

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

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

2007 JUN 7 AM 9 28

BEFORE: WILLIAM V. JONES, Jr., Hearing Examiner

May 24th, 2007

Santa Fe, New Mexico

These matters were dismissed or continued to future hearing dates by WILLIAM V. JONES, Jr., Hearing Examiner, New Mexico Oil Conservation Division, on Thursday, May 24th, 2007, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

WVJ 6/7/07

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I N D E X

May 24th, 2007
Continued and Dismissed Cases

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| REPORTER'S CERTIFICATE | 5 |

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1 WHEREUPON, the following proceedings were had at
2 8:18 a.m.:

3 EXAMINER JONES: Okay, let's go on the record
4 this morning. This is Docket Number 16-07, this is May
5 24th, 2007, Examiner Hearing. I'm William V. Jones. This
6 is David Brooks, he's going to be the attorney this
7 morning.

8 First, let's call the continuances and
9 dismissals.

10 On page 1, Case 13,920 continued to June 21st;
11 Case 13,921 continued to July the 12th.

12 On page 2, Case 13,908 continued to June the 7th;
13 Case 13,916 continued to June the 7th.

14 Page 3, Case 13,918 continued to June 21st; Case
15 13,919 continued to July 26th.

16 And on page 4, Case 13,899 continued to June 7th.

17 And on page 5, Case 13,900 continued to June
18 21st; Case 13,901 to June 21st; Case 13,902 to June 21st;
19 Case 13,903 to June 21st.

20 On page 6 --

21 MR. BROOKS: I think you're on page 8, aren't
22 you? Or are my pages numbered differently? It starts at
23 13,904 on page 8. I guess this was printed --

24 EXAMINER JONES: Yeah, I think I've got a
25 different printout here from everyone, which is kind of

1 unfortunate, but...

2 How about Case 13,904 continued to June 21st;
3 Case 13,905 continued to June 21st; Case 13,906 continued
4 to June 21st; Case 13,787 is dismissed; Case 13,912
5 continued to June 21st.

6 And on my next page, Case 13,853 continued to
7 June 21st; Case 13,856 continued to June 21st; Case 13,865
8 is continued to June 7th; Case 13,891 continued to June
9 7th.

10 Any other continuances or dismissals, or
11 corrections?

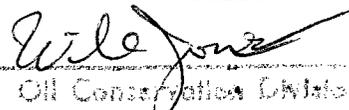
12 MR. KELLAHIN: Mr. Examiner, on page 4, second
13 case, 13,914, that's an application I filed for Parallel.
14 I've been advised by Parallel that all remaining parties
15 have elected to participate or lease, and so this case may
16 now be dismissed.

17 EXAMINER JONES: Okay, thank you. So Case 13,914
18 will be dismissed.

19 Any other corrections or additions?

20 (Thereupon, these proceedings were concluded at
21 8:22 a.m.)

22 I hereby certify that the foregoing is
23 a true and correct copy of the proceedings of
24 the court's hearing of Case No. _____
25 heard by me at _____


_____, Examiner
Oil Conservation Division

Airport, New Mexico.

CASE 13918: *Application of Holcomb Oil and Gas, Inc. for an unorthodox well location, San Juan County, New Mexico.* Applicant seeks an order authorizing the drilling and production of its Mangum Well No. 1Y (API No. 30-045-34266) at an unorthodox well location 1985 feet from the North line and 2470 feet from the West line of Section 27, Township 29 North Range 11 West, NMPM to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of this section for any production for any Basin-Fruitland Coal Gas Pool. This administrative case has been set for hearing upon the objection of XTO Energy Inc., an offsetting operator. This well is located approximately 3/4 of a mile southeast from Bloomfield, New Mexico.

CASE 13914: *(Continued from the May 10, 2007, Examiner Hearing.)*
Application of Parallel Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 5, Township 19 South, Range 23 East, NMPM, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Box O Chocolates 1923-5 State Com Well No. 1 (API # 30-015-34843) which will be located at an unorthodox surface location 760 feet from the South line and 300 feet from the West line (Unit M) and when the vertical wellbore penetrates the Wolfcamp formation, then drilled horizontally in an easterly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a bottomhole location 760 feet from the South line and 660 feet from the East line. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 9 miles south of Hope, New Mexico.

CASE 13919: *Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 29, Township 15 South, Range 25 East, NMPM, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its John Town 1525-29 Well No. 1 (API # 30-005-63880) which will be located at an unorthodox surface location 1880 feet FSL and 255 feet FEL (Unit I) and when the vertical wellbore penetrates the Wolfcamp formation then drilled horizontally in a westerly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a bottomhole location 1880 feet FSL and 660 feet FWL (Unit L). Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles southwest of Lake Arthur, New Mexico.

CASE 13873: *(Continued from the May 10, 2007, Examiner Hearing.)*
Amended Application of LCX Energy, LLC for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the E/2 of Section 10, Township 17 South, Range 24