STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF PARALLEL PETROLEUM CORPORATION FOR COMPULSORY POOLING, CHAVES COUNTY, NEW MEXICO.

CASE NO. 13916

AFFIDAVIT OF AARON L. MYERS

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Aaron L. Myers, being first duly sworn on oath, states as follows:

1. My name is Aaron Myers. I reside in Midland, Texas. I am the Landman employed by Parallel Petroleum Corporation ("Parallel") who is familiar with the status of the lands in Section 28, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico.

2. Parallel seeks an order pooling certain interest owners in the S/2 of Section 28 from the surface to the base of the Wolfcamp formation in the following described spacing and proration units: the S/2 for all formations and/or pools developed on 320-acre spacing.

3. Parallel owns a working interest in the S/2 of Section 28 and has dedicated this proposed spacing unit to its Unbridled 1525-28 Well No. 1 **(API 30-005-63879)** to be drilled from a surface location 1880 feet from the South line and 237 feet from the East line and a bottomhole location 1880 feet from the South line and 660 feet from the East line of said Section 28 to an approximate depth of 4750 feet. Attachment A is a plat of the subject lands showing the proposed spacing unit and the well location.

4. The proposed spacing unit consists of 320 acres of fee lands. Attachment B lists the nature and percentage of the ownership interests in the subject spacing unit.

5. All mineral owners in the project area have voluntarily agreed to pool their interests. This application has been instituted solely to pool the interests of working interest owners who have not been found.

6. Parallel has conducted a diligent search to locate these interest owners: Chapman Webb, Edna Earl Chapman, J.C. Chapman, Frieda Chapman, Sexton Family Trust, New Mexico Department of Transportation, L.E. Gross, Michael Olen Gross, Roy Hanceford Gross, Carolyn G. Ray, Myrtis Sexron Ashy, and Sallie Jean Skaggs

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 13916....Exhibit No. 1
Submitted by:
PARALLEL PETROLEUM CORPORATION
Hearing Date: May 10, 2007

Simpson. These efforts are outlined in Attachment C. Attachment D is a copy of the well proposal letter that was sent to those interest owners with last known addresses.

7. Parallel requests that these interests be pooled and Parallel be designated operator of the well and the project area.

8. Parallel proposes overhead charges (combined fixed rates) of $500 per month while drilling and $5000 per month while producing.

9. Attachment E is a copy of the authorization for expenditure (AFE) for this well.

10. Attachment F is a copy of the Application for Permit to Drill.

11. Attachment G is an affidavit of publication showing notice of this hearing was given pursuant to Division rules.

11. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow Parallel and the other interest owners in the S/2 of Section 28 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

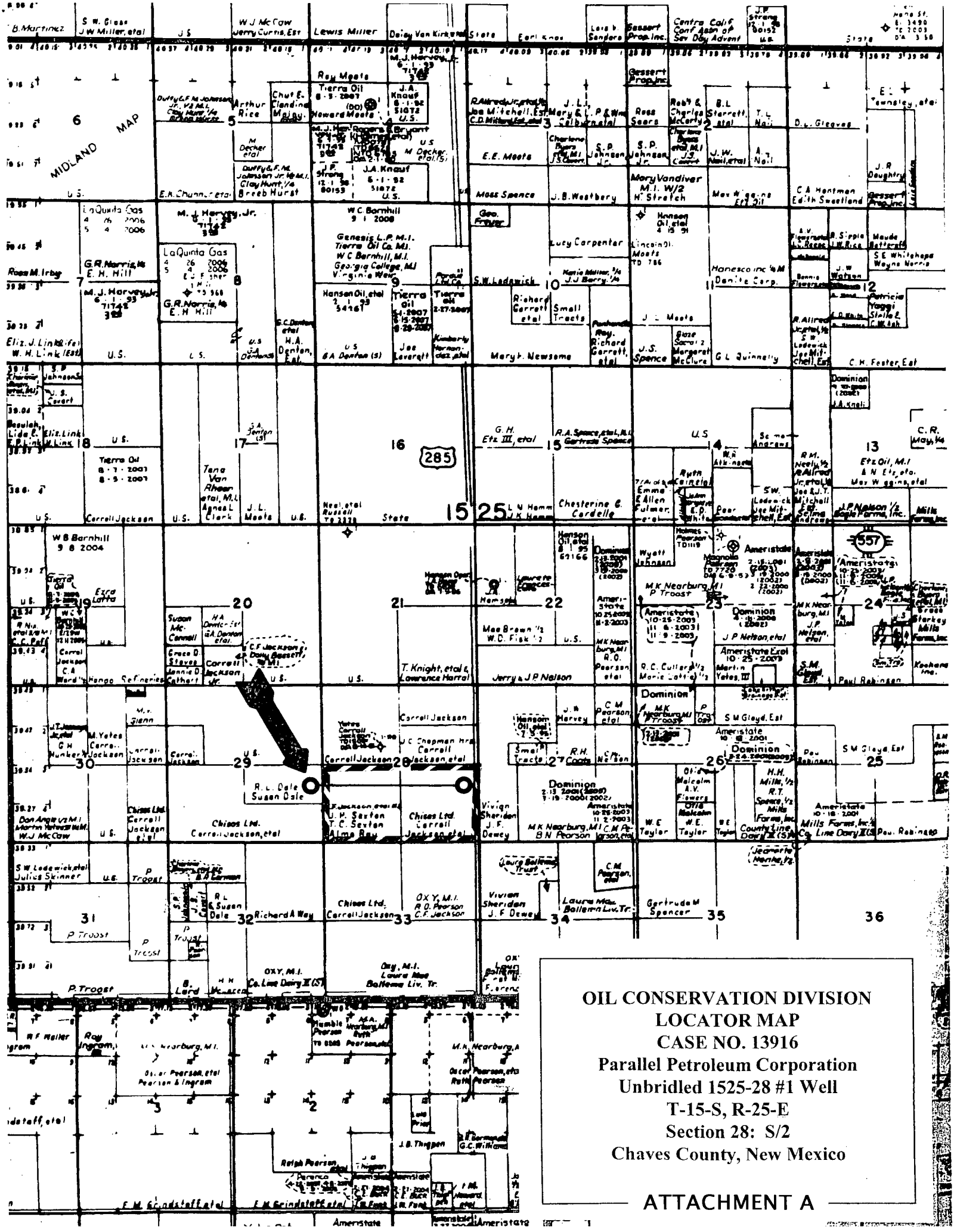
FURTHER AFFIANT SAYETH NOT.

SUBSCRIBED AND SWORN before me on this 4th day of May 2007.

