PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Real Quiet 1525-4 FED COM #1			4070027
LOCATION		**COUNTY**	**STATE**	**DOCUMENT DATE**
N/2 Sec 4, T15S, R25E		Chaves	New Mexico	07-Mar-07
PURPOSE			**TYPE WELL**	**TO BE STARTED**
Drill & Complete Wolfcamp Horizontal Gas Well			gas	JUL 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				**PROPOSED DEPTH**
501082 / County Line / Wildcat(Wolfcamp Gas)				9690 MD, 5250 TVD

INTANGIBLE WELL COSTS

			BCP	ACP	TOTAL
830.020 PERMIT $ 2,000	830.030 SURVEY LOC $ 2,500		$ 4,500		$ 4,500
830.040 SURF DAMAGES $ 4,000	830.050 INSURANCE $ -	830.020 TITLE $ 10,000	$ 14,000		$ 14,000
830.110 LOC & PITS $ 54,000	830.110 ROADS $ 2,000		$ 56,000		$ 56,000
830.130 DRLG - DAYWORK 20.0 DAYS @	$17,000 /DAY		$ 340,000		$ 340,000
830.130 DRILLING 0 FEET @	$0.00 /FT	830.130 TURNKEY $ -			
830.120 DRILLING RIG - MOB $ 49,000			$ 49,000		$ 49,000
830.200 BITS $ 65,000	830.250 WELDING $ 2,000		$ 67,000		$ 67,000
830.180 WATER - BCP $ 35,000	830.190 MUD & CHEM $ 58,000	840.140 WTR - ACP $ 35,000	$ 35,000	$ 93,000	$ 128,000
830.140 TRUCKING - BCP $ 18,200	840.140 TRUCKING - ACP $ 8,000		$ 18,200	$ 8,000	$ 26,200
830.170 POWER & FUEL $ 30,000	830.135 DIRECTIONAL $ 139,000		$ 169,000		$ 169,000
830.270 MUD LOGGING $ 25,000	830.270 DST $ -		$ 25,000		$ 25,000
830.230 CEMENTING: SURF $ 35,000	830.230 INTERMED. $ -	850.060 FLOAT EQ $ 3,000	$ 38,000		$ 38,000
840.190 PRODUCTION $ 30,000	860.080 FLOAT EQUIP $ 3,000			$ 33,000	$ 33,000
830.270 CORING $ -	830.270 CORE ANAL. $ -				
830.290 WL LOGGING: OH $ 32,000	840.200 CSD. HOLE $ 7,000	840.200 PERF $ 70,000	$ 32,000	$ 77,000	$ 109,000
840.100 COMPLETION UNIT 5 DAYS @	$4,500 /DAY			$ 22,500	$ 22,500
830.150 BCP - RENTALS: SURF $ 20,000	830.160 BCP - SUBSURFACE $ 35,000		$ 55,000		$ 55,000
840.150 ACP - RENTALS: SURF $ 15,000	840.160 ACP - SUBSURFACE $ 20,000			$ 35,000	$ 35,000
840.220 STIMULATE: ACID $ 25,000	840.220 FRACTURE $ 385,000			$ 410,000	$ 410,000
	840.140 COMPL. FLUID $ 5,000			$ 5,000	$ 5,000
830.240 ENVIRON. COST - BCP $ 15,000	840.260 ENV. COST - ACP $ 15,000		$ 15,000	$ 15,000	$ 30,000
830.320 DRLG OVERHEAD $ 6,000	830.070 GEOL SUPR $ 5,000	830.080 ENGR SUPR $ 10,000	$ 16,000	$ 5,000	$ 21,000
830.090 LABOR: CO. - BCP $ 24,000	830.250 CONTRACT - BCP $ 15,000		$ 39,000		$ 39,000
840.030 LABOR: CO. - ACP $ 5,000	840.020 CONTRACT - ACP $ 15,000			$ 20,000	$ 20,000
830.240 CLEAN UP SITE $ 50,000	830.250 FENCE LOC $ 3,000		$ 50,000	$ 3,000	$ 53,000
830.250 MISC. INTANG. COST $ 20,000	840.120 MISC. COST - ACP $ 10,000		$ 20,000	$ 10,000	$ 30,000
830.340 CONTINGENCY: BCP 5.00%	840.280 CONTING: ACP 5.00%		$ 52,100	$ 36,800	$ 88,900
		TOTAL INTANGIBLE WELL COSTS	$ 1,094,800	$ 773,300	$ 1,868,100

