# 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

Simpson. These efforts are outlined in <u>Attachment C</u>. 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.

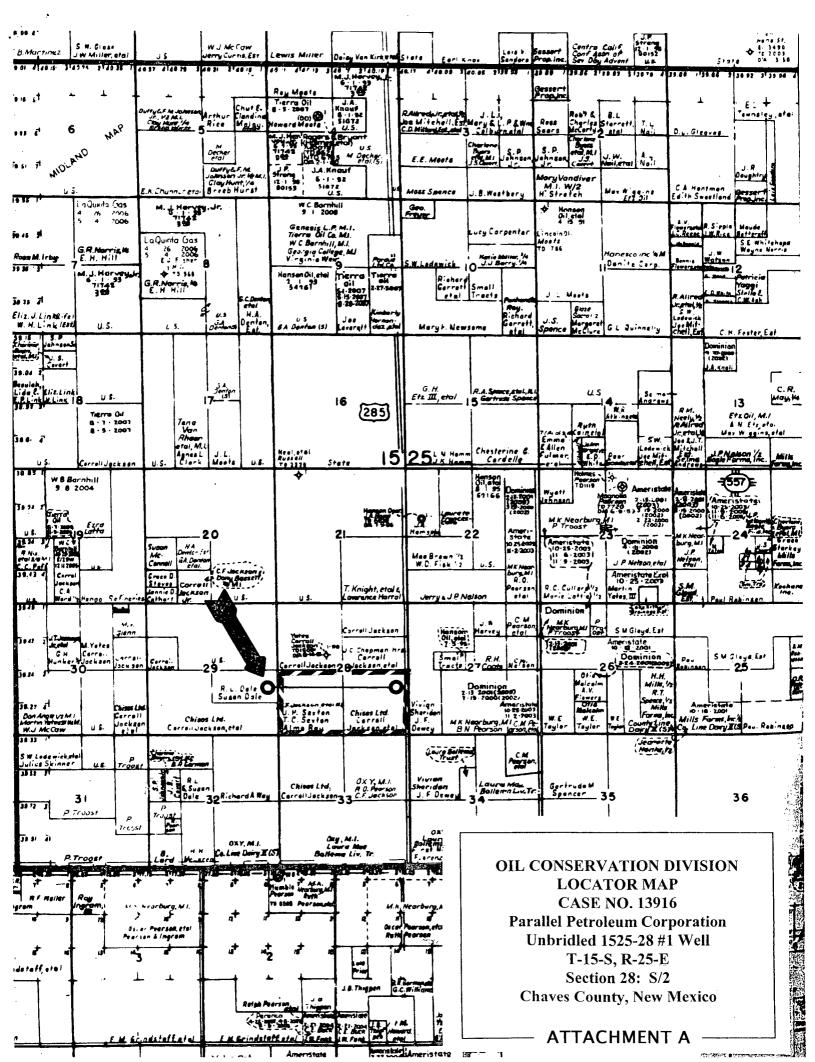
FURTHER AFFIANT SAYETH NOT.

SUBSCRIBED AND SWORN before me on this

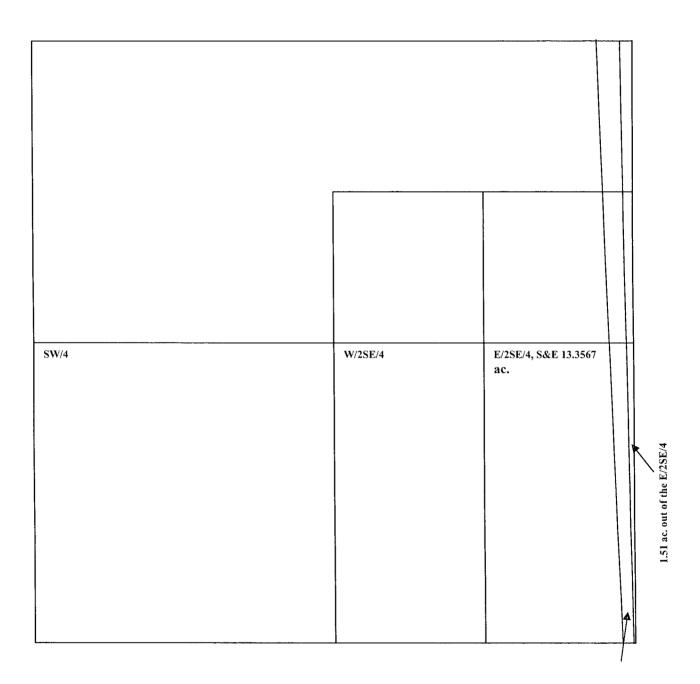
\_ day of **///////**200

Notary Public

My Commission Expires:



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



11.8467 ac. out of the E/2SE/4 -

#### 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          |
| Doily D. Dassett             | I LLL  | 1/0              | TOTAL       | 0.50000          |
|                              |        |                  | PLLL TOTAL  | 0.33333          |
|                              |        |                  | OUTSTANDING | 0.16667          |
|                              |        |                  | OUISTANDING | U.1000 <i>1</i>  |
| 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             |             | 0.00391          |
|                              | N/A    |                  | 0.25000     |                  |
| J.C. Chapman, Jr.            |        | 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     | 0.00814          |
| Heirs/Devisees C.E. Rugel    | PLLL   | 1/256            | 0.20826     | 0.00081          |
| L.E. Gross                   | N/A    | 1/256            | 0.20826     | 0.00081          |
|                              | PLLL   |                  |             |                  |
| Daniel Rugel                 |        | 1/256            | 0.20826     | 0.00081          |
| Joe Rugel                    | PLLL   | 1/256            | 0.20826     | 0.00081          |

#### 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          |
|                              | N/A     | 1/64             | 0.20826     | 0.00325          |
| J.C. Chapman, Jr.            | PLLL    | 1/64             | 0.20826     | 0.00325          |
| Pure Energy Group            |         |                  |             | 0.00323          |
| Edge Petroleum Company       | PLLL    | 1/32             | 0.20826     |                  |
| 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     | 0.00038          |
| Chisos, Ltd.                 | PLLL    | 1/64             | 0.03702     | 0.00058          |
| Heirs/Devisees H.W. Etz, Jr. | PLLL    | 1/32             | 0.03702     | 0.00038          |
| NMDOT                        | N/A     | 3/4              | 0.03702     | 0.02777          |
| NIVIDOT                      | IN/A    | 3/4              | TOTAL       | 0.02777          |
|                              |         |                  | PLLL TOTAL  | 0.00680          |
|                              |         |                  | OUTSTANDING | 0.03022          |
|                              |         |                  | COTSTANDING | 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<br>INTEREST TOTAL: |      |      |             | 1,0000  |
|   |      |      |             | 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.



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.

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:<br>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:<br>Name  |
| Date:  |





