



Diamond M Project
Conference Call & Webcast

Friday, June 27, 2008
9:00 a.m. CST



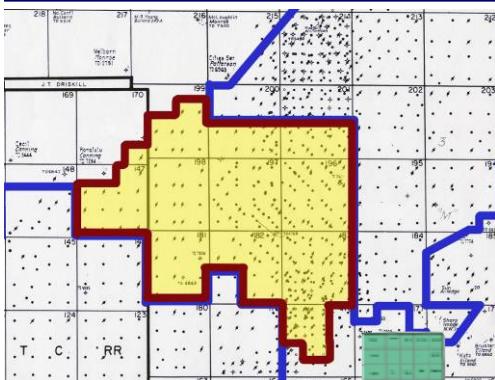
Forward-Looking Statements



Some statements contained in this presentation are "forward-looking statements". All statements other than statements of historical facts included in this report, including, without limitation, statements regarding planned capital expenditures, the availability of capital resources to fund capital expenditures, estimates of proved reserves, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology like "initial daily test rates," "may," "will," "expect," "intend," "plan," "subject to," "anticipate," "estimate," "continue," "present value," "future," "reserves," "appears," "prospective," or other variations thereof or comparable terminology. We believe the assumptions and expectations reflected in these forward-looking statements are reasonable. However, we cannot give any assurance that our expectations will prove to be correct or that we will be able to take any actions that are presently planned. All of these statements involve assumptions of future events and risks and uncertainties. Risks and uncertainties associated with forward-looking statements include, but are not limited to: the inherent variability in early production tests; uncertainties inherent in estimating production rates; the availability and capacity of natural gas gathering and transportation facilities; the period of time that our oil and natural gas wells have been producing; weaknesses in our internal controls; fluctuations in prices of oil and gas; future capital requirements and availability of financing; geological concentration of our reserves; risks associated with the drilling of wells; competition; general economic conditions; governmental regulations; potential defaults in the payment of amounts owed to us by purchasers of our production and counterparties to our hedging contracts; and risks of hedging activities.

For these and other reasons, actual results may differ materially from those projected or implied. We caution you against putting undue reliance on forward-looking statements or projecting any future results based on such statements.

Overview After Acquisition



Scurry County, Texas



- **PLL – 88% WI, 76% NRI**
- **Primary Project**
 - Canyon Reef formation at ~ 6,500'
 - 30 MMBOE gross potential target based on analogous offset properties
 - Infill drilling, waterflood enhancement and CO₂ implementation
 - 2008 Expected Operations
 - CAPEX budget to be revised
 - » 12 gross (10.6 net) wells to be drilled
 - » 18 gross (15.8 net) workovers and deepenings
- **Secondary Project**
 - Glorieta, Clearfork and Wichita Albany – 2,600' – 4,000'
 - Infill drilling & waterflood enhancement
- **Estimated Current Producing Rate**
 (Combined Canyon Reef and Diamond M Shallow projects)
 - May actual production 662 gross (503 net) BOEPD
 - June 24th snapshot 845 gross (640 net) BOEPD

Diamond M – Exercise of Preferential Rights

Transaction Components



	<u>May 2008 Average Net BOEPD</u>	<u>WI Before Acquisition</u>	<u>WI After Acquisition</u>
Canyon Reef Project			
Base	81	0%	89%
Development	86	66%	88%
Shallow Project			
Base	71	0%	89%
Development	19	66%	88%
	<u><u>257</u></u>		

