

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 CONSIDERING:)
APPLICATION OF PARALLEL PETROLEUM)
CORPORATION FOR COMPULSORY POOLING,)
CHAVES COUNTY, NEW MEXICO)

CASE NO. 13,948

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Technical Examiner
DAVID K. BROOKS, Jr., Legal Examiner

July 12th, date, 2007

Santa Fe, New Mexico

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This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Technical Examiner, DAVID K. BROOKS, Jr., Legal Examiner, on Thursday, July 12th, 2007, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

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Examiner Hearing
CASE NO. 13,948

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E X H I B I T S

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A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: OCEAN MUNDS-DRY

* * *

1 WHEREUPON, the following proceedings were had at
2 9:06 a.m.:

3
4 EXAMINER EZEANYIM: At this point call Case
5 Number 13,948. This is the Application of Parallel
6 Petroleum Corporation for compulsory pooling, Chaves
7 County, New Mexico.

8 Call for appearances.

9 MS. MUNDS-DRY: Good morning, Mr. Examiner.
10 Ocean Munds-Dry with the law firm Holland and Hart, here
11 representing Parallel Petroleum Corporation this morning.

12 EXAMINER EZEANYIM: Any other appearances?

13 Okay. You may proceed.

14 MS. MUNDS-DRY: Thank you, Mr. Examiner. This
15 case is also being presented to you today by affidavit.
16 Parallel seeks an order pooling the mineral interest owners
17 in Section 20, Township 15 South, Range 25 East, in Chaves
18 County.

19 Again, all these mineral owners in the proposed
20 unit area have voluntarily agreed. Parallel has been
21 unable to locate certain interest owners, or these interest
22 owners in this specific case have perhaps been found but
23 they're not entirely sure because they have failed to
24 respond to all of their inquiries, as I'll explain in a
25 little bit.

1 Exhibit 1 is the affidavit of Aaron Myers who's
2 the landman discussing the project. And if you look again
3 at the bottom of page 1 and at the top of page 2, they have
4 located Mark Baird; William J. Baird, III; and Jennie
5 Cathcart. And as I'll show you an exhibit in a little
6 while, they found these interest owners in the county
7 records of Chaves County and found last known addresses for
8 these parties. And Parallel sent them well proposal
9 letters and made several other contacts regarding this
10 proposed well, and there has been no response from any of
11 these parties.

12 Attachment A is a plat of the subject lands
13 showing the proposed spacing unit and well location in the
14 south half of Section 20. Parallel proposes to dedicate
15 its Bubbling Over 1525-20 Well Number 1 to the proposed
16 spacing unit. The proposed surface location is 1880 from
17 the south line and 190 from the west line of Section 21, to
18 a bottomhole location of 1880 from the south line and 660
19 feet from the west line of Section 20, and they also
20 propose an approximate depth of 5500 feet, again to the
21 Wolfcamp.

22 Attachment B to the affidavit lists the
23 percentage of working interests in the proposed spacing
24 unit. Mr. Myers does sort of two tables for you. The
25 first shows the unleased mineral owners, the ones we are

1 seeking to pool today, and each of their interest
2 percentages in the unit, and then gives you the more
3 extensive table that shows all the interest owners, whether
4 committed or not. So it gives you the 100-percent showing
5 of who's in that spacing unit in red and blue.

6 Attachment C is a copy of the well proposal
7 letters that went to each of the interest owners. You will
8 -- you might note that he has -- in addition to including
9 the letter, has included the green cards that he received
10 back from each of the interest owners.

11 The signatures are frankly hard to read, Mr.
12 Examiner, and I can't tell if it's -- and Mr. Myers and I
13 talked about this. I can't tell if it's actually these
14 interest owners that signed it or somebody that has their
15 P.O. box now, or it's -- it's hard to tell with some of
16 these signatures. But Attachment C shows you each of those
17 letters.

18 They were also sent -- and you can see this on
19 Attachment D -- a copy of the AFE for the well that shows
20 both the dryhole and the completion costs.

