|    | Page 1   |
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| 1  | STATE OF NEW MEXICO<br>ENERGY, MINERALS AND/NATURAL RESOURCES DEPARTMENT                                       |
| 2  | OIL CONSERVATION DIVISION  |
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| 4  | ORIGINAL   |
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|    | REPORTER'S TRANSCRIPT OF PROCEEDINGS   |
| 10 | PRE-HEARING TRANSCRIPT   |
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| 13 | BEFORE: RICHARD EZEANYIM, Hearing Examiner   |
| 14 | BEFORE: RICHARD ESERVIIM, Hearing Examiner   |
| 15 | February 2, 2012   |
| 16 | Santa Fe, New Mexico   |
| 17 |  |
| 18 | This matter came on for hearing before the New   |
| 19 | Mexico Oil Conservation Division, RICHARD EZEANYIM,<br>Hearing Examiner, on Thursday, February 2, 2012, at the |
| 20 | New Mexico Energy, Minerals and Natural Resources<br>Department, 1220 South St. Francis Drive, Room 102, Santa |
| 21 | Fe, New Mexico.  |
| 22 |  |
| 23 |  |
| •  | REPORTED BY: Jacqueline R. Lujan, CCR #91  |
| 24 | Paul Baca Professional Court Reporters<br>500 Fourth Street, N.W., Suite 105                                   |
| 25 | Albuquerque, NM 87103 505-843-9241   |
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Page 2 HEARING EXAMINER EZEANYIM: This hearing 1 will come to order. Good morning everybody. 2 Today is February 2nd, at approximately 8:15 in the morning. 3 4 Today we're going to consider Docket Number 4-12. And before I start with the docket, I wanted 5 6 to make an announcement for the record. The Division has adopted a policy. This policy is unwritten. Anyway, 7 8 it's important, and we want to communicate it to everybody that continuances are allowed three times only. 9 After the third continuance, the fourth time, the case 10 has to be heard or dismissed. 11 12 So how would that happen? I have been 13 communicating to all of the attorneys. From this hearing today, February 2nd, I've just drawn a line across all 14 the cases that have been continued. There were four that 15 were continued for three or four times. Those ones don't 16 I just drew a line below it. 17 count. 18 I will say, "First continuance, February 2nd 19 2012." If it's continued again, then that will be second 20 continuance. If it's continued again, that will be third continuance, and that's it. Then it has to be heard in 21 that hearing. If it's going to be continued, then that 22 23 case will be dismissed. So we want to grandfather all continuances 24 25 before we start this process. We want to clean up the

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Page 3 1 docket, because a lot of them have been sitting on the 2 docket for years and we don't know what to do with them. 3 So we want to allow all the operators to decide what they 4 want to do.

One thing you can do is, if you want to 5 continue it, you can continue it for six months, that's 6 7 one continuance. You can continue it for one year, that's one continuance. If you continue it for two 8 weeks, that's one continuance; one month, one continunce; 9 two months -- so if you think you are not going to use 10 that application, you can continue it for a longer time 11 to decide what you want to do so that it's not dismissed 12 13 after you continue it for two weeks, three weeks and so forth. So that's how we want to see if we can clean up 14 our docket. 15

Now, as you can see, the room is empty. 16 The first order of business is to continue with the 17 dismissals and continuances on Docket Number 4-12. 18 We go 19 to page 1. On page 1, Case Number 14787 is continued to March 1st, and that is the first continuance for this 20 21 case. Usually they have been continued for a long time. 22 On page 2, Case Number 14746 is continued to 23 March 1st; Case Number 14671 is dismissed; Case Number 14754 is dismissed; Case Number 14779 is dismissed. 24 25 On page 3, Case Number 14780 is dismissed;

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Page 4 1 Case Number 14686 is continued to March 1st; Case Number 2 14687 is continued to March 1st; Case Number 14659 is continued to March 1st; Case Number 14767 is continued to 3 March 15th. 4 5 Page 4, Case Number 14768 is continued to March 15th; Case Number 15th; is continued to March 15th; б Case Number 14770 is continued to March 15th; Case Number 7 14771 is continued to March 15th. 8 9 Page 5, Case Number 14772 is continued to 10 March 15th; Case Number 14781 is continued to March 15th; Case Number 14791 is continued to March 15th; Case Number 11 12 14792 is continued to March 15th; Case Number 14793 is continued to March 15th. 13 14 Page 6, Case Number 14794 is continued to 15 March 15th; Case Number 14795 is continued to March 15th; Case Number 14629 is dismissed. 16 Are there any other continuances or dismissals 17 at this time? 18 19 MR. FELDEWERT: Mr. Examiner, Michael 20 Feldewert, with Holland & Hart, appearing on behalf of 21 the applicant Caza Petroleum in Case 14789. We ask that that case be continued for two weeks. 22 23 HEARING EXAMINER EZEANYIM: So February 16th? 24 25 MR. FELDEWERT: I believe that's the next

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|    |  | Page 5 |
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| 1  | hearing date, yes.                                   |        |
| 2  | HEARING EXAMINER EZEANYIM: Okay. Let                 | t it   |
| 3  | be in the record that Case Number 14789 is continued | to     |
| 4  | February 16th.                                       |        |
| 5  | Any other continuances or dismissals? At             | this   |
| 6  | point, nothing remains on the docket and, therefore, | this   |
| 7  | hearing is concluded.                                |        |
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| 1   | Page 6<br>REPORTER'S CERTIFICATE  |
|-----|---|
| 2   |   |
| 3   |   |
| 4   | I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  |
| 5   | HEREBY CERTIFY that on February 2, 2012, proceedings in   |
| 6   | the above captioned case were taken before me and that I  |
| 7   | did report in stenographic shorthand the proceedings set  |
| . 8 | forth herein, and the foregoing pages are a true and  |
| 9   | correct transcription to the best of my ability.  |
| 10  | I FURTHER CERTIFY that I am neither employed by   |
| 11  | nor related to nor contracted with any of the parties or  |
| 12  | attorneys in this case and that I have no interest  |
| 13  | whatsoever in the final disposition of this case in any   |
| 14  | court.  |
| 15  | WITNESS MY HAND this 7th day of February, 2012.   |
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| 17  | $( \cdot \cdot$ |
| 18  | Jacquelline R. Lujan, CCR #91   |
| 19  | Expires: 12/31/2012   |
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