

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, LEA COUNTY,)
NEW MEXICO)

CASE NO. 13,079

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, JR., Hearing Examiner

May 22nd, 2003

Santa Fe, New Mexico

RECEIVED

JUN . 5 2003

Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROCKS, JR., Hearing Examiner, on Thursday, May 22nd, 2003, 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

May 22nd, 2003
 Examiner Hearing
 CASE NO. 13,079

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APPEARANCES	3
APPLICANT'S WITNESS:	
<u>JOHN W. QUALLS</u> (Landman)	
Direct Examination by Mr. Bruce	4
REPORTER'S CERTIFICATE	7

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	6
Exhibit 2	5	6
Exhibit 3	6	6

* * *

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

* * *

ALSO PRESENT:

DAVID R. CATANACH
Hearing Examiner
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 10:51 a.m.:

3 EXAMINER BROOKS: Call at this time we will Case
4 Number 13,079, the Application of Chi Energy, Inc., for
5 compulsory pooling, Lea County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
8 representing the Applicant. I have one witness.

9 EXAMINER BROOKS: And I assume this is the same
10 witness?

11 MR. BRUCE: Yes, sir, Mr. Examiner. If the
12 record in this case could reflect that he has been
13 previously sworn and qualified.

14 EXAMINER BROOKS: Very good, the witness has been
15 sworn and qualified.

16 JOHN W. QUALLS,

17 the witness herein, having been previously duly sworn upon
18 his oath, was examined and testified as follows:

19 DIRECT EXAMINATION

20 BY MR. BRUCE:

21 Q. Mr. Qualls, in this case, referring to Exhibit 1,
22 could you identify that exhibit and tell the Examiner what
23 Chi seeks in this case.

24 A. This is a land plat concerning acreage in the
25 east half of Section 16, 18 South, 32 East, Lea County, New

1 Mexico. We were trying to get a com agreement approved on
2 the east half of Section 16.

3 Q. And again, you're only pooling a record title
4 owner?

5 A. Yes.

6 Q. Is this all state land again?

7 A. Yes.

8 Q. And so the Commissioner needs some evidence of
9 the joinder of the record title owners to sign a -- to
10 approve a communitization agreement?

11 A. Yes.

12 Q. Is Exhibit 2 a copy of that communitization
13 agreement?

14 A. Yes, it is.

15 Q. Which record title owner are you seeking to force
16 pool?

17 A. Shenandoah Oil Corporation, which would be in the
18 northwest quarter of the northeast quarter.

19 Q. They're 100-percent record title owner of that
20 tract?

21 A. Yes.

22 Q. What is the status of Shenandoah?

23 A. Shenandoah Corporation dissolved in 1979,
24 therefore I can't obtain a signature from them.

25 MR. BRUCE: And then, Mr. Examiner, just to cover

1 the bases, Exhibit 3 is a legal notice I had published in
2 the *Hobbs News-Sun* regarding any successors to Shenandoah.

3 EXAMINER BROOKS: Okay.

4 Q. (By Mr. Bruce) Were Exhibits 1 through 3
5 prepared by you or under your supervision or compiled from
6 company business records, Mr. Qualls?

7 A. Yes.

8 Q. And in your opinion is the granting of this
9 Application in the interests of conservation and the
10 prevention of waste?

11 A. Yes.

12 MR. BRUCE: Mr. Examiner, I'd move the admission
13 of Exhibits 1 through 3.

14 EXAMINER BROOKS: One through 3 are admitted.

15 MR. BRUCE: And I have nothing further in this
16 matter.

17 EXAMINER BROOKS: No questions. Case Number
18 13,079 will be taken under advisement.

19 (Thereupon, these proceedings were concluded at
20 10:53 a.m.)

21 * * * I do hereby certify that the foregoing is
22 a complete record of the proceedings in
23 the Examiner hearing of Case No. 13079,
24 heard by me on Aug 8, 2003
25 David K. Brooks, Examiner
Oil Conservation Division

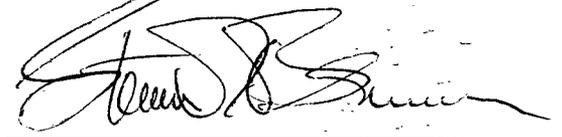
CERTIFICATE OF REPORTER

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 May 25th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006