## // PARALLEL

### **AUTHORITY FOR EXPENDITURE**

| HE MAIO  | Dilling to the control of the contro | III Exception   | N'AME III  | iji na kilika kata matu ditu   | 900000000000000000000000000000000000000  |                                       |  | (100)                                    | AFE NUMBER  | (((1)))            |  |  |  |  |  |
|--|--|---|--|--|--|---------------------------------------|--|--|---|--------------------|--|--|--|--|--|
|  | R Described Post-closure   |   |  |  |  | auamuumiiniiliili                     | nanduillili                              | namuaniniilii                            | បាការាមរដ្ឋមាន  | H1111111111        | Hillettininn<br>14   | 7000   |  |  |  |
| LOCATION   | Paraliel Petroleum   | Unb   | ridled 152   | -5-20 #1   | COUNTY   | STATE                                 |  |  | DOCUMENT D  | ATE                |  |  |  |  |  |
|  | S/2 Sec 28, T15S, R2   | .5E   |  |  | Chaves   | į r                                   | New Mexic                                | co                                       |   | 22-Fe              | b-07   |  |  |  |  |
| PURPOSE  |  |   |  |  |  | TYPEWELL                              | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,   |  | TOBESTART   | EP.                |  | ШЩ   |  |  |  |
|  | Drill & Complete Wol   | olfcamp Horizo  | ontal Gas W  | ell  |  | ļ                                     | gas                                      |  |   | APR                | 07   |  |  |  |  |
| PRODUCI  | NG LEASE NUMBER / PR   | ROSPECT NAM   | E / FIELD NA   | ME   |  |                                       |  |  | PROPOSED D  | EPTH               |  |  |  |  |  |
|  |  | ine / Wildcati  |  |  |  |                                       |  |  |   | 9222               | MD, 4750 T   | √D_  |  |  |  |
|  |  |   |  |  |  |                                       |  |  |   |                    | ВСР  |  | ACP  |  | TOTAL  |
|  | INTANGIBLE WEL   |   |  |  |  |                                       |  |  | ,   | <u></u>            | 4.500  |  |  | \$   | 4.50   |
|  | PERMIT   | \$ 2,000  |  | SURVEY LOC   | \$ 2,500   | -                                     | TITLE                                    | £ 40,000                                 |   | \$                 | 4,500<br>14,000  |  |  | \$   | 4,50   |
|  | SURF DAMAGES<br>LOC & PITS   | \$ 4,000<br>\$ 54,000   | 830,050  | INSURANCE  | \$ 2,000   | 830.020 T                             | HLE                                      | \$ 10,000                                |   | \$                 | 56,000   |  |  | \$   | 56,00  |
|  | DRLG - DAYWORK   |   | DAYS @   | ROADS  | \$17,000   | -                                     |  |  |   | \$                 | 340,000  | <del> </del> -   |  | \$   | 340,000  |
|  | DRILLING   |   | FEET @   |  | \$0.00   | <del>-</del>                          | TURNKEY                                  | s -                                      |   | <u> </u>           | 040,000  |  |  | -  | 0.0,00   |
|  | DRILLING RIG - MOB   | \$ 49,000   | 2276   |  | φοισο  | -11 1 000.100                         | , O, |  | •   | \$                 | 49,000   |  |  | \$   | 49,00  |
| 830.200  |  | \$ 65,000   | 830.250  | WELDING  | \$ 2,000   | -                                     |  |  |   | \$                 | 67,000   |  |  | \$   | 67.00  |
|  | WATER - BCP  | \$ 35,000   |  | MUD & CHEM   | \$ 58,000  | -                                     | VTR - ACP                                | \$ 35,000                                |   | \$                 | 35,000   | \$   | 93,000   | \$   | 128,00   |
|  | TRUCKING - BCP   | \$ 18,200   |  | TRUCKING - ACP   | \$ 8,000   | _                                     |  |  |   | \$                 | 18,200   | \$   | 8,000  | \$   | 26,20  |
| 830.170  | POWER & FUEL   | \$ 30,000   |  | DIRECTIONAL  | \$ 130,000   |                                       |  |  |   | \$                 | 160,000  |  |  | \$   | 160,00   |
| 830.270  | MUD LOGGING  | \$ 25,000   | 830.270  | DST  | \$ -   | -                                     |  |  |   | \$                 | 25,000   |  |  | \$   | 25,00  |
| 830.230  | CEMENTING: SURF  | \$ 35,000   | 830.230  | INTERMED.  | \$ -   | 850.080 F                             | LOAT EQ                                  | \$ 3,000                                 |   | \$                 | 38,000   |  |  | \$   | 38,00  |
| 840.190  | PRODUCTION   | \$ 30,000   | 860.080  | FLOAT EQUIP  | \$ 3,000   | _                                     |  |  | •   |                    |  | \$   | 33,000   | \$   | 33,00  |
| 630.270  | CORING   | \$ -  | 830.270  | CORE ANAL.   | s -  | _                                     |  |  |   |                    |  |  |  |  |  |
|  | WL LOGGING: OH   | \$ 32,000   |  | CSD. HOLE  | \$ 7,000   | 840.200 F                             | 'ERF                                     | \$ 70,000                                |   | \$                 | 32,000   | \$   | 77,000   | \$   | 109,00   |
|  | COMPLETION UNIT  |   | DAYS @   |  | \$4,500  | _/DAY                                 |  |  |   |                    |  | \$   | 22,500   | \$   | 22,50  |
|  | BCP - RENTALS: SURF  |   | 830,160  | BCP - SUBSURFACI   | E \$ 35,000  |                                       |  |  |   | \$                 | 55,000   |  |  | \$   | 55,00  |
|  | ACP - RENTALS: SURF  | \$ 15,000   | 840.160  | ACP - SUBSURFACE   | E \$ 20,000  | _                                     |  |  |   |                    |  | \$ .   | 35,000   | \$   | 35,00  |
| 840.220  | STIMULATE: ACID  | \$ 25.000   | 840.220  | FRACTURE   | \$ 385,000   | _                                     |  |  |   |                    |  | \$   | 410,000  | \$   | 410,00   |
|  |  |   | 840.140  | COMPL. FLUID   | \$ . 5,000   | <del></del>                           |  |  |   |                    |  | \$   | 5,000  | \$   | 5,00   |
|  | ENVIRON. COST - BCP  | \$ 15,000   | 840.260  | ENV. COST - ACP  | \$ 15,000  | ~                                     |  |  |   | \$                 | 15,000   | \$   | 15,000   | \$   | 30,00  |
|  | DRLG OVERHEAD  | \$ 6,000  | 830.070  | GEOL SUPR  | \$ 5,000   | 830.080 E                             | INGR SUP                                 | R \$ 10,000                              |   | \$                 | 16,000   | \$   | 5,000  | \$   | 21,00  |
|  | LABOR: CO BCP  | \$ 24,000   | 830.250  | CONTRACT - BCP   | \$ 15,000  | _                                     |  |  |   | \$                 | 39,000   |  |  | \$   | 39,00  |
|  | LABOR: CO ACP  | \$ 5,000  | 840.020  | CONTRACT - ACP   | \$ 15,000  | _                                     |  |  |   |                    |  | \$   | 20,000   | \$   | 20,00  |
|  | CLEAN UP SITE  | \$ 50,000   |  | FENCE LOC  | \$ 3,000   |                                       |  |  |   | \$                 | 50,000   | \$   | 3,000  | \$   | 53,00  |
|  | MISC. INTANG, COST   | \$ 20,000   |  | MISC. COST - ACP   | \$ 10,000  |                                       |  |  |   | \$                 | 20,000   | \$ '   | 10,000   | \$   | 30,00  |
| 830.340  | CONTINGENCY: BCP   | 5.00%   | 840.280  | CONTING: ACP   | 5.00%  | _                                     |  | D1 = 14/=1                               |   | \$                 | 51,700   | \$   | 36,800   | \$   | 88,50  |
|  | TANCIBLE MELL  | COCTO   |  |  |  | TOTAL                                 | VIANGI                                   | BLE MEL                                  | L COSTS   | \$ 1.              | ,085,400   | \$   | 773,300  | \$ 1   | ,858,700   |
| BEA 020  | TANGIBLE WELL  |   | CEST OF  |  |  |                                       |  | ***                                      |   |                    |  |  |  |  |  |
|  | CASING: SURFACE  |   |  |  |  | INCH CASING (                         |  | \$0.00                                   | •   | \$                 | 00,600   |  |  | <u> </u>   | 20.60  |
|  | PROTECTION   |   |  |  |  | INCH CASING (                         | -  | \$26.00                                  | •   | 4                  | 28,600   |  |  | \$   | 28,60  |
|  | PRODUCTION   |   | FEET OF  |  |  | _INCH CASING @<br>INCH CASING @       | -  | \$14,00                                  | •   |                    |  | \$   | 129,108  | \$   | 129 10   |
|  | LINER  |   |  |  |  | INCH CASING (                         | -  | \$0.00                                   | •   |                    |  | Ψ.   | 123,100  | Ψ  | 129,10   |
|  | INSPECT TUB BCP  | \$ 4,500  |  | INSP ACP   | \$ 4,500   | -                                     | e<br>SSG SRVCS                           |  | .′" '   | \$                 | 7,500  | \$   | 7,500  | \$   | 15,00  |
|  | CASINGHEAD   | \$ 7,500  |  | TUBINGHEAD   | \$ 7,500   | -                                     | 700 DI (VOC                              | 3 4 0,000                                |   | \$                 | 7,500  | \$   | 7,500  | \$   | 15,00  |
|  | CHRISTMAS TREE   | \$ 10,000   |  | WH FITTINGS  | \$ 5,000   | -                                     |  |  |   |                    | 7,000  | \$   | 15,000   |  | 15,00  |
|  | TUBING   |   |  |  |  | -<br>INCH TUBING @                    | 1  | \$5.63                                   | /ET   |                    |  | \$   |  |  | 10,00  |
|  |  |   |  |  | 2,075  |                                       |  | Ψα,υς                                    | ****  |                    |  |  |  | \$   |  |
| 860.110  | RODS   |   |  |  | \$0.00   | /ET (AVG)                             |  |  |   |                    |  | Φ  | 27,024   | \$   | 27,02  |
|  | RODS SUBSURFACE PUMP   | 0 1   | FEET OF RO   | -  |  | /FT (AVG)                             |  | \$ 7500                                  |   |                    |  |  | 27,024   | \$   | 27,02  |
| 860.130  | SUBSURFACE PUMP FLOWLINE   | 0 1   | FEET OF RO<br>860.120  | TBG ANCHOR   | \$ -   | /FT (AVG)<br>860.120 F                |  | \$ 7,500                                 |   |                    |  | \$   | 27,024<br>7,500  | \$   | 27,02<br>7,50  |
| 860.130<br>860.200   | SUBSURFACE PUMP  | \$ -<br>\$ 2,000  | FEET OF RO<br>860.120<br>860.190   | -  | \$ -   | 860.120 F                             | PACKER                                   |  |   |                    |  | \$   | 27,024<br>7,500<br>2,000   | \$ \$  | 27,02<br>7,50<br>2,00  |
| 860.130<br>860.200<br>860.210  | SUBSURFACE PUMP<br>FLOWLINE  | \$ -<br>\$ 2,000  | FEET OF RO<br>860.120<br>860.190<br>860.260  | TBG ANCHOR<br>ELEC CONSTR  | \$ -<br>\$ -<br>\$ -   | 860.120 F                             | PACKER                                   | \$ 7,500<br>\$ -                         |   |                    |  | \$   | 7,500<br>2,000<br>15,000   | \$ \$ \$   | 7,50<br>2,00<br>15,00  |
| 860.130<br>860.200<br>860.210<br>860.220   | SUBSURFACE PUMP<br>FLOWLINE<br>TANK BATTERY  | \$ -<br>\$ 2,000<br>\$ 15,000   | 860.120<br>860.190<br>860.260<br>860.260   | TBG ANCHOR<br>ELEC CONSTR<br>COMPRESSOR  | \$ -<br>\$ -<br>\$ -<br>\$ 10,000  | 860.120 F                             | PACKER                                   |  |   |                    |  | \$ \$  | 27,024<br>7,500<br>2,000   | \$ \$  | 7,50<br>2,00<br>15,00<br>10,00   |
| 860.200<br>860.210<br>860.220<br>860.220   | SUBSURFACE PUMP<br>FLOWLINE<br>TANK BATTERY<br>GAS PROD. UNIT  | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -   | 860.120<br>860.190<br>860.260<br>860.260<br>860.220  | TBG ANCHOR<br>ELEC CONSTR<br>COMPRESSOR<br>DEHYDRATOR  | \$ -<br>\$ -<br>\$ -<br>\$ 10,000  | 860.120 F                             | PACKER                                   |  |   |                    |  | \$ \$  | 7,500<br>2,000<br>15,000<br>10,000   | \$ \$ \$   | 7,50<br>2,00<br>15,00  |
| 860.200<br>860.210<br>860.220<br>860.220<br>860.220  | SUBSURFACE PUMP<br>FLOWLINE<br>TANK BATTERY<br>GAS PROD, UNIT<br>HEATER-TREATER  | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -   | 860.120<br>860.120<br>860.190<br>860.260<br>860.220<br>860.180   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR   | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000   | 860.120 F                             | PACKER                                   |  |   |                    |  | \$ \$  | 7,500<br>2,000<br>15,000<br>10,000   | \$ \$ \$   | 7,50<br>2,00<br>15,00<br>10,00   |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ -<br>\$ 16,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250  | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER                                   | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000   | 860.120 F                             | PACKER                                   |  |   | \$                 | 3,200  | \$ \$ \$   | 27,024<br>7,500<br>2,000<br>15,000<br>10,000   | \$<br>\$<br>\$<br>\$<br>\$   | 7,50<br>2,00<br>15,00<br>10,00   |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230                                    | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS  | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ -<br>\$ 16,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS                         | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER                                   |  |   | \$                 | 3,200  | \$ \$ \$   | 7,500<br>2,000<br>15,000<br>10,000<br>16,000   | \$<br>\$<br>\$<br>\$<br>\$<br>\$   | 7,50<br>2,00<br>15,00<br>10,00<br>10,00  |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.020<br>860.170              | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 16,000<br>\$ 18,000   | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING                | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER                                   |  |   | \$                 | 3,200  | \$ \$ \$ \$  | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000   | \$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$   | 7,50<br>2,00<br>15,00<br>10,00<br>10,00<br>16,00<br>36,20                                      |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.020<br>860.170              | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT  | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 16,000<br>\$ 18,000   | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING                | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER<br>COAT TBG                       | \$ -                                     |   | \$                 | 4,700  | \$ \$ \$ \$ \$   | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968                         | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$  | 27,02<br>7,50<br>2,00<br>15,00<br>10,00<br>16,00<br>36,20<br>20,00<br>50,00<br>39,66           |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.020<br>860.170              | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 16,000<br>\$ 18,000<br>\$ -<br>\$ 50,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING                | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER COAT TBG                          | \$ -                                     | E COSTS   | \$                 | 4,700<br><b>51,500</b>                                       | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968<br>384,600              | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$  | 27,02<br>7,50<br>2,00<br>15,00<br>10,00<br>16,00<br>36,20<br>20,00<br>50,00<br>39,66<br>436,10 |
| 860.200<br>860.210<br>860.220<br>860.220<br>860.220<br>860.130<br>860.230<br>860.020<br>860.170<br>860.280   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 16,000<br>\$ 18,000<br>\$ -<br>\$ 50,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING                | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER COAT TBG TOTAL TO                 | \$ -                                     | L COSTS   | \$ 1               | 4,700  | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968                         | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$  | 27,02<br>7,50<br>2,00<br>15,00<br>10,00<br>16,00<br>36,20<br>20,00<br>50,00<br>39,66           |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.020<br>860.170              | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 16,000<br>\$ 18,000<br>\$ -<br>\$ 50,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING                | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER COAT TBG TOTAL TO                 | TANGIBL<br>TAL WEL                       | L COSTS<br>EXPENSE                                    | \$ 1<br>\$         | 4,700<br>51,500<br>,136,900                                  | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968<br>384,600              | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$  | 27,02<br>7,50<br>2,00<br>15,00<br>10,00<br>16,00<br>36,20<br>20,00<br>50,00<br>39,66<br>436,10 |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.170<br>860.280<br>860.160   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 16,000<br>\$ 18,000<br>\$ -<br>\$ 50,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130<br>860.290  | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200<br>\$ 20,000   | 860.120 F                             | PACKER COAT TBG TOTAL TO                 | TANGIBL<br>TAL WEL                       | L COSTS<br>EXPENSE<br>LE COST                         | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900                                  | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968<br>384,600              | \$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$ | 27,02 7,50 2,00 15,00 10,00 10,00 16,00 20,00 50,00 39,66 436,10 2,294,80                      |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.230<br>860.230<br>860.230<br>860.170<br>860.280<br>860.160   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY   | \$ -<br>\$ 2,000<br>\$ 15,000<br>\$ -<br>\$ -<br>\$ 18,000<br>\$ 18,000<br>\$ 10,000  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200  | 860.120 F                             | PACKER COAT TBG TOTAL TO JG & AB         | TANGIBL<br>TAL WEL                       | L COSTS<br>EXPENSE<br>LE COST<br>DECIMAL              | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900                                  | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968<br>384,600<br>(,157,900 | \$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$ | 27,02 7,50 2,00 15,00 10,00 10,00 16,00 20,00 50,00 39,66 436,10 2,294,80                      |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.230<br>860.230<br>860.230<br>860.170<br>860.280<br>860.160   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  DRY  CAPITAL   | \$  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130<br>860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200<br>\$ 20,000   | PLU COMPANY                           | PACKER COAT TBG TOTAL TO JG & AB         | TANGIBL<br>TAL WEL                       | L COSTS<br>EXPENSE<br>LE COST                         | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900<br>-<br>,136,900                 | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 50,000 34,968 384,600 (,157,900                                  | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 36,20 20,00 50,00 39,66 436,100 2,294,800             |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.230<br>860.230<br>860.230<br>860.170<br>860.280<br>860.160   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY   | \$  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130<br>860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200<br>\$ 20,000   | PLU  COMPANY  Parallel Petrol         | PACKER COAT TBG TOTAL TO JG & AB         | TANGIBL<br>TAL WEL                       | L COSTS<br>EXPENSE<br>LE COST<br>DECIMAL              | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900<br>-<br>,136,900                 | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500<br>2,000<br>15,000<br>10,000<br>10,000<br>16,000<br>33,000<br>20,000<br>50,000<br>34,968<br>384,600<br>(,157,900 | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 36,20 20,00 50,00 39,66 436,100 2,294,800             |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.160<br>CATEGO               | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  DRY  CAPITAL   | \$ - 2,000 \$ 15,000 \$ 15,000 \$ - \$ - \$ \$ 16,000 \$ 18,000 \$ 10,0006  | FEET OF RO<br>860.120<br>860.190<br>860.260<br>860.220<br>860.180<br>860.250<br>840.130<br>860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ -<br>\$ 18,200<br>\$ 20,000   | PLU  COMPANY  Parallel Petrol         | PACKER COAT TBG TOTAL TO JG & AB         | TANGIBL<br>TAL WEL                       | L COSTS<br>EXPENSE<br>LE COST<br>DECIMAL              | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900<br>-<br>,136,900                 | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 50,000 34,968 384,600 (,157,900                                  | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 36,20 20,00 50,00 39,66 436,100 2,294,800             |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.160<br>CATEGO               | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  ARIBMY  | 0   \$ -   \$ 2,000   \$ 15,000   \$ 1,0 | FEET OF RO 860.120 860.190 860.260 860.260 860.220 860.180 860.250 840.130 860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ 20,000<br>\$ 20,000<br>\$ 20,000  | PLU COMPANY Parallel Petrol           | TOTAL<br>TO JG & AB                      | TANGIBL<br>TAL WEL<br>SANDON E<br>DRY HO | L COSTS<br>EXPENSE<br>LE COST<br>DECIMAL<br>0.8500000 | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900<br>-<br>,136,900                 | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 34,968 384,600 1,157,900 TIMATEO CO                              | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 20,00 20,00 39,66 436,10(2,294,80)                    |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.220<br>860.130<br>860.230<br>860.160<br>CATEGO               | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  SPIRY  CAPITAL  CAPITAL  SPIRY  | 0   \$ -   \$ 2,000   \$ 15,000   \$ 1,0 | FEET OF RO 860.120 860.190 860.260 860.260 860.220 860.180 860.250 840.130 860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ 20,000<br>\$ 20,000<br>\$ 20,000  | PLU COMPANY Parallel Petrol           | TOTAL<br>TO JG & AB                      | TANGIBL<br>TAL WEL<br>SANDON E<br>DRY HO | L COSTS<br>EXPENSE<br>LE COST<br>DECIMAL<br>0.8500000 | \$ 1<br>\$<br>\$ 1 | 4,700<br>51,500<br>,136,900<br>-<br>,136,900                 | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 34,968 384,600 1,157,900 TIMATEO CO                              | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 20,00 20,00 39,66 436,10(2,294,80)                    |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.130<br>860.230<br>860.170<br>860.280<br>860.160<br>TYPE<br>X | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  PRIMY  ALS INSTALLATION PUMPING UNIT GAS PIPELINE/METER CONTINGENCY   | \$ - 2,000 \$ 15,000 \$ 15,000 \$ - 5 - 6,000 \$ 18,000 \$ 10,000 \$ 10,000  BUDGETED   | FEET OF RO 860.120 860.190 860.260 860.220 860.180 860.250 840.130 860.290  DEPARTMEN  | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ 18,200<br>\$ 20,000<br>CATEGORY  PATE:::::::::::::::::::::::::::::::::::: | PLU COMPANY Parallel Petrol           | PACKER COAT TBG TOTAL TO JG & AB         | TANGIBL<br>TAL WEL<br>BANDON B<br>DRY HO | L COSTS EXPENSE LE COST DECIMAL 0.8500000             | \$ 1<br>\$ \$ 1    | 4,700<br>51,500<br>,136,900<br>,136,900<br>NET AFE F         | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 50,000 34,968 384,600 1,157,900 TIMATEO CO: 950,580 PRYHOLE C    | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 20,00 50,00 39,66 436,10 2,294,800                    |
| 860.130<br>860.220<br>860.220<br>860.230<br>860.230<br>860.230<br>860.170<br>860.280<br>860.160<br>TYPE<br>X | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  SPIRY  CAPITAL  CAPITAL  SPIRY  | \$ - 2,000 \$ 15,000 \$ 15,000 \$ - 5 - 6,000 \$ 18,000 \$ 10,000 \$ 10,000  BUDGETED   | FEET OF RO 860.120 860.190 860.260 860.220 860.180 860.250 840.130 860.290  DEPARTMEN  | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ -<br>\$ -<br>\$ 10,000<br>\$ 10,000<br>\$ -<br>\$ 18,200<br>\$ 20,000<br>CATEGORY  PATE:::::::::::::::::::::::::::::::::::: | PLU COMPANY Parallel Petrol           | PACKER COAT TBG TOTAL TO JG & AB         | TANGIBL<br>TAL WEL<br>BANDON B<br>DRY HO | L COSTS EXPENSE LE COST DECIMAL 0.8500000             | \$ 1<br>\$ \$ 1    | 4,700<br>51,500<br>,136,900<br>,136,900<br>NET AFE F         | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 50,000 34,968 384,600 1,157,900 TIMATEO CO: 950,580 PRYHOLE C    | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 27,02  7,50 2,00 15,00 10,00 10,00 16,00 20,00 50,00 39,66 436,10 2,294,800                    |
| 860.130<br>860.200<br>860.210<br>860.220<br>860.130<br>860.230<br>860.020<br>860.170<br>860.280<br>860.160   | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  CAPITAL  CAPITAL  CAPITAL  CAPITAL  CAPITAL   | 0   \$ -   \$ 2,000   \$ 15,000   \$ 15,000   \$ -   \$ 16,000   \$ 18,000   \$ 18,000   \$ 10,00%   \$ 50,000   \$ 10,00%   \$ 10,00                   | FEET OF RO 860.120 860.190 860.260 860.260 860.220 880.180 860.250 840.130 860.290  DEPARTMEN  Consider Manuel | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ - \$ - \$ 10,000 \$ 10,000 \$ - \$ 20,000  CATEGORY  PATE:  | PLU COMPANY Parallel Petrol ARPROYAUS | TOTAL TO JG & AB                         | TANGIBL<br>TAL WEL<br>SANDON E<br>DRY HO | L COSTS EXPENSE LE COST DECIMAL 0.8500000             | \$ 1<br>\$ \$ 1    | 4,700<br>51,500<br>,136,900<br>-<br>,136,900<br>  NETIARE  F | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 27,024  7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 34,968 384,600 1,157,900  TIMATEO COS 1,950,580 966,365  | S S S S S S S S S S S S S S S S S S S  | 27,02  7,50 2,00 15,00 10,00 10,00 36,20 20,00 50,00 39,66 436,10(2,294,80)                    |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.130<br>860.230<br>860.170<br>860.280<br>860.160<br>CATEGO    | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  ALS   | 0   \$ -   \$ 2,000   \$ 15,000   \$ 15,000   \$ 16,000   \$ 16,000   \$ 16,000   \$ 16,000   \$ 10,00%   \$                    | FEET OF RO 860.120 860.190 860.260 860.260 860.220 880.180 860.250 840.130 860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ - \$ - \$ 10,000 \$ 10,000 \$ - \$ 18,200 \$ 20,000  CATEGORY  PATE::::::::::::::::::::::::::::::::::::                     | PLU COMPANY Parallel Petrol ARPROVAUS | TOTAL TO JG & AB                         | TANGIBL<br>TAL WEL<br>SANDON E<br>DRY HO | L COSTS EXPENSE LE COST DECIMAL 0.8500000             | \$ 1<br>\$ \$ 1    | 4,700<br>51,500<br>,136,900<br>-<br>,136,900<br>NET ARE F    | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 27,024  7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 34,968 384,600 1,157,900  TIMATEO COS 1,950,580 966,365  | S S S S S S S S S S S S S S S S S S S  | 27,02  7,50 2,00 15,00 10,00 10,00 36,20 20,00 50,00 39,66 436,10 2,294,80                     |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.130<br>860.230<br>860.130<br>860.280<br>860.160<br>CATEGO    | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  CAPITAL  CAPITAL  CAPITAL  CAPITAL  CAPITAL   | 0   \$ -   \$ 2,000   \$ 15,000   \$ 15,000   \$ 16,000   \$ 16,000   \$ 16,000   \$ 16,000   \$ 10,00%   \$                    | FEET OF RO 860.120 860.190 860.260 860.260 860.220 880.180 860.250 840.130 860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ - \$ - \$ 10,000 \$ 10,000 \$ - \$ 18,200 \$ 20,000  CATEGORY  PATE::::::::::::::::::::::::::::::::::::                     | PLU COMPANY Parallel Petrol ARPROVAUS | TOTAL TO JG & AB                         | TANGIBL<br>TAL WEL<br>SANDON E<br>DRY HO | L COSTS EXPENSE LE COST DECIMAL 0.8500000             | \$ 1<br>\$ \$ 1    | 4,700<br>51,500<br>,136,900<br>-<br>,136,900<br>NET ARE F    | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 27,024  7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 34,968 384,600 1,157,900  TIMATEO COS 1,950,580 966,365  | S S S S S S S S S S S S S S S S S S S  | 27,02  7,50 2,00 15,00 10,00 10,00 36,20 20,00 50,00 39,66 436,10 2,294,80                     |
| 860.130<br>860.220<br>860.220<br>860.220<br>860.130<br>860.230<br>860.170<br>860.280<br>860.160<br>CATEGO    | SUBSURFACE PUMP FLOWLINE TANK BATTERY GAS PROD. UNIT HEATER-TREATER PLUNGER LIFT SURF EQUIP FTNGS INSTALLATION LABOR PUMPING UNIT GAS PIPELINE/METER CONTINGENCY  CAPITAL  ALS   | 0   \$ -   \$ 2,000   \$ 15,000   \$ 15,000   \$ 16,000   \$ 16,000   \$ 16,000   \$ 16,000   \$ 10,00%   \$                    | FEET OF RO 860.120 860.190 860.260 860.260 860.220 880.180 860.250 840.130 860.290   | TBG ANCHOR ELEC CONSTR COMPRESSOR DEHYDRATOR SEPARATOR PRIME MOVER BUILDINGS TRUCKING METER/CONTROLS | \$ - \$ - \$ 10,000 \$ 10,000 \$ - \$ 18,200 \$ 20,000  CATEGORY  PATE::::::::::::::::::::::::::::::::::::                     | PLU COMPANY Parallel Petrol ARPROVAUS | TOTAL TO JG & AB                         | TANGIBL<br>TAL WEL<br>SANDON E<br>DRY HO | L COSTS EXPENSE LE COST DECIMAL 0.8500000             | \$ 1<br>\$ \$ 1    | 4,700<br>51,500<br>,136,900<br>-<br>,136,900<br>NET ARE F    | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 27,024  7,500 2,000 15,000 10,000 10,000 16,000 33,000 20,000 34,968 384,600 1,157,900  TIMATEO COS 1,950,580 966,365  | S S S S S S S S S S S S S S S S S S S  | 27,02 7,50 2,00 15,00 10,00 10,00 16,00 36,20 20,00 50,00 39,66 436,10 2,294,80                |