21 And then finally Attachment E is a copy of my
22 notice affidavit, indicating notice was given pursuant to
23 Division Rules. We also included an affidavit of
24 publication for these interest owners.

25 And because we had last known addresses we sent

1 them a letter to those addresses, and I have also included
2 a copy of the green cards. We received one back -- one was
3 returned as unknown, and the other we still have not
4 received any indication of whether it was received or not.

5 Parallel therefore seeks an order pooling the
6 interest of the above-referenced individuals. Parallel
7 proposes overhead charges of \$4500 per month while drilling
8 and \$450 per month while producing. Parallel requests that
9 it be designated the operator of the well in the spacing
10 unit.

11 As Mr. Myers testified to in this affidavit,
12 approval of this Application will avoid the drilling of
13 unnecessary wells, prevent waste, protect correlative
14 rights, and allow Parallel and the other interest owners in
15 the south half of Section 20 an opportunity to obtain their
16 just and fair share underlying the subject lands.

17 And with that, Mr. Examiner, I'd ask that Exhibit
18 1 and its attachments be admitted into evidence.

19 EXAMINER EZEANYIM: Exhibits 1 and all the
20 attachments are admitted.

21 Do you have anything?

22 EXAMINER BROOKS: No questions.

23 EXAMINER EZEANYIM: On this plat I can't find
24 where the entry point is located.

25 MS. MUNDS-DRY: The entry point -- actually, I

1 don't have a C-102 -- Let me see if I have one, I can tell
2 you that.

3 EXAMINER EZEANYIM: I'm looking at Attachment A.
4 I'm trying to see if -- is that -- I mean, they are --

5 MS. MUNDS-DRY: Let me see if I can find the
6 entry point on here. Surface location --

7 EXAMINER EZEANYIM: Could you have --

8 MS. MUNDS-DRY: I have the C-102 here, Mr.
9 Examiner, that I can give you a copy of that's --

10 EXAMINER EZEANYIM: Yeah, I don't have -- I need
11 a C-102 to see where it's projected -- if I can get --

12 MS. MUNDS-DRY: I believe it shows 660 from the
13 east line and 715 from the north line.

14 EXAMINER EZEANYIM: On the plat?

15 MS. MUNDS-DRY: On the plat. I'll just give you
16 that copy there.

17 EXAMINER EZEANYIM: Yeah, that's what I wanted to
18 see. Okay. I would like to make this a part of the
19 record, because I need this information.

20 MS. MUNDS-DRY: Mr. Examiner, if you'd like to
21 make that an exhibit, we can make that Exhibit 2.

22 EXAMINER EZEANYIM: Okay. Just for the record,
23 this is Exhibit 2, very important.

24 Anything further?

25 MS. MUNDS-DRY: Nothing further, Mr. Examiner.

1 We'd ask that this case be taken under advisement.

2 EXAMINER EZEANYIM: At this point Case Number
3 13,948 will be taken under advisement.

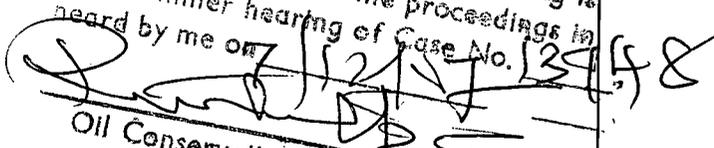
4 MS. MUNDS-DRY: Thank you, Mr. Examiner.

5 EXAMINER EZEANYIM: At this point let's take a
6 10-minute recess.

7 EXAMINER BROOKS: Ten minutes, fine.

8 (Thereupon, these proceedings were concluded at
9 9:14 a.m.)

10 * * *

11
12
13 I do hereby certify that the foregoing is
14 a complete record of the proceedings in
15 the Examiner hearing of Case No. 13948
16 heard by me on 7/12/17
17 
18 Oil Conservation Division, Examiner

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CERTIFICATE OF REPORTER

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

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL July 13th, 2007.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2010