PARALLEL

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PRESS RELEASE

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PARALLEL PETROLEUM ANNOUNCES NEW BUSINESS PLAN GENERATES RECORD BREAKING QUARTER

MIDLAND, Texas, (BUSINESS WIRE), May 15, 2003 – Parallel Petroleum Corporation (NASDAQ: PLLL) today announced financial and operational results for the first quarter ended March 31, 2003.

First Quarter Results

For the three months ended March 31, 2003, Parallel reported net income of $2.1 million, or $.09 per diluted share. Included in net income is $4.2 million of operating income primarily due to a 121% increase in production volumes and a 95% increase oil and gas prices when comparing the first quarter of 2003 to the first quarter of 2002. For the three months ended March 31, 2002, Parallel recorded a net loss of $.9 million, or $.04 per diluted share, which included noncash items of $.6 million related to a $.3 million decrease in fair value of derivatives and a $.3 million equity in the loss of First Permian, LP.

Net cash provided by operating activities for the three-month period ended March 31, 2003 was $3.6 million, compared to a deficit of $.2 million for the same period of 2002. The increase was primarily related to the above mentioned increases in oil and gas volumes and prices. Parallel's net cash provided by operating activities adjusted for changes in components of working capital and other liabilities [Discretionary Cash Flow (Non-GAAP) – see reconciliation on page 8 of this press release] is $5.8 million for the period ended March 31, 2003 compared to $.8 million for the same period of 2002.

For the first quarter of 2003, Parallel's sales were 153,578 Bbls of oil and 781,751 Mcf of natural gas, or 283,870 BOE. The average prices the Company received for its oil and natural gas on an unhedged/hedged basis, respectively, were $32.60/$31.80 per barrel and $5.82/$4.62 per Mcf, or $33.66/$29.92 per BOE. For the same period of 2002, oil sales were 30,161 Bbls at an average price of $21.20 per barrel and natural gas sales were 590,650 Mcf at an average price of $2.25 per Mcf, or 128,603 BOE at $15.33 per BOE. (Refer to the tables on page 7 of this press release for detailed production and price data and hedging information.)

Balance Sheet Review

As of March 31, 2003, current assets were $10.0 million, which included $3.8 million of cash. Current liabilities were $9.9 million, including $5.7 million of current maturities of long-term debt and $1.3 million related to derivative obligations, resulting in a net working capital of $.1 million. During the first quarter of 2003, Parallel reduced long-term debt by $7.0 million. Long-term debt, including current maturities, stood at $42.8 million. The Company's net capitalized costs associated with its oil and gas properties were $89.8 million, which included approximately $2.7 million of leasehold and seismic costs for undeveloped prospects. Also added to the Company's property basis during the first quarter was an asset retirement cost of $1.2 million for the adoption of SFAS 143. Parallel's stockholders' equity as of March 31, 2003 was $46.4 million, the largest in the Company's history.

Capital Investment Budget for 2003

Parallel's estimated capital budget for 2003 totals approximately $12.0 million, net to its interest. The budget will be funded from the Company's 2003 estimated operating cash flow, which is based on anticipated commodity prices and forecasted production volumes. The amount and timing of expenditures are subject to change based upon market conditions, results of expenditures, new opportunities and other factors.

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Operational Update

The following is an update of Parallel's operations and related capital expenditure budget for the Permian Basin of West Texas, East Texas, and onshore gulf coast of South Texas. For prior related operational and capital expenditure updates, refer to the Company's Press Releases dated January 17, March 25, and March 26, 2003.

Permian Basin of West Texas

Fullerton Field, Andrews County – Parallel has budgeted approximately $1.5 million for year 2003 for the stimulation of approximately 40 of the 128 existing producing wells in the San Andres formation at 4,400 feet. The first four water frac stimulations were completed during the first quarter of 2003 yielding average production increases of approximately 13 net barrels of oil per day per well. The Company presently anticipates fracture stimulating four to five wells per month. Parallel's current estimated net daily production from the Fullerton properties has increased 4% to approximately 1,200 BOE per day, compared to approximately 1,150 BOE per day as of the first of the year. This 4% increase is important, given the historical 5% annual decline rate associated with this set of assets. Parallel's working interesting in these assets ranges from 25% to 85%.