Diamond M – Exercise of Preferential Rights

Net Acquisition Metrics as of May 1, 2008

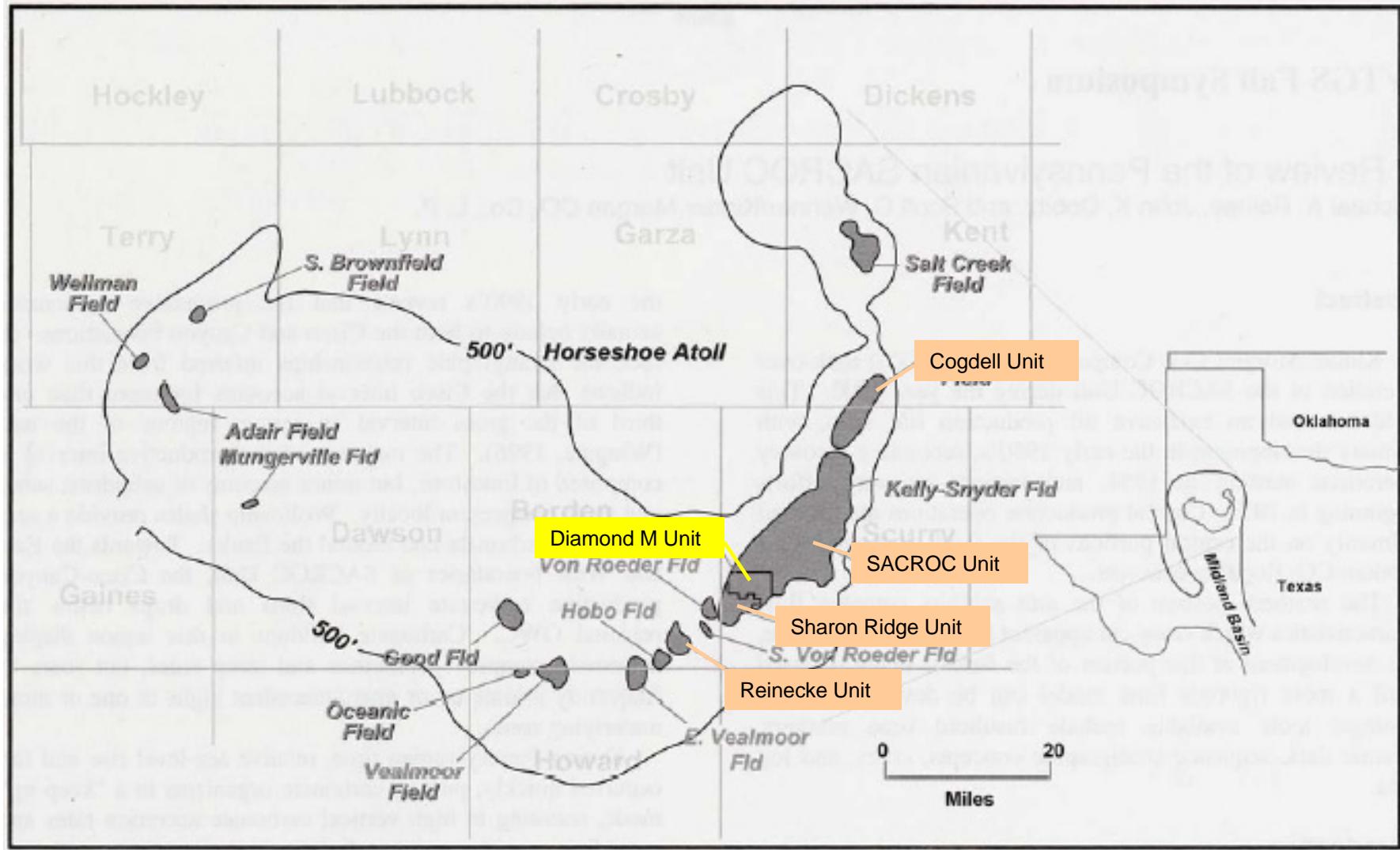


- **Purchase Price \$35.5 MM**
- **Proved Reserves:**
 - Oil - 3.2 MMBO
 - Gas - 1.7 BCF
- **SEC Reserve Categories**

	MMBOE
– PDP	1.6
– PDNP	0.1
– PUD	1.8
– Total Proven	3.5
- **Producing Rate**
 - May Average - 257 net BOEPD
 - June 24th Snapshot - 298 net BOEPD