OFFICIAL SEAL
LISAMARIE ORTIZ
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires 01/14/01

Notary Public

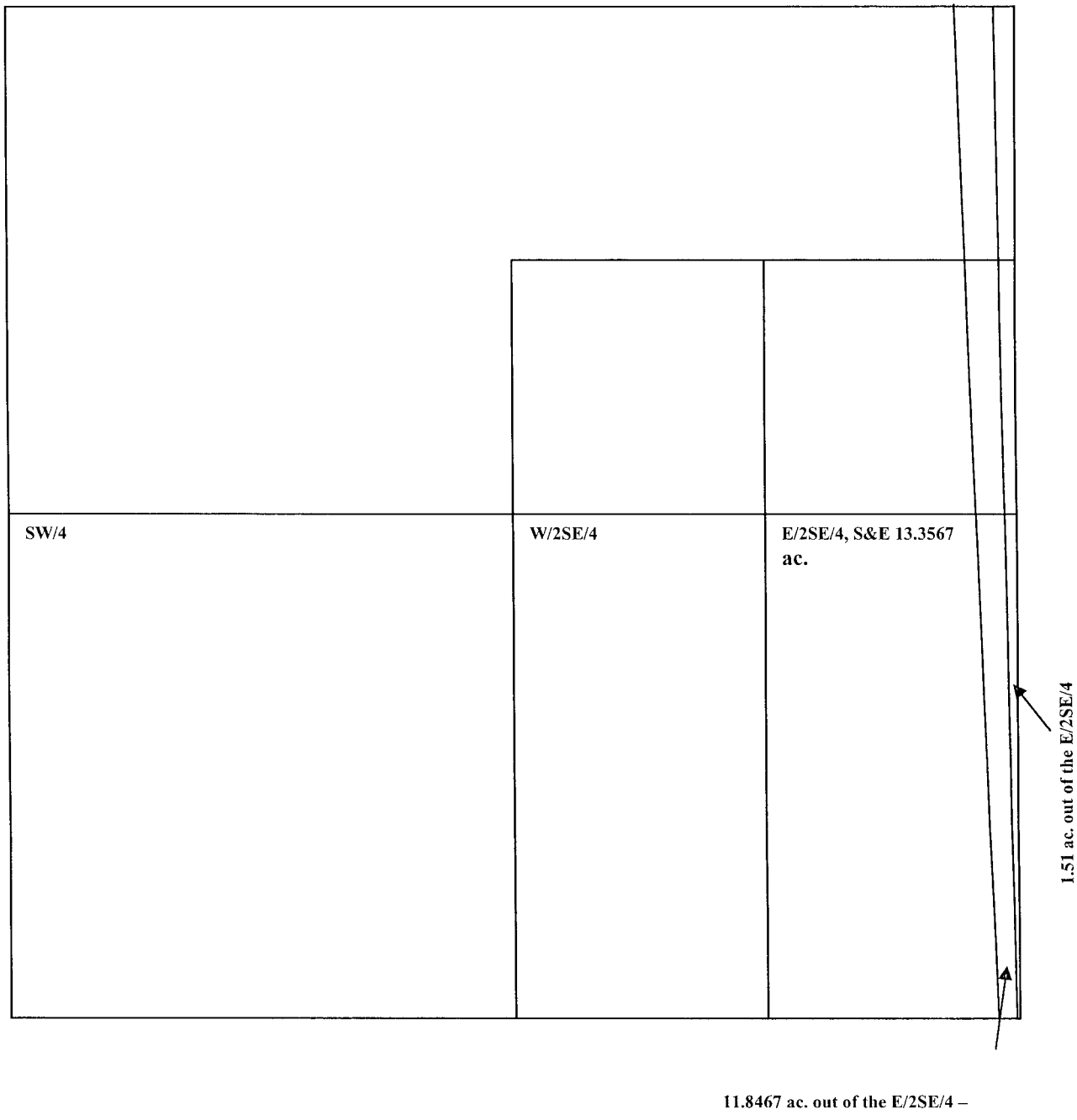
My Commission Expires:
January 14, 2001



OIL CONSERVATION DIVISION
LOCATOR MAP
CASE NO. 13916
Parallel Petroleum Corporation
Unbridled 1525-28 #1 Well
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

ATTACHMENT A

SECTION 28
TOWNSHIP 15 SOUTH – RANGE 25 EAST
CHAVES COUNTY, NEW MEXICO



UNBRIDLED 1525-28 #1
S/2 Sec. 28 T15S, R25E
Chaves County, New Mexico

SW/4:				
Lessor	**Lessee**	**Mineral Interest**	**Unit %**	**Working Interest**
Sallie Jean Skaggs Simpson	N/A	1/12	0.50000	0.04167
Sexton Family Trust	N/A	1/12	0.50000	0.04167
Claudia Sexton	N/A	1/24	0.50000	0.02083
Lucille Sexton Lamb	PLLL	1/24	0.50000	0.02083
Myrtis Sexton Ashy	N/A	1/24	0.50000	0.02083
Virginia F. Sexton	PLLL	1/24	0.50000	0.02083
Mrs. Lallance Ray Spencer	PLLL	1/12	0.50000	0.04167
J. Allen Ray	N/A	1/12	0.50000	0.04167
Carroll Jackson, Jr.	PLLL	1/6	0.50000	0.08333
Coleman F. Jackson, et ux	PLLL	1/6	0.50000	0.08333
Dolly D. Bassett	PLLL	1/6	0.50000	0.08333
			TOTAL	**0.50000**
			PLLL TOTAL	**0.33333**
			OUTSTANDING	**0.16667**
W/2 SE/4:				
Lessor	**Lessee**	**Mineral Interest**	**Unit %**	**Working Interest**
Mary Jo Vandiver	PLLL	1/64	0.25000	0.00391
Sally Sears	PLLL	1/64	0.25000	0.00391
Allie Rugel	PLLL	5/128	0.25000	0.00977
Pauline Sowell	PLLL	1/256	0.25000	0.00098
Heirs/Devisees C.E. Rugel	PLLL	1/256	0.25000	0.00098
L.E. Gross	N/A	1/256	0.25000	0.00098
Daniel Rugel	PLLL	1/256	0.25000	0.00098
Joe Rugel	PLLL	1/256	0.25000	0.00098
John Rugel	PLLL	1/256	0.25000	0.00098
Chapman Webb	N/A	1/64	0.25000	0.00391
Edna Earl Chapman	N/A	1/64	0.25000	0.00391
Frieda Chapman	N/A	1/64	0.25000	0.00391
J.C. Chapman, Jr.	N/A	1/64	0.25000	0.00391
Pure Energy Group	PLLL	1/64	0.25000	0.00391
Edge Petroleum Company	PLLL	1/32	0.25000	0.00781
Chisos, Ltd.	PLLL	1/64	0.25000	0.00391
Heirs/Devisees H.W. Etz, Jr.	PLLL	1/32	0.25000	0.00781
Carroll Jackson, Jr.	PLLL	1/4	0.25000	0.06250
Coleman F. Jackson, et ux	PLLL	1/4	0.25000	0.06250
Dolly D. Bassett	PLLL	1/4	0.25000	0.06250
			TOTAL	**0.25000**
			PLLL TOTAL	**0.23340**
			OUTSTANDING	**0.01660**
E/2 SE/4 s&e 13.3567 Acres:				
Lessor	**Lessee**	**Mineral Interest**	**Unit %**	**Working Interest**
Mary Jo Vandiver	PLLL	1/64	0.20826	0.00325
Sally Sears	PLLL	1/64	0.20826	0.00325
Allie Rugel	PLLL	5/128	0.20826	0.00814
Pauline Sowell	PLLL	1/256	0.20826	0.00081
Heirs/Devisees C.E. Rugel	PLLL	1/256	0.20826	0.00081
L.E. Gross	N/A	1/256	0.20826	0.00081
Daniel Rugel	PLLL	1/256	0.20826	0.00081
Joe Rugel	PLLL	1/256	0.20826	0.00081