Lion Diamond M Canyon Unit, Scurry County – During 2002, Parallel and its partners, under Phase I, drilled four wells to the base of the Canyon Reef formation at an estimated depth of 6,500 feet on this 5,500-acre unit. As much as 280 feet of gross interval above "lowest known oil" was penetrated. After six months of production, three of the four wells are still producing at their initial combined rate of approximately 300 equivalent barrels of oil per day. Two of the wells are producing from intervals deeper than those being produced in any other currently active well in the unit, while still containing uncompleted pay behind pipe. The fourth well has been completed in the shallow Clearfork formation at a depth of 3,300 feet, as discussed below under *GCW Shallow Leases, Scurry County*.

Based on results to date, Parallel believes multiple opportunities exist to increase production through well reactivations, deepenings and recompletion operations, infill drilling on 20-acre spacing, and waterflood enhancement. Presently, detailed geologic and engineering work is being concentrated in the areas around these three Canyon Reef wells and related infrastructure work has commenced. As previously announced, Parallel plans to deepen and production test as many as 20 existing wells this year.

GCW Shallow Leases, Scurry County – Parallel took over operations of all leases in the Diamond M Project area on March 1, 2003 with the Phase II election. This included approximately 2,600 acres of shallow Glorieta, Clearfork, and Wichita Albany production. At March 1, 2003, there were 50 active wells producing approximately 150 barrels of oil per day. In addition, there are 39 inactive well bores available for potential utilization. The fourth well, in the Phase I Canyon program, has been completed in the Clearfork formation at a stabilized rate of 25 barrels of oil per day. Current production rate on all shallow wells is approximately 175 barrels of oil per day. Presently, in addition to selected well reactivations, design work is proceeding on the initial 10-acre infill waterflood pilot. The pilot area will provide reservoir performance data necessary for full field design.

Parallel expects to invest approximately $4.5 million during 2003 for capital expenditures on a combined basis, shallow and deep, on the Diamond M Project. Parallel owns a 66% working interest and a 56% net revenue interest before project payout.

East Texas

Cook Mountain Gas Project, Liberty County – Since the second quarter of 2002, Parallel has participated in 5 Cook Mountain gas wells, of which 4 have been successful and are currently producing at a combined rate of approximately 30,000 Mcfe, or 5,000 BOE, per day, with Parallel's net share being approximately 2,800 Mcfe, or 475 BOE, per day. The Company has generated ten Cook Mountain exploration gas prospects, based on 3-D seismic, and has budgeted approximately $2 million, net to its interest, for the drilling and completion of at least five wells, back-to-back, during the remainder of year 2003. The first of these five wells, the East Ames Gas Unit #l, is expected to spud within the next 30 days. Parallel's working interest in the well is approximately 17%.

Onshore Gulf Coast of South Texas

Yegua/Frio Gas Project, Jackson County – Parallel has budgeted approximately $1.5 million for the remainder of 2003 for the drilling and completion of approximately 8 Frio wells and 1 Yegua well. All of these exploratory gas prospects were generated from the Company's proprietary 3-D seismic data base. This drilling activity has been accelerated and is expected to start during the second quarter of 2003. Parallel's average working interest in the project is 40% in the Yegua and 50% in the Frio. The Big 12 No. l, a Yegua well, was recently fracture stimulated and is currently producing at an initial daily rate of 2,000 Mcf, plus 200 barrels of condensate, on an 11/64-inch choke with a flowing tubing pressure of 5,600 pounds per square inch. An additional Yegua zone will also be fracture stimulated and commingled with the existing zone within the next 30 days. Parallel owns a 40% working interest in the well.

Management Comments

Larry C. Oldham, Parallel's President, commented, "Results of our new business plan really showed up during the first quarter in record proportions. Our oil and gas production reached an all-time high of 3,150 BOE per day, earnings and operating cash flow both reached record high numbers, and we reduced our long-term debt by $7 million, further improving our financial position. What a great quarter! These results are a tribute to our team of people that are second to none in our industry. Today, for the first time in the Company's history, we have an excellent inventory of low-risk projects, the resources to exploit them, and the people who can and will execute our new business plan. We're excited and look forward to the Company's continued growth and progress."

