

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
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November 8, 2007

HAND DELIVERED

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

Re: John Town 1925-29 Well No. 1
(API #30-005-63880)
S/2 Section 29, T15S R25E
Application of Parallel Petroleum Corporation
To Re-instate Division Order R-12798
(Case 13919, Compulsory Pooling)
Chaves County, New Mexico

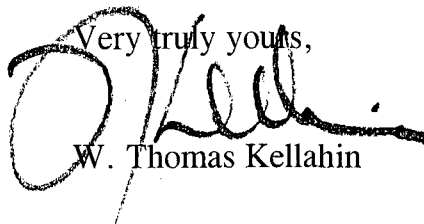
Case 14040

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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 December 13, 2007.

Very truly yours,



W. Thomas Kellahin

CC: Parallel Petroleum Corporation
Attn: Aaron Myers

CASE 14040: Application of Parallel Petroleum Corporation to re-instate Division Order R-12798 (for compulsory pooling), Chaves County, New Mexico. Applicant seeks to re-instate Order R-12798 that pooled all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 29, 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 John Town 1525-29 Well No. 1 (API # 30-005-63880) which will be located at an unorthodox surface location 1880 feet FSL and 255 feet FEL (Unit I) 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 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 4 miles southwest of Lake Arthur, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

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

**IN THE MATTER OF THE APPLICATION
OF PARALLEL PETROLEUM CORPORATION
TO RE-INSTATE ORDER R-12798 FOR COMPULSORY POOLING
CHAVES COUNTY, NEW MEXICO.**

CASE NO. 14040

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 re-instating Order R-12798 that pooled all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 29, 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 John Town 1525-29 Well No. 1 (API # 30-005-63880) which will be located at an unorthodox surface location 1880 feet FSL and 255 feet FEL (Unit I) 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 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 29, 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 John Town Well No. 1 to be located drilled as a horizontal wellbore as shown on Exhibit "A" Attached.
3. On August 9, 2007, the Division entered Order R-12798 (Case 13919) granting Parallel's application for a compulsory pooling order for this spacing unit. The order expired October 31, 2007.
4. With the exception of the circumstances involved with the expiration of the order, the estimated well costs and other facts for this pooling order remain the same as on July 26, 2007 the date of the original hearing for Order R-12798.
5. Parallel has not been able to obtain a written voluntary agreement from all the parties listed on Exhibit "B."
6. 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.
7. Pursuant to Commission Order R-11992, effective August 15, 2003, Parallel requests that a 200% risk charge be applied.
8. 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 December 13, 2007.

WHEREFORE, Parallel, as applicant, requests that this application be set for hearing on December 13, 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 a large, faint circular stamp or watermark.

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

DISTRICT I
1625 N. French
Santa Fe, NM 87505

DISTRICT II
1301 W. Grand
Santa Fe, NM 87505

DISTRICT III
1000 Rio Brazos Hwy, Artesia, 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
State Lease - 4 Copies
Fee Lease - 3 Copies

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OCD - ARTESIA

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 97489	Pool Name Wildcat, Welfcamp
Property Code	Property Name JOHN TOWN 1525-29	Well Number 1
OGRID No.	Operator Name PARALLEL PETROLEUM CORPORATION	Elevation 3481'

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	29	15 S	25 E		1880	SOUTH	255	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	29	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.

Description	Plane Coordinate
John Town 1525-29 #1	X = 462,169.1
Surface Location	Y = 721,749.3
John Town 1525-29 #1	X = 461,763.9
Penetration Point	Y = 721,742.8
John Town 1525-29 #1	X = 457,772.8
Bottom Hole Location	Y = 721,670.6

Project Area

Producing Area

(BHL) 660' 762' 1880'

(PP) 787' 790' 255' 660' (SL) 1880' 1880'

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 unleased 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: *[Signature]* Date: 11-30-06
Printed Name: Gary E. Miller, ASUT

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 11, 2006
Date of Survey
Signature & Seal of Professional Surveyor: *[Signature]* KMT
W.O. Num.
Certificate No. MA

EXHIBIT

A

PENGAD 800-631-6989

EXHIBIT "B" TO APPLICATION
11/5/07 NOTICE LIST FOR RE-INSTATED ORDER JOHNTOWN WELL

Helena M. Kelly
P.O. Box 839
Hobbs, NM 88240

John Brown University
Attn: Jim Krall
2000 W. University
Siloam Springs, AR 72761

Jeanne C. Gifford
3535 SW Kirkclawn Ave.
Topeka, KS 66611

Louise B. Seiwert or Henry G. Seiwert, Trustees
Seiwert Family Trust
11494 S. Scottsdale Drive
Yuma, AZ 85367

Robert Brent Brown
66 Santa Maria Drive
Hegewood, NM 87017

Kenneth Long c/o JoAnn Long
1744 Blume NE
Albuquerque, NM 87112

Marsha Wade Cockrell
313 County Road 2900
Aztec, NM 87410

Donald Long c/o JoAnn Long
1744 Blume NE
Albuquerque, NM 87112

Hanley Petroleum, Inc.
415 Wall Street, Suite 1500
Midland, TX 79701

Eric K. Hanson
P.O. Box 1212
Midland, TX 79701

Brett K. Bracken
4505 Mockingbird Lane
Midland, TX 79707

LHAH Properties, LLC
415 Wall Street, Suite 1500
Midland, TX 79701

The following people have no last known address-serve by Newspaper notice:

R.W. and/or Muriel Ferguson
Alta V. Short
Jimmy Charles Lester
Lonnie W. Jones
Mary E. O'Dell
Hubert A. Rogers
Beverly E. Somerville