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 CORPORATION FOR COMPULSORY POOLING, CHAVES COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

November 1st, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, Jr., Hearing Examiner, on Thursday, November 1st, 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.

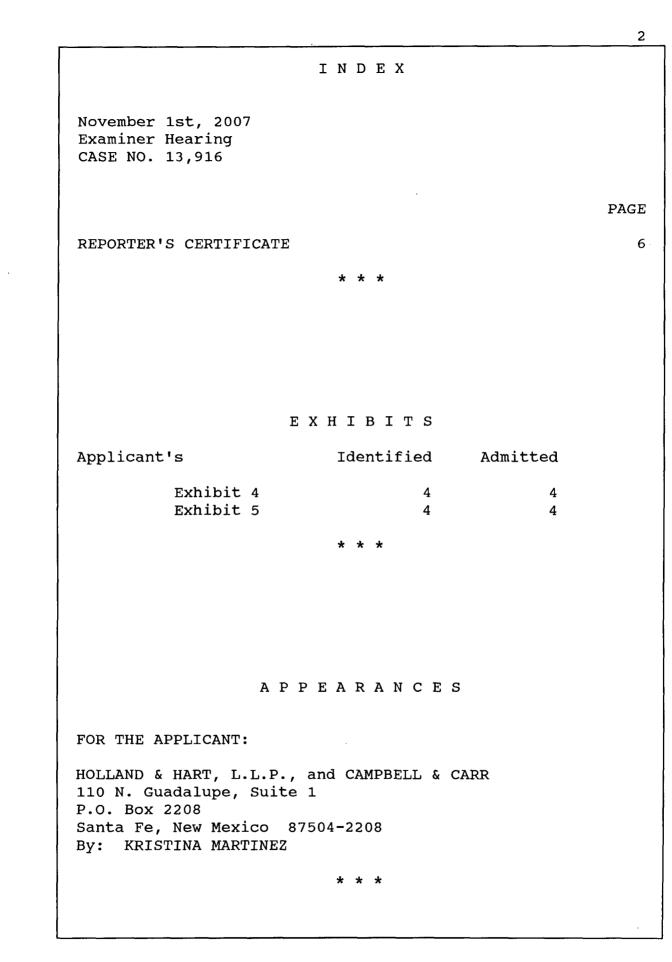
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STEVEN T. BRENNER, CCR (505) 989-9317 1

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WHEREUPON, the following proceedings were had at 1 2 9:24 a.m.: EXAMINER JONES: Okay, let's do one more case and 3 then have a break. Let's call Case 13,916, Application of 4 Parallel Petroleum Corporation for compulsory pooling, 5 Chaves County, New Mexico. 6 7 Call for appearances. MS. MARTINEZ: Mr. Examiner, Kristina Martinez 8 from Holland and Hart on behalf of Parallel Petroleum 9 Corporation. 10 EXAMINER JONES: Any other appearances? 11 Any witnesses? 12 MS. MARTINEZ: No witnesses, we'll be submitting 13 by affidavit. 14 Mr. Examiner, Parallel sought to reopen this case 15 to amend the order that was previously entered in this case 16 17 on July 6th, 2007. Order R-12,780 pooled all the mineral interest owners in Section 28, Township 15 South, Range 25 18 East. 19 After the order was entered it came to Parallel's 20 attention that it had inadvertently omitted several 21 22 interest owners from the original application, and so first 23 we filed an amended application -- or an application to reopen, and then we filed an amended application to reopen, 24 25 including everyone that we needed to include.

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EXAMINER JONES: Okay.

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MS. MARTINEZ: Exhibit 4 is the second affidavit 2 of Aaron Myers for Parallel Petroleum in this case. Pretty 3 much, it summarizes the efforts to find Allie Rugel, 4 5 Pauline Sowell, the heirs and devisees of C.E. Rugel, Daniel Rugel, Joe Rugel, John Rugel and Carrie Gross, and 6 these are the interest owners that were omitted from the 7 original application. 8

9 Exhibit 5 is the affidavit of publication for 10 today's hearing and the amended application to reopen.

11 We have no addresses for these interest owners, 12 and their whereabouts are unknown. Therefore, Parallel is just here today seeking amendment of the order to pool 13 14 these interest owners.

We ask that Exhibits 4 and 5 be admitted into 15 evidence, that they be included in the record of this case, 16 and that it be taken under advisement. 17

EXAMINER JONES: Okay, Exhibits 4 and 5 will be 18 admitted into evidence. 19

20 As far as the wording in the order, you just want the date extended, basically, right? 21

MS. MARTINEZ: Basically, yes. 23 EXAMINER JONES: Okay. Okay, I think that's all

24 we need on this one.

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MS. MARTINEZ: That's all I have.

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1	EXAMINER JONES: Okay, thank you.
2	Case 13,916 will be taken under advisement.
3	And let's take a 15-minute break.
4	(Thereupon, these proceedings were concluded at
5	9:27 a.m.)
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14	I do hereby ce hity that the foregoing is a complete record of the proceedings in examiner hearing of Case No.
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CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL November 2nd, 2007.

STEVEN T. BRENNER CCR No. 7

My commission expires: October 16th, 2010