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 CIMAREX ENERGY COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO CASE NO. 13,691

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

May 11th, 2006

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, May 11th, 2006, 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.

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

2 INDEX May 11th, 2006 Examiner Hearing CASE NO. 13,691 PAGE **REPORTER'S CERTIFICATE** 5 * * * EXHIBIT Identified Admitted Applicant's Exhibit A 3 3 * * * 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

| 1 | WHEREUPON, the following proceedings were had at |
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| 2 | 8:17 a.m.: |
| 3 | EXAMINER CATANACH: At this time I will call |
| 4 | first case, 13,691, the Application of Cimarex Energy |
| 5 | Company for compulsory pooling, Lea County, New Mexico. |
| 6 | Call for appearances. |
| 7 | MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe. |
| 8 | I represent the Applicant. I just have a brief statement. |
| 9 | EXAMINER CATANACH: Call for any additional |
| 10 | appearances. Okay. |
| 11 | MR. BRUCE: Mr. Examiner, this case was heard |
| 12 | four weeks ago, and there was a mistake in the |
| 13 | advertisement. The Applicant seeks pooling from the base |
| 14 | from the surface to the base of the Morrow formation, |
| 15 | but the Division's advertisement and the newspaper |
| 16 | advertisement used the Atoka formation rather than the |
| 17 | Morrow, so it was simply re-advertised and notified in |
| 18 | the noticed in the newspaper to reflect that it's to the |
| 19 | base of the Morrow formation. |
| 20 | Submitted as Exhibit A is a copy of the newspaper |
| 21 | affidavit of publication, and I just ask that Exhibit A be |
| 22 | admitted and the matter be taken under advisement. |
| 23 | EXAMINER CATANACH: This case was heard by ? |
| 24 | MR. BRUCE: Mr. Brooks. |
| 25 | EXAMINER CATANACH: Okay, Exhibit A will be |
| | |

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

admitted in this case. And there being nothing further, Case 13,691 will be taken under advisement. (Thereupon, these proceedings were concluded at 8:19 a.m.) * I do beraby cartify that the foregoing in a complete record of the proceedings in the Examiner hearing of Case No. 1369/. heard by me on 199011, 2006 -, Examiner atu Oil Conservation Division 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 May 26th, 2006.

STEVEN T. BRENNER CCR No. 7

My commission expires: October 16th, 2006

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