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.

|  | 10.5. Stat Service:  CHENTIAL RECOMMENDATION OF THE PROPERTY O | EIPI<br>overage Provided)<br>at www.usps.coma |
|--|--|---|
|  | Postage S  |   |
|  | Certified Fee  | )<br>Poelmark                                 |
|  | Return Receipt Fee (Endorsement Required)  | Hure  |
| AT DOLLED LINE   | Restricted Delivery Fee (Endorsement Required)   |   |
|  | Total Postage & Fees \$  |   |
|  | Sent To SALLIE JEAN SKA  | was Simpson                                   |
|  | or PO Box No. 2302 RIPLE   |   |
| logical de la companya de la company | City, State, ZIP-1-1 DEDONDO BE  | ACH, GA 90278                                 |
|  | Psicomiseno Junez 002  |   |

| © Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  ■ Print your name and address on the revers so that we can return the card to you.  ■ Attach this card to the back of the mailpier or on the front if space permits.  1. Article Addressed to:  ■ ALLIE TEAN TAKES | B. Received by (Printed Name)  C. Date of Delivery address different from item 1?   Yes  If YES, enter delivery address below:                      |
|---|---|
| SALLIE JEAN SEACHS SIN<br>2302 RIPLEY AVE.<br>REDONDO BEACH, CA<br>902  | 3. Service Type  Certified Mail  Express Mail Registered  Return Receipt for Merchand Insured Mail  C.O.D.  4. Restricted Delivery? (Extra Fee) Yes |
| Article Number  (Transfer from service label)   | 7006 0100 0001 2440 2935  |
| DO 5 2011 February 2004 Do  | omestic Return Receipt 102595-02-M-   |

Domestic Return Receipt

PS Form 3811, February 2004



2302 Ribery Are.
Resource Between, CA 90278

ADORESS ( 705)

PECEUED NAR 2 & 2007



| 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? |                            |                 | 3. Service Type  Certified Mail   Express Mall   Registered   Return Receipt for Merchandise   Insured Mail   C.O.D. | 4. Restricted Delivery? (Extra Fee) | 7006 0100 0001 2440 2935                        | urn Receipt 102595-02-M-1540                        |
|-----------------------------------|---|---|---|---|----------------------------|-----------------|--|-------------------------------------|---|---|
| Sander Complete His Section       | Complete items 1, 2, and 3. Also complete | item 4 if Restricted Delivery is desired.  Frint 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, | 1. Article Addressed to:                      | SALLIE JEAN SCHUNS SIMPSON | 2302 Riney Ave. | CECONDO BEACH, CLA<br>90278  |                                     | 2. Article Number (Transfer from service label) | PS Form 3811, February 2004 Domestic Return Receipt |



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

| WITKIIS SEXTON ASHT  |
|--|
| 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:<br>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:<br>Name  |
| Date:  |

.





| OPERATOR  | LEASE/WELLIN   | AME  |            |   |                                |               | AFE NUMBE                 | R            | 1                                     | 070009  |               |                              |
|---|--|--|------------|---|--------------------------------|---------------|---------------------------|--------------|---------------------------------------|---|---------------|------------------------------|
| Parallel Petroleum                                |  |  |            |   |                                |               |                           |              |                                       |   |               |                              |
| 0 ID 0 00 T450 D0                                 | pa par   |  |            | Chaves  | I Ne                           | w Mexico      |                           | 22-1         | 9D-U/                                 |   |               |                              |
| 9/2 Sec 28, 1155, R2                              |  |  |            |   | TYPEWELL                       |               | TOBESTA                   | RTEP         |                                       |   |               |                              |
| Duill 9 Campulate Ma                              | Ifaama Harizon   | tal Cac Wall   |            |   | ì                              | gas           | i                         | APR          | 07                                    |   |               |                              |
| PRODUCING LEASE NUMBER / R                        | ROSPECT NAME<br>ine / Wildcat(V  | Voltcamp Gas   |            |   |                                |               | IIIIIIIII ERONOSEL        | 9222<br>9222 | ::!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!! | ronina di manda di m<br>TVD | 1111111111111 | Hilling (State Color)        |
| 301004 7 County E                                 | ING / VVIOCAL(V  | Volicamp Gasy  |            |   |                                |               |                           | T            | ВСР                                   | ACP   | I             | TOTAL                        |
| INTANGIBLE WEL                                    | L COSTS  |  |            |   |                                |               |                           |              | 4 500                                 |   | T             | 4.504                        |
| 830.020 PERMIT                                    | \$ 2,000   | 830,030 SURV   |            | \$ 2,500  |                                |               | 10.000                    | \$           | 4,500<br>14,000                       |   | \$            | 4,500<br>14,000              |
| 830.040 SURF DAMAGES                              | \$ 4,000   | 830.050 INSUF  |            | \$ -  | 830.020 TIT                    | LE \$         | 10,000                    | \$           | 56,000                                |   | \$            | 56,000                       |
| 830.110 LOC & PITS<br>830.130 DRLG - DAYWORK      | \$ 54,000<br>20.0 DA   | 830.110 ROAD   |            | \$ 2,000<br>\$17,000                            | /DAY                           |               |                           | \$           | 340,000                               |   | \$            | 340,000                      |
| 830.130 DRILLING                                  |  | ET @   |            | \$0.00  |                                | JRNKEY \$     | -                         |              |                                       |   |               | 71                           |
| 830.120 DRILLING RIG - MOB                        | \$ 49,000  |  |            |   |                                |               |                           | \$           | 49,000                                |   | `\$           | 49,000                       |
| 830.200 BITS                                      | \$ 65,000  | 830.250 WELD   | ING        | \$ 2,000  |                                |               |                           | \$           | 67,000                                |   | \$            | 67,000                       |
| 830.180 WATER - BCP                               | \$ 35,000  | 830.190 MUD  |            | \$ 58,000                                       | 840.140 W                      | TR-ACP \$     | 35,000                    | \$           | 35,000                                |   |               | 128,000                      |
| 830.140 TRUCKING - BCP<br>830.170 POWER & FUEL    | \$ 18,200<br>\$ 30,000   | 840.140 TRUC<br>830.135 DIREC  |            | \$ 8,000<br>\$ 130,000                          |                                |               |                           | \$           | 18,200<br>160,000                     |   | \$            | 26,200<br>160,000            |
| 830.270 MUD LOGGING                               | \$ 25,000  | 830.270 DST  | , HONAC    | \$ -  |                                |               |                           | \$           | 25,000                                |   | \$            | 25,000                       |
| 830.230 CEMENTING: SURF                           | \$ 35,000  | 830.230 INTER  | RMED.      | \$ -  | 850.080 FL                     | OAT EQ \$     | 3,000                     | \$           | 38,000                                |   | \$            | 38,000                       |
| 840.190 PRODUCTION                                | \$ 30,000  | 860.080 FLOA   | T EQUIP    | \$ 3,000  |                                |               |                           |              |                                       | \$ 33,000   | \$            | 33,000                       |
| 830.270 CORING                                    | \$ -   | 830.270 CORE   |            | \$ -  | ,                              |               |                           |              | 00.000                                | 77.000  | +-            |                              |
| 830.290 WL LOGGING: OH<br>840.100 COMPLETION UNIT | \$ 32,000<br>5 D   | 840,200 CSD.   | HOLE       | \$ 7,000<br>\$4,500                             | 840.200 PE                     | KF \$         | 70,000                    | \$           | 32,000                                | 77,000  |               | 109,000<br>22,500            |
| 830.150 BCP - RENTALS: SURF                       |  | AYS @<br>830,160 BCP -   | SUBSURFÁCE |   | 7001                           |               |                           | \$           | 55,000                                |   | \$            | 55,000                       |
| 840.150 ACP - RENTALS: SURF                       |  |  | SUBSURFACE |   |                                |               |                           | 1            |                                       | 35,000  | \$            | 35,000                       |
| 840.220 STIMULATE: ACID                           | \$ 25,000  | 840.220 FRAC   |            | \$ 385,000                                      |                                |               |                           |              |                                       | 3 410,000   |               | 410,000                      |
|   |  | 840.140 COM  | PL. FLUID  | \$ 5,000  |                                |               |                           |              |                                       | i 5,000   | \$            | 5,000                        |
| 830.240 ENVIRON, COST - BCF                       |  | 840.260 ENV.   |            | \$ 15,000                                       |                                |               |                           | \$           | 15,000                                |   |               | 30,000                       |
| 830.320 DRLG OVERHEAD                             | \$ 6,000   | 830.070 GEOL   |            | \$ 5,000  | 830.080 EN                     | IGR SUPR \$   | 10,000                    | \$           | 16,000                                |   |               | 21,000                       |
| 830.090 LABOR: CO BCP<br>840.030 LABOR: CO ACP    | \$ 24,000<br>\$ 5,000  | 830.250 CONT<br>840.020 CONT   |            | \$ 15,000<br>\$ 15,000                          |                                |               |                           | \$           | 39,000                                | \$ 20,000   | \$            | 39,000<br>20,000             |
| 830.240 CLEAN UP SITE                             | \$ 50,000  | 830.250 FENC   |            | \$ 3,000  |                                |               |                           | \$           | 50,000                                |   | <del></del>   | 53,000                       |
| 830.250 MISC, INTANG, COST                        | \$ 20,000  | 840.120 MISC   | COST-ACP   | \$ 10,000                                       |                                |               |                           | \$           | 20,000                                |   |               | 30,000                       |
| 830.340 CONTINGENCY: BCP                          | 5.00%  | 840.280 CON  | ING: ACP   | 5.00%   |                                |               |                           | \$           | 51,700                                |   |               | 88,500                       |
| **************************************            |  |  |            |   | TOTAL IN                       | TANGIBLE      | WELL COST                 | S \ \$       | 1,085,400                             | \$ 773,300  | \$            | 1,858,700                    |
| TANGIBLE WELL  850.020 CASING: SURFACE            |  | EET OF   |            | 0.000   | INCH CACING G                  |               | 50.00 IET                 |              |                                       |   | Ţ             |                              |
| 850.020 CASING: SURFACI<br>850.030 INTERMEDIATE   |  | EET OF<br>EET OF   |            |   | INCH CASING @<br>INCH CASING @ |               | \$0.00 /FT<br>\$26.00 /FT | \$           | 28,600                                | 1   | \$            | 28,600                       |
| 850.030 PROTECTION                                |  | EET OF   |            |   | INCH CASING @                  | ******        | \$0.00 /FT                | -            | 20,000                                |   | 1             | 20,000                       |
| 860.040 PRODUCTION                                | 9222 F   | EET OF   |            | 5.500   | INCH CASING @                  |               | \$14.00 /FT               |              |                                       | \$ 129,108  | \$            | 129,108                      |
| 860.040 LINER                                     |  | EET OF   |            |   | INCH CASING @                  |               | \$0.00 /FT                |              |                                       | <u> </u>  | -             |                              |
| 830.210 INSPECT TUB BCP<br>850.050 CASINGHEAD     | \$ 4,500<br>\$ 7,500   | 840.170 INSP.  |            | \$ 4,500  | 840.120 GS                     | G SRVCS_\$    | 6,000                     | \$           | 7,500<br>7,50                         | \$ 7,500<br>\$ 7,500  |               | 15,000<br>15,000             |
| 860.070 CHRISTMAS TREE                            | \$ 7,500<br>\$ 10,000  | 860.030 TUBII<br>860.070 WH F  |            | \$ 7,500<br>\$ 5,000                            |                                |               |                           | 9            | 7,50                                  | \$ 15,000   |               | 15,000                       |
| 860.090 TUBING                                    |  | EET OF   |            |   | INCH TUBING @                  |               | \$5.63 /FT                | -            |                                       | \$ 27,024   | \$            | 27,024                       |
| 860.110 RODS                                      |  | ET OF RODS @   |            |   | /FT (AVG)                      |               |                           |              |                                       |   | <u> </u>      |                              |
| 860.130 SUBSURFACE PUMP                           | \$ -   | 860.120 TBG  | NCHOR      | \$ -  | 860.120 PA                     | CKER \$       | 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 COM  |            | \$ -  | 860.100 CC                     | DAT TBG \$    | *                         |              |                                       | \$ 15,000   | -             | 15,000                       |
| 860.220 GAS PROD. UNIT<br>860.220 HEATER-TREATER  | \$ -<br>\$ -   | 860.260 DEHY<br>860.220 SEPA   |            | \$ 10,000                                       |                                |               |                           |              |                                       | \$ 10,000<br>\$ 10,000  | \$            | 10,000<br>10,000             |
| 860.130 PLUNGER LIFT                              | \$ -   | 860.220 SEPA<br>860.180 PRIM   |            | \$ 10,000<br>\$ -                               |                                |               |                           |              |                                       | Ψ ΙΟ,ΟΟΟ  | +-            | 10,000                       |
| 860.230 SURF EQUIP FTNGS                          | \$ 16,000  | 860.250 BUILD  |            | \$ -  |                                |               |                           |              |                                       | \$ 16,000   | \$            | 16,000                       |
| 860.020 INSTALLATION LABOR                        | \$ 18,000  | 840.130 TRUC   | KING       | \$ 18,200                                       |                                |               |                           | \$           | 3:00                                  | \$ 33,000   | \$            | 36,200                       |
| 860.170 PUMPING UNIT                              | \$ -   | 860.290 METE   | R/CONTROLS | \$ 20,000                                       |                                |               |                           |              |                                       | \$ 20,000   |               | . 20,000                     |
| 860.280 GAS PIPELINE/METER<br>860.160 CONTINGENCY | \$ 50,000  |  |            |   |                                |               |                           | \$           | 700                                   | \$ 50,000<br>\$ 34,968  |               | 50,000<br>39,668             |
|   | 10.0076  |  |            |   | 7                              | OTAL TAN      | GIBLE COST                | -            | 51500                                 | \$ 384,600  |               | 436,100                      |
|   |  |  |            |   |                                | TOTAL         | WELL COST                 | s \$         | 1,13(900                              | \$ 1,157,900  |               | 2,294,800                    |
| CATEGORY  |  |  |            |   | PLU                            |               | ON EXPENS                 |              |                                       |   |               |                              |
|   |  | DED A DESIGN   |            | OATES -   |                                | DR            | Y HOLE COS                |              | 1,13,900                              | - ակակարությունները   | 1             | (International International |
| TVPE  |  | DEPARTMENT   |            | CATEGORY  | COMPANY                        |               | DECIMAL                   |              | nii nii nii lii Ni                    | ET ESTIMATED CO   | JST.          |                              |
| TYPE  |  | 1  |            | DATE  | Parallel Petrole               | um            | 0.850000                  |              | NT ACE                                | \$ 1,950,580<br>OR DRY HOLE (   | COST          | ONIX                         |
| X CAPITAL   | BUDGETED   | nginger  |            | ren s⇔numinimi                                  |                                |               |                           | 101115       | HINTON EIG                            | - CONTRIBUTED   | ا: د.ب.       | and the Parishing            |
| X CAPITAL   | Deane Durtem E   | ngineer  |            |   |                                |               | İ                         | 11           |                                       |   |               |                              |
| X CAPITAL PROPASED BY  Keane Valon                | Deane Duttam "E  |  | 22.        | PESUT   | Wangowallow                    | andlanasaanaa | inimining and is a second |              | internation                           | \$ 966,365  | 164-          | engananan                    |
| X CAPITAL   | Deane Duttam "E  |  | 22.        | PESUT   | ARPROYALS                      |               |                           | Presiden     | ((A)                                  |   | DAT           |                              |
| X CAPITAL PROPANEDIBY                             | Penne Purtern   E  | на предостава (Матрия)<br>На применения и при | .22        | P2307   | l                              |               |                           |              | ~                                     |   |               |                              |
| X CAPITAL PROPASED BY  Keane Valon                | Penne Purtern   E  | на предостава (Матрия)<br>На применения и при | .22        | P2307   | l                              |               |                           |              | ~                                     |   |               |                              |
| X CAPITAL PREPARED BY  APPROVALS  APPROVALS       | III Dennei Dythem i E<br>III Brien Messenx II De<br>III Den Tythni II Shelis | varavansi (Managan)  | ,22.<br>   | PBUT PATE                                       | ARRROYAUS IIIIIII              |               |                           |              |                                       |   | DAT           |                              |
| X CAPITAL PREPARED BY  APPROVALS                  | Denne: Dythem   E  | Paravare Menegeri  |            | PBUT  PATE IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII | APPROVAUS                      |               |                           |              |                                       |   | DAT           |                              |
| X CAPITAL PREPARED BY  APPROVALS  APPROVALS       | Denne: Dythem   E  | Paravare Menegeri  |            | PBUT  PATE IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII | APPROVAUS                      |               |                           |              |                                       |   | DAT           |                              |
| X CAPITAL PREPARED BY  APPROVALS                  | Denne: Dythem   E  | Paravare Menegeri  |            | PBUT  PATE IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII | APPROVAUS                      |               |                           |              |                                       |   | DAT           |                              |

