STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

)

CASE NO. 13,

ORIGIN

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF QUEST CHEROKEE, LLC, FOR) APPROVAL OF AN APPLICATION FOR PERMIT TO) DRILL, LEA COUNTY, NEW MEXICO)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MARK E. FESMIRE, Division Chairman

October 31st, 2007

Santa Fe, New Mexico

This matter came on for emergency hearing before MARK E. FESMIRE, New Mexico Oil Conservation Division Chairman, on Wednesday, October 31st, 2007, 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.

* * *

STEVEN T. BRENNER, CCR (505) 989-9317 INDEX

October 31st, 2007 Examiner Hearing CASE NO. 13,870

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APPEARANCES

REPORTER'S CERTIFICATE

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APPEARANCES

FOR THE DIVISION:

SONNY SWAZO Assistant General Counsel Energy, Minerals and Natural Resources Department 1220 South St. Francis Drive Santa Fe, New Mexico 87505

FOR QUEST CHEROKEE, LLC:

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

FOR THE INTERVENORS:

HEIDEL, SAMBERSON, NEWELL, COX & McMAHON 311 North First P.O. Drawer 1599 Lovington, NM 88260 By: MICHAEL T. NEWELL

* * *

ALSO PRESENT:

RICHARD MARLIN Vice President of Engineering Quest Cherokee, LLC

VERNON D. DYER Consulting Landman Quest Cherokee, LLC

* * *

STEVEN T. BRENNER, CCR (505) 989-9317

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1WHEREUPON, the following proceedings were had at210:35 a.m.:3DIRECTOR FESMIRE: It's 10:00 a.m., October 31st,42007. This is an emergency hearing before the Chairman of5the New Mexico Oil Conservation Commission and the Director6of the New Mexico Oil Conservation Division in Case Number713,870, the Application of Quest Cherokee, LLC, for8approval of an application for permit to drill in Lea9County, New Mexico.10In anticipation of settlement, the parties who11are herein present in the form of counsel Mr. Jim Bruce16for Quest Cherokee and Mr. Mike Newell for the citizens18MR. NEWELL: I think they're the Cox group in the19Order.16DIRECTOR FESMIRE: The Cox group in the Order?17 have agreed to meet, and they believe that they will be18able to settle the case, but that we are going to continue19this case until the regularly scheduled Oil Conservation20Commission meeting on November 8th, at which time we21In the meantime, the Chairman has taken Mr.23Bruce's motion for a <i>nunc pro tunc</i> correction to the Order,		4
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STEVEN T. BRENNER, CCR (505) 989-9317

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1	three. That was the intention of the original order. It
2	was left out of the original order, and the order will be
3	corrected and reissued to reflect the number the maximum
4	number of wells required.
5	Is there anything else that needs to go on the
6	record by the
7	MR. BRUCE: No, sir.
8	CHAIRMAN FESMIRE: counsel present?
9	MR. NEWELL: No.
10	DIRECTOR FESMIRE: Okay. At this time we'll
11	adjourn the emergency hearing and continue it until
12	November 8th.
13	Thank you all.
14	(Thereupon, these proceedings were concluded at
15	10:37 a.m.)
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STEVEN T. BRENNER, CCR (505) 989-9317

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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 October 31st, 2007.

STEVEN T. BRENNER CCR No. 7

My commission expires: October 16th, 2010