ATTACHMENT B

UNBRIDLED 1525-28 #1
S/2 Sec. 28 T15S, R25E
Chaves County, New Mexico

John Rugel	PLLL	1/256	0.20826	0.00081
Chapman Webb	N/A	1/64	0.20826	0.00325
Edna Earl Chapman	N/A	1/64	0.20826	0.00325
Frieda Chapman	N/A	1/64	0.20826	0.00325
J.C. Chapman, Jr.	N/A	1/64	0.20826	0.00325
Pure Energy Group	PLLL	1/64	0.20826	0.00325
Edge Petroleum Company	PLLL	1/32	0.20826	0.00651
Chisos, Ltd.	PLLL	1/64	0.20826	0.00325
Heirs/Devisees H.W. Etz, Jr.	PLLL	1/32	0.20826	0.00651
Carroll Jackson, Jr.	PLLL	1/4	0.20826	0.05207
Coleman F. Jackson, et ux	PLLL	1/4	0.20826	0.05207
Dolly D. Bassett	PLLL	1/4	0.20826	0.05207
			TOTAL	**0.20826**
			PLLL TOTAL	**0.19443**
			OUTSTANDING	**0.01383**
11.8467 Acres in E/2 SE/4:				
Lessor	**Lessee**	**Mineral Interest**	**Unit %**	**Working Interest**
Mary Jo Vandiver	PLLL	1/64	0.03702	0.00058
Sally Sears	PLLL	1/64	0.03702	0.00058
Allie Rugel	PLLL	5/128	0.03702	0.00145
Pauline Sowell	PLLL	1/256	0.03702	0.00014
Heirs/Devisees C.E. Rugel	PLLL	1/256	0.03702	0.00014
L.E. Gross	N/A	1/256	0.03702	0.00014
Daniel Rugel	PLLL	1/256	0.03702	0.00014
Joe Rugel	PLLL	1/256	0.03702	0.00014
John Rugel	PLLL	1/256	0.03702	0.00014
Chapman Webb	N/A	1/64	0.03702	0.00058
Edna Earl Chapman	N/A	1/64	0.03702	0.00058
Frieda Chapman	N/A	1/64	0.03702	0.00058
J.C. Chapman, Jr.	N/A	1/64	0.03702	0.00058
Pure Energy Group	PLLL	1/64	0.03702	0.00058
Edge Petroleum Company	PLLL	1/32	0.03702	0.00116
Chisos, Ltd.	PLLL	1/64	0.03702	0.00058
Heirs/Devisees H.W. Etz, Jr.	PLLL	1/32	0.03702	0.00116
NMDOT	N/A	3/4	0.03702	0.02777
			TOTAL	**0.03702**
			PLLL TOTAL	**0.00680**
			OUTSTANDING	**0.03022**
1.51 Acres in E/2 SE/4:				
Lessor	**Lessee**	**Mineral Interest**	**Unit %**	**Working Interest**
Mary Jo Vandiver	PLLL	1/64	0.00472	0.00007
Sally Sears	PLLL	1/64	0.00472	0.00007
Allie Rugel	PLLL	5/128	0.00472	0.00018
Pauline Sowell	PLLL	1/256	0.00472	0.00002
Heirs/Devisees C.E. Rugel	PLLL	1/256	0.00472	0.00002
L.E. Gross	N/A	1/256	0.00472	0.00002
Daniel Rugel	PLLL	1/256	0.00472	0.00002
Joe Rugel	PLLL	1/256	0.00472	0.00002
John Rugel	PLLL	1/256	0.00472	0.00002
Chapman Webb	N/A	1/64	0.00472	0.00007
Edna Earl Chapman	N/A	1/64	0.00472	0.00007

UNBRIDLED 1525-28 #1
S/2 Sec. 28 T15S, R25E
Chaves County, New Mexico

Frieda Chapman	N/A	1/64	0.00472	0.00007
J.C. Chapman, Jr.	N/A	1/64	0.00472	0.00007
Pure Energy Group	PLLL	1/64	0.00472	0.00007
Edge Petroleum Company	PLLL	1/32	0.00472	0.00015
Chisos, Ltd.	PLLL	1/64	0.00472	0.00007
Heirs/Devisees H.W. Etz, Jr.	PLLL	1/32	0.00472	0.00015
Barry Neil Pearson	PLLL	3/4	0.00472	0.00354
			TOTAL	**0.00472**
			PLLL TOTAL	**0.00441**
			OUTSTANDING	**0.00031**
S/2 28-15-25 WORKING INTEREST TOTAL:				**1.00000**
OVERALL PLLL TOTAL:				**0.77236**
OUTSTANDING TOTAL:				**0.22764**

Chapman Webb: Numerous attempts have been made by telephone to contact Mr. Chapman Webb, however, there is not valid address or phone listing for Mr. Chapman Webb. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Edna Earl Chapman: Numerous attempts have been made by telephone to contact Ms. Edna Earl Chapman, however, there is not valid address or phone listing for Ms. Edna Earl Chapman. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

J.C. Chapman: Numerous attempts have been made by telephone to contact Mr. J.C. Chapman, however, there is not valid address or phone listing for Mr. J.C. Chapman. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Frieda Chapman: Numerous attempts have been made by telephone to contact Ms. Frieda Chapman, however, there is not valid address or phone listing for Ms. Frieda Chapman. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

L.E. Gross: Numerous attempts have been made by telephone to contact Mr. L.E. Gross, however, there is not valid address or phone listing for Mr. L.E. Gross. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

New Mexico Department of Transportation: Numerous attempts have been made by telephone, however, the New Mexico Department of Transportation does not claim any mineral rights in the State of New Mexico.

Carolyn G. Ray: Numerous attempts have been made, through written correspondence and by telephone to contact Ms. Ray, however, there is not valid address or phone listing for Carolyn G. Ray. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Myrtis Sexton Ashy: Numerous attempts have been made, through written correspondence and by telephone to contact Ms. Ashy, however, there is not valid address or phone listing for Myrtis Sexton Ashy. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Sallie Jean Skaggs Simpson: Numerous attempts have been made, through written correspondence and by telephone to contact Ms. Simpson, however, there is not valid address or phone listing for Sallie Jean Skaggs Simpson. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Sexton Family Trust: Numerous attempts have been made, through written correspondence and by telephone to contact a Trustee for the Sexton Family Trust, however, there is not valid address or phone listing for anyone related to the Sexton Family Trust. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

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

March 5, 2007

Sent via CMRRR# 7006 0100 0001 2440 2935

Sallie Jean Skaggs Simpson
2302 Ripley Ave.
Redondo Beach, CA 90278

Re: Unbridled 1525-28 #1
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

Dear Ms. Ray,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 28, 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 SE/4 of Section 29, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 28. The well 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 SW/4 of Section 28 and to a projected orthodox terminus in the NE/4 SE/4 of Section 28.

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 a 0.041666667 decimal interest.

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 $2,294,800.00. 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 $95,616.67. 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.

