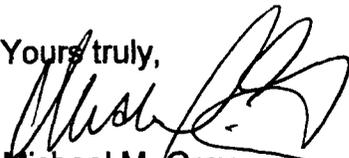


If you desire to participate for your interest in this well, please signify your intention to join in the well by executing and returning one copy of the enclosed Authority for Expenditure to the letterhead address.

Tredek, Inc., acting as our agent is attempting to purchase an Oil and Gas Lease from you, on our behalf. If you would prefer to lease your interest please contact Fidel Saldivar at Tredek, Inc. (432) 694-6300.

If you have any questions please contact me at the letterhead address or phone number.

Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

cc: Tredek Inc.  
Attn: Fidel Saldivar  
1030 Andrews Hwy.  
Midland, Texas 79701

Fax: Steven Leverett  
(949) 258-5135

word1152



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

Sent To: BOB & MARY LEVERETT  
 Street, Apt. No., or PO Box No. 2328 E. MEADOWGRASS  
 City, State, ZIP+4 MERIDIAN IDAHO 83646

PS Form 3800, June 2002 See Reverse for Instructions

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1. Article Addressed to:  
BOB LEVERETT & MARY LEVERETT  
2328 E. MEADOWGRASS  
MERIDIAN, IDAHO 83646

**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  
 Registered  Return Receipt for Merchandise  
 C.O.D.  Yes

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

Sent To: WAR EMBLEM 1525-9 #1  
 Street, Apt. No., or PO Box No. (Transfer from service label)  
 City, State, ZIP+4

2. Article Number  
 (Transfer from service label)

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

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 Addressee

B. Received by (Printed Name) C. Date of Delivery 6-1-07

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3. Service Type

Certified Mail  Express Mail  
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 Insured Mail  C.O.D.  Yes

4. Restricted Delivery? (Extra Fee)

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Domestic Return Receipt

**PARALLEL**  
Petroleum Corporation

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

MICHAEL M. GRAY

CERTIFIED MAIL

May 30, 2007

John M. Leverett  
P. O. Box 1654  
Newport Beach, CA 92659

Re: War Emblem 1525-9 No. 1 Well  
Township 15 South, Range 25 East  
Section 9: S/2  
Chaves County, New Mexico

Dear Mr. Leverett:

According to the records of Chaves County, New Mexico, you appear to be the owner of a 1/6<sup>th</sup> mineral interest in the E/2 SE/4 of the captioned lands. Parallel Petroleum Corporation proposes the drilling of the War Emblem 1525-9 No. 1 Well to horizontally test the Wolfcamp formation in the S/2 of Section 9, 15S-25E, NMPM, Chaves County, New Mexico. An Authority for Expenditure, estimating the cost (\$2,317,500.00) of the proposed well is enclosed. The Authority for Expenditure is an estimate and actual costs could be more or less the amount estimated. Under the rules of the Oil Conservation Division of the State of New Mexico, the proration unit for this well will be comprised of the 320 acres constituting the S/2 of Section 9. Your mineral interest represents 4.16667% of the proration unit. Your estimated proportionate cost, if you elect to participate in the well, will be \$96,562.50.

The War Emblem 1525-9 No. 1 Well will be commenced at an off-unit location, 1880' from the south line and 190' from the east line of Section 8-15S-25E, and will be drilled to an approximate vertical depth of 5,250'. The well is then projected to be drilled horizontally, 4,150', to a terminus approximately 1,880' from the south line and 660' from the east line of Section 9. The well is projected to penetrate the Wolfcamp formation at 1880' from the south line and 660' from the west line of Section 9.

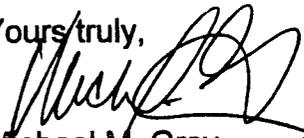


If you desire to participate for your interest in this well, please signify your intention to join in the well by executing and returning one copy of the enclosed Authority for Expenditure to the letterhead address.

Tredek, Inc., acting as our agent is attempting to purchase an Oil and Gas Lease from you, on our behalf. If you would prefer to lease your interest please contact Fidel Saldivar at Tredek, Inc. (432) 694-6300.

If you have any questions please contact me at the letterhead address or phone number.

Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

cc: Tredek Inc.  
Attn: Fidel Saldivar  
1030 Andrews Hwy.  
Midland, Texas 79701

Fax: Steven Leverett  
(949) 258-5135

word1151



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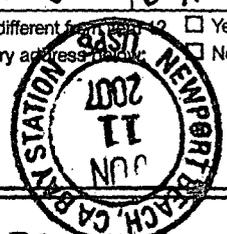
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Total Postage & Fees	\$	

Sent To: JOHN LEVERETT  
 Street, Apt. No., or PO Box No.: BOX 1654  
 City, State, ZIP+4: NEWPORT BEACH CA 92659  
 PS Form 3800, June 2002 See Reverse for Instructions

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<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>		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No          If YES, enter delivery address below:</p>	
1. Article Addressed to: <u>JOHN LEVERETT</u> <u>BOX 1654</u> <u>NEWPORT BEACH, CA 92659</u>			

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>		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No          If YES, enter delivery address below:</p>	
1. Article Addressed to: <u>JOHN LEVERETT</u> <u>BOX 1654</u> <u>NEWPORT BEACH, CA 92659</u>		<p>6-11-07</p> 	
2. Article Number (Transfer from service label) <u>7006 0100 0001 2440 4632</u>		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	



# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

CERTIFIED MAIL

May 30, 2007

Margie L. Mara  
1385 Sunnyside  
Clovis, CA 93612

Re: War Emblem 1525-9 No. 1 Well  
Township 15 South, Range 25 East  
Section 9: S/2  
Chaves County, New Mexico

Dear Ms. Mara:

According to the records of Chaves County, New Mexico, you appear to be the owner of a 1/6<sup>th</sup> mineral interest in the E/2 SE/4 of the captioned lands. Parallel Petroleum Corporation proposes the drilling of the War Emblem 1525-9 No. 1 Well to horizontally test the Wolfcamp formation in the S/2 of Section 9, 15S-25E, NMPM, Chaves County, New Mexico. An Authority for Expenditure, estimating the cost (\$2,317,500.00) of the proposed well is enclosed. The Authority for Expenditure is an estimate and actual costs could be more or less the amount estimated. Under the rules of the Oil Conservation Division of the State of New Mexico, the proration unit for this well will be comprised of the 320 acres constituting the S/2 of Section 9. Your mineral interest represents 4.16667% of the proration unit. Your estimated proportionate cost, if you elect to participate in the well, will be \$96,562.50.