In a final comment, Oldham stated, "Parallel has hedged oil and natural gas volumes representing approximately 50% and 30%, respectively, of expected production from April through December 2003. These commodity hedges, along with our interest rate hedges, assist us in forecasting cash flow within a predictable range, so we can reasonably plan and budget our capital investments. Please see our Hedging Table on page 7 of this press release for hedging information."

Conference Call Information

Parallel's management will host a conference call to discuss the Company's financial and operational results for the first quarter ended March 31, 2003 on Friday, May 16, 2003, at 10:00 a.m. Central time. To participate in the call, dial 1-973-317-5319 at least five minutes before the scheduled start time. The conference call will also be webcast, complete with the "Current Slide Presentation", and can be accessed live at Parallel's web site, www.parallel-petro.com. A replay of the conference call will be available at the Company's web site or by calling 1-973-709-2089, Passcode I.D. 291880.

FINANCIAL STATEMENTS AND SCHEDULES FOLLOW

PARALLEL PETROLEUM CORPORATION
CONSOLIDATED BALANCE SHEETS

	(audited) December 31, 2002	**(unaudited) March 31, 2003**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,811,704	$ 3,834,101
Accounts receivable:		
Oil and gas	3,071,315	5,045,575
Others, net of allowance for doubtful account of $12,681 in 2002 and 2003	236,443	229,540
Affiliate	2,084	-
	3,309,842	5,275,115
Income tax receivable	832,590	832,590
Other assets	78,675	55,125
Fair value of derivative instruments	21,884	2,784
Total current assets	16,054,695	9,999,715
Property and equipment, at cost:		
Oil and gas properties, full cost method	146,679,503	152,274,021
Other	1,083,282	1,246,674
	147,762,785	153,520,695
Less accumulated depreciation and depletion	(62,074,559)	(63,746,018)
Net property and equipment	85,688,226	89,774,677
Other assets, net of accumulated amortization of $78,520 in 2002 and $43,996 in 2003	608,410	585,626
	$ 102,351,331	$ 100,360,018
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,033,650	$ 2,866,239
Current maturities of long-term debt	4,145,833	5,700,000
Current maturity of derivative obligations	335,829	1,286,654
	7,515,312	9,852,893
Long-term debt, excluding current maturities	45,604,167	37,050,000
Long-term asset retirement obligation	-	1,727,165
Long-term maturity of derivative obligations	103,745	1,188,086
Deferred taxes liability	3,627,963	4,158,344
Stockholders' equity:		
Series A preferred stock -- par value $.10 per share (aggregate liquidation preference of $26) authorized 50,000 shares	-	-
Preferred stock -- $.60 cumulative convertible preferred stock -- par value of $.10 per share (aggregate liquidation preference of $10) authorized 10,000,000 shares, issued and outstanding 974,500 in 2002 and 2003	97,450	97,450
Common stock -- par value $.01 per share, authorized 60,000,000 shares, issued and outstanding 21,143,406 in 2002 and 2003	211,434	211,434
Additional paid-in capital	34,567,866	34,421,691
Retained earnings	10,623,394	12,875,148
Other comprehensive income (loss) net of tax	-	(1,222,193)
Total stockholders' equity	45,500,144	46,383,530
Commitments and contingencies		
	$ 102,351,331	$ 100,360,018

*The balance sheet as of December 31, 2002 has been derived from Parallel's audited financial statements.