ATTACHMENT D

If you have any questions or need anything further, please to do not hesitate to contact me. You can reach me at the 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,

Aaron L. Myers
Consulting Landman

SALLIE JEAN SKAGGS SIMPSON

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

SALLIE JEAN SKAGGS SIMPSON

By:_____
Name

Date:_____

SALLIE JEAN SKAGGS SIMPSON

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

SALLIE JEAN SKAGGS SIMPSON

By:_____
Name

Date:_____

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		COUNTY	STATE	DOCUMENT DATE
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	22-Feb-07
PURPOSE			TYPE WELL	TO BE STARTED
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				PROPOSED DEPTH
501064 / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000					$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -					$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%					$ 51,700	$ 36,800	$ 88,500
									TOTAL INTANGIBLE WELL COSTS	$ 1,085,400	$ 773,300	$ 1,858,700

TANGIBLE WELL COSTS

										BCP	ACP	TOTAL
850.020	CASING: SURFACE	0 FEET OF			0.000 INCH CASING @			$0.00 /FT				
850.030	INTERMEDIATE	1100 FEET OF			8.625 INCH CASING @			$26.00 /FT		$ 28,600		$ 28,600
850.030	PROTECTION	0 FEET OF			0.000 INCH CASING @			$0.00 /FT				
860.040	PRODUCTION	9222 FEET OF			5.500 INCH CASING @			$14.00 /FT			$ 129,108	$ 129,108
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	4800 FEET OF			2.875 INCH TUBING @			$5.63 /FT			$ 27,024	$ 27,024
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	860.260	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	$ 18,000	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%								$ 4,700	$ 34,968	$ 39,668
									TOTAL TANGIBLE COSTS	$ 51,500	$ 384,600	$ 436,100
									TOTAL WELL COSTS	$ 1,136,900	$ 1,157,900	$ 2,294,800
									PLUG & ABANDON EXPENSE	$ -		
									DRY HOLE COST	$ 1,136,900		

CATEGORY							
TYPE		DEPARTMENT	CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST	
X	CAPITAL	BUDGETED		Parallel Petroleum	0.8500000	$ 1,950,580	
PREPARED BY	Deane Durham - Engineer		DATE			NET AFE FOR DRY HOLE COST ONLY	
Deane Durham			22 Feb 07			$ 966,365	

APPROVALS	Brian McCurry - Operations Manager	DATE	APPROVALS	Larry Oldham - President / CEO	DATE
APPROVALS	Don Tirin - Chief Operating Officer	DATE	APPROVALS		DATE

PARTICIPANT APPROVAL

NAME OF 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.

7006 0100 0001 2440 2935

U.S. Postal Service™
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

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Sent To: SALLIE JEAN SKAGGS SIMPSON
Street, Apt. No.; or PO Box No.: 2302 RIPLEY AVE.
City, State, ZIP+4: REDONDO BEACH, CA 90278

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:

SALLIE JEAN SKAGGS SIMPSON
2302 RIPLEY AVE.
REDONDO BEACH, CA
90278

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0100 0001 2440 2935

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7006 0100 0001 2440 2935

UNITED STATES POSTAGE
PITNEY BOWES
02 1A $ 04.88⁰
0004601918 MAR 05 2007
MAILED FROM ZIP CODE 79701

PARALLEL
Petroleum Corporation
1004 N. Big Spring, Suite 400 • P O Drawer 10587
Midland, TX 79702

NO SUCH NUMBER

Sallie Jean Sparkis Simpson
2302 Ripley Ave.
Redondo Beach, CA 90278

ADDRESS NOT ON 805

RECEIVED
MAR 26 2007
OIL - MIDLAND

10387

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:

SALLIE JEAN SEAGRAS SIMPSON
2302 RIPLEY AVE.
REDONDO BEACH, CA
90278

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number
(Transfer from service label) 7006 0100 0001 2440 2935

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

March 5, 2007

Sent via CMRRR# 7006 0100 0001 2440 2928

Myrtis Sexton Ashy
3018 Colonial Ridge Drive
Brandon, FL 33511

Re: Unbridled 1525-28 #1
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

Dear Ms. Ray,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 28, 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 SE/4 of Section 29, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 28. The well 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 SW/4 of Section 28 and to a projected orthodox terminus in the NE/4 SE/4 of Section 28.

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 a 0.027777778 decimal interest.

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 $2,294,800.00. 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 $63,744.44. 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 to do not hesitate to contact me. You can reach me at the 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,

Aaron L. Myers
Consulting Landman

MYRTIS SEXTON ASHY

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

MYRTIS SEXTON ASHY

By:_____
Name

Date:_____

MYRTIS SEXTON ASHY

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

MYRTIS SEXTON ASHY

By:_____
Name

Date:_____

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		COUNTY	STATE	DOCUMENT DATE
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	22-Feb-07
PURPOSE			TYPE WELL	TO BE STARTED
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				PROPOSED DEPTH
501064 / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000				$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -				$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%				$ 51,700	$ 36,800	$ 88,500
								TOTAL INTANGIBLE WELL COSTS	$ 1,085,400	$ 773,300	$ 1,858,700

TANGIBLE WELL COSTS

									BCP	ACP	TOTAL
850.020	CASING: SURFACE	0 FEET OF			0.000 INCH CASING @			$0.00 /FT			
850.030	INTERMEDIATE	1100 FEET OF			8.625 INCH CASING @			$26.00 /FT	$ 28,600		$ 28,600
850.030	PROTECTION	0 FEET OF			0.000 INCH CASING @			$0.00 /FT			
860.040	PRODUCTION	9222 FEET OF			5.500 INCH CASING @			$14.00 /FT		$ 129,108	$ 129,108
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	4800 FEET OF			2.875 INCH TUBING @			$5.63 /FT		$ 27,024	$ 27,024
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	860.260	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	$ 18,000	840.130	TRUCKING	$ 18,200				$ 3,000	$ 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%							$ 7,700	$ 34,968	$ 39,668
								TOTAL TANGIBLE COSTS	$ 51,500	$ 384,600	$ 436,100
								TOTAL WELL COSTS	$ 1,137,900	$ 1,157,900	$ 2,294,800
								PLUG & ABANDON EXPENSE	$ -		
								DRY HOLE COST	$ 1,137,900		

CATEGORY							
TYPE		DEPARTMENT		CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
X	CAPITAL	BUDGETED			Parallel Petroleum	0.8500000	$ 1,950,580
PREPARED BY	Deane Durham - Engineer			DATE			NET AFE FOR DRY HOLE COST ONLY
Deane Durham				22 Feb 07			$ 966,365

APPROVALS	Brian McCurry - Operations Manager	DATE	APPROVALS	Larry Oldham - President / CO	DATE

APPROVALS	Don Tiffin - Chief Operating Officer	DATE	APPROVALS	DATE

PARTICIPANT APPROVAL

NAME OF 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.

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

7006 0100 0001 2440 2928

U.S. Postal Service™
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(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

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

Postmark Here

Sent To: Myrtis Sexton Ashy
Street, Apt. No.; or PO Box No.: 3018 Colonial Ridge Dr.
City, State, ZIP+4: Brandon, FL 33511

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:

Myrtis Sexton Ashy
3018 Colonial Ridge Dr.
Brandon, FL 33511

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0100 0001 2440 2928

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7006 0100 0001 2440 2928

PARALLEL
Petroleum Corporation
1004 N. Big Spring, Suite 400 • P O Drawer 10587
Midland, TX 79702

1st NOTICE 3/20
2nd NOTICE
RETURNED

Myrtis Sexton Ainty
3018 Carmel Ridge Dr.
[redacted]

NOT DELIVERABLE AS ADDRESSED, UNABLE TO FORWARD

RECEIVED
MAR

10587

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:

Myrtis Sexton Atty
3018 Colonial Ridge Dr.
Brandon, FL 33511

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number
(Transfer from service label) 7006 0100 0001 2440 2928

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

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

March 5, 2007

Sent via CMRRR# 7006 0100 0001 2440 2911

Carolyn G. Ray
5572 Leigh
San Jose, CA 95124

Re: Unbridled 1525-28 #1
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

Dear Ms. Ray,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 28, 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 SE/4 of Section 29, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 28. The well 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 SW/4 of Section 28 and to a projected orthodox terminus in the NE/4 SE/4 of Section 28.