Lion Diamond M Canyon Reef Unit

Trend Map - Analogies



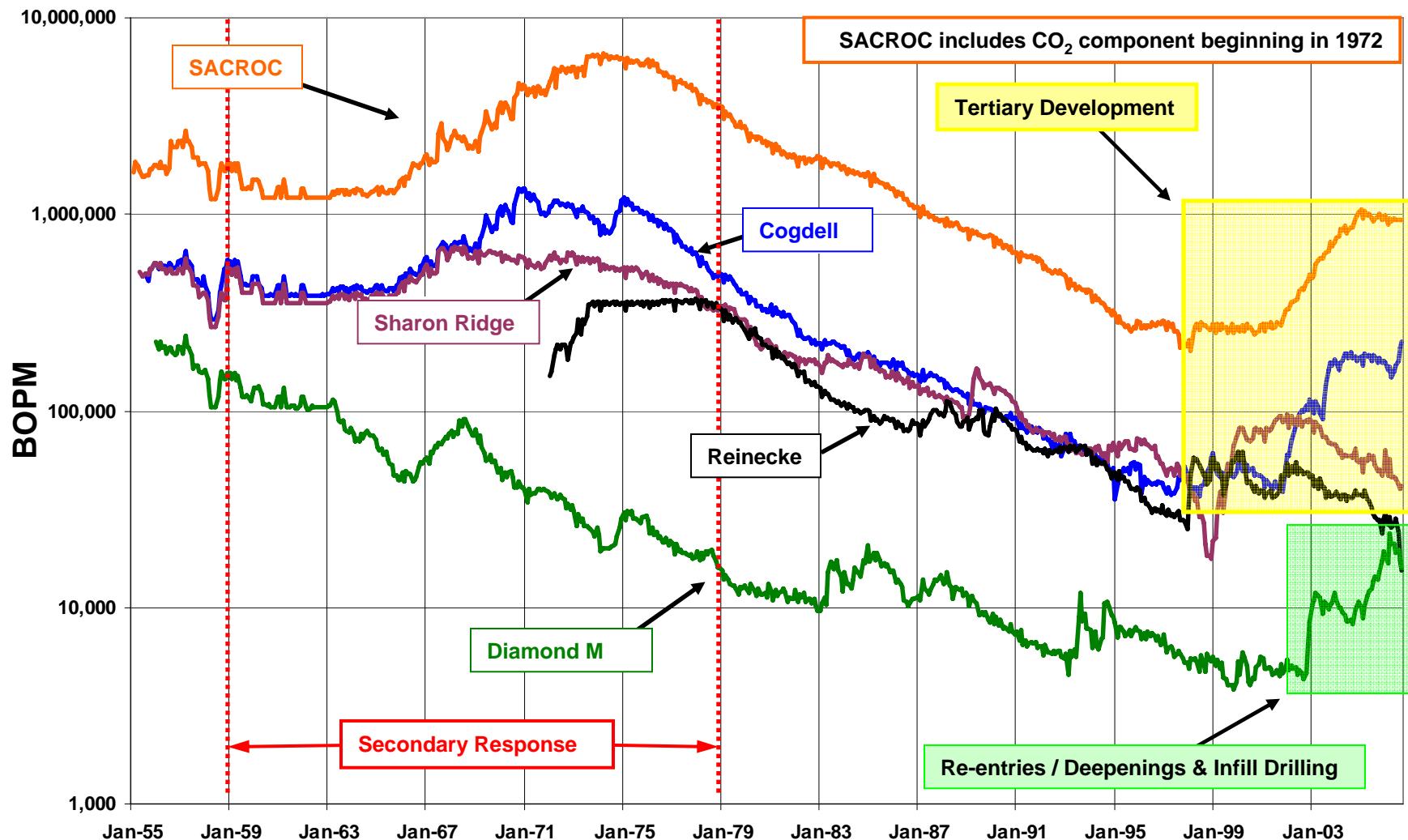
Unit History

- **Primary development on 40 acre spacing from 1948-1950**
 - Consistent with Canyon Reef units (SACROC, Sharon Ridge, Cogdell, Reinecke)
- **Initiated water injection in early 1950's**
 - Consistent with Canyon Reef units (SACROC, Sharon Ridge, Cogdell)
 - Flood was a poorly executed, lease-line peripheral flood
 - Converted wells to water injection without producing the flood front
 - Operated as if they were flooding a homogeneous reservoir
- **Limited development 1960's – 2001**
 - Unlike analogous assets (infill drilling, secondary and tertiary recovery)
 - Multiple operators
 - Failure to address reservoir complexity

Parallel History

- **2001 - Entered into “Trade Agreement with Southwestern Energy”**
 - Significant remaining potential reserves
 - Provide financial and human capital
 - Guarantee SWN’s “Base” production
 - Split development production
- **2002 – Drilled 4 wells**
 - Validated ideas and potential
- **2003 to 2007**
 - Parallel took over full field operations in March 2003 as the 6th operator
 - Drilled 6 infill wells
 - Performed 20+ re-entries/re-activations and well deepenings
 - Implemented extensive surface facility modifications
 - Acquired state-of-the-art 3-D survey
 - Further validated field view and potential

