

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)

CASE NO. 13,864
(Reopened
and Amended)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

May 10th, 2007

Santa Fe, New Mexico

2007 MAY 24 AM 11 34

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, May 10th, 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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I N D E X

May 10th, 2007
 Examiner Hearing
 CASE NO. 13,864

PAGE

REPORTER'S CERTIFICATE

7

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	-
Exhibit 2	4	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
 Assistant General Counsel
 Energy, Minerals and Natural Resources Department
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
 117 N. Guadalupe
 P.O. Box 2265
 Santa Fe, New Mexico 87504-2265
 By: W. THOMAS KELLAHIN

* * *

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

1 WHEREUPON, the following proceedings were had at
2 8:49 a.m.:

3 EXAMINER CATANACH: At this time we'll call Case
4 13,864, which is the Application of Parallel Petroleum
5 Corporation for compulsory pooling, Chaves County, New
6 Mexico.

7 Call for appearances.

8 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
9 the Santa Fe law firm of Kellahin and Kellahin, appearing
10 this morning on behalf of the Applicant.

11 EXAMINER CATANACH: Any additional appearances?
12 Okay, Mr. Kellahin, you may proceed.

13 MR. KELLAHIN: Mr. Examiner, I have two exhibits
14 for you, for this morning's hearing. One is an affidavit
15 from the engineer and the landman, and the other is the
16 notice of this hearing.

17 You first heard this case back on February 15th,
18 and at the time of that hearing you took this under
19 advisement after we had readvertised it.

20 Before you had entered the order, the client
21 asked to move the surface location of this -- what I will
22 characterize as a horizontal well. The north half of the
23 section, 33, was the spacing unit, but they were accessing
24 the spacing unit in the adjoining Section 34.

25 They've moved that location as indicated on this

1 plat, and as a consequence we move to reopen the case. We
2 sent additional notice, and I now have his affidavit and
3 the new location. In addition, they've amended their AFE,
4 and they've reduced it by \$120,000.

5 If you will turn to the exhibits attached to the
6 affidavit, Mr. Examiner, I think it's the fourth page down,
7 this shows you the revised C-102, and you can see the
8 surface location in Unit Letter D is now within the spacing
9 unit, and they'll be within a standard producing window as
10 we discussed at the prior hearing with -- under the Rule,
11 it's a directional wellbore, but it's a subset using a
12 horizontal component to it.

13 So that is the tract involved as the north half
14 of the section, and all the parties to be pooled have been
15 renotified again.

16 And then following that is the affidavit -- in
17 the affidavit is the revised AFE, and it shows \$2,481,000,
18 which is \$120,000 less than the prior AFE.

19 Exhibit Number 2 is the affidavit of
20 renotification that included the motion to reopen, the
21 notice letter to appear this morning, as well as the list
22 and the return receipt cards for all the parties yet to be
23 pooled. I'm aware of no objection filed with me.

24 Since the last hearing, Spiral Energy -- Spiral,
25 Inc., I think, has agreed to participate. So if you turn

1 down to the notice list, you'll see some checkmarks.

2 EXAMINER CATANACH: Uh-huh.

3 MR. KELLAHIN: On the notice list where it says
4 "leased", those are two people that have added leases.
5 There's an X through LRNN [sic]. That's a mistake. That
6 party is still to be pooled. You see it on the far left,
7 you can see it's four letters, N.R.L.L.

8 EXAMINER CATANACH: Okay.

9 MR. KELLAHIN: That one is still on the list.
10 When you look down and see Spiral, they're
11 participating.

12 And with that explanation, Mr. Examiner, we move
13 the introduction of Exhibits 1 and 2 and ask that you again
14 take this case under advisement.

15 (Off the record)

16 EXAMINER CATANACH: Mr. Kellahin, we were just
17 noticing there's a one-foot difference in the footage on
18 the well. Your C-102 --

19 MR. KELLAHIN: -- under your standards, that's *de*
20 *minimis*.

21 (Laughter)

22 MR. KELLAHIN: And you're about to retire, are
23 you not?

24 (Laughter)

25 EXAMINER CATANACH: I really don't care, you

1 know, I just --

2 MR. KELLAHIN: Nor do I, Mr. Examiner.

3 EXAMINER CATANACH: -- I want to make sure it's
4 legally --

5 MR. BROOKS: Well, we all know that *de minimis*
6 *non curat lex.*

7 EXAMINER CATANACH: Well, should I use 234 or
8 235?

9 MR. KELLAHIN: I think we ought to use the number
10 on the C-102. That's probably the one that's closest to
11 being right.

12 EXAMINER CATANACH: We'll do that.

13 Okay, is there anything further?

14 MR. KELLAHIN: I can't think of no other reason
15 to annoy you this morning.

16 EXAMINER CATANACH: There being nothing
17 further --

18 MR. KELLAHIN: Am I excused?

19 EXAMINER CATANACH: -- Case 13,864 will be taken
20 under advisement.

21 (Thereupon, these proceedings were concluded at
22 8:55 a.m.)

23 I do hereby certify that the foregoing is
24 * a complete record of the proceedings in
the Examiner hearing of Case No. 13864
25 heard by me on 11/14/10 2009.
David L. Catnach, Examiner
Oil Conservation Division

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

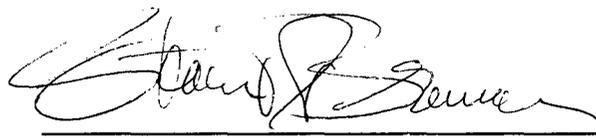
CERTIFICATE OF REPORTER

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 May 11th, 2007.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010