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 a 0.041666667 decimal interest.

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 $2,294,800.00. 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 $95,616.67. 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 to do not hesitate to contact me. You can reach me at the 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,

Aaron L. Myers
Consulting Landman

CAROLYN G. RAY

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

CAROLYN G. RAY

By:_____
Name

Date:_____

CAROLYN G. RAY

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

CAROLYN G. RAY

By:_____
Name

Date:_____

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		COUNTY	STATE	DOCUMENT DATE
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	22-Feb-07
PURPOSE			TYPE WELL	TO BE STARTED
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				PROPOSED DEPTH
501064 / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000				$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -				$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%				$ 51,700	$ 36,800	$ 88,500
								TOTAL INTANGIBLE WELL COSTS	**$ 1,085,400**	**$ 773,300**	**$ 1,858,700**

TANGIBLE WELL COSTS

									BCP	ACP	TOTAL
850.020	CASING: SURFACE	0 FEET OF			0.000 INCH CASING @			$0.00 /FT			
850.030	INTERMEDIATE	1100 FEET OF			8.625 INCH CASING @			$26.00 /FT	$ 28,600		$ 28,600
850.030	PROTECTION	0 FEET OF			0.000 INCH CASING @			$0.00 /FT			
860.040	PRODUCTION	9222 FEET OF			5.500 INCH CASING @			$14.00 /FT		$ 129,108	$ 129,108
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	4800 FEET OF			2.875 INCH TUBING @			$5.63 /FT		$ 27,024	$ 27,024
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	860.260	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	$ 18,000	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%							$ 4,700	$ 34,968	$ 39,668
								TOTAL TANGIBLE COSTS	**$ 51,500**	**$ 384,600**	**$ 436,100**
								TOTAL WELL COSTS	**$ 1,136,900**	**$ 1,157,900**	**$ 2,294,800**
								PLUG & ABANDON EXPENSE	**$ -**		
								DRY HOLE COST	**$ 1,136,900**		

CATEGORY

TYPE		DEPARTMENT	CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
X	CAPITAL	BUDGETED		Parallel Petroleum	0.8500000	$ 1,950,580
PREPARED BY	Deane Durham - Engineer		DATE			NET AFE FOR DRY HOLE COST ONLY
Deane Durham			22 Feb 07			$ 966,365

APPROVALS	Brian McCurry - Operations Manager	DATE	APPROVALS	Larry Oldham - President / CEO	DATE

APPROVALS	Don Tinn - Chief Operating Officer	DATE	APPROVALS	DATE

PARTICIPANT APPROVAL

NAME OF 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.

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

CERTIFIED MAIL™

7006 0100 0001 2440 2911

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

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

Postmark Here

Sent To CAROLYN G. RAY
Street, Apt. No.; or PO Box No. 5572 LEIGH
City, State, ZIP+4 SAN JOSE, CA 95124

PS Form 3800, June 2002 See Reverse for Instructions
PS Form 3800, June 2002 See Reverse for Instruct

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:

CAROLYN G. RAY
5572 LEIGH
SAN JOSE, CA 95124

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number
(Transfer from service label) 7006 0100 0001 2440 2911

7006 0100 0001 2440 2911

PARALLEL
Petroleum Corporation
1004 N. Big Spring, Suite 400 • P O Drawer 10587
Midland, TX 79702

Carolyn G. Ray
5572 Lewett
San Jose, CA 95124

REASON CHECKED
Unclaimed ___
Refused ___
Attempted Not Known ___
Insufficient Address ___
No Such Street ___
No Such Number ___
No Such Office In State ___

RETURN TO SENDER

RECEIVED
MAR 12 2007
PLLL - MIDLAND

10587

1st NOTICE 3-13
2nd NOTICE

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:

CAROLYN G. RAY
5572 LEIGH
SAN JOSE, CA 95124

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number
(Transfer from service label) 7006 0100 0001 2440 2911

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

QUALITY PARK
9 1/4 x 14 1/2

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

March 15, 2007

Sent via CMRRR# 7006 0100 0005 7586 8052

L.E. Gross
1207 28th Street
Hondo, Texas

Re: Unbridled 1525-28 #1
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

Dear Mr. Gross,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 28, 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 SE/4 of Section 29, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 28. The well 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 SW/4 of Section 28 and to a projected orthodox terminus in the NE/4 SE/4 of Section 28.

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 a 0.015625 decimal interest.

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 $2,294,800.00. 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 $35,856.25. 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 to do not hesitate to contact me. You can reach me at the 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,

Aaron L. Myers
Consulting Landman

L.E. GROSS

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

L.E. GROSS

By:_____
Name

Date:_____

L.E. GROSS

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

L.E. GROSS

By:_____
Name

Date:_____

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		**COUNTY**	**STATE**	**DOCUMENT DATE**
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	16-Feb-07
PURPOSE			**TYPE WELL**	**TO BE STARTED**
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				**PROPOSED DEPTH**
5010xx / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000					$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -					$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%					$ 51,700	$ 36,800	$ 88,500
									TOTAL INTANGIBLE WELL COSTS	**$ 1,085,400**	**$ 773,300**	**$ 1,858,700**

TANGIBLE WELL COSTS

										BCP	ACP	TOTAL
850.020	CASING: SURFACE	0 FEET OF.....			0.000 INCH CASING @			$0.00 /FT				
850.030	INTERMEDIATE	1100 FEET OF.....			8.625 INCH CASING @			$26.00 /FT		$ 28,600		$ 28,600
850.030	PROTECTION	0 FEET OF.....			0.000 INCH CASING @			$0.00 /FT				
860.040	PRODUCTION	9222 FEET OF.....			5.500 INCH CASING @			$14.00 /FT			$ 129,108	$ 129,108
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	4800 FEET OF.....			2.875 INCH TUBING @			$5.63 /FT			$ 27,024	$ 27,024
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	860.260	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	$ 18,000	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%								$ 4,700	$ 34,968	$ 39,668
									TOTAL TANGIBLE COSTS	**$ 51,500**	**$ 384,600**	**$ 436,100**
									TOTAL WELL COSTS	**$ 1,136,900**	**$ 1,157,900**	**$ 2,294,800**
									PLUG & ABANDON EXPENSE	**$ -**		
									DRY HOLE COST	**$ 1,136,900**		

CATEGORY

TYPE		DEPARTMENT	CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
X	CAPITAL	BUDGETED		Parallel Petroleum	0.8500000	$ 1,950,580
PREPARED BY: Delene Durham - Engineer			DATE			NET AFE FOR DRY HOLE COST ONLY
Delene Durham			16FEB07			$ 966,365

APPROVALS: Brian McCurry - Operations Manager	DATE	APPROVALS: Larry Oldham - President / CEO	DATE

APPROVALS: Don Tiffin - Chief Operating Officer	DATE	APPROVALS	DATE

PARTICIPANT APPROVAL

NAME OF 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.

CERTIFIED MAIL

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7006 0810 0005 7586 8052

7006 0810 0005 7586 8052

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(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

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

Postmark Here

Sent To L.E. Gross

Street, Apt. No.; or PO Box No. 1207 28TH ST.

