

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION 28 PM 3 53

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

CASE NO. 13,856

APPLICATION OF MYCO INDUSTRIES, INC.
FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

MOTION FOR CONTINUANCE

EOG Resources, Inc., ("EOG"), through its undersigned counsel, moves the Division enter its order continuing the hearing on the Application in the above referenced case from the January 4, 2007 examiner hearing docket to the January 18, 2007 hearing docket. In support of its motion, EOG states:

By its Application in Case No. 13853, Myco Industries, Inc., ("Myco"), seeks to pool all unjoined interests in the Wolfcamp formation underlying the S/2 of Section 34, T 15 S, R 24 E to form a 320-acre spacing unit. In Case No. 13856, Myco seeks to pool the unjoined interests in the N/2 of the same section.

EOG owns 47.916666% of the working interest in the proposed S/2 unit. In the proposed N/2 unit, EOG owns 36.979166% of the working interest.

Myco is believed to have filed its applications for compulsory pooling for the S/2 and N/2 of the Section 34 lands in early December. Notification of the hearings was issued by Myco's attorney on December 14, 2006. Copies of the notices of the hearings and Myco's compulsory pooling applications were not received by EOG's landman until December 19, 2006. As soon as practicable thereafter, EOG's landman retained the Holland & Hart lawfirm to represent it in the two compulsory pooling proceedings before the Division. Holland & Hart filed its Entry of Appearance on behalf of EOG on December 22, 2006.

On December 28, 2006, Holland & Hart determined it had a conflict of interests and could not continue to represent EOG in these particular cases. EOG was accordingly required to obtain new counsel and consequently, on the afternoon of December 28, 2006, EOG retained the undersigned for representation in these matters.

On two earlier occasions in December, EOG had proposed terms that would allow Myco to acquire its interests in the two proposed units. To date, Myco has failed to provide a meaningful response to EOG's proposal. Neither has it made a counterproposal to EOG. On information and belief, communications between the parties has been complicated due to the hiatus caused by the Christmas holidays.

Through no fault of EOG, there has been insufficient time to allow for EOG's recently retained counsel to adequately prepare for these contested compulsory pooling proceedings. The upcoming New Year's holiday further complicates preparation efforts. EOG is prejudiced by these circumstances.

On the other hand, it appears that there are no expiring leases or farmouts on the Section 34 acreage that must be drilled to be preserved. Neither will any rig schedules be disrupted. Consequently, Myco incurs no prejudice from a continuance.

Further, additional time is needed to allow the parties to negotiate and to fulfill Myco's statutory obligation to make a good faith effort to obtain the participation of the unjoined interests. The additional time afforded by a two-week continuance will facilitate negotiations. Proceeding to a January 4th hearing will require the parties to prepare for an out of town hearing and will divert them from negotiations. Consequently, a denial of this motion will be counterproductive.

Myco Industries opposes the relief requested in this Motion.

WHEREFORE, EOG requests that the hearing on the referenced Applications be continued to the January 18, 2006 examiner hearing docket.

Respectfully submitted,

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