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.

|  | US Posial S                                    | Service                 |  |                  |
|--|--|-------------------------|--|------------------|
| Г  |  | D MAIL REC              |  |                  |
| , ,  | U  | Only; No Insurance C    |  |                  |
| E E  |  | ation visit our website | Andrew framework and the second second               |                  |
| OF ELECTRICATION OF THE PROPERTY OF THE PROPER |  | : ICIAL                 | . V3E  | _                |
|  | Postage  | \$                      | /  |                  |
|  | Certified Fee                                  |                         | <b>D</b> anker to                                    |                  |
|  | Return Receipt Fee<br>(Endorsement Required)   |                         | Postmark<br>Here                                     |                  |
|  | Restricted Delivery Fee (Endorsement Required) |                         |  |                  |
|  | Total Postage & Fees                           | \$                      |  |                  |
|  | Sent To Myer                                   | SEXTEN                  | Asoly  |                  |
| r  | Street, Apt. No.;<br>or PO Box No. 3           | 18 Colonia              | Asoly L RIDGE De. 33511 See Reverse for instructions | æ                |
|  | City, State, ZIP+4                             | EANDON, FL              | 33511  | Name of the last |
| T .  | PS Form 3800, June 200                         | )2                      | See Reverse for Instructions                         | eii.             |

| 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:  Myzris Secra Ash | A. Signature  X  B. Received by ( Printed Name)  D. Is delivery address different from item if YES, enter delivery address below: | ☐ Agent☐ Addressee☐. Date of Delivery☐ 1? ☐ Yes☐ |
|---|---|--|
| BRANDON, FL 33511   | ☐ Insured Mail ☐ C.O.D.   | ot for Merchandise                               |
|   | 4. Restricted Delivery? (Extra Fee)   | ☐ Yes  |
| 2. Article Number (Transfer from service label) 7006 03   | 8562 0442 1000 007  |  |
| PS Form 3811, February 2004 Domestic Retu   | urn Receipt   | 102595-02-M-1540                                 |

9262 0112 TOOO 00TO 9002

Detroloum Cornoration

1st KOTICE 3/2-0 2nd KOTICE

NOT DELIVERABLE TO SOME TO SOM

10587

### Myzris Sexren Abety 3018 Cononial Riose Dr. BRANDON, FL 33511 Article Number Article Addressed to: 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. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse (Transfer from service label) 2006 0100 0001 2440 2928 3. Service Type Certified Mall Registered Insured Mall COMPLETE THIS SECTION ON DELIVERY B. Received by ( Printed Name) D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No A. Signature Restricted Delivery? (Extra Fee) If YES, enter delivery address below: ☐ Return Receipt for Merchandise ☐ C.O.D. ☐ Express Mail C. Date of Delivery ☐ Agent ☐ Addressee ☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540





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: Unb

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:<br>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:  |
|  |
|  |
|  |

