

HOLLAND & HART ^{LLP}



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Associate**

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December 19, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13863

2006 DEC 19 PM 1 27

Re: Application of Parallel Petroleum Corporation for approval of a
unit agreement, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Parallel Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Parallel requests that this matter be placed on the docket for the January 18, 2007 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Mr. Mike Gray

Holland & Hart ^{LLP}

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

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

CASE NO. 13863

2006 DEC 19 PM 1:27

APPLICATION

Parallel Petroleum Corporation ("Parallel"), through its undersigned attorneys, hereby makes application for an order approving its Hope State Exploratory Unit and in support of this application states:

1. The proposed Unit Area consists of 1840 acres, more or less, of State of New Mexico lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

Township 18 South, Range 21 East, N.M.P.M.

Section 10: S/2, S/2N/2, N/2NW/4
Section 15: All
Section 16: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Parallel Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in all formations are unitized.


4. The unit boundaries are consistent and substantially supported by the geological limits of the unitized formations.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and it will protect the correlative rights of all parties concerned.

WHEREFORE, Parallel requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 18, 2007, that notice be given as required by law and the rules of the Division, and that the Hope State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
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ATTORNEYS FOR PARALLEL PETROLEUM
CORP.

CASE NO. 13863:

Application of Parallel Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Hope State Exploratory Unit from the surface to the base of the Wolfcamp formation in an area comprising 1840 acres of State of New Mexico lands in Sections 10, 15 and 16 in Township 18 South, Range 21 East, NMPM, which is located approximately 4 miles Southwest of Hope, New Mexico.