City, State, ZIP+4 Hondo, TX 78861

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:

L.E. Gross
1207 28TH ST.
Hondo, TX 78861

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0810 0005 7586 8052

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

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:

L.E. GROSS
1207 28TH ST.
HONDO, TX 78861

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0810 0005 7586 8052

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

PARALLEL PETROLEUM CORPORATION
P.O. Drawer 10587 ♦ 1004 N. Big Spring, Suite 400
Midland, TX 79702-7587

UNITED STATES POSTAGE PITNEY BOWES
$ 04.88⁰
02 1A 0004601918 MAR 15 2007
MAILED FROM ZIP CODE 79701

7006 0810 0005 7586 8052

Not known

L.E. Gross

RECEIVED
MAR 23 2007
PLL-MIDLAND

ANK 1207 28TH ST.

Hondo, TX

10 03/20/07

NIXIE 782 1

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79702758787 *1110-00938-15-37

7886 1+3203-07 C001
79702@7587

1st NOTICE 3-22
2nd NOTICE
RETURNED

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

March 15, 2007

Sent via CMRRR# 7006 0100 0005 7586 8052

L.E. Gross
1207 28th Street
Hondo, Texas

Re: Unbridled 1525-28 #1
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

Dear Mr. Gross,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 28, 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 SE/4 of Section 29, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 28. The well 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 SW/4 of Section 28 and to a projected orthodox terminus in the NE/4 SE/4 of Section 28.

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 a 0.015625 decimal interest.

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 $2,294,800.00. 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 $35,856.25. 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 to do not hesitate to contact me. You can reach me at the 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,

Aaron L. Myers
Consulting Landman

L.E. GROSS

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

L.E. GROSS

By:_____
Name

Date:_____

L.E. GROSS

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

L.E. GROSS

By:_____
Name

Date:_____

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		**COUNTY**	**STATE**	**DOCUMENT DATE**
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	16-Feb-07
PURPOSE			**TYPE WELL**	**TO BE STARTED**
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				**PROPOSED DEPTH**
5010xx / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000					$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -					$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%					$ 51,700	$ 36,800	$ 88,500
									TOTAL INTANGIBLE WELL COSTS	**$ 1,085,400**	**$ 773,300**	**$ 1,858,700**

TANGIBLE WELL COSTS

850.020	CASING: SURFACE	0	FEET OF.....		0.000	INCH CASING @		$0.00 /FT							
850.030	INTERMEDIATE	1100	FEET OF.....		8.625	INCH CASING @		$26.00 /FT			$ 28,600			$ 28,600
850.030	PROTECTION	0	FEET OF.....		0.000	INCH CASING @		$0.00 /FT						
860.040	PRODUCTION	9222	FEET OF.....		5.500	INCH CASING @		$14.00 /FT				$ 129,108		$ 129,108
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	4800	FEET OF.....		2.875	INCH TUBING @		$5.63 /FT				$ 27,024		$ 27,024
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	860.260	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	$ 18,000	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%									$ 4,700	$ 34,968		$ 39,668
									TOTAL TANGIBLE COSTS		**$ 51,500**	**$ 384,600**		**$ 436,100**
									TOTAL WELL COSTS		**$ 1,136,900**	**$ 1,157,900**		**$ 2,294,800**
									PLUG & ABANDON EXPENSE		**$ -**			
									DRY HOLE COST		**$ 1,136,900**			

CATEGORY						
TYPE		**DEPARTMENT**	**CATEGORY**	**COMPANY**	**DECIMAL**	**NET ESTIMATED COST**
X	CAPITAL	BUDGETED		Parallel Petroleum	0.8500000	$ 1,950,580
PREPARED BY	Deane Durham - Engineer		**DATE**			**NET AFE FOR DRY HOLE COST ONLY**
Deane Durham			16FEB07			$ 966,365

APPROVALS	Brian McCurry - Operations Manager	DATE	APPROVALS	Larry Oldham - President / CEO	DATE

APPROVALS	Don Tiffin - Chief Operating Officer	DATE	APPROVALS	DATE

PARTICIPANT APPROVAL

NAME OF 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.

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OFFICIAL USE

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

Postmark Here

Sent To L.E. Gross
Street, Apt. No.; or PO Box No. 1207 28TH ST.
City, State, ZIP+4 Hondo, TX 78861

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:

L.E. GROSS
1207 28TH ST.
HONDO, TX 78861

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0810 0005 7586 8052

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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

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:

L.E. GROSS
1207 28TH ST.
HONDO, TX 78861

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0810 0005 7586 8052

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

PARALLEL PETROLEUM CORPORATION
P.O. Drawer 10587 • 1004 N. Big Spring, Suite 400
Midland, TX 79702-7587

UNITED STATES POSTAGE
PITNEY BOWES
02 1A $ 04.88⁰
0004601918 MAR 15 2007
MAILED FROM ZIP CODE 79701

7006 0810 0005 7586 8052

Not known

L.E. Gross

RECEIVED
MAR 23 2007
BILL-MIDLAND

DUK 1207 28TH ST.

10 03/20/07 782 1 NIXIE

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

*1110-00938-15-37
BC: 79702758787

Hobbs, TX

7886143203-07 C001
79702@7587

1st NOTICE
2nd NOTICE
RETURNED

Apr 3-22

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

April 2, 2007

Sent via CMRRR# 7006 0810 0005 7586 8113

New Mexico Department of Transportation
Attn: Rhonda Faught, Secretary
1120 Cerillos Road
Santa Fe, New Mexico

Re: Unbridled 1525-28 #1
T-15-S, R-25-E
Section 28: S/2
Chaves County, New Mexico

Ms. Faught,

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the South half (S/2) of Section 28, 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 SE/4 of Section 29, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the NW/4 SW/4 of Section 28. The well 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 SW/4 of Section 28 and to a projected orthodox terminus in the NE/4 SE/4 of Section 28.

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 a 0.041740 decimal interest.

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 $2,294,800.00. 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 $95,784.23. 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 to do not hesitate to contact me. You can reach me at the 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,

Aaron L. Myers
Consulting Landman

NEW MEXICO DEPARTMENT OF TRANSPORTATION

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION

By:_____
Name

Title:_____

Date:_____

NEW MEXICO DEPARTMENT OF TRANSPORTATION

_____ I/We elect to participate in the proposed Unbridled 1525-28 #1 well and enclose an executed Authority for Expenditure.

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION

By:_____
Name

Title:_____

Date:_____

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		**COUNTY**	**STATE**	**DOCUMENT DATE**
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	22-Feb-07
PURPOSE			**TYPE WELL**	**TO BE STARTED**
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				**PROPOSED DEPTH**
501064 / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000				$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -				$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%				$ 51,700	$ 36,800	$ 88,500
								TOTAL INTANGIBLE WELL COSTS	**$ 1,085,400**	**$ 773,300**	**$ 1,858,700**

TANGIBLE WELL COSTS

850.020	CASING: SURFACE	0 FEET OF.....			0.000 INCH CASING @			$0.00 /FT					
850.030	INTERMEDIATE	1100 FEET OF.....			8.625 INCH CASING @			$26.00 /FT		$ 28,600			$ 28,600
850.030	PROTECTION	0 FEET OF.....			0.000 INCH CASING @			$0.00 /FT					
860.040	PRODUCTION	9222 FEET OF.....			5.500 INCH CASING @			$14.00 /FT			$ 129,108		$ 129,108
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	4800 FEET OF.....			2.875 INCH TUBING @			$5.63 /FT			$ 27,024		$ 27,024
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	860.260	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	$ 18,000	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%								$ 4,700	$ 34,968		$ 39,668
									TOTAL TANGIBLE COSTS	**$ 51,500**	**$ 384,600**		**$ 436,100**
									TOTAL WELL COSTS	**$ 1,136,900**	**$ 1,157,900**		**$ 2,294,800**
									PLUG & ABANDON EXPENSE	**$ -**			
									DRY HOLE COST	**$ 1,136,900**			

CATEGORY							
TYPE		**DEPARTMENT**		**CATEGORY**	**COMPANY**	**DECIMAL**	**NET ESTIMATED COST**
X	CAPITAL	BUDGETED			Parallel Petroleum	0.8500000	$ 1,950,580
PREPARED BY		Deane Durham - Engineer		**DATE**			**NET AFE FOR DRY HOLE COST ONLY**
Deane Durham				22 Feb 07			$ 966,365

APPROVALS	Brian McCurry - Operations Manager	DATE	APPROVALS	Larry Oldham - President / CEO	DATE

APPROVALS	Don Tirin - Chief Operating Officer	DATE	APPROVALS	DATE

PARTICIPANT APPROVAL

NAME OF 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.

