



PARALLEL

Petroleum Corporation

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

May 3, 2007

Sent via CMRRR# 7006 0810 0005 7586 8335

ABO Petroleum
105 S. Fourth Street
Artesia, NM 88210

Re: Codex 1525-34 #1
T-15-S, R-25-E
Section 34: N/2
Chaves County, New Mexico

Before the Oil Conservation Division
Exhibit No. 8
Parallel Petroleum Corp
OCD CASE 13923
Hearing: June 21, 2007

To Whom It May Concern:

Parallel Petroleum Corporation proposes the drilling of the above-captioned well to horizontally test the Wolfcamp formation in the North half (N/2) of Section 34, Township 15 South, Range 25 East, N.M.P.M. in Chaves County, New Mexico. The well will be commenced at an on lease location in the SE/4 NE/4 of Section 34, Township 15 South, Range 25 East, N.M.P.M. and penetrate the Wolfcamp formation at an orthodox penetration point in the SE/4 NE/4 of Section 34. The well will be drilled to an approximate vertical depth of 4,750'. The well will then be drilled horizontally to a projected orthodox terminus in the SW/4 NW/4 of Section 34.

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 \$2,598,400.00. 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 \$117,463.92. 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,

A handwritten signature in black ink, appearing to read "Aaron L. Myers", with a long horizontal flourish extending to the right.

Aaron L. Myers
Consulting Landman

ABO Petroleum

_____ I/We elect to participate in the proposed Codex 1525-34#1 well and
enclose an executed Authority for Expenditure.

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

ABO Petroleum

By: _____
Name

Title: _____

Date: _____

ABO Petroleum

_____ I/We elect to participate in the proposed Codex 1525-34#1 well and
enclose an executed Authority for Expenditure.

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

ABO Petroleum

By: _____
Name

Title: _____

Date: _____



INTANGIBLE WELL COSTS

\$ 4,500		\$ 4,500
\$ 14,000		\$ 14,000
\$ 56,000		\$ 56,000
\$ 527,000		\$ 527,000
\$ 49,000		\$ 49,000
\$ 67,000		\$ 67,000
\$ 32,000	\$ 110,000	\$ 142,000
\$ 18,200	\$ 8,000	\$ 26,200
\$ 230,000		\$ 230,000
\$ 15,000		\$ 15,000
\$ 38,000		\$ 38,000
	\$ 33,000	\$ 33,000
\$ 32,000	\$ 77,000	\$ 109,000
	\$ 22,500	\$ 22,500
\$ 55,000		\$ 55,000
	\$ 35,000	\$ 35,000
	\$ 415,000	\$ 415,000
	\$ 10,000	\$ 10,000
\$ 15,000	\$ 15,000	\$ 30,000
\$ 16,000	\$ 5,000	\$ 21,000
\$ 52,200		\$ 52,200
	\$ 10,000	\$ 10,000
\$ 50,000	\$ 3,000	\$ 53,000
\$ 20,000	\$ 10,000	\$ 30,000
\$ 64,500	\$ 37,700	\$ 102,200
\$ 1,355,400	\$ 791,200	\$ 2,146,600

TOTAL INTANGIBLE WELL COSTS

\$ 36,400		\$ 36,400
	\$ 125,524	\$ 125,524
\$ 12,000	\$ 12,000	\$ 24,000
\$ 7,500	\$ 7,500	\$ 15,000
	\$ 15,000	\$ 15,000
	\$ 28,150	\$ 28,150
	\$ 7,500	\$ 7,500
	\$ 2,000	\$ 2,000
	\$ 15,000	\$ 15,000
	\$ 10,000	\$ 10,000
	\$ 10,000	\$ 10,000
	\$ 16,000	\$ 16,000
\$ 3,200	\$ 33,000	\$ 36,200
	\$ 20,000	\$ 20,000
	\$ 50,000	\$ 50,000
\$ 5,900	\$ 35,126	\$ 41,026
\$ 65,000	\$ 388,800	\$ 451,800
\$ 1,420,400	\$ 1,178,000	\$ 2,598,400
\$ -		
\$ 1,420,400		

TOTAL TANGIBLE COSTS
TOTAL WELL COSTS
PLUG & ABANDON EXPENSE
DRY HOLE COST

This Authorization for Expenditure (AFE) is merely an estimate of the costs and expenses for the proposed operation. The actual costs and expenses associated with the proposed operation could substantially exceed such estimates.

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

7006 0810 0005 7586 8335
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U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

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

OFFICIAL USE

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

Postmark
Here

Sent To ARO Petroleum
Street, Apt. No.,
or PO Box No. 105 S. Fawcett St.
City, State, ZIP+4 Artesia, NM 88210

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Signature X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No

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:

ARO Petroleum
105 S. Fawcett St.
Artesia, NM 88

COMPLETE THIS SECTION ON DELIVERY

A. Signature Kathy Donaghe ☐ Agent ☐ Addressee

B. Received by (Printed Name) KATHY DONAGHE C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label)

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