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www.p1ll.com

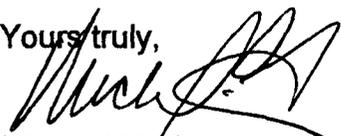


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If you have any questions please contact me at the letterhead address or phone number.

Yours truly,



Michael M. Gray  
Land Manager, New Mexico

cc: Tredek Inc.  
Attn: Fidel Saldivar  
1030 Andrews Hwy.  
Midland, Texas 79701

Fax: Steven Leverett  
(949) 258-5135

word1153



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

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**MARGIE MARA**  
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 or PO Box No. **1385 SUNNYSIDE**  
 City, State, ZIP+4  
**CLOVIS CA 93612**

PS Form 3800, June 2002 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

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**MARGIE L. MARA**  
**1385 SUNNYSIDE**  
**CLOVIS, CA 93612**

2. Article Number: **WAR EMBLEM 1525-9 #1**

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 Agent  
 Addressee

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1. Article Addressed to:  
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**MA**  
 Street, Apt. No., or PO Box No.  
**WAR EMBLEM 1525-9 #1**  
 City, State, ZIP+4  
**CA**

2. Article Number  
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PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

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 Agent  
 Addressee

B. Received by (Printed Name)  
**Tracy Joliff**  
 C. Date of Delivery  
**6/2/07**

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4. Restricted Delivery? (Extra Fee)  Yes

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# PARALLEL

Petroleum Corporation

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

MICHAEL M. GRAY

## CERTIFIED MAIL

May 30, 2007

Joe B. Leverett, Jr.  
11505 Leibacher  
Norwalk, CA 90650

Re: War Emblem 1525-9 No. 1 Well  
Township 15 South, Range 25 East  
Section 9: S/2  
Chaves County, New Mexico

Dear Mr. Leverett, Jr.:

According to the records of Chaves County, New Mexico, you appear to be the owner of a 1/6<sup>th</sup> mineral interest in the E/2 SE/4 of the captioned lands. Parallel Petroleum Corporation proposes the drilling of the War Emblem 1525-9 No. 1 Well to horizontally test the Wolfcamp formation in the S/2 of Section 9, 15S-25E, NMPM, Chaves County, New Mexico. An Authority for Expenditure, estimating the cost (\$2,317,500.00) of the proposed well is enclosed. The Authority for Expenditure is an estimate and actual costs could be more or less the amount estimated. Under the rules of the Oil Conservation Division of the State of New Mexico, the proration unit for this well will be comprised of the 320 acres constituting the S/2 of Section 9. Your mineral interest represents 4.16667% of the proration unit. Your estimated proportionate cost, if you elect to participate in the well, will be \$96,562.50.

The War Emblem 1525-9 No. 1 Well will be commenced at an off-unit location, 1880' from the south line and 190' from the east line of Section 8-15S-25E, and will be drilled to an approximate vertical depth of 5,250'. The well is then projected to be drilled horizontally, 4,150', to a terminus approximately 1,880' from the south line and 660' from the east line of Section 9. The well is projected to penetrate the Wolfcamp formation at 1880' from the south line and 660' from the west line of Section 9.

mgray@p1ll.com  
www.p1ll.com



If you desire to participate for your interest in this well, please signify your intention to join in the well by executing and returning one copy of the enclosed Authority for Expenditure to the letterhead address.

Tredek, Inc., acting as our agent is attempting to purchase an Oil and Gas Lease from you, on our behalf. If you would prefer to lease your interest please contact Fidel Saldivar at Tredek, Inc. (432) 694-6300.

If you have any questions please contact me at the letterhead address or phone number.

Yours truly,

  
Michael M. Gray  
Land Manager, New Mexico

cc: Tredek Inc.  
Attn: Fidel Saldivar  
1030 Andrews Hwy.  
Midland, Texas 79701

Fax: Steven Leverett  
(949) 258-5135

word1155



PLACE STAMP AND RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL

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

Sent To  
 JOE LEVERETT, JR.  
 Street, Apt. No.,  
 or PO Box No. 11505 LEIBACHER  
 City, State, ZIP+4  
 NORWALK CA 90650

PS Form 3800, June 2002 See Reverse for Instructions

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1. Article Addressed to:  
 JOE LEVERETT, JR.  
 11505 LEIBACHER  
 NORWALK, CA 90650

**COMPLETE THIS SECTION ON DELIVERY**

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 X  Agent  
 Addressee

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

D. Is delivery address different from item 1?  Yes  
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1. Article Addressed to:  
 JOE LEVERETT, JR.  
 11505 LEIBACHER  
 NORWALK, CA 90650

2. Article Number  
 (Transfer from service label)  
 WAR EMBLEM 1525-9 #

PS Form 3811, February 2004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X Joe Leverett  Agent  
 Addressee

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

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 If YES, enter delivery address below:  No

3. Service Type  
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 Registered  Return Receipt for Merchandise  
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