PARALLEL PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2002	**2003**
Oil and gas revenues	$ 1,971,191	$ 8,492,792
Cost and expenses:		
Lease operating expense	549,376	1,455,660
General and administrative	349,764	801,768
Depreciation, depletion and amortization	1,354,630	2,065,691
Total costs and expenses	2,253,770	4,323,119
Operating income (loss)	(282,579)	4,169,673
Other income (expense), net:		
Equity in loss of First Permian, L.P.	(316,293)	-
Change in fair market value of derivatives	(339,858)	(202,457)
Interest and other income	16,375	44,656
Interest expense	(153,057)	(486,464)
Other expense	(172,066)	(20,544)
Total other expense, net	(964,899)	(664,809)
Income (loss) before income taxes	(1,247,478)	3,504,864
Income tax (expense) benefit, net	478,727	(1,191,654)
Net income (loss) before cumulative effect of change in accounting principle	(768,751)	2,313,210
Cumulative effect on prior years of a change in accounting principle, less applicable income taxes of $31,659	-	(61,456)
Net income (loss)	(768,751)	2,251,754
Cumulative preferred stock dividend	(146,175)	(146,175)
Net income (loss) available to common stockholders	$ (914,926)	$ 2,105,579
Net income (loss) per common share:		
Basic - before cumulative effect of a change in accounting principal	$ (0.04)	$ 0.10
Cumulative effect of a change in accounting principle, net of tax	-	-
Basic - after cumulative effect of a change in accounting principle	$ (0.04)	$ 0.10
Diluted - before cumulative effect of a change in accounting principle	$ (0.04)	$ 0.09
Cumulative effect of a change in accounting principle, net of tax	-	-
Diluted - after cumulative effect of a change in accounting principle	$ (0.04)	$ 0.09
Weighted average common share outstanding:		
Basic	20,663,861	21,143,406
Diluted	20,663,861	24,038,049

PARALLEL PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2003
Cash flows from operating activities:		
Net income (loss)	$ (768,751)	$ 2,251,754
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and depletion	1,354,630	2,065,691
Accretion expense	-	33,835
Equity in loss from investments in First Permian, L.P.	316,293	-
Change in fair value of derivative instruments	339,859	202,457
Deferred income taxes	(478,727)	1,191,654
Cumulative effect on prior years of a change in accounting principle, net of tax	-	61,456
Changes in assets and liabilties:		
Other, net	(11,865)	22,784
Decrease (increase) in accounts receivables	161,584	(1,965,273)
Decrease in prepaid expenses and other	95,571	23,550
Decrease in accounts payable and accrued liabilities	(864,538)	(313,586)
Purchase of derivative instruments	(391,105)	-
Net cash provided by (used in) operating activities	(247,049)	3,574,322
Cash flows from investing activities:		
Additions to property and equipment	(2,785,855)	(4,572,325)
Proceeds from disposition of property and equipment	365,380	20,400
Net cash used in investing activities	(2,420,475)	(4,551,925)
Cash flows from financing activities:		
Borrowings from bank line of credit	565,589	3,173,625
Payments on bank line of credit	-	(10,173,625)
Net cash provided by (used in) financing activities	565,589	(7,000,000)
Net increase (decrease) in cash and cash equivalents	(2,101,935)	(7,977,603)
Beginning cash and cash equivalents	3,351,044	11,811,704
Ending cash and cash equivalents	$ 1,249,109	$ 3,834,101
Non-cash financing and investing activities:		
Oil and gas properties - FASB 143	-	$ 1,205,985
Accrued preferred stock dividend	$ 146,175	$ 146,175

PARALLEL PETROLEUM CORPORATION
PRODUCTION AND PRICE DATA

	12/31/2002	3/31/2002	3/31/2003
Production:			
Oil (Bbls)	39,071	30,161	**153,578**
Natural gas (Mcf)	853,074	590,650	**781,751**
Equivalent barrels of oil (BOE)	181,250	128,603	**283,870**
Equivalent barrels of oil (BOE) per day	2,014	1,429	**3,154**
Prices:			
Bbls (unhedged)	$ 26.66	$ 21.20	**$ 32.60**
Bbls (hedged)			**$ 31.80**
Mcf (unhedged)	$ 4.17	$ 2.25	**$ 5.82**
Mcf (hedged)			**$ 4.62**
BOE (unhedged)	$ 25.47	$ 15.33	**$ 33.66**
BOE (hedged)			**$ 29.92**

PARALLEL PETROLEUM CORPORATION
HEDGING INFORMATION

COSTLESS COLLARS:

