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. 13,378

ORIGINAL

265

JAN 20

βM

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

January 6th, 2005

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, January 6th, 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.

* * *

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

2 INDEX January 6th, 2005 Examiner Hearing CASE NO. 13,378 PAGE 5 **REPORTER'S CERTIFICATE** * * * APPEARANCES FOR THE DIVISION: GAIL MacQUESTEN Deputy General Counsel Energy, Minerals and Natural Resources Department 1220 South St. Francis Drive Santa Fe, New Mexico 87505 FOR THE APPLICANT: JAMES G. BRUCE Attorney at Law P.O. Box 1056 Santa Fe, New Mexico 87504 * * *

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

WHEREUPON, the following proceedings were had at 1 2 9:51 a.m.: 3 4 EXAMINER CATANACH: At this time I'll call Case 5 13,378, which is the Application of Chi Energy, Inc., for 6 compulsory pooling, Eddy County, New Mexico. 7 8 Call for appearances. 9 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe, representing the Applicant. I just have a brief statement. 10 11 EXAMINER CATANACH: Additional appearances? 12 There being none, Mr. Bruce, you may proceed. MR. BRUCE: Mr. Examiner, really, I believe this 13 14 one you did hear. There was a question at the hearing as 15 to whether the Application set forth the correct well 16 location. After review, because the witness had testified 17 to a different well location, it turns out that the well 18 19 location in the Application and to which the parties who were being pooled was correct, and therefore -- I've 20 verified that the well location was correct, and therefore 21 22 nothing else is presented in this matter and it can be taken under advisement. 23 Thank you, Mr. Bruce. 24 EXAMINER CATANACH: 25 There being nothing further, Case 13,378 will be

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

3

taken under advisement. (Thereupon, these proceedings were concluded at 9:52 a.m.) * * I so hereby certify that the foregoing is e complete record of the proceedings in the Examiner hearing of Case No. 1337 heard by me on Kinvary 6 Oil Conservation Division und l , Exemiser

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

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 8th, 2005.

STEVEN T. BRENNER CCR No. 7

My commission expires: October 16th, 2006