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Attorney at Law

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July 9, 2007

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13963

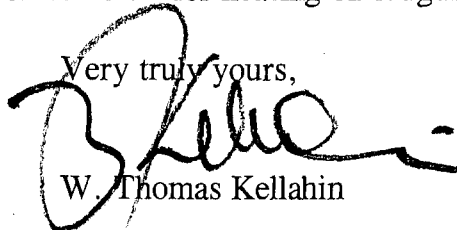
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2007 JUL 9 PM 12:31

Re: Funny Cide 1525-8 Federal Com Well No. 1
(API #30-005-63949)
S/2 Section 8, T15S R25E
Application of Parallel Petroleum Corporation
for Compulsory Pooling
Chaves County, New Mexico

Dear Mr. Fesmire:

On behalf of Parallel Petroleum Corporation, enclosed for filing is our referenced application to be set for hearing on August 9, 2007.

Very truly yours,



W. Thomas Kellahin

CC: Parallel Petroleum Corporation
Attn: Michael M. Gray

CASE 13963: 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 8, T15S, R25E, NMPM, in the following manner: the S/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 Funny Cide 1525-8 Federal Com Well No. 1 (API # 30-005-63949) which will be located at an unorthodox surface location 1880 feet FSL and 208 feet FEL (Unit I) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location not less than 1180 feet FSL and 660 feet FEL (Unit I) 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 standard bottom hole location 1880 feet FSL and 660 feet FWL (Unit L). 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 6 miles northwest of Lake Arthur, New Mexico.

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

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

CASE NO. 13963

APPLICATION

Comes now PARALLEL PETROLEUM CORPORATION ("Parallel") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) NMSA (1978), applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 8, T15S, R25E, NMPM, in the following manner: the S/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 Funny Cide 1525-8 Federal Com Well No. 1 (API # 30-005-63949) which will be located at an unorthodox surface location 1880 feet FSL and 208 feet FEL (Unit I) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location not less than 1180 feet FSL and 660 feet FEL (Unit I) 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 standard bottom hole location 1880 feet FSL and 660 feet FWL (Unit L). 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.

In support of its application, Parallel Petroleum Corporation ("Parallel") states:

1. Parallel has the right to drill and develop the oil and gas minerals from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 8, T15S, R25E, NMPM, Chaves County, New Mexico.

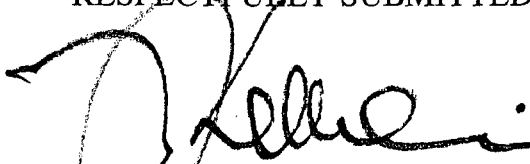
2. Parallel has proposed that the S/2 of this section be dedicated as a standard 320-acre gas spacing unit for production from the Wolfcamp formation to be obtained from its proposed Funny Cide 1525-8 Federal Com Well No. 1 to be located drilled as a horizontal wellbore as shown on Exhibit "A" Attached.
3. Parallel has not been able to obtain a written voluntary agreement from all the party listed on Exhibit "B."
4. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
5. Pursuant to Commission Order R-11992, effective August 15, 2003, Parallel requests that a 200 % risk charge be applied.
6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled and whose current addresses are known as listed on Exhibit "B" of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for August 9, 2007.

WHEREFORE, Parallel, as applicant, requests that this application be set for hearing on August 9, 2007 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of this well location upon terms and conditions which include:

- (1) Parallel Petroleum Corporation be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor charge of 200 %;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the printed name.

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DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
Case - 4 Copies
Case - 3 Copies



DED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 97489	Pool Name WILDCAT; WOLFCAMP
Property Code	Property Name FUNNY CIDE 1525-8 FED COM	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3524'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	8	15 S	25 E		1880	SOUTH	208	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	8	15 S	25 E		1880	SOUTH	660	WEST	CHAVES

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

NOTE: 1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.			
<u>Bottom Hole Location</u> <u>Plane Coordinate</u> X = 457,769.8 Y = 737,595.9 <u>Geodetic Coordinate</u> Lat. 33°01'39.50" N Long. 104°28'16.04" W (NAD '27)		<u>Penetration Point</u> <u>Plane Coordinate</u> X = 461,736.8 Y = 737,594.7 <u>Geodetic Coordinate</u> Lat. 33°01'39.54" N Long. 104°27'29.44" W (NAD '27)	<u>Surface Location</u> <u>Plane Coordinate</u> X = 462,188.7 Y = 737,594.6 <u>Geodetic Coordinate</u> Lat. 33°01'39.54" N Long. 104°27'24.13" W (NAD '27)
OPERATOR CERTIFICATION I hereby certify the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Dean Blum</i> Date: 3-19-07 Printed Name: <i>Dean Blum</i>			
SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. Date of Survey: January 30, 2007 Signature & Seal of Professional Surveyor: <i>[Signature]</i> W.O. Num: 2007-0075 Certificate No. MACON, McDONALD 12185			

The Heirs of Delia Hill

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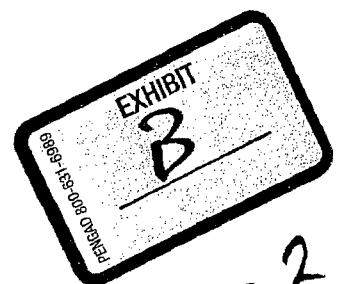
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