

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 1846

Dominion Oklahoma Texas
Exploration & Production, Inc.
1400 Quail Springs Parkway, Suite 600
Oklahoma City, OK 73124

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

DIVISION CASE # 13864
EXHIBIT # 12
Submitted By: Parallel Petroleum
2/15/07

To Whom It May Concern:

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 0.009482723%.

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 \$24,667.40. 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

**DOMINION OKLAHOMA TEXAS EXPLORATION
AND PRODUCTION, INC.**

_____ 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.

**DOMINION OKLAHOMA TEXAS EXPLORATION
AND PRODUCTION, INC.**

By: _____
Name

Title: _____

Date: _____

**DOMINION OKLAHOMA TEXAS EXPLORATION
AND PRODUCTION, INC.**

_____ 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.

**DOMINION OKLAHOMA TEXAS EXPLORATION
AND PRODUCTION, INC.**

By: _____
Name

Title: _____

Date: _____

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