

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:

ORIGINAL

APPLICATION OF OGX RESOURCES, LLC,  
FOR APPROVAL OF A NONSTANDARD OIL  
SPACING AND PRORATION UNIT AND  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO

Case 14637

TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: TERRY WARNELL, Presiding Examiner  
DAVID K. BROOKS, Legal Examiner

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May 26, 2011

Santa Fe, New Mexico

This matter came on for hearing before the  
New Mexico Oil Conservation Division, TERRY WARNELL,  
Presiding Examiner, and DAVID K. BROOKS, Legal Examiner,  
on Thursday, May 26, 2011, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South St.  
Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91  
Paul Baca Professional Court Reporters  
500 Fourth Street, N.W., Suite 105  
Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE, ESQ.  
P.O. Box 1056  
Santa Fe, New Mexico 87504-1056  
(505) 982-2043

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1                   EXAMINER WARNELL: Let's call Case Number  
2 14637, application of OGX Resources, LLC, for approval of  
3 a nonstandard oil spacing and proration unit and  
4 compulsory pooling, Eddy County, New Mexico. Call for  
5 appearances.

6                   MR. BRUCE: Mr. Examiner, Jim Bruce of  
7 Santa Fe, representing the applicant. I have no  
8 witnesses.

9                   EXAMINER WARNELL: This case was heard by  
10 Mr. Brooks?

11                   MR. BROOKS: That's right.

12                   MR. BRUCE: Do you have your land plat in  
13 there, Mr. Brooks?

14                   MR. BROOKS: I suspect I do.

15                   MR. BRUCE: Mr. Examiner, this case was  
16 presented to you four weeks ago. This well was  
17 originally proposed as a horizontal, covering five  
18 quarter/quarter sections or lots. At one point, they  
19 changed that to include an additional quarter/quarter  
20 section.

21                   So it would have included six quarter/quarter  
22 sections within the east half/east half of Section 30 and  
23 the east half/northeast quarter of short Section 31 in 26  
24 South, 29 East. And that is the way I originally filed  
25 the application.

1 But then they reverted just to five  
2 quarter/quarter sections, so I amended the application to  
3 reflect that it only covers the southeast/northeast, the  
4 east half southeast of Section 31 and Lot 7 in the  
5 northeast quarter/northeast quarter of 31, and I gave  
6 notice to everyone again.

7 Exhibit X is the affidavit of notice to the  
8 offsets. And there is evidence in the record from the  
9 testimony of the landman that the only two offsets, other  
10 than OGX itself, were OXY USA and the Bureau of Land  
11 Management as to unleased federal land. And so they were  
12 given notice of the amended well nonstandard unit.

13 And Exhibit Y is the notice to Chesapeake  
14 Exploration, which is the only party being pooled. All  
15 parties received actual notice. So I would move the  
16 admission of Exhibits X and Y and ask that the matter be  
17 taken under advisement.

18 MR. BROOKS: Exhibit A to what's marked as  
19 Exhibit 10 from the original hearing, then, is the  
20 correct plat?

21 MR. BRUCE: It is the correct plat, yes.

22 MR. BROOKS: Exhibits X and Y will be  
23 admitted, and Case Number 14637 will be taken under  
24 advisement.

25 (Exhibits X and Y admitted.)  
I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_

Oil Conservation District Examiner

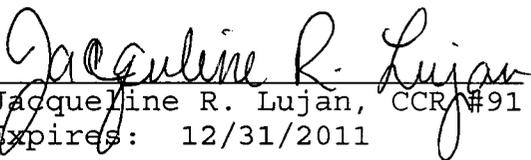
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  
HEREBY CERTIFY that on May 26, 2011, proceedings in the  
above captioned case were taken before me and that I did  
report in stenographic shorthand the proceedings set  
forth herein, and the foregoing pages are a true and  
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by  
nor related to nor contracted with any of the parties or  
attorneys in this case and that I have no interest  
whatsoever in the final disposition of this case in any  
court.

WITNESS MY HAND this 8th day of June, 2011.

  
Jacqueline R. Lujan, CCR #91  
Expires: 12/31/2011