

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

2007 JUN 1 PM 2 26

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

CASE NO. 13932

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

ENTRY OF APPEARANCE

COMES NOW HOLLAND & HART, LLP and hereby enters its appearance in the
above referenced case on behalf of EOG Resources, Inc.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-dry
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

CERTIFICATE OF SERVICE

I certify that on June 1, 2007, I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

Tom Kellahin, Esq.
117 North Guadalupe
Post Office Box 2265
Santa Fe, NM 87504-2265
(505) 982-2047 facsimile


Ocean Munds-Dry

designation of applicant as operator of the well, a 200% charge for the risk involved in drilling and completing the well, and a provision for additional operations on the well unit pursuant to NMAC 19.15.1.36. The unit is located approximately 10-1/2 miles southwest of Seven Rivers, New Mexico.

CASE 13930: **Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico:** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 20, Township 23 South, Range 28 East, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the North Loving-Strawn Gas Pool, North Loving-Atoka Gas Pool, and North Loving-Morrow Gas Pool; and the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the Chronos Fee Well No. 1, to be drilled at an orthodox location in the NW/4 of Section 20. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 1 mile west of Loving, New Mexico.

CASE 13931: **Application of Bold Energy, LP for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco formation underlying the W/2 of Section 8, Township 19 South, Range 29 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent. The unit will be dedicated to the OXY Checker State Well No. 2, to be drilled at an orthodox location in the SW/4 NW/4 of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well unit is located approximately 12 miles southwest of Loco Hills, New Mexico.

CASE 13924: **(Continued from the May 24, 2007 Examiner Hearing)**
Application of Edge Petroleum Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the SW/4 NW/4 of Section 25, Township 16 South, Range 36 East, NMPM, to form a 40-acre oil spacing and proration unit for all formations and/or pools developed on 40-acre spacing within that vertical extent. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Edge Petroleum Operating Company, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles southwest of Lovington, New Mexico.

CASE 13913: **(Continued from the May 10, 2007 Examiner Hearing)**
Application of OGX Production Ltd. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 21, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Malaga-Morrow Gas Pool. This unit is to be dedicated to Occidental Permian Limited Partnership's New Zipper Federal Com Well No. 1 (API No 30-015-33531) which has been drilled at a standard well location in Unit P of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Occidental Permian Limited Partnership as the operator of the well and, pursuant to Commission Order No. R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 2 miles Southwest of Malaga, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13932: **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 underlying the following described acreage in Section 34, Township 15 South, Range 25 East, NMPM, in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its

Codex 1525-34 Well No. 1 (API # 30-005-63853) which will be located at an unorthodox surface location 1750 feet from the North line and 203 feet from the East line (Unit H) and when the vertical wellbore penetrates the Wolfcamp formation then drilled horizontally in a westerly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a bottomhole location 1880 feet from the North line and 660 feet from the West line (Unit E). Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles southwest of Lake Arthur, New Mexico.

CASE 13933: **Application of Burlington Resources Oil & Gas Company LP for approval of a Pilot Sequestration Injection Well Project, San Juan County, New Mexico.** Applicant, pursuant to Division Rule 701, seeks an order approving a pilot sequestration injection well project within a project area consisting of all of Section 32, Township 31 North, Range 8 West, including the drilling of a CO2 injection well at an unorthodox location 2500 feet from the North line and 2665 feet from the West line (Unit F) of Section 32 for injection within an interval from 3123 feet to 3148 feet into the Fruitland formation of the Basin-Fruitland Coal Gas Pool, for the purpose of testing the feasibility of disposal of carbon dioxide as an alternative to the current practice of venting carbon dioxide to the atmosphere and to test the feasibility of enhancing methane production from offset wells. This project is located approximately 6 miles northwest of the spillway of the Navajo Dam, New Mexico.

CASE 13934: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico for the production of oil from the Delaware formation and designated as the Hay Hollow-Delaware Pool (**Pool Code 97596**). The discovery well is the BTA Oil Producers Owl 20504 JV-P Well No. 1 (**API No. 30-015-34749**) located in Unit K of Section 18, Township 26 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM
Section 18: SW/4

(b) CREATE a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation and designated as the Salt Draw-Upper Pennsylvanian Gas Pool (**Pool Code 97594**). The discovery well is the OGX Resources, LLC EKG Fee Well No. 1 (**API No. 30-015-33907**) located in Unit E of Section 29, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 29: N/2

(c) CREATE a new pool in Eddy County, New Mexico for the production of gas from the Wolfcamp formation and designated as the South White City-Wolfcamp Gas Pool (**Pool Code 97592**). The discovery well is the Samson Resources Company Pine Springs 2 State Well No. 1 (**API No. 30-015-33562**) located in Unit E of Section 2, Township 26 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM
Section 2: N/2

(d) EXTEND the Artesia-Queen-Grayburg-San Andres Pool (**Pool Code 3230**) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 2: E/2

(e) EXTEND the Avalon-Upper Pennsylvanian Gas Pool (**Pool Code 71000**) in Eddy County, New Mexico to