Analogous Horseshoe Atoll Canyon Reef Units



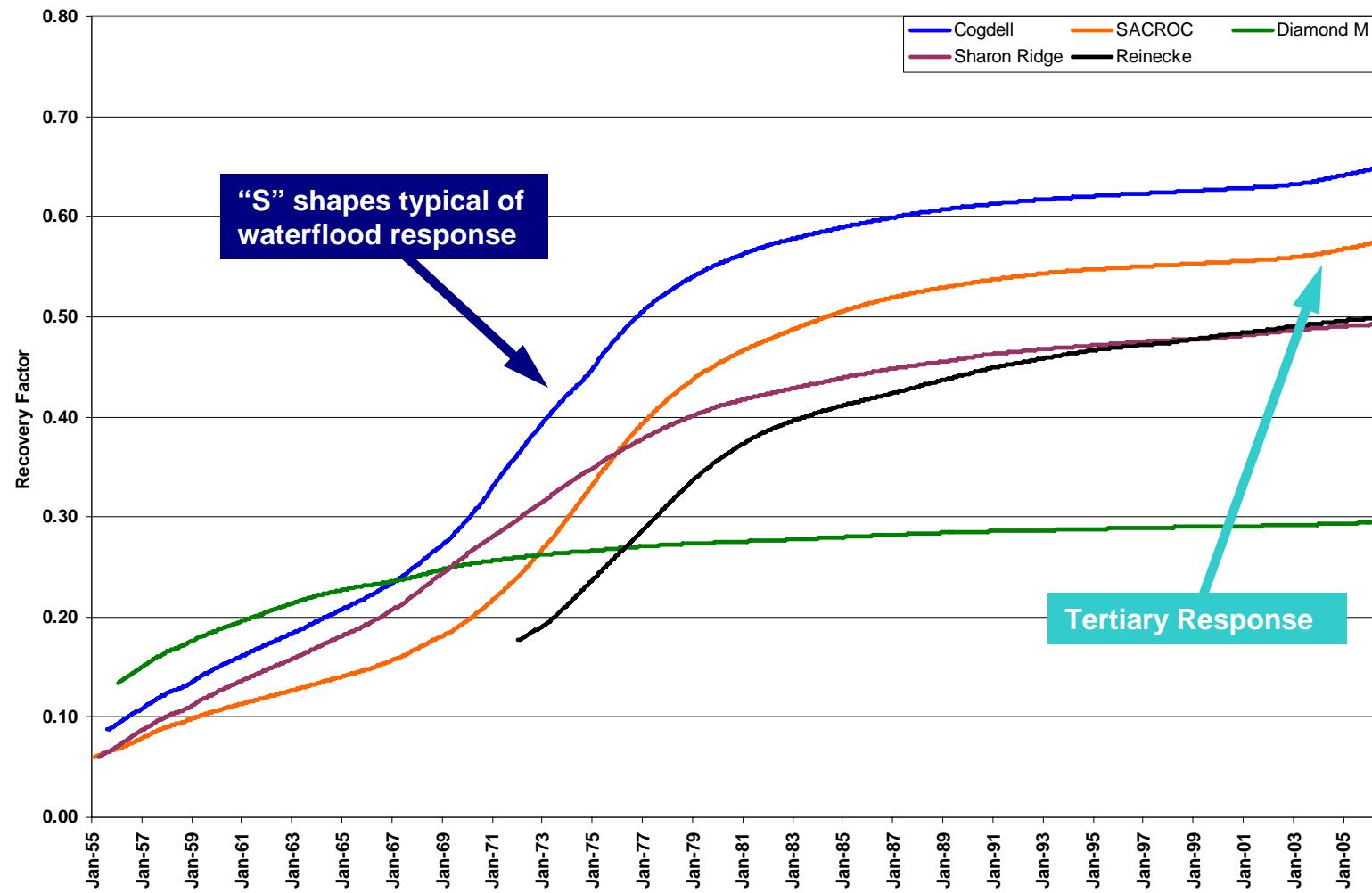
Analogous Recovery Factors

Estimated Current Recoveries

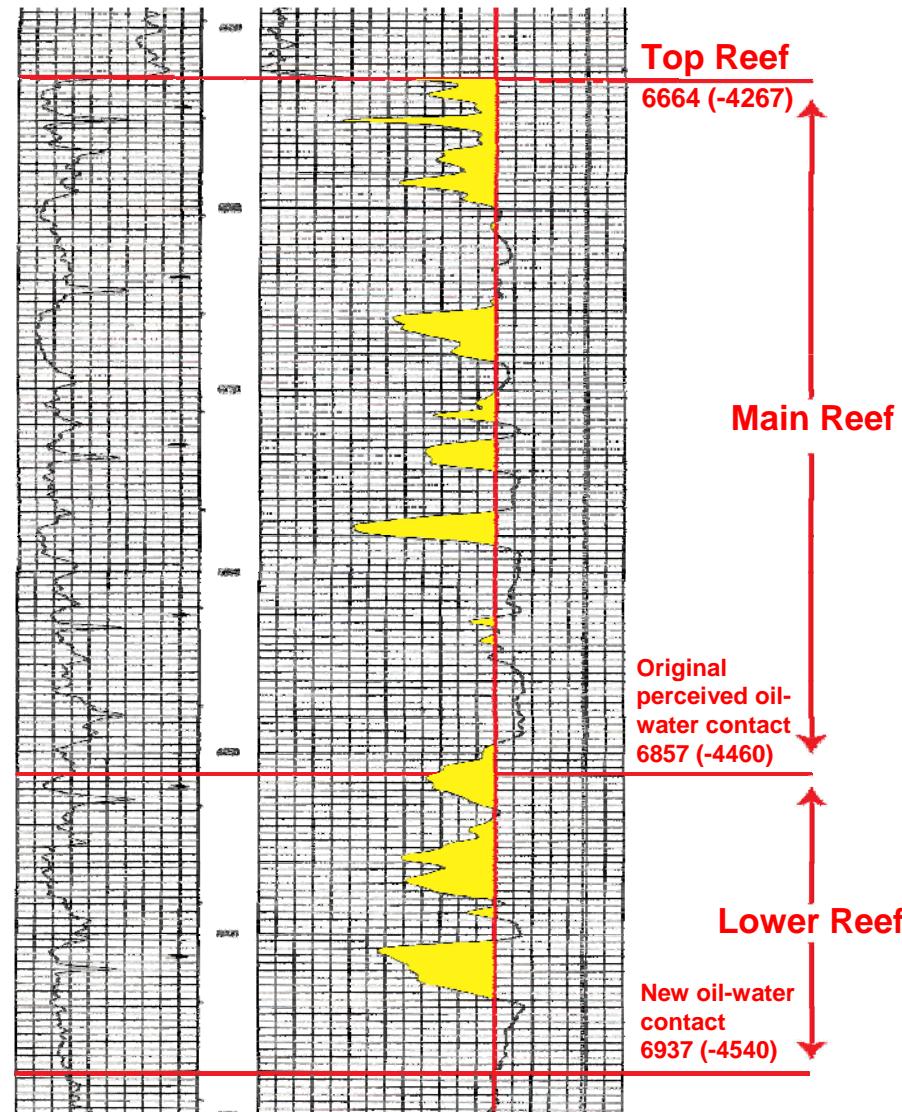
	Cum Oil (MMBO)	OOIP (from H-1's) (MMBO)	Current Recovery Factor
Cogdell Canyon Reef Unit	276	420	66%
SACROC Unit	1,309	2,250	58%
Lion Diamond M Unit	44	147	30%
Sharon Ridge Unit	198	400	50%
Reinecke Unit	85	171	50%