1.0





### // PARALLEL

### **AUTHORITY FOR EXPENDITURE**

| OPERATO          | PRIMILIPATE AND A                     | 1                                       |                 |                                       |  |   |  | AFE NUMBER     |                |   |  |   |                |   |
|------------------|---------------------------------------|---|-----------------|---------------------------------------|--|---|--|----------------|----------------|---|--|---|----------------|---|
| OCATIO           | Parallel Petroleum                    |   |                 | 25-28 #1                              | COUNTY   | IIISTATE                                | Amagangang)                            | DOCUMENT D     | ATE            |   | 70009                                  |   |                |   |
| ត់ជំនាំដោយការ    | S/2 Sec 28, T15S, R25                 |   | allittimining   | 1                                     | Chaves   | New Mexi                                |  | 1              | 22-Feb         |   | (illiano)                              | #11111111111111111111111111111111111111 |                | Ширин   |
| PURPOSE          | 5/2 Sec 26, 1155, R25                 |   |                 | decommendated by                      |  |   |  |                |                |   |  |   | alligy'        |   |
| iiMhttan         | Drill & Complete Wolf                 |   |                 |                                       | Alibitititititi  | gas                                     | diilmuunnaa                            |                | APR 0          |   | ıİllim                                 | dimmini                                 | Hinara.        | .iiiiiinaa                                      |
| PRODUC           | ING LEASE NUMBER / PR                 |   |                 |                                       | Action (   | gas .                                   | ATTRIBUTE OF                           |                |                |   | diiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii |   |                |   |
| Innu-            |                                       | ine / Wildcat(Wol                       | *************** | ··········                            | MULTIMINATION  | diminum                                 | 8000                                   |                | 9222 N         | MD, 4750 TV                             | VD                                     |   |                |   |
|                  |                                       |   |                 |                                       |  |   |  |                |                | ВСР                                     |  | ACP                                     | _              | TOTAL   |
| -20              | INTANGIBLE WELL                       |   |                 |                                       |  | <del></del>                             |  | r              |                | 1 500                                   |  |   |                | 1.500   |
|                  | -                                     |   |                 | SURVEYLOC                             | \$ 2,500   |   | 10,000                                 |                | \$             | 4,500                                   |  |   | \$             | 4,500<br>14,000                                 |
|                  | SURF DAMAGES LOC & PITS               |   |                 | -                                     | \$ -   | 830.020 TITLE                           | \$ 10,000                              | - }-           | \$             | 14,000<br>56,000                        |  |   | \$             | 14,000<br>56,000                                |
|                  | DRLG - DAYWORK                        | \$ 54,000<br>20.0 DAYS                  |                 | ROADS .                               | \$ 2,000<br>\$17,000 /D  | ~AV                                     |  | ļ              | \$             | 340,000                                 | <del>(</del>                           |   | \$             | 340,000   |
|                  | DRILLING                              | 0 FEET                                  |                 | •                                     | \$17,000 /D.   |   | / s _                                  | r              | Ψ              | 340,00-                                 | (                                      |   | <u> </u>       | 040,5   |
|                  | •                                     | \$ 49,000                               | <b>(</b>        |                                       | ¥  | 1 bourted                               | <u> </u>                               | ı              | \$             | 49,000                                  | (                                      |   | \$             | 49,000  |
| 830.200          |                                       |   | 830.250         | WELDING                               | \$ 2,000   |   |  | - t-           | \$             | 67,000                                  | 1                                      |   | \$             | 67,000  |
| 830.180          | WATER - BCP                           |   |                 | MUD & CHEM                            | \$ 58,000  | 840.140 WTR - ACP                       | \$ 35,000                              | _ [            | \$             | 35,000                                  |  |   | \$             | 128,000   |
|                  | TRUCKING - BCP                        | \$ 18,200                               | 840.140         | TRUCKING - ACP                        | \$ 8,000   |   |  | -              | \$             |   | \$                                     |   | \$             | 26,200  |
|                  | POWER & FUEL                          |   |                 | DIRECTIONAL                           | \$ 130,000   |   |  | -              | \$             | 160,000                                 |  |   | \$             | 160,000   |
|                  | MUD LOGGING                           | \$ 25,000                               | 830.270         |                                       | \$ -   |   |  | }-             | \$             | 25,000                                  | <del></del>                            |   | \$             | 25,000  |
|                  | CEMENTING: SURF                       | \$ 35,000                               |                 | INTERMED.                             | \$ -   | 850.080 FLOAT EQ                        | \$ 3,000                               | _ 1            | \$             | 38,000                                  | <del></del>                            |   | \$             | 38,000  |
|                  | O PRODUCTION                          | \$ 30,000                               |                 | FLOAT EQUIP                           | \$ 3,000   |   |  | Ţ              |                |   | \$                                     | 33,000                                  | \$             | 33,000  |
|                  | 0 CORING                              | \$ -                                    |                 | CORE ANAL.                            | \$ -   | maph F                                  | 72.000                                 | I              | 1              |   | -                                      |   | 1-             | 100.000   |
|                  | 0 WL LOGGING: OH<br>0 COMPLETION UNIT | \$ 32,000<br>5 DAYS                     |                 | CSD. HOLE                             | \$ 7,000   | 840.200 PERF                            | \$ 70,000                              | - F            | \$             | 32,000                                  | \$                                     |   | \$             | 109,000   |
|                  | ,                                     | 5 DAYS                                  |                 | CON CURCURFAC                         | \$4,500 /D<br>F \$ 35,000  | AY                                      |  | ŀ              | \$             | 55,000                                  | \$                                     |   | \$             | 22,500<br>55,000                                |
|                  | •                                     | *************************************** |                 | D BCP - SUBSURFACE  ACP - SUBSURFACE  |  |   |  | ŀ              | <u> </u>       | 55,000                                  | \$.                                    |   | \$             | 35,000  |
|                  | O ACP - RENTALS: SURF                 | \$ 15,000                               |                 | ) ACP-SUBSURFACE<br>) FRACTURE        | \$ 20,000<br>\$ 385,000  |   |  | ŀ              |                |   | \$                                     |   | \$             | 410,000   |
| 040              | STINULATE ASIC                        | \$ 20,000                               |                 | COMPL. FLUID                          | \$ 385,000<br>\$ 5,000   |   |  | ŀ              |                |   | \$                                     |   | \$             | 5,000   |
| 830.240          | 0 ENVIRON. COST - BCP                 | \$ 15,000                               |                 | ENV. COST - ACP                       | \$ 5,000<br>\$ 15,000  |   |  | t              | \$             | 15,000                                  | \$                                     | 15,000                                  | \$             | 30,000  |
|                  | O DRLG OVERHEAD                       | \$ 6,000                                |                 | GEOL SUPR                             | \$ 5,000   | 830.080 ENGR SUP                        | .DR & 10,000                           | , t            | \$             | 16,000                                  | \$                                     | 5,000                                   | \$             | 21,000  |
|                  | 0 LABOR: COBCP                        | \$ 24,000                               |                 | CONTRACT-BCP                          | \$ 15,000  | 000,000                                 | Ν Ψ , _                                | ·              | \$             | 39,000                                  | 1                                      |   | \$             | 39,000  |
|                  | 0 LABOR: COACP                        | \$ 5,000                                |                 | CONTRACT - ACP                        | \$ 15,000  |   |  | ŗ              | ( <u> </u>     |   | \$                                     | 20,000                                  | \$             | 20,000  |
|                  | 0 CLEAN UP SITE                       | \$ 50,000                               |                 | FENCE LOC                             | \$ 3,000   |   |  | Ĺ              | \$             | 50,000                                  | \$                                     | 3,000                                   | \$             | 53,000  |
|                  | 0 MISC, INTANG, COST                  | \$ 20,000                               | 840.120         | MISC. COST - ACP                      | \$ 10,000  |   |  | 1              | \$             | 20,000                                  |  | 10,000                                  | \$             | 30,000  |
| 830.340          | 0 CONTINGENCY: BCP                    | 5.00%                                   |                 | CONTING: ACP                          | 5.00%  |   |  | ]              | \$             | 51,700                                  |  | 36,800                                  | \$             | 88,500  |
|                  |                                       |   |                 |                                       |  | TOTAL INTANG                            | IBLE WEL                               | L COSTS        | \$ 1           | ,085,400                                | \$                                     | 773,300                                 | \$ 1           | 1,858,700                                       |
|                  | TANGIBLE WELL                         |   |                 |                                       |  |   |  |                |                |   |  |   | ~ <del>_</del> |   |
|                  | O CASING: SURFACE                     |   |                 |                                       |  | NCH CASING @                            | \$0.00                                 | — h            |                |   | 4                                      |   | <del>_</del>   | 50.00(  |
|                  | 0 INTERMEDIATE                        |   |                 |                                       |  | INCH CASING @                           | \$26.00                                | F              | \$             | 28,600                                  | <del> </del>                           |   | \$             | 28,600  |
|                  | 0 PROTECTION                          |   |                 |                                       |  | INCH CASING @                           | \$0.00                                 | h              |                |   |  | 129 108                                 | <del> </del>   | 129 108   |
|                  | 0 PRODUCTION<br>0 LINER               |   |                 |                                       |  | INCH CASING @                           | \$14.00                                | h              | <del></del>    |   | \$                                     | 129,108                                 | \$             | 129,108   |
|                  | 0 LINER<br>0 INSPECT TUB BCP          |   |                 | 0 INSP ACP                            |  | INCH CASING @<br>840.120 CSG SRVC       | \$0.00<br>CS \$ 6.000                  | }·             | \$             | 7,500                                   | \$                                     | 7,500                                   | \$             | 15,000  |
|                  | 0 INSPECT TUB BCP<br>0 CASINGHEAD     | \$ 4,500<br>\$ 7,500                    |                 | 0 INSP ACP<br>0 TUBINGHEAD            | \$ 4,500<br>\$ 7.500   | 840.120 056 51.11                       | CS \$ 6,000                            | - 1            | \$             | 7,500                                   |  | 7,500                                   |                | 15,000  |
|                  | 0 CASINGHEAD<br>0 CHRISTMAS TREE      | \$ 7,500<br>\$ 10,000                   |                 | 0 TUBINGHEAD<br>0 WH FITTINGS         | \$ 7,500<br>\$ 5,000   |   |  | ŀ              | - <del>-</del> | 1,000                                   | \$                                     | 15,000                                  | 1              | 15,000  |
|                  | 0 TUBING                              |   |                 | WH FITTINGS                           |  | INCH TUBING @                           | \$5.63                                 | , re-r         |                |   | \$                                     | 27,024                                  | \$             | 27,024  |
|                  | 0 RODS                                |   | ET OF RO        |                                       |  | /FT (AVG)                               | ****                                   | -/             | <u> </u>       |   | -                                      | 21,02                                   | +              | 41,   |
|                  | O SUBSURFACE PUMP                     | \$ -                                    |                 | O TBG ANCHOR                          | \$ -   | 860.120 PACKER                          | \$ 7,500                               | . +            | Γ              |   | \$                                     | 7,500                                   | \$             | 7,500   |
|                  | O FLOWLINE                            | \$ 2,000                                |                 | 0 ELEC CONSTR                         | \$ -   | 0001120                                 | Ψ ,                                    | - r            |                |   | \$                                     | 2,000                                   |                | 2,000   |
|                  | 0 TANK BATTERY                        | \$ 15,000                               |                 | 0 COMPRESSOR                          | \$ -   | 860.100 COAT TBG                        | G \$ -                                 | ,              |                |   | \$                                     | 15,000                                  |                | 15,000  |
|                  | GAS PROD. UNIT                        | \$ -                                    |                 | 0 DEHYDRATOR                          | \$ 10,000  | C                                       |  |                |                |   | \$                                     | 10,000                                  |                | 10,000  |
| 860.220          | 0 HEATER-TREATER                      | \$ -                                    |                 | 0 SEPARATOR                           | \$ 10,000  |   |  | ,              |                |   | \$                                     | 10,000                                  |                | 10,000  |
| 860.130          | 0 PLUNGER LIFT                        | \$ -                                    | 860.180         | 0 PRIME MOVER                         | \$ -   |   |  | ,              |                |   |  |   |                |   |
|                  | 0 SURF EQUIP FTNGS                    | \$ 16,000                               |                 | 0 BUILDINGS                           | \$ -   |   |  | ,              |                | ,                                       | \$                                     | 16,000                                  |                | 16,000  |
|                  | 0 INSTALLATION LABOR                  | \$ 18,000                               | 840.130         | 0 TRUCKING                            | \$ 18,200  |   |  | ,              | \$             | 3,200                                   |  | 33,000                                  |                | 36,200  |
|                  | 0 PUMPING UNIT                        | \$ -                                    | 860.290         | 0 METER/CONTROLS                      | \$ 20,000  |   |  | )              |                | ,                                       | \$                                     | 20,000                                  |                | 20,000  |
|                  |                                       |   |                 |                                       |  |   |  | ,              | <u> </u>       |   | \$                                     | 50,000                                  |                | 50,000  |
| 860.160          | O CONTINGENCY                         | 10.00%                                  |                 |                                       |  | TOTA                                    |  | - coere        | \$             | 4,700                                   |  | 34,968                                  |                | 39,66   |
|                  |                                       |   |                 |                                       |  |   | L TANGIBL                              |                |                | 51,500                                  |  | 384,600                                 |                | 436,100   |
| CATEGO           | ·ABV                                  |   |                 |                                       | ٦  |   | TOTAL WEL<br>ABANDON E                 |                |                | 1,136,900                               | 1                                      | 1,157,900                               | 13.            | 2,294,800                                       |
| UNIL             | JKT                                   |   |                 |                                       |  | I here with                             |  | OLE COST       |                | 1,136,900                               | 1-                                     |   | +              |   |
| TYPE             |                                       | D <sup>r</sup>                          | EPARTME         | FNT                                   | CATEGORY   | COMPANY                                 |  | DECIMAL        |                |   |  | TIMATED COS                             | STI            |   |
| X                | CAPITAL                               | BUDGETED                                | A C             | Ni                                    | <del></del>  | Parallel Petroleum                      |  | 0.8500000      |                | *************************************** |  | 1,950,580                               |                |   |
|                  | PRY III                               |   | trans           |                                       |  | araliei Petioleu                        |  | 0.000000       |                | NET AFE                                 |  | DRY HOLE C                              |                | CONLY   |
| fill remaining   | /miintiiiiiiyanayaaaaya               |   | Hillian         |                                       |  |   |  | 1              | 1              |   |  |   |                | 1   |
| 8 %              | $\sim V / \sim V$                     |   |                 |                                       | PESU7  |   |  | 1              |                |   |  | 966,365                                 |                |   |
| Xka              | ane Valan                             |   | -               | · · · · · · · · · · · · · · · · · · · | of state of the st | APPROVALS                               | 40000000000000000000000000000000000000 | LANY PHIEM : P | resident       | /CEO:                                   | diiliim                                |   | DA             | A <b>F</b> iiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii |
| Xka              | ane Valon                             |   | rations Man     | 99ec                                  | ABWREIMMINH.   | *************************************** |  |                |                |   |  |   |                |   |
| APPROV           | YALS                                  | В/нап МеСиту - Орег                     |                 |                                       |  |   |  |                |                |   |  |   |                |   |
| APPROV           |                                       | В/нап МеСиту - Орег                     |                 |                                       |  |   |  |                |                |   |  |   | DAT            | E   |
| APPROV           | YALS                                  | В/нап МеСиту - Орег                     |                 |                                       |  |   |  |                |                |   |  |   | DAT            | TENNIN  |
| APPROV<br>APPROV | VALS.                                 | Pried McCurry : Open                    | perating Office |                                       | DATE   | APPROYAUS                               |  |                |                |   |  |   |                |   |
| APPROV           | YALS                                  | Bried McCurry - Cont                    | peraling Offic  |                                       | DATE IIIIIIIII A   | APPROVALS                               |  |                |                |   | ())))))                                |   |                |   |
| APPROV           | VALS                                  | Bried McCurry - Cont                    | peraling Offic  |                                       | DATE IIIIIIIII A   | APPROVALS                               |  |                |                |   | ())))))                                |   |                |   |
| APPROV           | VALS                                  | Bried McCurry - Cont                    | peraling Offic  |                                       | DATE IIIIIIIII A   | APPROVALS                               |  |                |                |   | ())))))                                |   |                |   |

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.

| 2. Article Number (Transfer from service label)  | SAN JOSE, CA                     | 1. Article Addressed to:  CARDININ G. RAY  SS72 LEVONI | 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 mailplece or on the front if space permits. | FLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE.  CERTIFIED MAIL.   |
|--|----------------------------------|--|--|--|
| 100 000 100 001 1000 0010 1000 0000 1000 0000 1000 0000 1000 0000 0000 0000 0000 0000 0000 0000 0000 | 3. Service Type  SCertified Mail |  | COMPLETE THIS SECTION ON DELIVERY  A. Signature  X  B. Received by (Printed Name)  C. D.  D. Is delivery address different from them 12  | U.S. Posial Servicen GERTIFIED MAIL RECEIPT (Omestic Mail only; No Insurance Coverage Provided) For delivery information visit our website at wiw larges only Certified Fee Gendorsement Required) Gendorsement Required) Total Postage & Fees Sizer, Apr. No. Sizer, Apr. No. Only, Sizer, 2P14 Sen 10 Sen |

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

Frish on Jest Condition San Jest Condant

REASON CHECKER COMMING

PLL-WIDLAN,

10587

| PS Form 3811, February 2004 Domestic Return Receipt | 2. Article Number (Transfer from service label) 7006 011 |       | SAN JOSE, CA 95124   | 1 mist 2655 | Coarayo G. Zay | 1. Article Addressed to:  | 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. | item 4 if Restricted Delivery is desired.  Print your name and address on the reverse | Complete items 1, 2, and 3. Also complete | SENDER: COMPLETE THIS SECTION    |
|---|--|-------|--|-------------|----------------|---|--|---|---|----------------------------------|
| turn Receipt 102595-02-M-1540                       | 1162 0442 1000 0010 9002                                 | /ery? | 3. Service Type  Scince Control of the Control of t |             |                | D. Is delivery address different from from 1? LI Yes If YES, enter delivery address below:   No | B. Received by ( Printed Name) C. Date of Delivery   | X   | A. Signature                              | COMPLETE HIS SECTION ON DELIVERY |



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 28<sup>th</sup> 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:<br>Name  |
| Date:  |

m.