TANGIBLE WELL COSTS

			BCP	ACP	TOTAL
850.020 CASING: SURFACE 0 FEET OF	0.000 INCH CASING @	$0.00 /FT			
850.030 INTERMEDIATE 1400 FEET OF	0.625 INCH CASING @	$26.00 /FT	$ 36,400		$ 36,400
850.030 PROTECTION 0 FEET OF	0.000 INCH CASING @	$0.00 /FT			
860.040 PRODUCTION 9690 FEET OF	5.500 INCH CASING @	$14.00 /FT		$ 135,660	$ 135,660
860.040 LINER 0 FEET OF	0.000 INCH CASING @	$0.00 /FT			
830.210 INSPECT TUB. - BCP $ 4,500	840.170 INSP. - ACP $ 4,500	840.120 CSG SRVCS $ 6,000	$ 7,500	$ 7,500	$ 15,000
850.050 CASINGHEAD $ 7,500	860.030 TUBINGHEAD $ 7,500		$ 7,500	$ 7,500	$ 15,000
860.070 CHRISTMAS TREE $ 10,000	860.070 WH FITTINGS $ 5,000			$ 15,000	$ 15,000
860.090 TUBING 4400 FEET OF	2.875 INCH TUBING @	$5.63 /FT		$ 24,772	$ 24,772
860.110 RODS 0 FEET OF RODS @	$0.00 /FT (AVG)				
860.130 SUBSURFACE PUMP $ -	860.120 TBG ANCHOR $ -	860.120 PACKER $ 7,500		$ 7,500	$ 7,500
860.200 FLOWLINE $ 2,000	860.190 ELEC CONSTR $ -			$ 2,000	$ 2,000
860.210 TANK BATTERY $ 15,000	860.280 COMPRESSOR $ -	860.100 COAT TBG $ -		$ 15,000	$ 15,000
860.220 GAS PROD. UNIT $ -	860.260 DEHYDRATOR $ 10,000			$ 10,000	$ 10,000
860.220 HEATER-TREATER $ -	860.220 SEPARATOR $ 10,000			$ 10,000	$ 10,000
860.130 PLUNGER LIFT $ -	860.180 PRIME MOVER $ -				
860.230 SURF EQUIP FTNGS $ 16,000	860.250 BUILDINGS $ -			$ 16,000	$ 16,000
860.020 INSTALLATION LABOR $ 19,000	840.130 TRUCKING $ 18,200		$ 3,200	$ 33,000	$ 36,200
860.170 PUMPING UNIT $ -	860.290 METER/CONTROLS $ 20,000			$ 20,000	$ 20,000
860.280 GAS PIPELINE/METER $ 50,000				$ 50,000	$ 50,000
860.160 CONTINGENCY 10.00%			$ 5,500	$ 35,368	$ 40,868
		TOTAL TANGIBLE COSTS	$ 60,100	$ 389,300	$ 449,400
		TOTAL WELL COSTS	$ 1,154,900	$ 1,162,600	$ 2,317,500
		PLUG & ABANDON EXPENSE	$ -		
		DRY HOLE COST	$ 1,154,900		

CATEGORY

TYPE		DEPARTMENT	CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
X	CAPITAL	BUDGETED		Parallel Petroleum	0.8500000	$ 1,989,875

PREPARED BY: Dean Durham - Engineer	DATE: 7 MAR 07	NET AFE FOR DRY HOLE COST ONLY: $ 981,665
APPROVALS: Brian McCurry - Operations Manager	DATE: 3-8-07	APPROVALS: Larry Oldham - President / CEO — DATE: 3/12/07
APPROVALS: [illegible] - Chief Operating Officer	DATE: 3/9/07	APPROVALS: — DATE: 3/19/07

PARTICIPANT APPROVAL

NAME OR COMPANY	AUTHORIZED REPRESENTATIVE'S SIGNATURE	TITLE	DATE

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.

Oil Conservation Division
Case No. ___
Exhibit No. 5