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

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or PO Box

City, Stat

PS Form

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(Domestic Mail Only; No Insurance Coverage Provided)

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

Postmark Here

Sent To NMDOT; RHONDA FAUGHT, SECRETARY

Street, Apt. No.; or PO Box No. 1120 CERRILLOS RD.

City, State, ZIP+4 SANTA FE, NM 87504

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:

NMDOT
ATTN: RHONDA FAUGHT, SECRETARY
1120 CERRILLOS RD.
SANTA FE, NM 87504

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ 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
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7006 0810 0005 7586 8113

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR	LEASE/WELL NAME			AFE NUMBER
Parallel Petroleum	Unbridled 1525-28 #1			4070009
LOCATION		**COUNTY**	**STATE**	**DOCUMENT DATE**
S/2 Sec 28, T15S, R25E		Chaves	New Mexico	22-Feb-07
PURPOSE			**TYPE WELL**	**TO BE STARTED**
Drill & Complete Wolfcamp Horizontal Gas Well			gas	APR 07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME				**PROPOSED DEPTH**
501064 / County Line / Wildcat(Wolfcamp Gas)				9222 MD, 4750 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	$ 130,000				$ 160,000		$ 160,000
830.270	MUD LOGGING	$ 25,000	830.270	DST	$ -				$ 25,000		$ 25,000
830.230	CEMENTING: SURF	$ 35,000	830.230	INTERMED.	$ -	850.080	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%				$ 51,700	$ 36,800	$ 88,500
								TOTAL INTANGIBLE WELL COSTS	**$ 1,085,400**	**$ 773,300**	**$ 1,858,700**

TANGIBLE WELL COSTS

									BCP	ACP	TOTAL
850.020	CASING: SURFACE	0 FEET OF.....			0.000 INCH CASING @			$0.00 /FT			
850.030	INTERMEDIATE	1100 FEET OF.....			8.625 INCH CASING @			$26.00 /FT	$ 28,600		$ 28,600
850.030	PROTECTION	0 FEET OF.....			0.000 INCH CASING @			$0.00 /FT			
860.040	PRODUCTION	9222 FEET OF.....			5.500 INCH CASING @			$14.00 /FT		$ 129,108	$ 129,108
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	4800 FEET OF.....			2.875 INCH TUBING @			$5.63 /FT		$ 27,024	$ 27,024
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	860.260	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	$ 18,000	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%							$ 4,700	$ 34,968	$ 39,668
								TOTAL TANGIBLE COSTS	**$ 51,500**	**$ 384,600**	**$ 436,100**
								TOTAL WELL COSTS	**$ 1,136,900**	**$ 1,157,900**	**$ 2,294,800**
								PLUG & ABANDON EXPENSE	**$ -**		
								DRY HOLE COST	**$ 1,136,900**		

CATEGORY							
TYPE		DEPARTMENT		CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
X	CAPITAL	BUDGETED			Parallel Petroleum	0.8500000	$ 1,950,580
PREPARED BY		Deane Durham - Engineer		DATE			NET AFE FOR DRY HOLE COST ONLY
Deane Durham				22 Feb 07			$ 966,365

APPROVALS	Brian McCurry - Operations Manager	DATE	APPROVALS	Larry Oldham - President / CEO	DATE

APPROVALS	Don Tiffin - Chief Operating Officer	DATE	APPROVALS	DATE

PARTICIPANT APPROVAL

NAME OF 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.

ATTACHMENT E

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE CASING

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED 2006 ARTESIA

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701	230387
	[3] API Number 30-005-63879

[5] Property Code	[5] Property Name	[6] Well No.
36188	Unbridled 1525-28	1

[9] Proposed Pool 1	[10] Proposed Pool 2
Wildcat; Wolfcamp	

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	15S	25E		1880'	S	237'	E	Chaves

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	28	15S	25E		1880'	S	660'	E	Chaves

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	O & G	R	P	3481'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	9222MD,4750TVD	Wolfcamp	NA	NA

Depth to Groundwater 65' | Distance from nearest fresh water well 5000' | Distance from nearest surface water 800'

Pit: Liner: Synthetic ☒ 12 mils thick Clay ☐ Pit Volume:25,000 bbls Drilling Method:
Closed-Loop System ☐ Fresh Water ☒ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	~~1400'~~ @ 1050'	325	Surface
7-7/8"	5-1/2"	17#	TVD 4750'	NA	Tie back
			MD 9222'		* To surface
					casing
Verify by CBL or Temp Survey					

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Well to be Drilled as a Horizontal Wolfcamp test. The attached drilling plan will be utilized for this test and contains details on the cement and mud programs as well as the directional information. The following is a summary of this plan.

1. **Prepare surface location. Move in and rig up drilling rig, spud well and drill and set conductor. Install and test BOP's.**
2. **Drill 11" surface hole to a minimum depth of 1400'. Set 8 5/8"casing and cement.**
3. **Drill 7 7/8" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.**
4. **Set Kickoff point at 3853' and drill and advance hole to a Wolfcamp penetration point at approximately 1880' FSL and 660' FWL of the section 28 and continue drilling to BHL. (9222' MD & 4750' TVD)**
5. **Set 5 ½" to TD and tie cement back to surface casing. Perforate porosity and stimulate as necessary (specific procedure to be determined).**
6. **Place well on test.**
7. **No H2S is anticipated during the drilling of this well. Well will share location with John Town 1525-29 #1**

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: Gary Miller for Deane Durham
Title: Agent
E-mail Address: ddurham@plll.com
Date: NOV. 30, 2006 | Phone: 432-684-3727

OIL CONSERVATION DIVISION

Approved by: BRYAN G. ARRANT
Title: DISTRICT II GEOLOGIST
Approval Date: DEC 07 2006 | Expiration Date: DEC 07 2007
Conditions of Approval Attached ☐

ATTACHMENT F

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

RECEIVED OCD - ARTESIA

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	97489	Wildcat; Wolfcamp

Property Code	Property Name	Well Number
	UNBRIDLED 1525-28	1

OGRID No.	Operator Name	Elevation
230387	PARALLEL PETROLEUM CORPORATION	3481'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	15 S	25 E		1880	SOUTH	237	EAST	CHAVES

