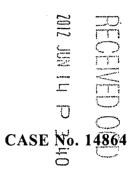
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF PARALLEL PETROLEUM LLC FOR APPROVAL OF A UNIT AGREEMENT, EDDY COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Parallel Petroleum LLC Parallel Petroleum LLC 1004 North Big Spring Street Midland, Texas 79701

APPLICANT'S ATTORNEY

William F. Carr Michael H. Feldewert Adam Rankin Holland & Hart LLP Post Office Box 2208 Santa Fe, New Mexico 87504 (505) 988-4421 (505) 983-6043 Facsimile

STATEMENT OF CASE

Applicant seeks approval of the High Hopes Exploratory Unit for all formations from the surface to the base of the Precambrian formation in an area comprising 12,482.52 acres, more or less, of Federal, State of New Mexico, and Fee Lands, situated in Eddy County, New Mexico in all or portions of Sections 1, 2-4, 8-11, 14-17, 20-22, 27-29 and 32-33, of Township 18 South, Range 21 East, NMPM.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Dennis J. Hopkins, Petroleum Landman	Approx. 20 minutes	Approx. 5
Mike Moylett, Petroleum Geologist	Approx. 40 minutes	Approx. 10

Parallel Petroleum LLC will present this case by Affidavit.

PROCEDURAL MATTERS

Parallel Petroleum LLC has none at this time.

Respectfully submitted,

HOLLAND & HART, LLP

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