# STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT REVENCE **OIL CONSERVATION DIVISION** SEP - 8.

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

# **CASE NO. 14731**

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## **EOG's PRE-HEARING STATEMENT**

EOG Resources, Inc. ("EOG'), submits this Pre-Hearing Statement for the above

referenced case pursuant to the rules of the Oil Conservation Division.

### **APPEARANCES**

#### APPLICANT

#### 1.1 **ATTORNEY**

EOG Resources, Inc. P.O. Box 2267 Midland, Texas 79702 Michael H. Feldewert, Esq. Holland & Hart, LLP P. O. Box 2208 Santa Fe, NM 87504-2208 505/988-4421

#### **OPPONENT**

ATTORNEY

NONE at this time

#### **APPLICANT'S STATEMENT OF CASE**

In January, 2011, under Order No. 13354 entered in Case No. 14584, the Division approved 160-acre project areas for three horizontal wells in the Bone Spring formation, Turkey Track Bone Spring Pool in Section 23:

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a. the Parkway 23 State Com Well No. 2H, which has been drilled at a surface location 760 feet from the North line and 200 feet from the West line and to which is dedicated a 160-acre project area comprised of the N/2 N/2 of said Section 23;

b. the Parkway 23 State Com Well No. 3H, which has been drilled at a surface location 2050 feet from the North line and 50 feet from the West line and to which is dedicated to a 160-acre project area comprised of the S/2 N/2 of said Section 23; and

c. the Parkway 23 State Well No. 4H, which has been drilled at a surface location 660 feet from the South line and 200 feet from the West line and to which is dedicated a 160-acre project area comprised of the S/2 S/2 of said Section 23.

In June of 2011, EOG submitted Applications for Permit to Drill (Form C-101) along with the attached Well Location and Acreage Dedication Plats (Form C-102) to the Division's district office for approval of three additional horizontal wells <u>at the same general surface</u> <u>location, in the same formation/pool, and involving the same project areas</u> as the wells approved under Order No. 13354, namely:

a. the Parkway 23 State Com Well No. 5H, to be drilled at a surface location 930 feet from the North line and 220 feet from the West line and a bottom hole location 800 feet from the North line and 330 feet from the East line, and to be likewise dedicated the project area comprised of N/2 N/2 of Section 23 (Attachment 1);

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b. the Parkway 23 State Com Well No. 6H, to be drilled at a surface location 2150 feet from the North line and 50 feet from the West line and a bottom hole location 2120 feet from the North line and 330 feet from the East line, and to be likewise dedicated to the project area comprise of the S/2 N/2 of Section 23 (Attachment 2); and

c. the Parkway 23 State Well No. 7H, to be drilled at a surface location 520 feet from the South line and 200 feet from the West line and a bottom hole location 520 feet from the South line and 330 feet from the East line, and to be likewise dedicated the S/2 S/2 of Section 23 (Attachment 3).

The Division's district office has denied these Applications for the same reasons it denied the applications for the wells eventually approved by Division Order R-13354, namely that these surface locations are within the Potash Area and allegedly within an approved Life-of-Mine Reserve ("LMR") or its buffer zone.

EOG has provided notice of this application to Intrepid Potash Company, but does not expect Intrepid Potash Company to enter an appearance in this matter. At the hearing, EOG intends to ask the Division to adopt into this case the record from Case No. 14584, which resulted in Order No. R-13354, on the grounds that it likewise demonstrates that the drilling of these additional Parkway 23 State Com Well Nos. 5H and 6H, and the Parkway 23 State Well No. 7H, in the Bone Spring formation at the proposed surface locations will not result in undue waste of commercial deposits of potash; will not interfere unduly with the orderly commercial development of any commercial potash deposits; and is in the best interests of conservation, the prevention of waste of oil and gas reserves, and the protection of correlative rights.

## **APPLICANT'S PROPOSED EVIDENCE**

EOG does not intend to call any witnesses and instead will ask that the Division adopt into this case the record from Case No. 14584, which resulted in Order No. R-13354, on the grounds that it likewise demonstrates that the drilling of these additional Parkway 23 State Com Well Nos. 5H and 6H, and the Parkway 23 State Well No. 7H, in the Bone Spring formation at the proposed surface locations will not result in undue waste of commercial deposits of potash or interfere unduly with the orderly commercial development of any commercial potash deposits.

# **PROCEDURAL MATTERS**

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None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

Michael H. Feldewert Post Office Box 2208 Santa Fe, New Mexico 87504-2208 (505) 988-4421 (505) 983-6043 Facsimile mfeldewert@hollandhart.com

ATTORNEYS FOR EOG RESOURCES, INC.

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