

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

DEC 8 PM 2 55

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

CASE NO. 13600

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

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mr. Mike Gray
Parallel Petroleum Corporation
1004 N. Big Spring Street, #400
Midland, Texas 79702
(432) 684-3727

ATTORNEY

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LWJ 12/12/05

STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the E/2 of Section 27, Township 14 South, Range 26 East, NMPM, Chaves County, New Mexico, in order to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this

vertical extent; and the NE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent. This spacing and proration unit is to be dedicated to the Bold Venture Well No. 1 to be drilled as a horizontal test well from a surface location 400 feet from the North line and 1880 feet from the East line, penetrating the Wolfcamp objective 700 feet from the North line and 1880 feet from the East line and terminating in the Wolfcamp formation 660 feet from the South line and 1880 feet from the East line. Also to be considered will the cost of drilling and completion of said well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles south of Hagerman, New Mexico.

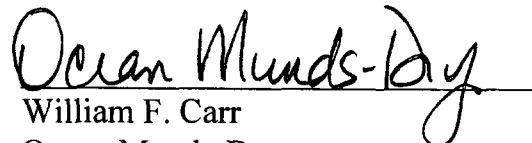
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Mike Gray (Landman)	Approx. 20 min.	Approx. 8

PROCEDURAL MATTERS

Parallel Petroleum Corporation is not aware of any procedural matters at this time.


William F. Carr
Ocean Munds-Dry
Attorneys for Parallel Petroleum
Corporation

CASE 13600: *Continued from December 15, 2005, Examiner Hearing*

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 in the E/2 of Section 27, Township 14 South, Range 26 East, in order to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent; and the NE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent. This spacing and proration unit is to be dedicated to the Bold Venture Well No. 1 to be drilled as a horizontal test well from a surface location 400 feet from the North line and 1880 feet from the East line, penetrating the Wolfcamp objective 700 feet from the North line and 1880 feet from the East line and terminating in the Wolfcamp formation 660 feet from the South line and 1880 feet from the East line. Also to be considered will be the cost of drilling and completion of said well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles south of Hagerman, New Mexico.

CASE 13531: *Continued from December 1, 2005, Examiner Hearing*

Application of Yates Petroleum Corporation for an Order (1) directing Pride Energy Company to reimburse Yates for the well costs incurred by Yates in its attempt to re-enter the State "X" Well No. 1 (API No. 30-025-01838) located in Section 12, Township 12 South, Range 34 East, NMPM, prior to the time Pride Energy Company assumed operations of the well, (2) directing Pride Energy Company to account for and pay all sums it is now improperly holding pursuant to expired orders of the Division and Commission, and (3) requiring Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico. Applicant seeks (1) an order directing Pride Energy Company ("Pride") to reimburse Yates for the costs Yates incurred in its re-entry operations on the State "X" Well No. 1 (API No. 30-025-01838) located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12, Township 12 South, Range 34 East, prior to the time Pride assumed operations of the well, (2) an order directing Pride to account to and refund to Yates all of the portion of the estimated share of well costs for the State "X" Well now improperly held by Pride pursuant to expired orders of the Division and Commission, and (3) an order directing Pride to plug and abandon the State "X" Well. Said well and spacing unit are located approximately 12 miles west northwest of Tatum, New Mexico.

CASE 13578: *Continued from November 17, 2005, Examiner Hearing*

Application of Lynx Petroleum Consultants, Inc. for compulsory pooling, Lea County, New Mexico. Lynx Petroleum Consultants, Inc. seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the NE/4 NE/4 of Section 8, Township 18 South, Range 32 East, to form a standard 40 acre oil spacing proration unit for formations and/or pools developed on 40 acre spacing within the vertical extent. Applicant Lynx Petroleum Consultants, Inc. proposes to re-enter the plugged and abandoned Amoco Production Company Federal 'DM' No. 1 located on the identified property. Applicant proposes to re-enter the referenced well located 760 feet from the North line and 960 feet from the East line to a depth sufficient to test the Wolfcamp and Bone Springs formations. Also to be considered will be cost of re-entering and completing the well and the allocation of the cost among the well's working interest owners, as well as actual operating costs and charges for supervision, together with a provision adjusting the rates pursuant to COPAS accounting procedure, designation of Lynx Petroleum Consultants, Inc. as operator of the well and a 200% charge for the risk involved in re-entering and completing the well.

CASE 13563: *Continued from October 20, 2005, Examiner Hearing.*

Application of the New Mexico Oil Conservation Division for an Order Requiring CKG Energy, Inc. and/or Cedar Gas Company to Properly Plug 8 Well(s) and to Close Pits, Quay County, New Mexico. The applicant seeks an order requiring CKG Energy, Inc., the operator of eight inactive well(s) in Quay County, New Mexico, to properly plug and abandon the same, and to properly close abandoned pits located at the sites of said wells, and providing for such other relief as the Director deems appropriate.

CASE 13523: *Continued from November 17, 2005 Examiner Hearing*

Application of the New Mexico Oil Conservation Division for an Order Requiring Spence Energy Company to Properly Plug One Well, Authorizing the Division to Plug Said Well(s) in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Lea County, New Mexico. The Applicant seeks an order requiring Spence Energy Company, the operator of one inactive well(s) in Lea County, New Mexico, to properly plug and abandon the same, authorizing the Division to plug said well or wells if the operator fails to do so, forfeiting Operator's plugging security. The affected wells are the following: