Page 1 1 STATE OF NEW MEXICO 2 ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT 3 OIL CONSERVATION DIVISION ORIGINAL 5 6 IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR 7 THE PURPOSE OF CONSIDERING: 8 9 DOCKET NO. 19-12 10 11 TRANSCRIPT OF PROCEEDINGS ہد. ر 12 EXAMINER HEARING 69 13 BEFORE: RICHARD EZEANYIM, Technical Examiner DAVID K. BROOKS, Legal Examiner 14 June 25, 2012 15 Santa Fe, New Mexico 16 17 This matter came on for hearing before the New 18 Mexico Oil Conservation Division, RICHARD EZEANYIM, Technical Examiner, and DAVID K. BROOKS, Legal 19 Examiner, on Monday, June 25, 2012, at the New 20 21 Mexico Energy, Minerals, and Natural Resources 22 Department, 1220 South St. Francis Drive, Room 102, 23 Santa Fe, New Mexico. 24 REPORTED BY: PAUL BACA, CCR #112 PAUL BACA COURT REPORTERS 25 500 4th Street, NW, Suite 105

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Page 2 1 CHAIRMAN BROOKS: Good morning, ladies and 2 gentlemen. Mr. Ezeanyim wants to make some announcements before we commence the docket. 3 (Discussion off the record.) 4 CHAIRMAN BROOKS: We'll call to order on 5 6 the record OCD Docket Number 19-12. And as usual, 7 the first order of business is to call the · 8 continuances and dismissals. 9 On the first page, Case 14863, continued to July 12. 10 Case Number 14864, continued to July 12. 11 12 On the second page, Case Number 14865, continued to July 12. 13 Case Number 14866, continued to July 12. 14 15 Case Number (14869) continued to July 12. On the third page, Case Number 14858, was 16 dismissed. 17 Case Number 14859 was dismissed. 18 19 Case Number 14870, continued to July 12. 20 On the fourth page, no continuances or 21 dismissals were recorded. 22 On the fifth page, no continuances or 23 dismissals. 24 On the sixth page, and final page, Case Number 13940, continued to July 26. 25

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| And I would note that that case has been           | Page  |
| continued probably as many times as any in the     |   |
| history of OCD, but it's reached a new milestone   |   |
| today, because this is the third continuance since |   |
| we entered the three continuance policies;         |   |
| therefore, on July 26, that will be a do or die    |   |
| situation.   |   |
| Well, then, Case Number 14582 will be              | · .   |
| dismissed.   |   |
| Are there any additions, amendments,               |   |
| corrections?                                       |   |
| MR. RANKIN: Mr. Chairman, Adam Rankin,             |   |
| with Holland & Hart.                               | •   |
| Case Number 14866, which you requested to          |   |
| be continued to July 12                            |   |
| CHAIRMAN BROOKS: Which case?                       |   |
| MR. RANKIN: 14866.                                 | •   |
| CHAIRMAN BROOKS: 14866, continued to               |   |
| July 12. I have that mentioned, yes.               | · · · ·   |
| MR. RANKIN: Yeah. The objecting party              |   |
| has an offsetting interest, and COG is close to    |   |
| negotiating a lease with that individual.          |   |
| CHAIRMAN BROOKS: Okay.                             |   |
| MR. RANKIN: So we think that it makes              |   |
| sense for us to go forward with that case today.   |   |
|  | <pre>continued probably as many times as any in the<br/>history of OCD, but it's reached a new milestone<br/>today, because this is the third continuance since<br/>we entered the three continuance policies;<br/>therefore, on July 26, that will be a do or die<br/>situation.<br/>Well, then, Case Number 14582 will be<br/>dismissed.<br/>Are there any additions, amendments,<br/>corrections?<br/>MR. RANKIN: Mr. Chairman, Adam Rankin,<br/>with Holland &amp; Hart.<br/>Case Number 14866, which you requested to<br/>be continued to July 12<br/>CHAIRMAN BROOKS: Which case?<br/>MR. RANKIN: 14866.<br/>CHAIRMAN BROOKS: 14866, continued to<br/>July 12. I have that mentioned, yes.<br/>MR. RANKIN: Yeah. The objecting party<br/>has an offsetting interest, and COG is close to<br/>negotiating a lease with that individual.<br/>CHAIRMAN BROOKS: Okay.<br/>MR. RANKIN: So we think that it makes</pre> |

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Page 4 1 CHAIRMAN BROOKS: Well, I haven't received 2 any communication from that party. And this was the 3 case where there was an executor that contacted us. Was that the one? 4 5 MR. RANKIN: Yeah. She was an offsetting interest to this well. And we have contacted her 6 over the weekend and arranged an agreement for a 7 8 lease. Anyway, she's in a section that COG has interest in. 9 10 CHAIRMAN BROOKS: Well, I haven't heard 11 anything from any other party, so we will go ahead, 12 then, and allow you to present your evidence and --13 subject to verification of this situation. 14 MR. RANKIN: Thank you. Would it be 15 possible if we could present 14866 together with 14867? We think that would be an efficient use of 16 time. 17 18 CHAIRMAN BROOKS: Yeah. I suspect there probably could be several cases that could be 19 20 combined on this docket because we have so many 21 similar cases. But, yes, that would be fine. 22 Thank you, Mr. Rankin. CHAIRMAN BROOKS: Any other additions, 23 24 amendments, corrections, subtractions? Okay. (Proceedings conditided a) complete her back 25 a complete record of the proceedings the Education buching of Court of

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| 1   | CERTIFICATE  |
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| 3   | I, Paul Baca, RPR, CCR in and for the                      |
| 4   | State of New Mexico, do hereby certify that the            |
| 5   | above and foregoing contains a true and correct            |
| • 6 | record, produced to the best of my ability via             |
| .7  | machine shorthand and computer-aided transcription,        |
| 8   | of the proceedings had in this matter.                     |
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