| 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:  |





# W PARALLEL

### **AUTHORITY FOR EXPENDITURE**

|  | R   | LEASE/WELL)   | NAME           |                              |                         |                                   |                      | AFE NUMBER        |            |                   |              |   |             |                     |
|--|---|---|----------------|------------------------------|-------------------------|-----------------------------------|----------------------|-------------------|------------|-------------------|--------------|---|-------------|---------------------|
|  | Parallel Petroleum  | Unbr  | ridled 152     | 25-28 #1                     |                         |                                   | _                    | ]                 |            | 40                | 070009       |   |             |                     |
| CATION                                 | N<br>S/2 Sec 28, T15S, R2   |   |                | [                            | Chaves                  | STATE New Mex                     |                      | DOCOMENS          | 16-Fe      |                   | **********   | 2:1111/11211111111111111111111111111111 | 11111111111 | 1817: !1817: (1986) |
| RPOSE                                  | 3/2 30C 28, 1 139, R2   |   |                |                              |                         |                                   |                      | TO BE STAR        |            |                   |              |   |             |                     |
|  | Drill & Complete Wol  |   |                |                              |                         | gas                               |                      |                   | APR        |                   |              |   |             |                     |
| ODUCI                                  |   |   |                |                              |                         |                                   |                      | PROPOSED          |            |                   |              |   |             |                     |
|  | 5010xx / County Li  | ine / Wildcat(\   | Voltcamp G     | eas)                         |                         |                                   |                      | <u> </u>          | 9222       | MD, 4750 T<br>BCP | T            | ACP                                     | T           | TOTAL               |
|  | INTANGIBLE WEL  | L COSTS   |                |                              |                         |                                   |                      |                   |            |                   |              |   | ·           |                     |
|  | PERMIT  | \$ 2,000  |                | SURVEY LOC                   | \$ 2,500                | -                                 |                      |                   | \$         | 4,500             |              |   | \$          | 4,5                 |
|  | SURF DAMAGES<br>LOC & PITS  | \$ 4,000<br>\$ 54,000   |                | INSURANCE<br>ROADS           | \$ -                    | 830.020 TITLE                     | \$ 10,000            | -                 | \$         | 14,000<br>56,000  |              |   | \$          | 14,0<br>56,0        |
|  | DRLG - DAYWORK  |   | AYS @          | KOADS                        | \$17,000                | -<br>/DAY                         |                      |                   | \$         | 340,000           | ļ            | ··· ·· ·                                | \$          | 340,0               |
|  | DRILLING  |   | EET @          |                              | \$0.00                  | -                                 | ( \$ -               | _                 |            |                   |              |   |             |                     |
|  | DRILLING RIG - MOB  | \$ 49,000   |                |                              |                         | -                                 |                      |                   | \$         | 49,000            |              |   | \$          | 49,0                |
| 830.200                                |   | \$ 65,000   |                | WELDING                      | \$ 2,000                |                                   |                      |                   | \$         | 67,000            | _            | 02.000                                  | \$          | 67,0                |
|  | WATER - BCP<br>TRUCKING - BCP   | \$ 35,000<br>\$ 18,200  |                | MUD & CHEM<br>TRUCKING - ACP | \$ 58,000<br>\$ 8,000   | 840.140 WTR - ACI                 | \$ 35,000            | -                 | \$         | 35,000<br>18,200  | \$           | 93,000                                  | \$          | 128,0<br>26,2       |
|  | POWER & FUEL  | \$ 30,000   |                | DIRECTIONAL                  | \$ 130,000              | -                                 |                      |                   | \$         | 160,000           | 1            | 0,000                                   | \$          | 160,0               |
| 830.270                                | MUD LOGGING   | \$ 25,000   | 830.270        | DST                          | \$ -                    | -                                 |                      |                   | \$         | 25,000            |              |   | \$          | 25,0                |
|  | CEMENTING: SURF   | \$ 35,000   |                | INTERMED.                    | \$ -                    | 850.080 FLOAT EC                  | \$ 3,000             | -                 | \$         | 38,000            | -            | 00.000                                  | \$          | 38,0                |
|  | PRODUCTION<br>CORING  | \$ 30,000   |                | FLOAT EQUIP<br>CORE ANAL.    | \$ 3,000<br>\$ -        | ~                                 |                      |                   |            |                   | \$           | 33,000                                  | \$          | 33,0                |
|  | WL LOGGING: OH  | \$ 32,000   |                | CSD. HOLE                    | \$ 7,000                | -<br>840.200 PERF                 | \$ 70,000            |                   | \$         | 32,000            | \$           | 77,000                                  | \$          | 109,0               |
|  | COMPLETION UNIT   |   | AYS @          |                              | \$4,500                 | -                                 |                      | -                 |            |                   | \$           | 22,500                                  | \$          | 22,5                |
|  | BCP - RENTALS: SURF   |   |                | BCP - SUBSURFACE             |                         | -                                 |                      |                   | \$         | 55,000            | -            |   | \$          | 55,0                |
|  | ACP - RENTALS: SURF<br>STIMULATE: ACID  |   |                | ACP - SUBSURFACI<br>FRACTURE | \$ 20,000<br>\$ 385,000 | -                                 |                      |                   |            |                   | \$           | 35,000<br>410,000                       | \$          | 35,0<br>410,0       |
| 640.220                                | STINOLATE. ACID   | \$ 25,000   |                | COMPL. FLUID                 | \$ 5,000                | -                                 |                      |                   |            |                   | \$           | 5,000                                   | \$          | 5,0                 |
| 830.240                                | ENVIRON. COST - BCP   | \$ 15,000   | 840.260        | ENV. COST - ACP              | \$ 15,000               | -                                 |                      |                   | \$         | 15,000            | \$           | 15,000                                  | \$          | 30,0                |
|  | DRLG OVERHEAD   | \$ 6,000  | 830.070        | GEOL SUPR                    | \$ 5,000                | 830.080 ENGR SU                   | PR \$ 10,000         | _                 | \$         | 16,000            | \$           | 5,000                                   | \$          | 21,0                |
|  | LABOR: CO BCP   | \$ 24,000   |                | CONTRACT - BCP               | \$ 15,000               | -                                 |                      |                   | \$         | 39,000            | -            | 20.000                                  | \$          | 39,0                |
|  | LABOR: CO ACP<br>CLEAN UP SITE  | \$ 5,000<br>\$ 50,000   |                | CONTRACT - ACP               | \$ 15,000<br>\$ 3,000   | -                                 |                      |                   | \$         | 50,000            | \$           | 20,000<br>3,000                         | \$          | 20,0<br>53,0        |
|  | MISC. INTANG. COST  | \$ 20,000   |                | MISC. COST - ACP             | \$ 10,000               | -                                 |                      |                   | \$         | 20,000            | \$           | 10,000                                  | \$          | 30,0                |
| 830.340                                | CONTINGENCY: BCP  | 5.00%   | 840.280        | CONTING: ACP                 | 5.00%                   |                                   |                      |                   | \$         | 51,700            |              | 36,800                                  | \$          | 88,5                |
|  | TANGER - 1451   |   |                |                              |                         | TOTAL INTANG                      | IBLE WEL             | L COSTS           | \$ 1       | ,085,400          | \$           | 773,300                                 | \$ 1        | ,858,70             |
| 850 020                                | TANGIBLE WELL CASING: SURFACE   |   | FET OF         |                              | 0.000                   | INCH CASING @                     | \$0.00               | ET.               |            |                   | Τ            |   | _           |                     |
|  | INTERMEDIATE  |   |                | ••••••                       |                         | INCH CASING @                     | \$26.00              | -                 | \$         | 28,600            |              |   | \$          | 28,60               |
| 850.030                                | PROTECTION  | 0 F   | EET OF         |                              | 0.000                   | INCH CASING @                     | \$0.00               | /FT               |            |                   |              |   |             |                     |
|  | PRODUCTION  |   |                |                              |                         | INCH CASING @                     | \$14.00              | •                 |            |                   | \$           | 129,108                                 | \$          | 129,10              |
| 860.040                                | INSPECT TUB BCP   | \$ 4,500  |                | INSP ACP                     | \$ 4,500                | INCH CASING @<br>840.120 CSG SRV0 | \$0.00<br>S \$ 6,000 | _/FT              | \$         | 7,500             | \$           | 7,500                                   | \$          | 15,00               |
|  | CASINGHEAD  | \$7,500   |                | TUBINGHEAD                   | \$ 7,500                | •                                 | Ja 6,000             | -                 | \$         | 7,500             | \$           | 7,500                                   | \$          | 15,0                |
| 860.070                                | CHRISTMAS TREE  | \$ 10,000   |                | WH FITTINGS                  | \$ 5,000                |                                   |                      |                   |            |                   | \$           | 15,000                                  | \$          | 15,0                |
| 090.098                                | TUBING  | 4800 F  | EET OF         |                              | 2.875                   | INCH TUBING @                     | \$5.63               | /FT               |            |                   | \$           | 27,024                                  | \$          | 27,0                |
| 860.110                                |   |   | EET OF RO      | _                            | \$0.00                  | _/FT (AVG)                        |                      |                   |            |                   | L            | · · · · · · · · · · · · · · · · · · ·   |             |                     |
|  | SUBSURFACE PUMP<br>FLOWLINE   | \$ -  |                | TBG ANCHOR                   | <u>\$</u> -             | 860.120 PACKER                    | \$ 7,500             |                   |            |                   | \$           | 7,500                                   | \$          | 7,50                |
|  | TANK BATTERY  | \$ 2,000<br>\$ 15,000   |                | ELEC CONSTR<br>COMPRESSOR    | <del>\$</del> -         | 860.100 COAT TBG                  |                      |                   |            |                   | \$           | 2,000<br>15,000                         | \$          | 2,00<br>15,00       |
|  | GAS PROD. UNIT  | \$ -  |                | DEHYDRATOR                   | \$ 10,000               | . Journey John (Be                | · •                  |                   |            |                   | \$           | 10,000                                  | \$          | 10,0                |
| 860.220                                | HEATER-TREATER  | \$ -  |                | SEPARATOR                    | \$ 10,000               |                                   |                      |                   |            |                   | \$           | 10,000                                  | \$          | 10,00               |
|  | PLUNGER LIFT  | \$ -  |                | PRIME MOVER                  | \$ -                    | -                                 |                      |                   |            |                   | _            |   |             |                     |
|  | SURF EQUIP FTNGS  | \$ 16,000   |                | BUILDINGS .                  | \$ -                    |                                   |                      |                   | <u> </u>   | 2.000             | \$           | 16,000                                  | \$          | 16,0                |
|  | INSTALLATION LABOR PUMPING UNIT   | \$ 18,000<br>\$ -   |                | TRUCKING<br>METER/CONTROLS   | \$ 18,200<br>\$ 20,000  | •                                 |                      |                   | \$         | 3,200             | \$<br>\$     | 33,000<br>20,000                        | \$          | 36,2<br>20,0        |
|  |   | \$ 50,000   |                |                              | 20,000                  |                                   |                      |                   |            |                   | \$           | 50,000                                  | \$          | 50,0                |
| 860 160                                | CONTINGENCY   | 10.00%  |                |                              |                         |                                   |                      |                   | \$         | 4,700             | \$           | 34,968                                  | \$          | 39,6                |
| 000.100                                |   |   |                |                              |                         |                                   | TANGIBL              |                   | \$ 1       | 51,500            |              | 384,600                                 | \$          | 436,10              |
|  |   |   |                |                              | ī                       | PLUG & A                          | DTAL WEL<br>BANDON I |                   | \$ 1,      | 136,900           | <b>\$</b> 1, | 157,900                                 | P 2         | 2,294,80            |
|  | RY  |   |                | ,                            |                         |                                   |                      | LE COST           |            | 136,900           |              |   |             |                     |
|  | RY  |   |                |                              |                         | COMPANY                           |                      | DECIMAL           |            | NI NI             | ET EST       | MATED CO                                | ST          |                     |
| ATEGO!                                 | RY  |   | DEPARTMEN      | NT .                         | CATEGORY                |                                   |                      | 0.8500000         |            |                   |              |   |             |                     |
| ATEGO<br>PE<br>X                       | CAP)TAL   | BUDGETED  |                |                              |                         | Parallel Petroleum                |                      | 0.000000          |            |                   |              | 950,580                                 |             |                     |
| ATEGO<br>(PE<br>X                      |   | BUDGETED  |                |                              | DATE                    | Parallel Petroleum                |                      | 0.030000          |            | NETIAFE           |              | 950,580<br>RYHOLE C                     | ost         | ONLY                |
| ATEGO<br>YPE<br>X<br>REPARE            | CAPITAL<br>DISTALLANDON CONTRACTOR C | BUDGETED  Printy 1:E  | rgheed         | 161                          | PATE                    |                                   |                      |                   |            |                   | OR DI        | RY HOLE C<br>966,365                    |             |                     |
| ATEGO<br>YPE<br>X<br>REPARE            | CAPITAL<br>DISTALLANDON CONTRACTOR C | BUDGETED  Printy 1:E  | rgheed         | 161                          | PATE                    | Parallel Petroleum                |                      |                   |            |                   | OR DI        | RY HOLE C<br>966,365                    |             |                     |
| ATEGO<br>YPE<br>X<br>REPARE            | CARTAL<br>DEVILLATION CONTRACTOR CON | BUDGETED  Dynne Durbyd - E                                      | rgineer        | /6/                          | PATE<br>CESOT<br>PATE   | APPROVALS                         |                      | Larry Oldham - P  | osider#/   | GEO               | OR DI        | 966,365                                 | DATE        |                     |
| ATEGO<br>YPE<br>X<br>REPARE            | CARTAL<br>DEVILLATION CONTRACTOR CON | BUDGETED  Dynne Durbyd - E                                      | rgineer        | /6/                          | PATE<br>CESOT<br>PATE   |                                   |                      | Larry Oldham - P  | osider#/   | GEO               | OR DI        | 966,365                                 | DATE        |                     |
| ATEGO<br>YPE<br>X<br>REPARE<br>PPROVA  | CAPTAL<br>DISM<br>Coline ()<br>US   | BUDGETED  DETERMINE  Brien McCurry: Op  Don Trin: Chief O       | peratina Manag |                              | PATE PATE               | APPROVALS                         |                      | Larry Okthern - P | osider#/   | GEO               | ORDI         | 966,365                                 | DATE        |                     |
| ATEGOI<br>YPE<br>X<br>REPARE<br>PPROVA | CAPTAL<br>DIST<br>Coline Co<br>LIS  | BUDGETED  PART DETORM TE  Brien McCurry Op  Don Tyrin - Chief O | perating Manag |                              | PATE PARTICIPAN         | APPROVALS                         |                      | Lacty Okthern - P | ossilors / | GEO.              | <b>\$</b>    | 966,365                                 | 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.

|  |   | U.S. Postal Service   |
|--|---|---|
|  | 8052<br>Ansa  | CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.comg   |
|  | CERTIFIEN MAII 1006 0810 0005 7586  | Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ |
|  |   | Street, Apt. No.; or PO Box No. 1207 28 Th ST.  City, State, ZiP+4 4 4 5 T 7 8 5 1  |
|  | SENDER: COMPLETE THIS SECTION   | COMPLETE THIS SECTION ON DELIVERY   |
| e of Kife and Comment of Strong          | <ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece or on the front if space permits.</li> </ul> | A: Signature  |
| y en en en en en en en en en en en en en | 1. Article Addressed to:  | D. Is delivery address different from item 1?   |
|  | L.E. GROSS<br>1207 28TH ST.<br>HONDO, TX 78861  | 3 Service Type  3 Service Type  Certified Mail  |
|  | 2: Article Number. 7  (Transfer from service label)   | OOL D810 D0D5 7586 8052   |
|  | PS Form 3811, February 2004 Domes   | tic Return Receipt .102595-02-M-1540  |
|  |   |   |

MAILED FROM ZIP CODE 79701 \*1110-00938-15-37 10 03/20/07 Արդերությալի Արդերերերեր Արդերերեր 2nd Notice LET WENED RETURN TO SENDER ATTEMPTED NOT KNOWN UNABLE TO FORWARD Article Number Henro, TX 78861 PS Form 3811, February 2004 Article Addréssed to: L.E. Caras Attach this card to the back of the mailpiece, Print your name and address on the reverse or on the front if space permits. (Transfer from service label) so that we can return the card to you. Lot FROND BC: 79702758787 702 1207 28th St. 10 4047 2000 OLBO 4007 Domestic Return Receipt 7006 0810 0005 7586 8052 D. Is delivery address different from item 1? Yes If YES, enter delivery address below: B. Received by ( Printed Name) Certified Mail
Registered Restricted Delivery? (Extra Fee) ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. Service Type If YES, enter delivery address below: 7886113203-07 CO01 ☐ Express Mail C. Date of Delivery 102595-02-M-1540 ☐ Agent ☐ Addressee The man was a series of the se □ Yes MAR 2 3 2007

SENDER COMPLETE THIS SECTION

E SO E ROE POPO EN LA PROPERTO DE LA POPO EN

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Complete items 1, 2, and 3. Also complete

item 4 if Restricted Delivery is desired.

0004601918

PARALLEL PETROLEUM CORPORATION

P.O. Drawer 10587 + 1004 N. Big Spring, Suite 400

Midland, TX 79702-7587



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 28<sup>th</sup> 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:<br>Name  |
| Date:  |

£11.

| 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:<br>Name  |
| Date:  |

. . . . .





