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October 1, 2007

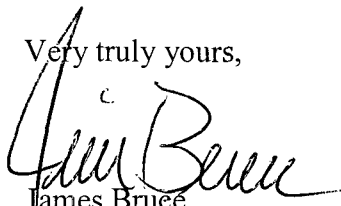
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13960

Dear Florene:

Enclosed for filing, on behalf of Parallel Petroleum Corporation, are an original and one copy of a reopened application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 1, 2007 Examiner hearing. Thank you.

Very truly yours,


James Bruce
Attorney for Parallel Petroleum Corporation

Parties Being Pooled

Chesapeake Energy Corporation
P.O. Box 18496
Oklahoma City, Oklahoma 73154

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2007 OCT 1 PM 3 03

**APPLICATION OF PARALLEL PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.**

Case No. 13,960 (reopened)

APPLICATION

Parallel Petroleum Corporation applies for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S½ of Section 9, Township 15 South, Range 25 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the S½ of Section 9, and has the right to drill a well thereon.
2. Applicant proposes to drill its War Emblem 1525-9 Fed. Com. Well No. 1H, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the S½ of Section 9 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Walnut Creek-Wolfcamp Gas Pool. The proposed well is a horizontal well, with a surface location 1880 feet from the south line and 190 feet from the east line of Section 8, Township 15 South, Range 25 East, N.M.P.M. The wellbore will enter the Wolfcamp formation at an orthodox location 1880 feet from the south line and 660 feet from the west line of Section 9, and have a terminus 1880 feet from the north line and 660 feet from the east line of Section 9.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 9 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 9 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 9 from the surface to the base of the Wolfcamp formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Parallel Petroleum Corporation

PROPOSED ADVERTISEMENT

Case No. 13960 (reopened): 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 S/2 of Section 9, Township 15 South, Range 25 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all formations developed on 320 acre spacing within that vertical extent, including the Undesignated Walnut Creek-Wolfcamp Gas Pool. The unit is to be dedicated to the proposed War Emblem 1525-9 Fed. Com. Well No. 1H, to be drilled at a surface location 1880 feet from the south line and 190 feet from the east line of Section 8, Township 15 South, Range 25 East, N.M.P.M., with a penetration point 1880 feet from the south line and 660 feet from the west line of Section 9 and a terminus 1880 feet from the north line and 660 feet from the east line of Section 9. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 5 miles northwest of Lake Arthur, New Mexico.

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