

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

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**SANTA FE, NEW MEXICO 87501**

**TELEPHONE 505-982-4285**  
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**TKELLAHIN@COMCAST.NET**

August 20, 2007

**HAND DELIVERED**

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

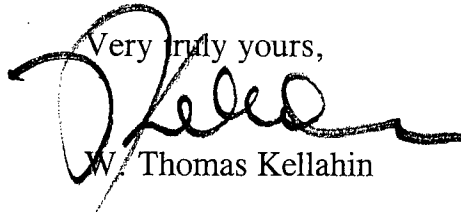
**Re: Native Dancer 1525-28 Well No. 1**  
**(API #30-005-63916)**  
**N/2 Section 28, T15S R25E**  
**Application of Parallel Petroleum Corporation**  
**for Compulsory Pooling**  
**Chaves County, New Mexico**

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Dear Mr. Fesmire:

On behalf of Parallel Petroleum Corporation, enclosed for filing is our referenced application to be set for hearing on September 20, 2007.

Very truly yours,



W. Thomas Kellahin

CC: Parallel Petroleum Corporation  
Attn: Aaron L. Myers

CASE ~~1398~~<sup>5</sup>: 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 28, T15S, R25E, 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 Native Dancer 1525-8 Well No. 1 (API#30-005-63916) which will be located at an unorthodox surface location 760 feet FNL and 168 feet FWL (Unit D) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location, 760 feet FNL and 660 feet FWL (Unit D) then drilled horizontally in an easterly 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 760 feet FNL and 660 feet FEL (Unit A). 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 west of Lake Arthur, New Mexico.

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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. 13985

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 28, T15S, R25E, 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 Native Dancer 1525-8 Well No. 1 (API#30-005-63916) which will be located at an unorthodox surface location 760 feet FNL and 168 feet FWL (Unit D) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location, 760 feet FNL and 660 feet FWL (Unit D) then drilled horizontally in an easterly 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 760 feet FNL and 660 feet FEL (Unit A). 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 N/2 of Section 28, T15S, R25E, NMPM, Chaves County, New Mexico.

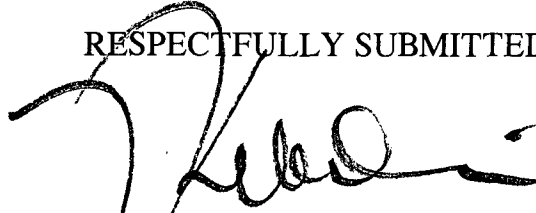
2. Parallel has proposed that the N/2 of this section be dedicated as a standard 320-acre gas spacing unit for production from the Wolfcamp formation to be obtained from its proposed Native Dancer 1525-28 Well No. 1 to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "A".
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 September 20, 2007.

WHEREFORE, Parallel, as applicant, requests that this application be set for hearing on September 20, 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.

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
(505) 982-4285

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Grande Rd., Artesia, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87506

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  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code 97489	Pool Name Wildcat; Wolfcamp
Property Code	Property Name NATIVE DANCER 1525-28	Well Number 1
DEED No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3469'

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	15 S	25 E		760	NORTH	168	WEST	CHAVES

**Bottom Hole Location If Different From Surface**

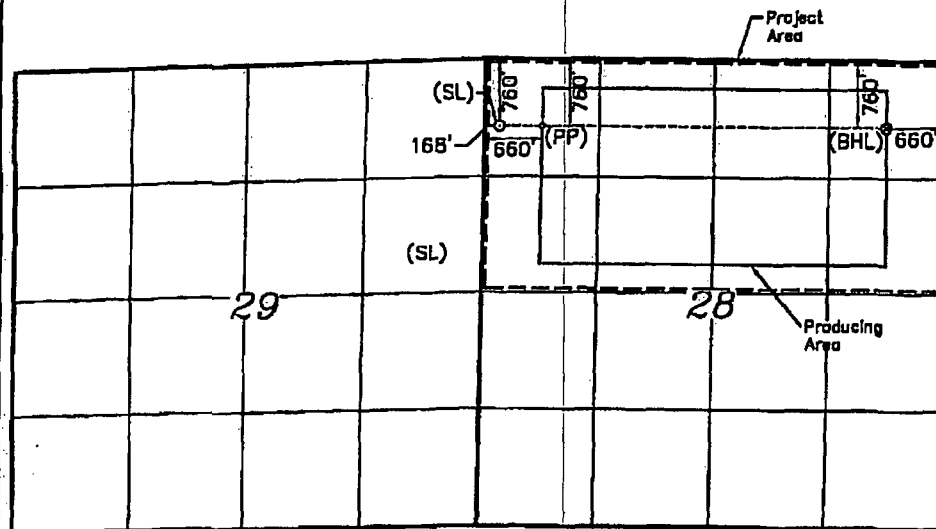
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	28	15 S	25 E		760	NORTH	660	EAST	CHAVES

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.



Coordinate Table	
Description	Plane Coordinate
Native Dancer 1525-28	X = 482,827.9
Surface Location	Y = 724,457.1
Native Dancer 1525-28	X = 483,119.6
Penetration Point	Y = 724,454.1
Native Dancer 1525-28	X = 487,027.5
Bottom Hole Location	Y = 724,427.7

**OPERATOR CERTIFICATION**

I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interests 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

Date

Printed Name

**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.

October 12, 2006

Date of Survey

KMT

Signature & Seal of Professional Surveyor

W.O. Num. 2006-1009

Certificate No. WACON McDONALD 12185

EXHIBIT

A

PENGAD 800-631-6989

NATIVE DANCER 1525-28 #1  
N/2 Sec. 28, T15S, R25E  
Unleased Mineral Owners

NAME	MINERAL INTEREST	TRACT UNIT %	OWNER UNIT %	ESTIMATED COST	TOTAL
Allie Rugel, Deceased, and/or the unknown heirs of Allie Rugel	0.03906	0.2500	0.0098	\$2,316,200	\$22,619.14
Pauline Sowell, Deceased, and/or the unknown heirs of Pauline Sowell	0.00391	0.2500	0.0010	\$2,316,200	\$2,261.91
G.E. Rugel, Deceased, and/or the unknown heirs of C.E. Rugel	0.00391	0.2500	0.0010	\$2,316,200	\$2,261.91
Carrie Gross, Deceased, and/or the unknown heirs of Carries Gross, including L.E. Gross, Deceased, and/or the unknown heirs of L.E. Gross	0.00391	0.2500	0.0010	\$2,316,200	\$2,261.91
Daniel F. Rugel, Deceased, and/or the unknown heirs of Daniel F. Rugel	0.00391	0.2500	0.0010	\$2,316,200	\$2,261.91
Joe Rugel, Deceased, and/or the unknown heirs of Joe Rugel	0.00391	0.2500	0.0010	\$2,316,200	\$2,261.91
John Rugel, Deceased, and/or the unknown heirs of John Rugel	0.00391	0.2500	0.0010	\$2,316,200	\$2,261.91
Chapman Webb	0.01563	0.2500	0.0039	\$2,316,200	\$9,047.66
Edna Earl Chapman	0.01563	0.2500	0.0039	\$2,316,200	\$9,047.66
Frieda Chapman	0.01563	0.2500	0.0039	\$2,316,200	\$9,047.66
J.C. Chapman, Jr.	0.01563	0.2500	0.0039	\$2,316,200	\$9,047.66
New Mexico Department of Transportation	0.02536	0.0273	0.0007	\$2,316,200	\$1,603.81

EXHIBIT

B

PENGAD 800-631-6989