Period of Time	MMBTU Natural Gas	Houston Ship Channel Gas Price Floor	Houston Ship Channel Gas Price Cap
2003 remainder [(a)]	642,000	$4.25	$5.30

SWAPS:

Period of Time	Volume Hedged Bbl Oil	Average Price	Volume Hedged MMBTU	Average Price
2003 remainder [(a)]	275,000	$24.58	642,000	$4.84
2004	329,400	$23.19		
2005	292,000	$22.77		
2006	265,500	$23.04		

INTEREST RATE SWAPS:

Period of Time	Notional Amount [(c)]	LIBOR Fixed Interest Rates [(d)]	Expected Margin Rates [(e)]	Expected Fixed Interest Rates [(f)]
2003 remainder [(a)]	$35,000,000	1.675%	2.750%	4.425%
2004	$30,000,000	2.660%	2.500%	5.160%
2005	$20,000,000	4.050%	2.250%	6.300%
2006 [(b)]	$10,000,000	4.050%	2.250%	6.300%

[(a)] second quarter through fourth quarter

[(b)] through December 20, 2006

[(c)] Based on the anticipated principal reductions under our credit facility.

[(d)] Parallel's swap contract with BNP Paribas.

[(e)] Based on the anticipated borrowing base usage under our credit facility.

[(f)] Total of the libor fixed interest rate plus the expected margin rate under our credit facility.
Our loan agreement requires the interest rate to not be below 4.50%.

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Parallel Petroleum Corporation
Discretionary Cash Flow Reconciliation (Non-GAAP)
(Unaudited)

The following chart reconciles first quarter net cash provided by operating activities to discretionary cash flow. To assess Parallel's operating results, management believes that, although not prescribed under generally accepted accounting principles ("GAAP"), discretionary cash flow is an appropriate measure of Parallel's ability to satisfy capital expenditure obligations and working capital requirements. Discretionary cash flow is a non-GAAP financial measure as defined under SEC rules. Parallel's discretionary cash flow should not be considered in isolation or as a substitute for other financial measurements prepared in accordance with or as a measure of the Company's profitability or liquidity. The discretionary cash flow may exclude some, but not all, items that affect cash flow and may not be comparable to similarly titled measures of other companies. Discretionary cash flow is defined as net cash provided by (used in) operating activities adjusted for changes in components of working capital and other liabilities.

	Three Months Ended March 31,	
	2002	2003
Net Cash Provided by (used in) operating activities	$ (247,049)	$ 3,574,322
Adjustments		
Other, net	11,865	(22,784)
Accounts Receivable	(161,584)	1,965,273
Prepaid expenses and other	(95,571)	(23,550)
Accounts Payable and accrued liabilities	864,538	313,586
Purchase of derivative instruments	391,105	-
Discretionary Cash Flow (Non-GAAP)	$ 763,304	$ 5,806,847

The Company

Parallel Petroleum Corporation is headquartered in Midland, Texas and is an independent energy company primarily engaged in the exploration, acquisition, development and production of oil and gas using enhanced oil recovery techniques including 3-D seismic technology. Additional information on Parallel Petroleum Corporation is available at www.parallel-petro.com.

This release contains forward-looking statements subject to various risks and uncertainties that could cause the company's future plans, objectives and performance to differ materially from those in the forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "subject to," "anticipate," "estimate," "continue," "present value," "future," "reserves", "appears," "prospective," or other variations thereof or comparable terminology. Factors that could cause or contribute to such differences could include, but are not limited to, those relating to the results of exploratory drilling activity, the company's growth strategy, changes in oil and natural gas prices, operating risks, availability of drilling equipment, outstanding indebtedness, changes in interest rates, dependence on weather conditions, seasonality, expansion and other activities of competitors, changes in federal or state environmental laws and the administration of such laws, and the general condition of the economy and its effect on the securities market. While we believe our forward-looking statements are based upon reasonable assumptions, these are factors that are difficult to predict and that are influenced by economic and other conditions beyond our control. Investors are directed to consider such risks and other uncertainties discussed in documents filed by the company with the Securities and Exchange Commission.

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