Trend Recovery Factor Plot

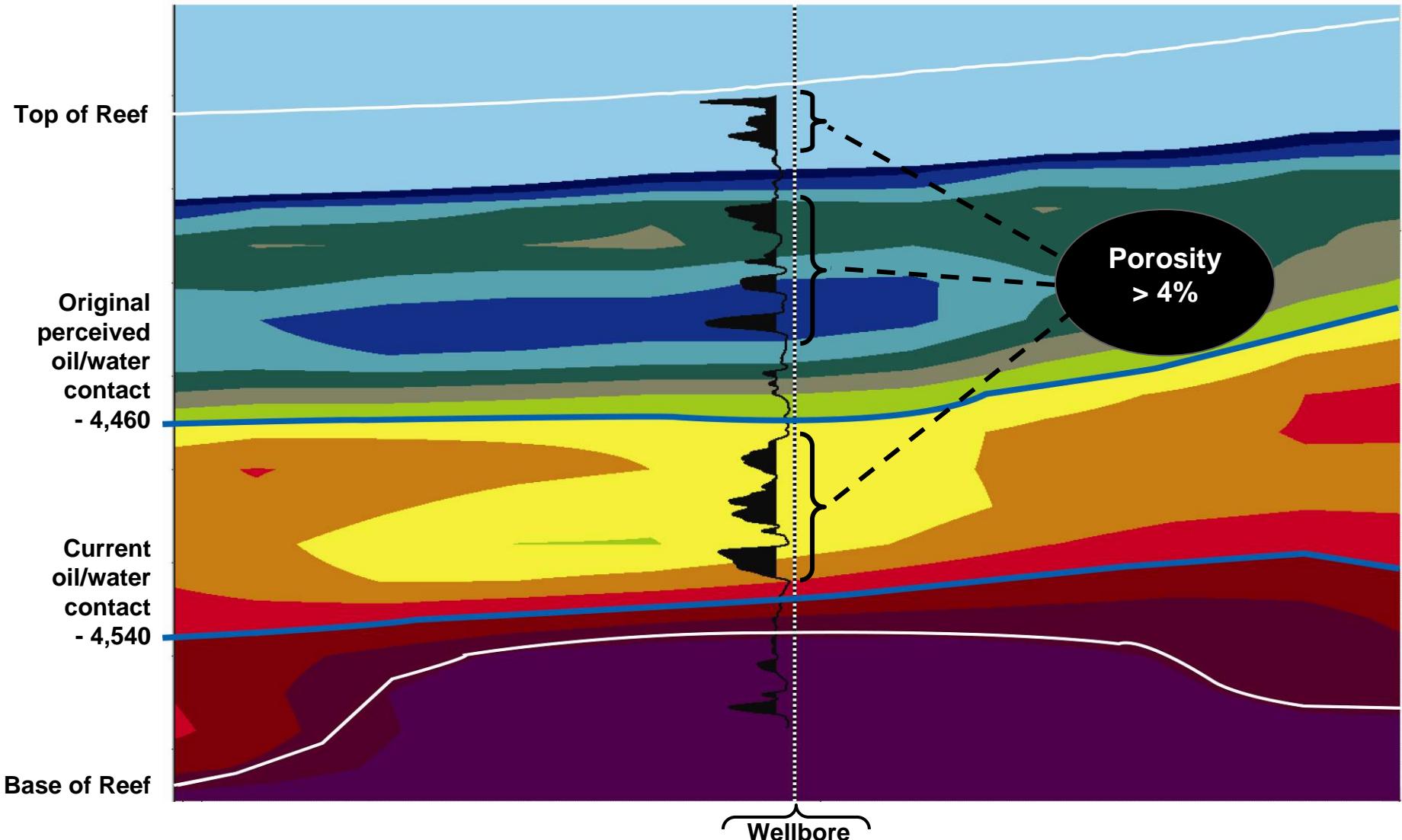
RF -vs- Time



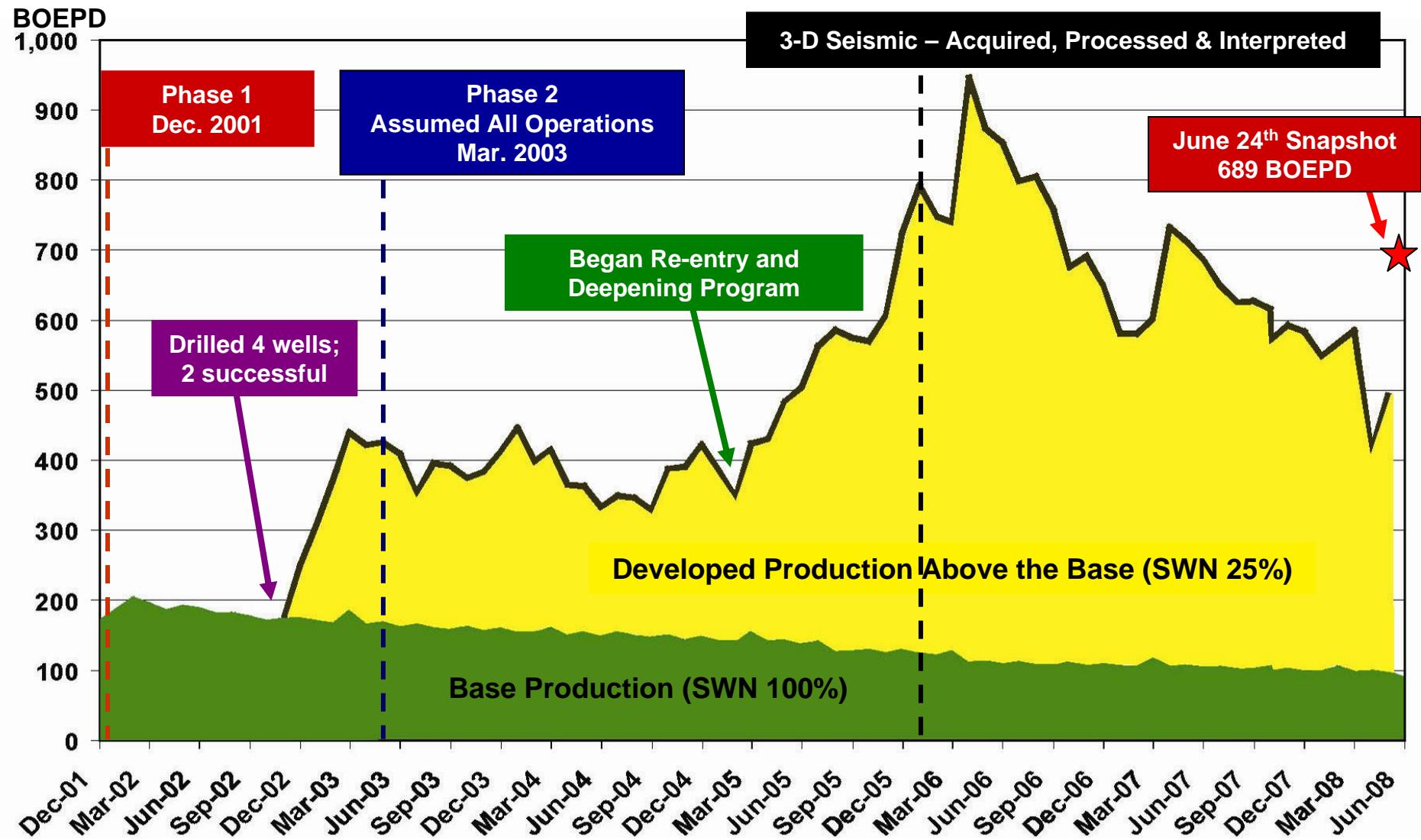
Canyon Reef Porosity Log



Porosity Log Tied to 3-D Seismic



Historical Performance – Gross BOEPD



Project Summary and Exploitation Attributes

- **30 MMBO gross Main Reef target based on other Canyon Reef unit recoveries**
 - Poorly executed and managed secondary development project
 - Inconsistent development and failure to address reservoir complexity
 - Multiple operators
- **Infill drilling and well reactivation opportunities**
 - 75+ infill locations
 - 15+ re-entries and deepenings
- **Waterflood enhancement opportunities**
 - Highly compartmentalized (as are analogous properties along the trend)
- **CO₂ flood implementation opportunities**
- **Deeper Reef Intervals**
 - Established commercial production below the original oil/water contact
 - Good initial production rates and oil cuts
 - These reserves are not included in the 30 MMBO gross Main Reef target
