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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

CASE NO. 13751

IN THE MATTER OF CASE 13751 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
DIVISION ORDER NO. R-12637

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: David K. Brooks, Legal Examiner
Richard Ezeanyim, Technical Examiner
Terry Warnell, Technical Examiner

June 26, 2008

Santa Fe, New Mexico

This matter came for hearing before the New Mexico Oil
Conservation Division, David K. Brooks, Legal Examiner, Richard
Ezeanyim, Technical Examiner, and Terry Warnell, Technical
Examiner, on June 26, 2008, at the New Mexico Energy, Minerals
and Natural Resources Department, 1220 South St. Francis Drive,
Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

FOR THE APPLICANT:

J. Scott Hall, Esq.
MONTGOMERY & ANDREWS LAW FIRM
325 Paseo De Peralta
Santa Fe, New Mexico 87501

1 MR. EZEANYIM: Well, then, we go to the supplementary
2 case page and call Case No. 13751. This is the Application of
3 Energen Resources Corporation in the Matter of Case No. 13751
4 Being Reopened Pursuant to Provisions of Division Order
5 No. R-12637.

6 Call for appearances.

7 MR. HALL: Mr. Examiner, Scott Hall from Montgomery &
8 Andrews on behalf of Energen Resources Corporation. I have no
9 witnesses this morning, just a brief statement.

10 MR. EZEANYIM: Any other appearances? Okay, you may
11 continue.

12 MR. HALL: Mr. Examiner, in 2006, by Order No. 12637,
13 the Division established 80-acre pool rules for the North
14 Burtner-Devonian Pool in Lea County. The special pool rules
15 were, of course, temporary and provided that the operator of
16 the pool appear back before the Division after a year's time to
17 report on the advisability of maintaining special pool rules
18 and 80-acre spacing.

19 After a year and some, actually, Energen has
20 determined that maintenance of spacing and development on 80
21 acres is no longer justified and recommends to the Division
22 that spacing revert back to statewide spacing at 40 acres. The
23 entirety of the pool is the north half of Section 3 in Township
24 5 South, Range 33 East. Energen owns and controls 100 percent
25 of the spacing units in the pool, and by reverting back to .

1 40-acre spacing, no interest owner or royalty owner's
2 participation in any well is diminished.

3 That's all I have.

4 MR. EZEANYIM: Thank you, Mr. Hall. Any questions?

5 MR. BROOKS: See, I talked to you about this case,
6 and I did not read the order. What I said to you -- I was
7 assuming, and I don't have the order in front of me so I'm
8 still assuming -- that it says that the special pool rules will
9 terminate unless they're extended; is that correct?

10 MR. HALL: That's correct. It's automatic.

11 MR. BROOKS: And that was the basis of my advice to
12 the Examiner, that we did not need any proof of -- we did not
13 need you to present any evidence at this hearing.

14 MR. EZEANYIM: Anything else?

15 MR. WARNELL: No.

16 MR. HALL: Is that it?

17 MR. EZEANYIM: That's it. At this point, Case
18 No. 13751 will be taken under advisement.

19 [Hearing concluded.]

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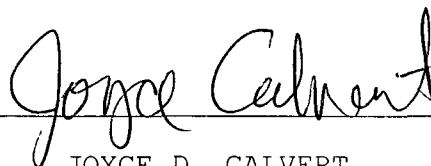
REPORTER'S CERTIFICATE

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I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

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

Signed this 26th day of June, 2008.

A handwritten signature in cursive script, reading "Joyce Calvert", is written over a horizontal line.

JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/09

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

3

4 I, JOYCE D. CALVERT, a New Mexico Provisional
5 Reporter, working under the direction and direct supervision of
6 Paul Baca, New Mexico CCR License Number 112, hereby certify
7 that I reported the attached proceedings; that pages numbered
8 1-4 inclusive, are a true and correct transcript of my
9 stenographic notes. On the date I reported these proceedings,
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 26th day of
12 June, 2008.

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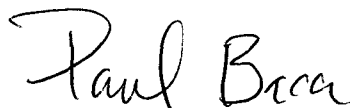
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