Bottom Hole Location If Different From Surface

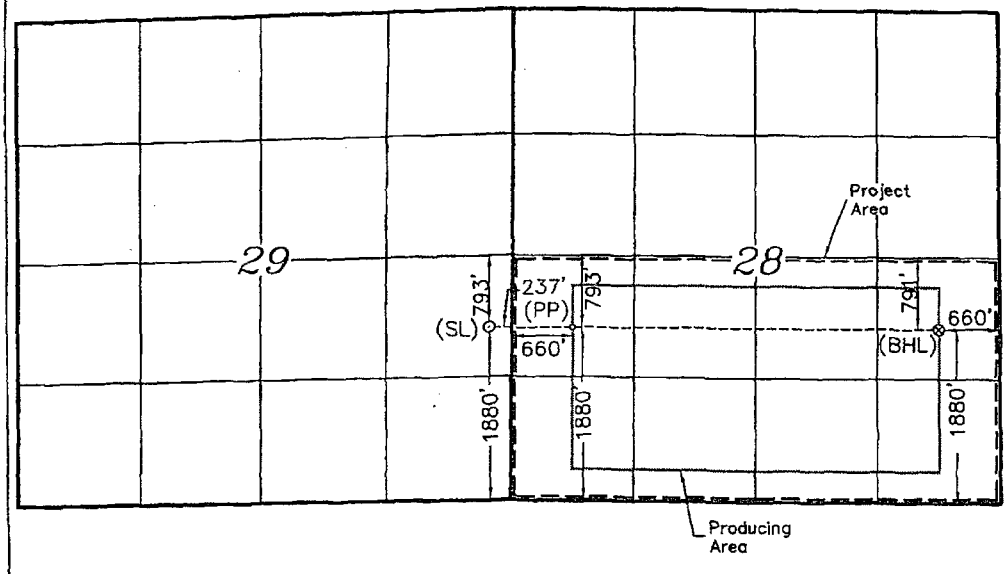
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	28	15 S	25 E		1880	SOUTH	660	EAST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.



Coordinate Table	
Description	Plane Coordinate
Unbridled 1525-28 #1 Surface Location	X = 462,187.0 Y = 721,749.7
Unbridled 1525-28 #1 Penetration Point	X = 463,083.7 Y = 721,747.9
Unbridled 1525-28 #1 Bottom Hole Location	X = 467,021.7 Y = 721,727.2

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interestin the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

11-30-06
Signature Date

Gary Millar
Printed Name
Agent

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison and that the same is true and correct to the best of my belief.

October 11, 2006
Date of Survey

KMT
Signature & Seal of Professional Surveyor

W.O. Num. 2006-1011

Certificate No. MACON McDONALD 12185

AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Fran Saunders
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time

beginning with the issue dated

April 16th 2007

and ending with the issue dated

April 16th 2007

Fran Saunders
Clerk

Sworn and subscribed to before me

this 17th day of April 2007

Notary Public

My Commission expires
June 13, 2010

(SEAL)

Publish April 16, 2007

NOTICE OF Publication

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 AM. on May 10, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the bearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3158 or through the New Mexico Relay Network, 1-800-659-1779 by April 30, 2007. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed

STATE OF NEW MEXICO TO
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein REFER to the New Mexico Principal Meridian whether or NOT so stated.)

CASE 13916:

Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the following described spacing and proration units located in the S/2 of Section 28, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico the S/2 for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to its Unbridled I 525-28 Well No. I to be drilled at a surface location 1880 feet from the South line and 237 feet from the East line and a bottomhole location 1880 feet from the East line and 660 feet from the East line of Section 28, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico to an approximate depth of 4750 feet to test any and all formations to the base of the Wolfcamp formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 5 miles southwest of Lake Arthur, New Mexico.

Given under the seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of April 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire P.E. Director

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 13916....Exhibit No. 2
Submitted by:
PARALLEL PETROLEUM CORPORATION
Hearing Date: May 10, 2007

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PARALLEL PETROLEUM CORPORATION
FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO. **CASE NO._____**

APPLICATION

PARALLEL PETROLEUM CORPORATION, ("Parallel") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17 (2006), for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the following described spacing and proration units located in the S/2 of Section 28, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing and in support of its application states:

1. Parallel Petroleum Corporation is a working interest owner in said Section 28 and has the right to drill thereon.

2. Parallel proposes to dedicate the above-referenced spacing or proration unit to its Unbridled 1525-28 Well No. 1 to be drilled as a horizontal well from a surface location 1880 feet from the South line and 237 feet from the East line and a bottomhole location 1880 feet from the South line and 660 feet from the East line of Section 28, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico to an approximate depth of 4750 feet to test any and all formations from the surface to the base of the Wolfcamp formation.

3. Parallel has sought and been unable to gain the voluntary participation of certain interest owners in the subject spacing unit who is identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Parallel to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Parallel Petroleum Corporation should be designated the operator of the well to be drilled.

WHEREFORE, Parallel Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 10, 2007 and, after notice and hearing as required by law, the Division enter its order:

A. pooling all mineral interests in the subject spacing and proration units,

B. designating Parallel Petroleum Corporation operator of these units and the well to be drilled thereon,

C. authorizing Parallel Petroleum Corporation to recover its costs of drilling, equipping and completing the well,

D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and

E. imposing a penalty for the risk assumed by Parallel Petroleum Corporation in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: William F. Carr

WILLIAM F. CARR
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR PARALLEL PETROLEUM CORPORATION

EXHIBIT A

APPLICATION OF PARALLEL PETROLEUM CORPORATION.
FOR COMPULSORY POOLING
S/2 OF SECTION 28, TOWNSHIP 15 SOUTH, RANGE 25 EAST, N.M.P.M.
CHAVES COUNTY, NEW MEXICO.

Chapman Webb

Edna Earl Chapman

J.C. Chapman

Frieda Chapman

Sexton Family Trust

New Mexico Department of
Transportation
Attn: Rhonda Faught, Secretary
1120 Cerrillos Road
Santa Fe, New Mexico 87504

L.E. Gross
1207 28th Street
Hondo, Texas 78861

Carolyn G. Ray
5572 Leigh
San Jose, CA 95124

Myrtis Sexton Ashy
3018 Colonial Ridge Drive
Brandon, Florida 33511

Sallie Jean Skaggs Simpson
2302 Ripley Ave.
Redondo Beach, CA 90278

HOLLAND&HART LLP

Ocean Munds-Dry
Associate
omundsdry@hollandhart.com

April 10, 2007

U.S. MAIL

Re: Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Parallel Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in certain spacing and proration units in the S/2 of Section 28, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. Said pooled units are to be dedicated to Parallel's Unbridled 1525-28 Well No. 1 to be drilled at a surface location 1880 feet from the South line and 237 feet from the East line and a bottomhole location 1880 feet from the South line and 660 feet from the East line of Section 28, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico to an approximate depth of 4750 feet to test any and all formations from the surface to the base of the Wolfcamp formation.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on May 10, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr for

Ocean Munds-Dry
ATTORNEY FOR PARALLEL PETROLEUM CORP.

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.12

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Total Postage &	$ 5.12

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Hondo, Texas 78861

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City, State, ZIP+4 Santa Fe, New Mexico 87504

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- Attach this card to the back of the mailpiece, or on the front if space permits.

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New Mexico Department of Transportation
Attn: Rhonda Faught, Secretary
1120 Cerrillos Road
Santa Fe, New Mexico 87504

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☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

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Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.12

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City, State, ZI San Jose, CA 95124

PS Form 3800

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Return Receipt Fee (Endorsement Required)	1.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.12

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City, State, ZIP+4 Redondo Beach, CA 90278

PS Form 3800

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