 - Waterflood enhancement opportunities
 - CO₂ flood implementation opportunities

Single Well Economics



Input

Qi	75 BOPD
GOR	1.1 MCF/BO
Decline	Exp 40%, 20%, 10%
D&C	\$850,000 gross
LOE	\$5,000 per month
WI	88%
NRI	76%
Pricing	Flat \$130 oil & \$12 gas

Output

Oil Reserves	93 MBO gross (71 net)
Gas Reserves	103 MMCF gross (78 net)
Equivalent Reserves	111 MBOE gross (84 net)
Undiscounted Payout	.66 years
Rate of Return	100%
Discounted	
Net / Investment	7.17
Future Net Revenue	\$6.69 MM
PV 10	\$4.45 MM



Parallel Headquarters

1004 N. Big Spring, Suite 400
Midland, TX 79701
(432) 684-3727

Web site

<http://www.plll.com>

Common Stock

Nasdaq: PLLL

Contacts

Eric Bayley
VP Corporate Engineering
bayley@plll.com

Steve Foster
Chief Financial Officer
foster@plll.com

Larry Oldham
President & CEO
oldham@plll.com

John Rutherford
VP Land & Administration
rutherford@plll.com

Cindy Thomason
Manager Investor Relations
cindyt@plll.com

Don Tiffin
Chief Operating Officer
tiffin@plll.com