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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:

**ORIGINAL**

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

CASE NO. 13960

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Jr., Legal Examiner  
WILLIAM V. JONES, Jr., Technical Examiner

April 3, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico  
Oil Conservation Division, DAVID K. BROOKS, Jr., Legal  
Examiner, and WILLIAM V. JONES, Jr., Technical Examiner, on  
Thursday, April 3, 2008, at the New Mexico Energy, Minerals and  
Natural Resources Department, 1220 South St. Francis Drive,  
Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, New Mexico 87102

I N D E X

April 3, 2008  
Examiner Hearing  
CASE NO. 13960

Appearing for Parallel Petroleum Corporation:

JIM BRUCE, ESQ.  
P O Box 1056  
Santa Fe, New Mexico 87545

PAGE

APPLICANT'S EXHIBITS 1 - 2 ADMITTED

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REPORTER'S CERTIFICATE

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1 EXAMINER JONES: Let's call Case 13960, Application  
2 of Parallel Petroleum Corporation for Compulsory Pooling,  
3 Chaves County, New Mexico.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
6 representing the applicant. I am submitting this case by  
7 affidavit, also.

8 EXAMINER JONES: Any other appearances?

9 MR. BRUCE: Mr. Examiner, this well unit was pooled  
10 by Order No. R12799 last summer. And I guess you were the  
11 examiner. After the pooling, which was -- actually,  
12 Ms. Munds-Dry was the attorney for Parallel in that case --  
13 there arose some title issues, and I re-filed this matter  
14 because we were seeking to force-pool Chesapeake, which Holland  
15 & Hart represents at times. So I was asked to take over the  
16 pooling.

17 We did file this application quite some time ago.  
18 And Parallel continued negotiating and came to terms with  
19 Chesapeake. But, in the interim, the old pooling order  
20 expired, and there was one person left to pool because they  
21 hadn't commenced the well in a timely matter. And that person  
22 is the New Mexico Department of Transportation.

23 Submitted is Exhibit 1 as the affidavit of the  
24 landman pretty much reiterating everything that he testified to  
25 in the original hearing in this matter. They are seeking to

1 force-pool a Wolfcamp gas test. The unit is in the south half  
 2 of Section 9, 15 South 25 East. If you look at the land plat  
 3 attached to the affidavit, you can see that the surface  
 4 location is actually adjoining Section 8, but the penetration  
 5 point in the Wolfcamp and the rest of the well bore is at an  
 6 orthodox location.

7 Attachment B to the exhibit is a listing of various  
 8 mineral and working interest owners. Again, the only party  
 9 being force-pooled is the Highway Commission, which owns about  
 10 3.75 percent of the working interest -- unleased working  
 11 interest in the well unit as a result of owning a right-of-way  
 12 and fee crossing the land.

13 EXAMINER JONES: Okay.

14 MR. BRUCE: And the problem is they don't have any  
 15 procedures to approve oil and gas leases at this point. I  
 16 believe they're trying to, but they've been force-pooled  
 17 numerous times and just don't have anything in the process for  
 18 leasing their interest.

19 MR. BROOKS: They have somebody working on studying  
 20 it. They came by and talked to us.

21 MR. BRUCE: Yes, they do, a Mr. Katmac.

22 And Exhibit 2 is my Affidavit of Notice to a notice  
 23 to the Department of Transportation. And they did receive  
 24 actual notice. So I would move the admission of Exhibit 1 and  
 25 2, and that this matter be taken under advisement.

For hereafter, the foregoing is  
 a true and correct copy of the proceedings in  
 the above entitled Cause No. \_\_\_\_\_  
 heard by me on \_\_\_\_\_

DATE \_\_\_\_\_

Examiner \_\_\_\_\_

1 EXAMINER JONES: Exhibits 1 and 2 will be admitted.  
2 And that was on the terminus of the well; it was from 1880 from  
3 the south line, not the north line; is that correct?

4 MR. BRUCE: That is correct. I did correct that.

5 EXAMINER JONES: Okay.

6 MR. BROOKS: DOT is the only party being pooled?

7 MR. BRUCE: DOT is the only party being pooled.  
8 Originally, there were a number of parties last summer, but the  
9 DOT is the only one at this time.

10 MR. BROOKS: Okay.

11 EXAMINER JONES: Thanks. Case No. 13960 will be  
12 taken under advisement.

13 [Hearing concluded.]

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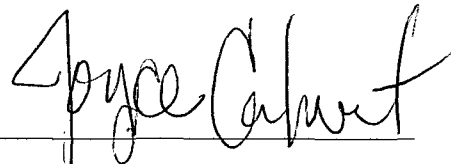
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## REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.



JOYCE D. CALVERT  
New Mexico P-03  
License Expires: 7/31/08

1 STATE OF NEW MEXICO )  
 2 COUNTY OF BERNALILLO )

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4 I, JOYCE D. CALVERT, a New Mexico Provisional  
 5 Reporter, working under the direction and direct supervision of  
 6 Paul Baca, New Mexico CCR License Number 112, hereby certify  
 7 that I reported the attached proceedings; that pages numbered  
 8 1-5 inclusive, are a true and correct transcript of my  
 9 stenographic notes. On the date I reported these proceedings,  
 10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, this 3rd day of  
 12 April, 2008.

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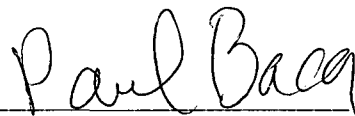
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 Joyce D. Calvert  
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Paul Baca, RPR  
 Certified Court Reporter #112  
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