

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. 13,449

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

April 7th, 2005

Santa Fe, New Mexico

2005 APR 21 AM 10 09

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, April 7th, 2005, 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.

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I N D E X

April 7th, 2005
Examiner Hearing
CASE NO. 13,449

PAGE

REPORTER'S CERTIFICATE

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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 8:17 a.m.:

3 EXAMINER STOGNER: Thank you. There's a couple
4 of matters that I'll call today because I started hearing
5 them some time ago.

6 At this time I'm going to call Case Number
7 13,449. This is the Application of Chi Energy, Inc., for
8 compulsory pooling, Eddy County, New Mexico.

9 This case was heard on March 17th but was
10 continued to today's docket for notification purposes or
11 other, Mr. Bruce.

12 Are there any other appearances?

13 MR. BRUCE: Mr. Examiner, the case was heard, Chi
14 presented its case, and a Mr. Daniel McNabb appeared and
15 asked for a little more time. The parties have been in
16 negotiations.

17 Mr. McNabb is not the only party being pooled.
18 There's about three and a half percent working interest,
19 other than Mr. McNabb, who are being pooled. They're
20 either unlocatable or they have not responded to the
21 offers.

22 Mr. McNabb owns approximately a 15-percent
23 interest. At the hearing he stated that he had conveyed 90
24 percent of his interest to Xeric Oil and Gas Corporation.
25 I've been in touch with my client, and Xeric has committed

1 its 90 percent of 15-percent interest to the well and does
2 not need to be pooled. Mr. McNabb and Chi Energy are on
3 the verge of signing an operating agreement, and I think
4 they can be safely dismissed -- he can also be safely
5 dismissed from the case and -- leaving the other
6 unresponsive or unlocatable mineral owners to be pooled.

7 EXAMINER STOGNER: Okay, and there's nothing
8 further in this matter. Case Number 13,449 will be taken
9 under advisement.

10 (Thereupon, these proceedings were concluded at
11 8:18 a.m.)

12 * * *

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16 I do hereby certify that the foregoing is
17 a complete record of the proceedings in
18 the Examiner hearing of Case No. 13449
heard by me on 7 April 2005.

19 Mark T. Stogner, Examiner
20 Oil Conservation Division
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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 April 8th, 2005.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006