

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: )  
 ) CASE NO. 13,871  
APPLICATION OF EOG RESOURCES, INC., )  
FOR COMPULSORY POOLING, EDDY COUNTY, )  
NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 15th, 2007

Santa Fe, New Mexico

2007 MAR 1 AM 8 51

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, February 15th, 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.

\* \* \*

## I N D E X

February 15th, 2007  
 Examiner Hearing  
 CASE NO. 13,871

PAGE

REPORTER'S CERTIFICATE

8

\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	6
Attachment A	4	6
Attachment B	4	6
Attachment C	4	6
Attachment D	5	6
Attachment E	5	6

\* \* \*

## A P P E A R A N C E S

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: OCEAN MUNDS-DRY

\* \* \*

STEVEN T. BRENNER, CCR  
 (505) 989-9317

1           WHEREUPON, the following proceedings were had at  
2 9:06 a.m.:

3           EXAMINER CATANACH: Call Case 13,871, the  
4 Application of EOG Resources, Inc., for compulsory pooling,  
5 Eddy County, New Mexico.

6           Call for appearances.

7           MS. MUNDS-DRY: Good morning, Mr. Hearing  
8 Examiner. Ocean Munds-Dry with Holland and Hart, here  
9 representing EOG Resources, Inc., this morning. I'm  
10 presenting this case by affidavit.

11          EXAMINER CATANACH: Any additional appearances?

12          Okay, you may proceed.

13          MS. MUNDS-DRY: Thank you, Mr. Examiner.

14          If you'll turn to Exhibit 1, it is the affidavit  
15 of Richard L. Lanning, who is on behalf of EOG seeking an  
16 order pooling certain unfound interest owners in the east  
17 half of irregular Section 5, Township 16 South, Range 25  
18 East, in Eddy County, New Mexico.

19          EOG owns a working interest in the east half of  
20 Section 5 and seeks to dedicate a horizontal well, so a  
21 proposed project area, to its Tiber B 5 fee well Number 1H,  
22 which they propose to drill from a surface location of 187  
23 feet from the south line, 2239 from the east line, to a  
24 bottomhole location of 2448 from the north line and 1880  
25 from the east line of said irregular Section 5.

1           If you'll please turn to Attachment A you'll see  
2           it's the C-102 for the well, showing the proposed project  
3           area, producing area and the well location.

4           The proposed project area consists entirely of  
5           fee leases, and if you'll please turn to Attachment B this  
6           attachment shows the nature and percentage of the ownership  
7           interests in the subject area. All interest owners have  
8           voluntarily committed their interest to the proposed  
9           spacing unit, except for three interest owners who have not  
10          been found.

11          And you'll see on the attachment they're listed  
12          towards the bottom. The interests are Donald R. Schaub,  
13          Helen J. Triggs and Audrey M. DeMartino. They own  
14          collectively in the spacing unit a total of .000375 percent  
15          in the spacing unit, so it's a relatively small interest.

16          EOG attempted to locate these interest owners,  
17          and if you'll turn to Attachment C this is a letter sent by  
18          their broker, which is actually the envelope showing that  
19          it came back marked as "Deceased", and the green card, and  
20          then the letter back to Mr. Lanning indicating their  
21          efforts to locate these individuals. They found them in  
22          the county records, and there is a lease from 1978 that  
23          they found the address.

24          In addition to sending the proposal to lease the  
25          interests to this last known address, they also searched

1 other county records, including probates, deeds, any other  
2 leases or instruments that would have been recorded in the  
3 county records. The broker also performed an Internet  
4 search for these individuals and employed certain phone  
5 databases to attempt to locate them, and they were not  
6 found.

7 EOG therefore requests that the interests of  
8 these individuals be pooled and EOG be designated the  
9 operator of the well in the project area. EOG proposes  
10 overhead rates of \$4500 per month while drilling and \$450  
11 per month while producing.

12 And Attachment D is a copy of the AFE that was  
13 put together in December of 2006. This AFE was not sent to  
14 these interest owners because they didn't have, as you saw  
15 in Attachment C, a good address to send it to them, as it  
16 was returned previously. But this is what has been  
17 submitted to the other interest owners.

18 And then finally Attachment E is a copy of the  
19 affidavit of publication in *The Artesia Daily Press*, my  
20 affidavit showing that we gave notice of this hearing to  
21 that last known address which you see on Exhibit A, and the  
22 green cards which also came back marked Attempted, Not  
23 Known. Those were all returned.

24 Approval of this Application will avoid the  
25 drilling of unnecessary wells and prevent waste, will

1 protect correlative rights and allow EOG and the other  
2 interest owners in the east half of Section 5 an  
3 opportunity to obtain their just and fair share of the oil  
4 and gas under the subject lands.

5 That concludes Mr. Lanning's affidavit, and I  
6 would move the admission of Exhibit 1 and its attachments.

7 EXAMINER CATANACH: Exhibit 1 and its attachments  
8 will be admitted.

9 These are the only interest owners being pooled  
10 in this case?

11 MS. MUNDS-DRY: That's correct.

12 EXAMINER CATANACH: And the notice, the hearing  
13 notice, that's your last exhibit?

14 MS. MUNDS-DRY: Right, Mr. Examiner, that was  
15 Attachment E, I believe, which we --

16 EXAMINER CATANACH: That was your attempt to  
17 notify them of the hearing?

18 MS. MUNDS-DRY: Correct, which we did by  
19 publication and also by sending to their last known  
20 address.

21 And we like to call that letter the Brooks-  
22 approved letter.

23 MR. BROOKS: Well, all I do is read the Rules.

24 EXAMINER CATANACH: Okay, I don't think I have  
25 anything else.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Do you have anything further?

MS. MUNDS-DRY: Nothing further.

EXAMINER CATANACH: There being nothing further,  
Case 13,871 will be taken under advisement.

Let's take a 10-minute break here.

(Thereupon, these proceedings were concluded at  
9:12 a.m.)

\* \* \*

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 13871  
heard by me on February 15, 2007.  
David R. Catanach, Examiner  
Oil Conservation Division

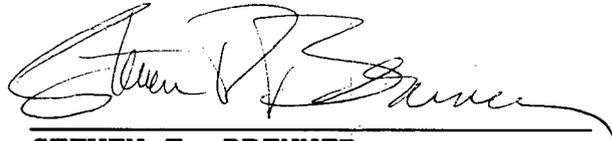
## CERTIFICATE OF REPORTER

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 February 16th, 2007.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2010