

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 HEARING:

APPLICATION OF PARALLEL PETROLEUM
CORPORATION FOR THE ADOPTION OF
SPECIAL RULES AND REGULATIONS FOR
THE WALNUT CREEK-WOLFCAMP GAS POOL,
CHAVES COUNTY, NEW MEXICO

CASE 13986

PRE-HEARING STATEMENT

Parallel Petroleum Corporation. submits this pre-hearing statement as
required by the New Mexico Oil Conservation Division.

WVT 9/15/67

APPEARANCES OF THE PARTIES

APPLICANT

Parallel Petroleum Corp.
P.O. Box 10587
Midland, TX 79702
Attn: Mike Gray
432-349-7033

ATTORNEY

Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico 87501
505-982-4285

OPPONENT

None

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

Parallel Petroleum Corporation ("Parallel") seeks the adoption of special rules and regulations for the Walnut Creek-Wolfcamp Gas Pool, (pool code #97631) a recently created pool for Wolfcamp formation gas production, to authorized the drilling and simultaneously dedication a standard gas spacing and proration unit in the Wolfcamp formation for two horizontal wellbores including an exemption to the well density requirements of Rule 104.D, Chaves County, New Mexico.

The Division has created the Walnut Creek-Wolfcamp Gas Pool that currently includes the following described acreage in Chaves County, NM: S/2 Section 16, T15S, R25E.

Parallel is the only operator currently drilling and producing wells in this pool including the Swale 1525-16 State Well No. 1 (API #3000563886) that has been drilled and completed as a horizontal well in the Unit L of Section 16, T15S, R25E. This is the discovery well for the pool and is dedicated to a 320-acre gas spacing unit consisting of the S/2 of this section.

Applicant intends to drill a second horizontal wellbores in a standard 320-acre spacing and proration unit comprised of the S/2 of Section 16, Township 15 South, Range 25 East, Chaves County, New Mexico in the Wolfcamp formation and has obtained approval of its APD to drill second horizontal well to be located in the S/2S/2 of Section 16, T15S, R25E being the Swale 1525-16 Well No. 2 (API #3000563924).

Parallel will demonstrate that because of the low permeability of the Wolfcamp formation in this area:

(a) the actual area being depleted by the first horizontal well is generally limited to the north half of this spacing unit, being the N/2S/2 of Section 16, that will not be effectively recovered by the gas in the S/2S/2 of Section 16 and will not adversely affecting the correlative rights of the offsetting interest owners.

(b) A second horizontal well is needed by the south half of this spacing unit, being the S/2S/2 of Section 16, in order to provide a opportunity to recovery gas that might otherwise not be recovered under the S/2 of Section 16 and in doing so will not adversely affect the correlative rights

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EST. EXHIBITS

Mike Gray	landman	15 min	about 4
Mike Moylett	geologist	20 min	about 5
Deane Durham	petroleum engineer	40- 45 min	about 12

PROCEDURAL MATTERS

None

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