

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION 2006 AUG 10 PM 2 38

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

CASE NO. 13759

**APPLICATION OF PARALLEL PETROLEUM
CORPORATION FOR COMPULSORY POOLING
AND UNORTHODOX WELL LOCATION,
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

Parallel Petroleum Corp.
Attn: Michael Gray
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(432) 349-7033

ATTORNEY

Ocean Munds-Dry, Esq.
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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 ~~Morrow~~ ^{W-C} formation in the following described spacing and proration units located in the W/2 of Section 22, Township 14 South, Range 26 East, N.M.P.M., Chaves County, New Mexico: the W/2 for all formations and/or pools developed

Said unit is to be dedicated to its Bernardini 1426-22 M Well No. 1 to be drilled at an unorthodox surface location 399 feet from the North line and 744 feet from the West line of Section 27 (set Kickoff point at 4177' and drill and advance hole to a Wolfcamp penetration point at approximately 662' FSL and 744' FWL of the Section 22 and continue drilling to BHL [9799' MD and 5235' TVD]) and a bottomhole location of 660 feet from the North line and 744 feet from the West line of Section 22, Township 14 South, Range 26 East to an approximate depth of 9,799 feet to test any and all formations from the surface to the base of the Wolfcamp. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 2 miles south of the Hagerman, New Mexico.

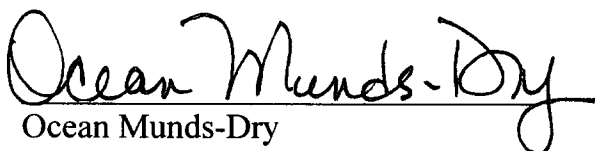
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Michael Gray	Approx. 30 min.	Approx. 8

PROCEDURAL MATTERS

Parallel Petroleum Corporation has none at this time.


Ocean Munds-Dry
Attorney for Parallel Petroleum Corporation