

PARALLEL PETROLEUM CORP
Form 4
October 26, 2009

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BAYLEY ERIC A

2. Issuer Name and Ticker or Trading Symbol
PARALLEL PETROLEUM CORP
[PLLL]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1004 N. BIG SPRING, SUITE 400

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
10/22/2009

____ Director
 Officer (give title below) _____ Other (specify below)
Vice President

MIDLAND, TX 79701

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock, \$.01 par value	10/22/2009		D		5,790	D	\$ 3.15
					0		0
						I	By IRA
Common Stock, \$.01 par value	10/22/2009		D		1,000	D	\$ 3.15
					0		0
						I	By SEP Plan
Common Stock, \$.01 par value	10/22/2009		D		96,900	D	\$ 3.15
					0		0
						D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 4.97	10/22/2009		D	50,000	06/20/2002 06/20/2011	Common Stock	50,000	
Employee Stock Option (right to buy)	\$ 20.91	10/22/2009		D	27,500	06/12/2009 06/12/2018	Common Stock	27,500	
Employee Stock Option (right to buy) ⁽¹⁾	\$ 2	10/22/2009		D	35,750	05/20/2010 05/20/2019	Common Stock	35,750	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAYLEY ERIC A 1004 N. BIG SPRING, SUITE 400 MIDLAND, TX 79701			Vice President	

Signatures

/s/ Eric A. Bayley 10/23/2009

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

In connection with the transactions contemplated by an Agreement and Plan of Merger, dated as of September 15, 2009, by and among Parallel Petroleum Corporation, PLLL Acquisition Co. and PLLL Holdings, LLC, as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of October 13, 2009 (the "Merger"), this option was canceled without any consideration being paid to Mr. Bayley.

(1) In accordance with the terms of the Merger, this option, which provided for vesting in four equal annual installments beginning May 20, 2010, was canceled in exchange for a cash payment of \$41,112.50, representing the difference between the exercise price of the option and the offer price of \$3.15, multiplied by the aggregate number of shares into which the option was exercisable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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