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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

RECEIVED

MAR 18 2004

CONTINUED AND DISMISSED CASES

Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 4th, 2004

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER,
Hearing Examiner, on Thursday, March 4th, 2004, 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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March 4th, 2004 Continued and Dismissed Cases

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REPORTER'S CERTIFICATE

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WHEREUPON, the following proceedings were had at 8:18 a.m.:

EXAMINER STOGNER: This hearing will come to order. Please note today's date, Thursday, March 4th, 2004. We're here to consider Docket Number 7-04. I'm Michael Stogner, appointed Hearing Officer for today's cases.

I'll go over the dismissals and continuances, and then I'll make a short announcement about the schedule for today, and then we'll proceed.

Okay, the first case to be dismissed is Case 13,225. This is the Application of Chi Energy, Inc., for compulsory pooling and a nonstandard gas spacing and proration unit, Eddy County, New Mexico. This case is dismissed.

Page 2, down at the bottom, Case 13,229, this is the Application of Yates Petroleum Corporation for an unorthodox location and exception to Division Rule 104.C.(2).(b) and a retroactive approval date for any order issued in this case, Chaves County, New Mexico. This case will be continued to April 1st.

On page 3, the first one, Case 13,230, this is the Application of Yates Petroleum Corporation for approval of a unit agreement in Chaves County, New Mexico. This case will be continued and readvertised to the March 18th

1 hearing. The last two cases, 13,211 and 13,212, both of 2 these Applications are for compulsory pooling, Eddy County, 3 4 New Mexico. The Applicant in both cases is Nadel and 5 Gussman Permian, L.L.C. Both of these cases will be 6 dismissed. 7 Are there any other continuances or dismissals? 8 MR. CARR: May please the Examiner, on the first 9 page of the docket --10 EXAMINER STOGNER: Yes, sir. 11 MR. CARR: -- is the Application of Concho Resources. 12 EXAMINER STOGNER: Yes, that's 13,217. 13 14 understand that case was heard by Mr. Catanach on February 15 19th; is that correct? That is correct, and it was continued 16 MR. CARR: 17 because Concho and some other parties in the subject 18 acreage were working on an agreement. They have continued 19 They have a document now that I believe is being 20 reviewed by Concho, but it has not yet been executed, and 21 on behalf of Derrel Melton, who I represent, we're 22 requesting that the case be continued for two additional 23 weeks, and I believe that Concho does not oppose that. 24 Yes, Mr. Examiner, I represent the MR. BRUCE:

Applicant, and we would ask that it be continued for two

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1 weeks to allow the parties to complete their negotiations. EXAMINER STOGNER: Case 13,217 will be continued 2 to the March 18th hearing. Any other continuances or 3 dismissals at this time. 4 We have one contested case that I know of on the 5 docket today, and that is 13,226. That's the Application 6 7 of OXY for rescission of an APD and compulsory pooling. This case will be put on the docket last, so we can get the 8 9 uncontested cases out first. (Thereupon, these proceedings were concluded at 10 11 8:20 a.m.) 12 13 14 15 16 I do hereby certify that the foregoing is 17 a complete record of the proceedings in Aring of Case No. 132. 18 19 , Exeminer onservation Division 20 21 22 23 24 25

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 March 5th, 2004.

STEVEN T. BRENNER

CCR No. 7

My commission expires: October 16th, 2006