

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 CHI ENERGY, INC.,)
FOR COMPULSORY POOLING, EDDY COUNTY,)
NEW MEXICO)

CASE NO. 13,193

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

RECEIVED

FEB 5 2004

January 22nd, 2004

Santa Fe, New Mexico

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, January 22nd, 2004, 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.

* * *

I N D E X

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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 APPLICANT:

JAMES G. BRUCE
 Attorney at Law
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 10:22 a.m.:

3 EXAMINER STOGNER: We're back on the record. At
4 this time I'll call Case Number 13,193. This is the
5 Application of Chi Energy, Inc., for compulsory pooling,
6 Eddy County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
9 representing the Applicant. I just have a brief statement
10 and some submittals.

11 Mr. Examiner, this case was heard by Mr. Jones, I
12 believe December 18th. At that time, evidence was
13 presented, but when it was originally filed the Application
14 had requested only pooling of 160-acre and 320-acre units.
15 It turns out that 40-acre pools also needed to be spaced.
16 So prior to that hearing I had amended the Application, and
17 it was scheduled for the first hearing in January. Notice
18 was given of the hearing to all parties.

19 I also published notice against a number of
20 interest owners. The mailing notice is submitted as
21 Exhibit 6, the publication notice -- there are two separate
22 publications -- is submitted as Exhibit 7.

23 Just for background, Mr. Examiner, this also is
24 near Carlsbad. It's about three miles west of Carlsbad.
25 The land is extremely subdivided. There are 110 tracts of

1 land in this half section, most with multiple interest
2 owners. A number of the tracts are .3 of an acre, .4 of an
3 acre. A lot of people -- It is all fee land, a lot of the
4 people have disappeared over the decades, and we have not
5 been able to track them down.

6 As testified to in the original hearing, a number
7 of contacts were made with the various interest owners.
8 Some of them, for one reason or another, just chose not to
9 lease, although leasing activities have been ongoing for a
10 couple of years out here.

11 So we have given notice, and the case was
12 continued simply to give a chance to comply with the notice
13 provisions with respect to the amended Application.

14 And I would move the admission of Exhibits 6 and
15 7.

16 EXAMINER STOGNER: Exhibits 6 and 7 will be
17 admitted into evidence.

18 I've got the record here and I'll look over that,
19 but to your recollection is the interest in the 320 the
20 same as underlying the 160, as is the 40, or is there --

21 MR. BRUCE: No, it is absolutely not, and if you
22 would like me to give you a breakdown I can do that for
23 you.

24 EXAMINER STOGNER: Why don't you do that
25 subsequent to today's hearing and present that as

1 Exhibit --

2 MR. BRUCE: The reason it isn't is because the
3 southeast quarter of this section, where the well is not
4 located, title is not too bad. In other words, it is
5 mostly big chunks of land. But in the southwest quarter
6 where the well is located, it is all subdivided into Happy
7 Valley Farms subdivisions, and there are a ton of interest
8 owners. So I will get that to you.

9 EXAMINER STOGNER: Don't be too elaborate, just
10 -- if you could just break them out, if you don't mind.

11 MR. BRUCE: I have no problem.

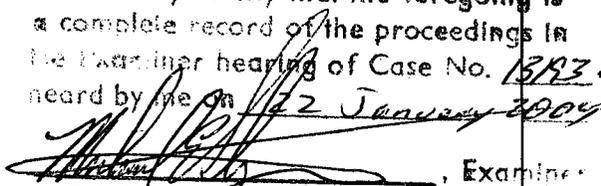
12 EXAMINER STOGNER: And submit that subsequent to
13 this hearing.

14 Okay, with that, if there's nothing further in
15 Case 13,193, then this matter will be taken under
16 advisement.

17 With that, today's hearing is adjourned.

18 (Thereupon, these proceedings were concluded at
19 10:26 a.m.)

20 * * *

21 I do hereby certify that the foregoing is
22 a complete record of the proceedings in
23 the Examiner hearing of Case No. 13193,
24 heard by me on 22 January 2009
25  , Examiner
Oil Conservation Division

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 January 23rd, 2004.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006