



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Roswell Field Office

2909 West Second Street

Roswell, New Mexico 88201-2019

www.nm.blm.gov



OCT 28 2008

OCD-ARTESIA

IN REPLY REFER TO:
NMNM121186
3105.2 NM (513)

OCT 23 2008

30-005-63933

CERTIFIED MAIL— 7000 050 0000 4453 1561
RETURN RECEIPT REQUESTED

Parallel Petroleum Corp.
1004 Big Springs
#400
Midland, TX 79701

Gentlemen:

Enclosed is one approved copy of Communitization Agreement NMNM121186 involving 160.00 acres of Federal land in oil and gas lease NM-112251 and 160.00 acres of Fee land in Chaves County, New Mexico. The Communitization Agreement comprises a 320.00-acre well spacing unit.

This agreement communitizes all rights as to natural gas, condensate, and associated hydrocarbons producible from the Wolfcamp Formation from the S½ of section 21, T. 15 S., R. 25 E., N.M.P.M., Chaves county, New Mexico. This Communitization Agreement is effective April 15, 2008. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call Al Collar, geologist, at (575) 627-0272.

Please furnish all interested principals with appropriate evidence of this approval.

ACCEPTED FOR RECORD

Sincerely,

/s/ Jerry Dutchover

OCT 29 2008
Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

Angel Mayes
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

MMS, Denver MS 357B-1, Antoinette Contreras, Stacey Kaiser (copy of Exhibits A & B)

NM Taxation & Revenue Dept. (Copy of CA)

(Revenue Processing Division - Attention: Manuelita Martinez)

P. O. Box 2308

Santa Fe, NM 87504

✓ NMOCD

1301 W. Grand Avenue

Artesia, NM 88210

NM (921)

NM (513, L. Askwig)(copy of signed CA)

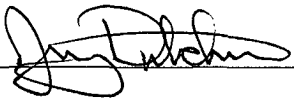
Lease Files – NM-112251

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached communitization agreement covering the S½ of section 21, T. 15 S., R. 25 E., N.M.P.M., Chaves County, New Mexico, as to natural gas, condensate, and associated hydrocarbons producible from the Wolfcamp Formation. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: October 23, 2008



Authorized Officer

Effective: April 15, 2008

Contract No.: Com. Agr. NMNM121186