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:

AMENDED APPLICATION OF CHI OPERATING, INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 13,814

ORIGINAL

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

April 12th, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, April 12th, 2007, 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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REPORTER'S CERTIFICATE

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APPEARANCES

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR 110 N. Guadalupe, Suite 1 P.O. Box 2208 Santa Fe, New Mexico 87504-2208 By: WILLIAM F. CARR

* * *

WHEREUPON, the following proceedings were had at 1 2 8:19 a.m.: 3 4 On page 1, Case Number EXAMINER EZEANYIM: 5 13,814, this is the amended application of Chi Operating, 6 Inc., for compulsory pooling, Eddy County. 7 I understand that this case has been heard 8 several times, and this is just to correct some mistaken 9 10 legal advertisements. MR. CARR: May it please the Examiner, my name is 11 William F. Carr with the Santa Fe office of Holland and 12 Hart, L.L.P. We represent Chi Energy, Inc., in this 13 I have no witness. matter. 14 The case has been heard and has been continued at 15 least twice. There were errors not in the notice letters, 16 17 but in the legal publication, the last one being it was in the wrong quarter quarter section. 18 19 But we do have -- we have corrected that, and I 20 do have a copy of the notice of publication that was filed in the Lovington paper on March 15, 2007. I'd like to 21 22 tender that to the Examiner and request that the case now 23 be taken under advisement. 24 EXAMINER EZEANYIM: Any other appearances on this 25 case?

| 1 | Thank you, Mr. Carr. |
|----|---|
| 2 | For the third time, Case Number 13,814 will be |
| 3 | taken under advisement. |
| 4 | (Thereupon, these proceedings were concluded at |
| 5 | 8:20 a.m.) |
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| 12 | de hereby certify that the foregoing is |
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| 15 | Oil Conservation Division |
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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 April 13th, 2007.

STEVEN T. BRENNER

CCR No. 7

My commission expires: October 16th, 2010