

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF EOG RESOURCES, INC.,
FOR APPROVAL OF ADDITIONAL
HORIZONTAL WELLS IN THE BONE SPRING
FORMATION WITHIN THE POTASH AREA,
EDDY COUNTY, NEW MEXICO

Case No. 14731

TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner
RICHARD EZEANYIM, Technical Examiner

September 15, 2011

Santa Fe, New Mexico

This matter came on for hearing before the
New Mexico Oil Conservation Division, RICHARD EZEANYIM,
Technical Examiner, and DAVID K. BROOKS, Legal Examiner,
on Thursday, September 15, 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

A P P E A R A N C E S

FOR THE APPLICANT:

HOLLAND & HART, LLP
 MICHAEL FELDEWERT, ESQ.
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 Santa Fe, New Mexico 87501
 (505) 988-4421

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EXHIBITS 1 AND 2 ADMITTED

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REPORTER'S CERTIFICATE

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1 EXAMINER BROOKS: At this time we'll call
2 Case 14731, Application of EOG Resources, Inc., for
3 approval of additional horizontal wells in the Bone
4 Spring formation within the Potash area, Eddy County, New
5 Mexico.

6 Call for appearances.

7 MR. FELDEWERT: Mr. Examiner, Michael
8 Feldewert, with Holland & Hart, here on behalf of EOG
9 Resources, Inc.

10 EXAMINER BROOKS: Yes, sir.

11 MR. FELDEWERT: If I may approach?

12 EXAMINER BROOKS: Per your prehearing
13 statement, I assume you have no witnesses?

14 MR. FELDEWERT: Correct. Mr. Examiner, as
15 you know, in January 2011, under Order Number R-13354,
16 which was entered in Case Number 14584, this Division
17 approved three 160-acre project areas for horizontal oil
18 wells in the Turkey Track Bone Springs Pool in Section
19 23, 19 South, 29 East.

20 There were three wells that were approved:
21 The Parkway 23 State Com Well Number 2H, which was
22 dedicated -- which has been drilled and which is
23 dedicated to the north half of the north half of Section
24 23. The second well is Parkway 23 State Com Well Number
25 3H, which has been drilled and dedicated to the south

1 half of the north half of Section 23. And the third well
2 that was approved by that order was the Parkway State
3 Well Number 4H, which is drilled and is dedicated to the
4 south half of the south half of Section 23.

5 The order from the Division in Case Number
6 14584 was necessary because these wells are in the Potash
7 area, and Intrepid Potash objected to those wells,
8 claiming that it was within a half mile of a purported
9 LMR. The Division therefore set it for hearing.
10 Intrepid did not appear. The Division took testimony and
11 it issued its order.

12 This pool, Mr. Examiner, is governed by your
13 general statewide rules which allow up to four oil wells
14 per spacing unit. So in June of 2011, EOG submitted APDs
15 for an additional horizontal well to be completed in the
16 same pool in each of these three same spacing units. And
17 I've attached to the pre-hearing statement the C-102s
18 which ask for an additional well in each of these
19 approved spacing units. All of these additional wells
20 are at standard locations.

21 The Division's district office has denied
22 these applications for the same reasons that it denied
23 the initial wells in each of these spacing units? And
24 that is, their records show that these locations are
25 within a half mile of Intrepid's purported LMR.

1 So we filed this current application for
2 approval of these additional wells. EOG Exhibit 1 is the
3 notice affidavit for notice to Intrepid Potash Company of
4 this hearing and this application. And EOG Exhibit 2 is
5 the affidavit of publication in the newspaper of general
6 circulation in the area. I move the admission of these
7 two exhibits.

8 And I ask the Division to take note of the
9 testimony that was provided in Case Number 14584, which
10 resulted in the prior order, because that record supports
11 the additional wells in the same spacing units, in the
12 same pools at similar locations.

13 So we ask that you amend existing Order Number
14 R-13354 to include these additional three wells which are
15 identified, Mr. Examiner, with more specificity in our
16 prehearing statement and the C-102s attached to that
17 prehearing statement.

18 EXAMINER BROOKS: You've handed me three
19 documents, and I'm trying to see -- Exhibit 1 is the
20 affidavit of notice, and your publication is attached to
21 it as Exhibit 2.

22 MR. FELDEWERT: Correct.

23 EXAMINER BROOKS: The order is not marked
24 as an exhibit. And the other one is your prehearing
25 statement.

1 MR. FELDEWERT: Correct. I tried to keep
2 it all in one easy packet for you

3 EXAMINER BROOKS: Okay. They are separate
4 exhibits. We will admit Exhibits 1 and 2.

5 If there's nothing further, then Case Number
6 14731 will be taken under advisement.

7 (Exhibits 1 and 2 were admitted.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14731
heard by me on Sept 15, 2011.

David K. Burns Examiner
Oil Conservation Division

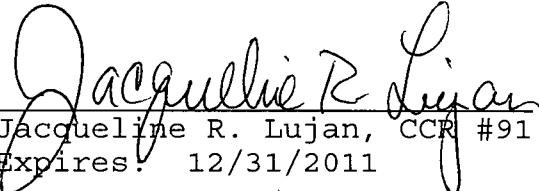
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on September 15, 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 26th day of September,
2011.


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