

**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT**

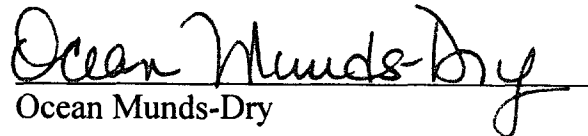
**IN THE MATTER OF THE APPLICATION OF
PARALLEL PETROLEUM CORPORATION FOR
COMPULSORY POOLING, CHAVES COUNTY,
NEW MEXICO.**

CASE NO. 13600

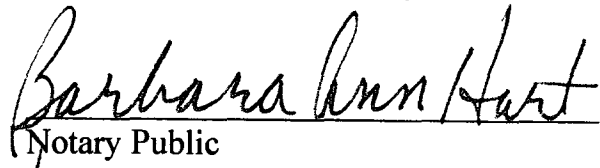
AFFIDAVIT

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

Ocean Munds-Dry, attorney in fact and authorized representative of Parallel Petroleum Corporation., the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the addresses shown on Exhibit "A" attached hereto, and that true and correct copies of the notice letter and proof of receipt are attached hereto.


Ocean Munds-Dry

SUBSCRIBED AND SWORN to before this 9th day of December 2005 by Ocean Munds-Dry.


Notary Public

My Commission Expires: 3/28/08

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 13600 Exhibit No. 7
Submitted by:
PARALLEL PETROLEUM CORPORATION
Hearing Date: January 5, 2005

EXHIBIT A

**IN THE MATTER OF THE APPLICATION
OF PARALLEL PETROLEUM CORP. FOR COMPULSORY
POOLING, CHAVES COUNTY, NEW MEXICO.
(Bold Venture Well No. 1)**

Devon Energy Production Company, L.P.
20 North Broadway
Suite 1500
Oklahoma City, OK 73102-8260

Sally A. Ellis
771 Crescent Drive
Boulder, CO 80306

Panhandle Royalty Company
5400 NW Grand Blvd. Suite 210
Oklahoma City, OK 73112

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only - No Insurance Coverage Provided)

OFFICIAL MAIL

Postage	\$.83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

Sent To
 Devon Energy Production Company, L.P.
 20 North Broadway
 Suite 1500
 Oklahoma City, OK 73102-8260

PS Form 3800

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only - No Insurance Coverage Provided)

OFFICIAL MAIL

Postage	\$.83
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

Sent To
 Sally A. Ellis
 771 Crescent Drive
 Boulder, CO 80306

PS Form 3800

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon Energy Production Company, L.P.
 20 North Broadway
 Suite 1500
 Oklahoma City, OK 73102-8260

2. Article Number (Copy) 7001 1140 0002 9558 2627

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) LUKE SAUIS B. Date of Delivery NOV 11 2005

C. Signature [Signature] ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Registered ☒ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sally A. Ellis
 771 Crescent Drive
 Boulder, CO 80306

2. Article Number (Copy from) 7001 1140 0002 9558 2634

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Sally A. Ellis B. Date of Delivery 11/10/05

C. Signature [Signature] ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Registered ☒ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only, No Insurance Coverage Provided)

0 4 4 2 1 1 2 9 5 2

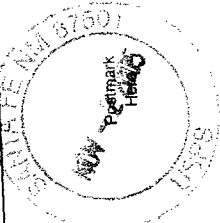
3MD
 Parallel Postage
 \$.83

BoH Certified Fee
 \$ 2.30

Return Receipt Fee
 (Endorsement Required)
 \$ 1.75

Restricted Delivery Fee
 (Endorsement Required)
 \$

Total Postage & Fees
 \$ 4.88



Sent To
 Panhandle Royalty Company
 5400 NW Grand Blvd. Suite 210
 Oklahoma City, OK 73112

Street, Apt. N
 or PO Box N
 City, State, Zi

PS Form 3811

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Panhandle Royalty Company
 5400 NW Grand Blvd. Suite 210
 Oklahoma City, OK 73112

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature *X W. Zeller* ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

2. Article Number (Copy from ser 7001 1140 0002 9558 2641)

PS Form 3811, July 1998

Domestic Return Receipt

102595-00-M-0952

7002 1140 0002 9558 2641

HOLLAND & HART LLP



Ocean Munds-Dry
Associate
omundsdry@hollandhart.com

October 31, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED INTEREST OWNERS

Re: Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Parallel Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in certain spacing and proration units in the E/2 of Section 27, Township 14 South, Range 26 East, N.M.P.M., Chaves County, New Mexico. Said pooled units are to be dedicated to Parallel's 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. The well will be at a standard location in all formations.

This application has been set for hearing before a Division Examiner on December 1, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5:00 pm MST, on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

ATTORNEY FOR PARALLEL PETROLEUM
CORP.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address, P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

in the Wolfcamp formation 660 feet from the South line and 1880 feet from the East line.

3. Parallel has attempted but has been unable to reach agreement with certain interest owners in the E/2 of Section 27 identified on Exhibit A to this application.

4. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Parallel the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests should be pooled, and Parallel should be designated operator of the proposed well.

WHEREFORE, Parallel requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2005, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all uncommitted mineral interests in the subject spacing and proration unit;
- B. designating Parallel as operator of the unit and the proposed well;
- C. authorizing Parallel to recover its costs of drilling, equipping and completing this well;
- D. approving the actual operating charges and costs of supervision while drilling and after completion of this well, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in this project.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
William F. Carr
Ocean Munds-Dry
P.O. Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

ATTORNEYS FOR PARALLEL
PETROLEUM CORP.

CASE ____: **In The Matter Of The Application Of Parallel Petroleum Corporation For Compulsory Pooling, Chaves County, New Mexico.** 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.

AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Fran Saunders,
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico, do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time

beginning with the issue dated

November 6th 2005

and ending with the issue dated

November 6th 2005

Fran Saunders
Clerk

Sworn and subscribed to before me

this 11th Day of November 2005

Marylou S. Skipper
Notary Public

My Commission expires
July 25, 2006

(SEAL)

Publish November 6, 2005

NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on December 1, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by November 28, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13600:

In The Matter Of The Application Of Parallel Petroleum Corporation For Compulsory Pooling, Chaves County, New Mexico. 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.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 2nd day of November 2005

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director