#### // PARALLEL **AUTHORITY FOR EXPENDITURE** AFE NUMBER Unbridled 1525-28 #1 4070009 Parallel Petroleum COUNTY DOCUMENT DATE Chaves New Mexico S/2 Sec 28, T15S, R25E TO BE STARTED URPOSE TYPE WELL APR 07 **Drill & Complete Wolfcamp Horizontal Gas Well** gas RODUCING LEASE NUMBER! PROSPECT NAME / FIELD NAME PROPOSED DEPTH 5010xx / County Line / Wildcat(Wolfcamp Gas) 9222 MD, 4750 TVD INTANGIBLE WELL COSTS 4.500 \$ 2,000 4.500 830.020 PERMIT 830,030 SURVEYLOC 2,500 S \$ 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 830.250 WELDING \$ 65,000 67,000 2,000 \$ 67,000 \$ \$ 35,000 830.180 WATER - BCP 830,190 MUD & CHEM 93.000 128,000 S 58.000 840.140 WTR - ACP \$ 35,000 \$ 35.000 S \$ 830.140 TRUCKING - BCP \$ 18,200 840.140 TRUCKING - ACP 8,000 18,200 \$ 8,000 \$ 26,200 \$ \$ 830.135 DIRECTIONAL 830.170 POWER & FUEL \$ 30,000 \$ 130,000 160,000 \$ 160,000 830.270 MUD LOGGING 830.270 DST 25,000 25,000 \$ 25,000 830.230 CEMENTING: SURF 830.230 INTERMED. 850.080 FLOAT EQ \$ 3,000 \$ 35,000 38,000 38.000 840.190 PRODUCTION 30,000 860.080 FLOAT EQUIP 33,000 33,000 3,000 830.270 CORING 830.270 CORE ANAL. S 830.290 WL LOGGING: OH \$ 32,000 840.200 CSD. HOLE 32,000 77,000 109,000 \$ 7,000 840.200 PERF \$ 70,000 \$ \$ \$ 840,100 COMPLETION UNIT 5 DAYS @ \$4.500 /DAY \$ 22,500 S 22.500 830.150 BCP - RENTALS: SURF \$ 20,000 35,000 830,160 BCP - SUBSURFACE \$ \$ 55.000 55.000 840.160 ACP-SUBSURFACE \$ 840.150 ACP - RENTALS: SURF \$ 15,000 20.000 \$ 35,000 35,000 840.220 STIMULATE: ACID \$ 25,000 840.220 FRACTURE \$ 410,000 410,000 385,000 1.8 840 140 COMPLETUID 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 840.020 CONTRACT - ACP 5,000 \$ 15,000 20.000 20.000 \$ 50,000 830.240 CLEAN UP SITE 830.250 FENCE LOC 3.000 \$ 50.000 \$ 3.000 \$ 53.000 830.250 MISC. INTANG. COST \$ 20,000 10.000 840.120 MISC. COST - ACP \$ 20,000 \$ 10,000 \$ 30,000 830.340 CONTINGENCY: BCP 5.00% 840.280 CONTING: ACP 51,700 36,800 88 500 5.00% **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 @ 28,600 \$26.00 /FT \$ 28.600 850.030 PROTECTION 0 FEET OF...... 0.000 INCH CASING @ \$0.00 /FT 860.040 PRODUCTION 9222 FEET OF.. 129.108 \$ 5,500 INCH CASING @ \$14.00 /FT \$ 129,108 860.040 LINER 0 FEET OF...... 0.000 INCH CASING @ \$0.00 /FT 830.210 INSPECT TUB. - BCP 4,500 \_ \$ 840.120 CSG SRVCS \$ 6,000 840,170 INSP. - ACP \$ 4.500 \$ 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 15,000 \$ 10,000 860.070 WH FITTINGS \$ 5,000 \$ 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 S \$ \$ 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 860.250 BUILDINGS \$ 16,000 \$ \$ 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 51,500 \$ TOTAL TANGIBLE COSTS \$ 384,600 \$ 436,100 \$ 1,136,900 | \$ 1,157,900 | \$ 2,294,800 TOTAL WELL COSTS CATEGORY **PLUG & ABANDON EXPENSE** DRY HOLE COST \$ 1 136 900 TYPE DEPARTMENT DECIMAL NET ESTIMATED COST CAPITAL BUDGETED \$ 1.950.580 Parallel Petroleum 0.8500000 ne Durhaef NET AFE FOR DRY HOLE COST ONLY 10an TEB07 \$ 966,365 APPROVALS Larry Oktiem - Pr APPROVALS Don:Tiffin - Chief Operating Officer DATE APPROVALS DATE AUTHORIZED REPRESENTATIVE'S SIGNATURE TOLE 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   | Total Pool Sent To | Postage \$ Certified Fee turn Receipt Fee ement Required) ted Delivery Fee ement Required ement Required Postage & Fees \$  L.E. 97244 4pt. No.;   | Postmark Here  The Strain Stra | 30 A A A A A A A A A A A A A A A A A A A |
|---|--|--|--|--|--|
| Comp<br>ftern<br>Print<br>so the<br>Attacl<br>or on<br>1. Article | R: COMPLETE THIS SECTION Diete items 1, 2, and 3. Also condition of the section o | ν<br>πplete<br>d<br>reverse<br>r.<br>ailpiece,   | COMPLETE THIS SECTION  A. Signature  X  B. Received by (Printed of the Section of | ☐ Agent☐ Address  Name) C. Date of Delive  prent from item 12 ☐ Yes  | 30                                       |
| 2. Article<br>(Mansf  | E. GROSS A 28TH ST. NOO, TK 788  Number er from service label) 3811, February 2004   | 700b<br>Domestic Retr  | Pegistered Delivery? (E  |  | <del> </del>                             |
|   |  |  |  |  |  |

MAILED FROM ZIP CODE 19701 \*1110-00938-15-37 10 03/20/07 Handahallandahahalahadahallahallah 2nd NOTICE RETURN TO SENDER ATTEMPTED - NOT KNOWN UNABLE TO FORWARD 0004601918 ENAME! PS Form 3811, February 2004 (Transfer from service label) Lot FROND BC: 79702758787 782 1207 LOGIA ST. 7006 0810 0005 758t AF Z X IX Domestic Return Receipt 7886113203-07 COO! 102595-02-M-1540 MAR 2 3 2007

| λ.       | COMPLETE THIS SECTION ON DEL  | VERY                |
|----------|-------------------------------|---------------------|
|          | A. Signature                  |                     |
|          | <                             | ☐ Agent             |
| ř        | >                             | ☐ Addressee         |
|          | B. Received by (Printed Name) | C. Date of Delivery |
| <u>.</u> |                               |                     |

STICKER AT TOP OF BRIEF OFF TO TH

Print your name and address on the revers Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No If YES, enter delivery address below:

☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. 

Restricted Delivery? (Extra Fee) □ Yes

so that we can return the card to you.

Attach this card to the back of the mailpie

or on the front if space permits.

Article Addressed to:

L.E. GROSS

1207 28th St.

Article Number

Midland, TX 79702-7587

P.O. Drawer 10587 • 1004 N. Big Spring, Suite 400

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:  |

, t

| 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:<br>Name  |
| Title:   |
| Date:  |

<u>.</u>





#### PARALLEL AUTHORITY FOR EXPENDITURE AFENUMBER Unbridled 1525-28 #1 4070009 Parallel Petroleum DOCUMENT DATE Chaves S/2 Sec 28, T15S, R25E **New Mexico** 22-Feb-07 Drill & Complete Wolfcamp Horizontal Gas Well APR 07 PROPOSED DEPTH PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME 501064 / County Line / Wildcat(Wolfcamp Gas) 9222 MD, 4750 TVD TOTAL BCF INTANGIBLE WELL COSTS 4.500 830.020 PERMIT 830.030 SURVEYLOC \$ 4.500 \$ \$ 2,000 2,500 830.040 SURF DAMAGES 830.050 INSURANCE \$ 14,000 \$ 14.000 4,000 830.020 TITLE \$ 10,000 830.110 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 \$ 35,000 93.000 830.180 WATER - BCP 830.190 MUD & CHEM 58,000 840.140 WTR - ACP \$ 35,000 \$ 35.000 \$ \$ 128,000 830.140 TRUCKING - BCP 18,200 840.140 TRUCKING - ACP 8,000 \$ 18,200 8,000 \$ 26,200 \$ \$ 30,000 830,170 POWER & FUEL 830.135 DIRECTIONAL \$ 160,000 160.000 130,000 \$ 830.270 MUD LOGGING 25,000 25,000 830.270 DST \$ 25,000 -830.230 CEMENTING: SURF 850.080 FLOAT EQ \$ 3,000 35,000 830.230 INTERMED 38,000 38,000 840.190 PRODUCTION 860.080 FLOAT EQUIP 33,000 33,000 30,000 3,000 \$ 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 \$ 55,000 55,000 35,000 \$ 840.150 ACP - RENTALS: SURF \$ 35,000 15,000 840.160 ACP - SUBSURFACE \$ 20,000 35,000 840.220 STIMULATE: ACID 840.220 FRACTURE 410,000 410,000 \$ 25,000 385,000 840.140 COMPL FLUID \$ 5,000 \$ 5,000 5,000 \$ 830.240 ENVIRON. COST - BCP \$ 15,000 \$ 15,000 840.260 ENV. COST - ACP \$ 15,000 \$ 30,000 15,000 830.320 DRLG OVERHEAD 830.070 GEOL SUPR 16,000 5,000 21,000 \$ 6,000 5.000 830.080 ENGR SUPR \$ 10.000 \$ \$ 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 50.000 3,000 \$ 53,000 3,000 \$ 830.250 MISC. INTANG. COST \$ 20,000 840,120 MISC. COST - ACP 10,000 \$ 20,000 \$ 10,000 \$ 30,000 840.280 CONTING: ACP 830.340 CONTINGENCY: BCP 51 700 36.800 5.00% 88.500 \$ 1,085,400 **TOTAL INTANGIBLE WELL COSTS** 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 0 FEET OF. 850.030 PROTECTION 0.000 INCH CASING @ \$0.00 /FT 860.040 PRODUCTION 129,108 129,108 9222 FEET OF. 5.500 INCH CASING @ \$14.00 /FT 860.040 LINER \_ 0 FEET OF. 0.000 INCH CASING @ \$0.00 /FT 830.210 INSPECT TUB. - BCF 840.170 INSP. - ACP 840.120 CSG SRVCS \$ 7.500 7.500 15.000 4,500 \$ \$ 4,500 6,000 850.050 CASINGHEAD 7,500 860.030 TUBINGHEAD 7,500 15,000 \$ 7,500 \$ \$ \$ 7,500 860.070 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 0 FEET OF RODS @ 860.110 RODS \$0.00 /FT (AVG) 860.130 SUBSURFACE PUMP \$ 7,500 \$ 7,500 860.120 TBG ANCHOR 860.120 PACKER \$ 7,500 860 1:00 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 860.250 BUILDINGS 16.000 16,000 16,000 860.020 INSTALLATION LABOR \$ 840.130 TRUCKING 18,200 \$ 3.200 \$ 33.000 \$ 36.200 18,000 860.170 PUMPING UNIT 20.000 20,000 860.290 METER/CONTROLS \$ 20,000 \$ 860.280 GAS PIPELINE/METER 50,000 \$ 50,000 50,000 860.160 CONTINGENCY 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 CATEGORY PLUG & ABANDON EXPENSE DRY HOLE COST 1.136.900 TYPE NET ESTIMATED COST DEPARTMENT COMPANY DECIMAL CATEGORY \$ 1.950.580 Х BUDGETED 0.8500000 NET AFE FOR DRY HOLE COST ONLY PASUT 22 966,365 APPROVALS Lany Oldham - P DATE Brian McCurry - Operations Mana DATE APPROVALS Don't fine: Chief Operating Officer. DATE APPROVALS PARTICIPANT APPROVAL 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

| 9  |      |      |                       |  |  |  |
|--|------|------|-----------------------|--|--|--|
|  | 7    | 8113 |                       | tal Service IIII<br>FIED MAIL IIII IIIIIIIIIIIIIIIIIIIIIIIIIIIII     | Service <sub>TM</sub>  |  |
| O THE RIGHT  | 7586 | 7586 | 8113                  | (Domestic Mail O   | ) MAIL™ RE(<br>nly; No Insurance (<br>ation visit our website  | Coverage Provided)   |
| TANALIONE STANALIONE S | 2000 | 0002 | Return C<br>(Endorsem | Postage  | \$ (2   A  | THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER.   |
| E CONTRACTOR OF THE CONTRACTOR | 0870 | 0810 | Restricted LO         | Certified Fee Return Receipt Fee (Endorsement Required)              |  | Postmark<br>Herd   |
| DAGE SILVE   | 7006 | 7005 | Sent To               | Restricted Delivery Fee (Endorsement Required)  Total Postage & Fees | \$   |  |
|  |      | 1    | or PO Bo:             |  |  | want Secretary   |
|  |      |      |                       | or PO Box No.  City, State, ZIP+4  PS Form 3800, June 200            | W CERIMOT<br>LIGHT FE.   | MANT, YECKERAY<br>Ro.<br>Nun 87504   |
|  | • .  |      |                       | 1 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1                              | A STATE OF THE PARTY OF THE PAR | The second secon |

| 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:  D. Is delivery address different from Item 1? Yes If YES, enter delivery address below:  NMDOT  ATTALL ARGUMA  3. Service Type  Certified Mail Express Mail  Registered Return Receipt for Merchall Insured Mail C.O.D.  4. Restricted Delivery? (Extra Fee) Yes  | SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DE  | LIVERY                 |
|--|--|--|------------------------|
| 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:  D. Is delivery address different from Item 1? Yes If YES, enter delivery address below:  NMDOT  ATTAL: CLENDA HANGHT, Secritor  C. Date of Division of Divisio | Item 4 if Restricted Delivery is desired.  |  | ☐ Agent<br>☐ Addressee |
| D. Is delivery address different from Item 1?  | so that we can return the card to you.  Attach this card to the back of the mailpiece, | B. Received by (Printed Name)  | C. Date of Delivery    |
| ATTN: RIGHT, SECRITOR  1170 CERUS RD.  3. Service Type  M. Certified Mail   Express Mail   Registered   Return Receipt for Merchal   Insured Mail   C.O.D.  4. Restricted Delivery? (Extra Fee)   Yes  |  | IIIV – viet til ett kit efterste i Williams frei i i i   |                        |
| 3. Service Type     Express Mail     Express Mail     Registered     Return Receipt for Merchal     Insured Mail     C.O.D.     C.O.D.     Restricted Delivery? (Extra Fee)   Yes  | NMDOT  |  |                        |
| 3. Service Type     Express Mail     Express Mail     Registered     Return Receipt for Merchal     Insured Mail     C.O.D.     C.O.D.     Restricted Delivery? (Extra Fee)   Yes  | ATTN: RHONDA FANGHT, SECOTO  |  |                        |
| 4. Restricted Delivery? (Extra Fee) ☐ Yes  | 1120 Cerus RD.   | 3. Service Type  Certified Mail  Express N   |                        |
| 4. Restricted Delivery? (Extra Fee) ☐ Yes  | SAMAFE, NW 87504   |  |                        |
|  |  | A Company of the Comp | ☐ Yes                  |
| 2. Article Number 7006 0810 0005 7586 8113 (Transfer from service label)   | 2. Article Number 7006 (Transfer from service label)                                   | 0810 0005 7586 8   | 773                    |



#### PARALLEL **AUTHORITY FOR EXPENDITURE** AFE NUMBER Unbridled 1525-28 #1 4070009 Parallel Petroleum COUNTY STATE DOCUMENT DATE S/2 Sec 28, T15S, R25E Chaves TOBESTARTED **Drill & Complete Wolfcamp Horizontal Gas Well** APR 07 gas PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME PROPOSED DEPTH 9222 MD, 4750 TVD 501064 / County Line / Wildcat(Wolfcamp Gas) BCP TOTAL INTANGIBLE WELL COSTS 830,020 PERMIT 830.030 SURVEY LOC 4,500 \$ 4,500 \$ 2,000 2,500 830,040 SURF DAMAGES \$ \$ 14,000 4,000 830.050 INSURANCE 830.020 TITLE 14,000 \$ \$ 10,000 830,110 LOC & PITS \$ 56,000 830.110 ROADS 56,000 \$ 54,000 \$ 2.000 \$ 830.130 DRLG - DAYWORK 20.0 DAYS @ \$17,000 /DAY \$ 340,000 \$ 340,000 0 FEET@ 830,130 DRILLING \$0.00 /FT 830.130 TURNKEY \$ 830.120 DRILLING RIG - MOR \$ 49,000 \$ 49.000 \$ 49,000 830,200 BITS 65,000 830.250 WELDING 2,000 \$ 67,000 67,000 \$ 35,000 830.180 WATER - BCP 830.190 MUD & CHEM 840.140 WTR - ACP \$ 35,000 35,000 93,000 128,000 \$ 58,000 830.140 TRUCKING - BCP 18,200 840.140 TRUCKING - ACF \$ 18,200 8,000 26,200 \$ \$ 8,000 830,170 POWER & FUEL 830.135 DIRECTIONAL \$ 160,000 30,000 160,000 \$ \$ 130,000 830.270 MUD LOGGING 25,000 \$ 25,000 \$ 25,000 \$ 830.270 DST \$ 830,230 CEMENTING: SURF 850.080 FLOAT EQ \$ \$ 35,000 830,230 INTERMED. \$ 3,000 \$ 38,000 \$ 38.000 840.190 PRODUCTION 33.000 \$ 30,000 860,080 FLOAT EQUIP \$ 3,000 \$ 33.000 830.270 CORING 830.270 CORE ANAL. \$ 830,290 WL LOGGING: OH 32,000 \$ 77,000 \$ 109,000 32,000 840.200 CSD. HOLE 7,000 840.200 PERF \$ 70,000 840.100 COMPLETION UNIT 5 DAYS @ 22,500 22,500 \$4,500 /DAY 830.150 BCP - RENTALS: SURF \$ 20,000 830.160 BCP - SUBSURFACE \$ 55,000 55,000 35,000 840.150 ACP - RENTALS: SURF \$ 15,000 35,000 840.160 ACP - SUBSURFACE \$ 35,000 \$ 20.000 840.220 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 30,000 15,000 830,320 DRLG OVERHEAD 21,000 \$ 6,000 830.070 GEOL SUPR 5,000 830.080 ENGR SUPR \$ 10,000 \$ 16,000 5,000 830.090 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 50.000 3,000 53,000 3,000 830.250 MISC. INTANG. COST 30,000 840.120 MISC. COST - ACP 20,000 \$ 10,000 \$ 20,000 10,000 840.280 CONTING: ACP 830,340 CONTINGENCY: BCF 5.00% 51.700 36.800 5.00% 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 @ 28,600 28,600 \$26.00 /FT 850.030 PROTECTION 0 FEET OF.. 0.000 INCH CASING @ \$0.00 /FT 860.040 PRODUCTION 9222 FEET OF. 129,108 129,108 5.500 INCH CASING @ \$14.00 /FT \$ \$ 860.040 LINER 0 FEET OF... 0.000 INCH CASING @ \$0.00 /FT 840.120 CSG SRVCS \$ 830,210 INSPECT TUB - BCP 4,500 840 170 INSP - ACP 4,500 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 860.070 WH FITTINGS 15,000 15,000 10,000 5,000 4800 FEET OF. 860.090 TUBING 2.875 INCH TUBING @ \$5.63 /FT 27,024 27,024 0 FEET OF RODS @ 860.110 RODS \$0.00 /FT (AVG) 860.130 SUBSURFACE PUMP 7.500 7.500 860.120 TBG ANCHOR 860.120 PACKER \$ \$ 7,500 860 300 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 10,000 10,000 860.220 SEPARATOR 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 840.130 TRUCKING 18,200 3,200 33,000 36,200 18,000 860.170 PUMPING UNIT 20,000 20,000 860.290 METER/CONTROLS \$ 20,000 860.280 GAS PIPELINE/METER 50,000 50,000 \$ 50,000 860.160 CONTINGENCY 4,700 10.00% 51,500 | \$ 384,600 \$ **TOTAL TANGIBLE COSTS** 436,100 **TOTAL WELL COSTS** \$ 1,136,900 \$ 1,157,900 | \$ 2,294,800 CATEGORY **PLUG & ABANDON EXPENSE DRY HOLE COST** \$ 1,136,900 NET ESTIMATED COST DEPARTMENT COMPANY DECIMAL CATEGORY Х BUDGETED Parallel Petroleum \$ 1.950,580 NET AFE FOR DRY HOLE COST ONLY FARED BY DATE 22 PESUT 966.365 DATE Brian McCurry - Oper APPROVALS Larry Okthom - Pr APPROVALS. Don't fine-Chief Operating Officer DATE 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.

District I
1625 N. P. Hobbs, NM 88240

District
1301 W. Senue, Artesia, NM 88210

District III
1000 Rice 208 P. I., Aztec, NM 87410

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

Form C-101
May 27, 2004

Suffanit to appropriate District Office

ARTESIA

FORM C-101
May 27, 2004

AMENDED REPORT

| 1000 Rid Szos J., Aztec, N. District IV 1220 S. St. Francis Dr., Santa Fe,  |   |            |                           | in St. 1 1 page<br>Fe, NM 8750 | ง ม            | RIESIA              |                | ] AM             | IENDED REPORT                 |
|---|---|------------|---------------------------|--------------------------------|----------------|---------------------|----------------|------------------|-------------------------------|
| APPLICATION F   |   |            |                           | NTER, DI                       | SEPEN.         | PLUGBA              | CK, OF         | AD               |                               |
|   | Operator Name<br>Parallel Petrol          | eum Co     | orp.                      |                                |                |                     | OGRID 1        |                  | 230387                        |
| 1004 N. Big Spr   | ing Street, Suit                          | e 400, 1   |                           |                                |                | 30 -                | APINI<br>Oos   | `~_              | 63879                         |
| Property Code 36188   |   |            | Property N<br>Unbridled 1 | ame<br>525-28                  |                |                     |                | " Wel            | l No.                         |
| (   | 9 Proposed Pool 1                         |            |                           |                                |                | 10 Pro              | posed Pool 2   |                  |                               |
| Wild Cat  | Wolfcamp                                  | <u> </u>   | 7 ~ ^ -                   |                                |                |                     |                |                  |                               |
| <del></del>   | <del></del>                               | <u></u>    | <sup>7</sup> Surface I    |                                |                |                     |                | <del></del>      |                               |
| UL or lot no. Section Towns I 29 158  |   | Lot I      | dn Feet from<br>1880      |                                | outh line      | Feet from the 237'  | East/Wes<br>E  | i line           | County<br>Chaves              |
|   | <sup>8</sup> Propo                        | sed Botto  | om Hole Locati            | on If Differen                 | t From Si      | ırface              |                |                  |                               |
| UL or lot no. Section Towns I 28 153  |   | Lot I      | dn Feet from              |                                | outh line      | Feet from the 660'  | East/Wes       | t line           | Chartes                       |
| I 28 158  | 5   23E                                   | Δd         | ditional Wel              |                                | S              | 000                 | E              | i                | Chaves                        |
| 11 Work Type Code   | 12 Well Type Co                           |            | 13 Cable/                 |                                |                | ease Type Code      |                | 15 Gro           | and Level Elevation           |
| N   | 0 & G                                     |            | R                         |                                |                | <u>P</u>            | /              |                  | 3481'                         |
| <sup>16</sup> Multiple<br>No  | <sup>17</sup> Proposed Dep<br>9222MD,4750 |            | 18 Form<br>Wolfe          |                                |                | 19 Contractor<br>NA |                |                  | <sup>20</sup> Spud Date<br>NA |
| Depth to Groundwater 65'  | 9222NID,4730                              | 1          | e from nearest fres       |                                | )(),           |                     | om nearest su  | rrface v         |                               |
| Pit: Liner. Synthetic \( \sqrt{1} \)  | 2 mils thick Clay                         |            |                           |                                | Drilling Me    |                     |                |                  | value 000                     |
| Closed-Loop System  | _   |            | 514110.115,000 001        |                                |                | Brine 🔲 I           | Diesel/Oil-bas | sed 🗆            | Gas/Air                       |
|   | 21  | Propos     | sed Casing a              |                                |                |                     |                |                  |                               |
| Hole Size   | Casing Size                               |            | g weight/foot             | Setting D                      |                | Sacks of            | Compant        | Γ                | Estimated TOC                 |
| 11"   | 8-5/8"                                    | Casmi      | 24#                       |                                | ), <b>G/</b> C |                     |                | Surface          |                               |
| 7-7/8"  | 5-1/2"                                    |            | 17#                       | TVD 4                          |                | N/                  |                | Tie back         |                               |
|   |   |            |                           | MD 92                          | 222'           |                     |                | ★ To surface     |                               |
|   |   |            |                           |                                |                |                     | ·              | <b> </b>         | casing                        |
|   | Oerity by CBI or Temb Survey              |            |                           |                                |                |                     |                |                  |                               |
| 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 H   |   |            |                           |                                |                |                     |                | cont             | ains details on the           |
| cement and mud program 1. Prepare surface loc   |   |            |                           |                                |                |                     |                | etall :          | and test ROP's                |
| 2. Drill 11" surface he   | ole to a minimun                          | a depth (  | of 1400'. Set             | 8 5/8" casing                  | and ceme       | ent.                |                |                  |                               |
| 3. Drill 7 7/8" produc  |   |            |                           |                                |                |                     |                |                  |                               |
| 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 shore leasting with John Town 1525 20 41   |   |            |                           |                                |                |                     |                |                  |                               |
| 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 OIL CONSEDVATION DIVISION                         |   |            |                           |                                |                |                     |                |                  |                               |
| best of my knowledge and belie  | f. I further certify th                   | at the dri | lling pit will be         |                                | OIL C          | ONSERVA             | ATION I        | )IVIS            | SION                          |
| constructed according to NM (attached) alternative OCD-a  |   | general p  | ermit 🔲, or an            | Approved by:                   |                |                     |                |                  |                               |
| (actached) affer hative OCD-2   | pproventnan                               |            |                           |                                |                | BRYAL               | IG. AR         | RAN              | IT                            |
| Printed name: Gary Mil  | or for Dean                               | e Durh     | am                        | Title:                         |                | DISTR               | ICT II C       | <del>)</del> EOJ | LOGIST 7 2007                 |
| Title: Agent  | 9   |            |                           | Approval Date                  | DEC 0          | 7 2006              | Expiration     | Date:            | MEP ( f foot                  |
| E-mail Address: ddornam@pl  | ll.com                                    |            |                           |                                |                |                     |                |                  |                               |
| Date: NOV. 30, 2006   | Phone: 43.                                | 2-684-     | 3727                      | Conditions of                  | Approval At    | tached              |                |                  |                               |

DISTRICT | 1825 N. French Dr., Hobbs, NN 88240

DISTRICT II
1301 W. Grand Senue, Mosta, NM 88210
DISTRICT III
1000 Rio Braze d., Az 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

2000 CEIVED

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

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAY

| API Number          | Pool Code<br>G748G  | .m.D                       |                    |
|---------------------|---|----------------------------|--------------------|
| Property Code       | 91989 Wildcar; Welfco<br>Property Name<br>UNBRIDLED 1525-28 |                            | Well Number        |
| 0GRID No.<br>230387 | Operato<br>PARALLEL PETROLI                                 | OF NAME<br>EUM CORPORATION | Elevation<br>3481' |

#### Surface Location

| UL or lot N | o. Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-------------|------------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| }           | 29         | 15 S     | 25 E  |         | 1880          | SOUTH            | 237           | EAST           | CHAVES |

#### Bottom Hole Location If Different From Surface

| - | UL or lot No.   | Section  | Townshi | P    | Range       | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|-----------------|----------|---------|------|-------------|---------|---------------|------------------|---------------|----------------|--------|
|   | 1               | 28       | 15 S    |      | 25 E        |         | 1880          | SOUTH            | 660           | EAST           | CHAVES |
|   | Dedicated Acres | Joint or | Infill  | Cons | olidation ( | ode Or  | der No.       | •                | ı             |                |        |
|   | 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. |            |
|---|------------|
| 29 237 50 28 70 660' (SL) 0 660' (BHL) 0881   |            |
| Producing<br>Area   | ا <b>و</b> |
| Coordinate Table  |            |

#### 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 sums a working interest or unknown internal interests the land including the proposed bottom hale location or has a right to drill this well at this location pursuant to a contract with an enumer of such a mineral or working interest, or to a would not possible or the sum of the division.

Signate Date

Printed Naple

Printed

#### 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. MAÇON McDONALD

#### 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

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

**通过**证据的

#### 门的证据的基础的证明。 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 re eren ji Japan J 

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 Merirdian whether or NOT so stated.)

ACPARENT LINGTON OF THE OWNER.

CASE 13916:

Application of Parallel Petroleum Comporation 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
ROLL CONSERVATION DIVISION

Mark E. Fesmire P.E. Director

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.

| CAS | SE N  |     |  |  |  |
|-----|-------|-----|--|--|--|
| CA  | יו שכ | IV. |  |  |  |

#### **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

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



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.

Sizin-

Ocean Munds-Dry

ATTORNEY FOR PARALLEL PETROLEUM

CORP.

Stor delivery, information visit our website at www usps com APR 1 0 2007 Sheef, Apt. No.; --- 3018 Colonial Ridge Drive Civ. Siene, 2184 Brandon, Florida 33511 Myrtis Sexton Ashy 3.6 Total Postage & Fees & Restricted Delivery Fee (Endorsement Required) PEET TPEA 1000 0942 9002

Street Apt No.: Hondo, Texas 78861 Ch brid fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) T6E9 T000 0922 09E2 9002

1207 28th Street

THE CONTRACTOR OF THE PARTY OF

-L.E. Gross

φ 20

Pralle Postage

US Postal Satving... Garanialad Wivill... Regelen

| A. Signatúra  A. Signatúra  A. Signatúra  B. Réceived by ( Printed Name)  C. Date of Delivery  | D. Is delivery address different from Item 17 ☐ Yes If YES, enter delivery address below: ☐ No   | 3. Service Type  A Certified Mail:  | 6391 7322<br>In Receipt  |
|--|--|---|--|
| ■ 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 mailplece. | 1. Article Addressed to:  New Mexico Department of Transportation  Transportation  Attn: Rhonda Faught, Secretary  | Santa Fe, New Mexico 87504  | 2. Article Number 7006 2760 0001 6391 7322 (mension management) 7322 PS Frorm 3811, February, 2004. Domestic Return Receipt. |
| (US) Postel Service<br>(G宮FAHFIED MMAIL PIEGEIPT<br>Pomestie Lellon) Moldestrence Covarge Provided)  | CMD  Para II Poglage  Choby (2017) Colors (2017)  Choby (2 | Restricted Delivery Fee (Endorsement Required)  Total Postage & New Mexico Department To Transportation | Attn: Rhonda Faught, Secretary Street Apt No.: 1120 Cerrillos Road Cory Sine, 27pt, Santa Fe, New Mexico 87504               |

Sent 76 Carolyn G. Ray
Street, Apr. 10572 Leigh
or PO Box McSan Jose, CA 95124

Total Postage & Food | & ...

2006 2760 0001 6353 4007

34E7 LPED COOD 0255 2007