

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 16, 2007

Ms. Ocean Munds-Dry
Holland & Hart
Attorneys-at-Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Ms. Munds-Dry:

Based upon the reasons stated in your letter of November 8, 2007, and in accordance with the provisions of Division Order No. R-12803, Parallel Petroleum Corporation is hereby granted an extension of time until February 20, 2008 in which to commence drilling the well pooled by this order.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

Mark E. Fesmire, P.E.

Director

fd/

cc: Case No. 13948

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November 8, 2007

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Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

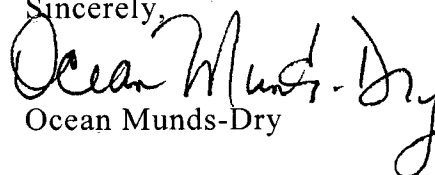
Re: Oil Conservation Division Case No. 13948: Application of Parallel Petroleum Corp. for compulsory pooling, Chaves County, New Mexico.

Dear Mr. Fesmire;

On August 20, 2007, the Division entered Order No. R-12803 which granted the application of Parallel Petroleum Corporation in the above-referenced case pooling all uncommitted interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 20, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico.

Order R-12803 provides that in the event Parallel "does not commence drilling the proposed well on or before November 20, 2007" the Order "shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause."

Parallel plans to drill the Bubbling Over 1525-20 Fed Com Well No. 1 but has encountered delays in obtaining a rig and has determined that it will not be able to commence drilling prior to November 20, 2007. Since it will be unable to commence drilling prior to the current deadline set by this pooling order, Parallel hereby requests an extension of Order No. R-12803 from November 20, 2007 until February 20, 2007. Your attention to this request is appreciated.

Sincerely,

Ocean Munds-Dry

cc: Mr. Aaron Myers