

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

2008 DEC 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.

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by EOG Resources, Inc. as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Myco Industries, Inc.  
P.O. BOX 840  
Artesia, New Mexico 88211

Attention: Shari Darr Hodges  
(505) 748-1471

**APPLICANT'S ATTORNEY**

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

**OPPONENT**

EOG Resources, Inc.  
400 N. Big Spring, Suite 500  
Midland, Texas 79705

Attention: Rick Lanning

**OPPONENT'S ATTORNEY**

J. Scott Hall  
Post Office box 1986  
Santa Fe, New Mexico 87504  
(505) 989-9614

**STATEMENT OF THE CASE**

**APPLICANT**

Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Starr 34 Fee Well No. 2, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involving in drilling and completing the well.

#### OPPONENT

EOG Resources, Inc. is the owner of a significantly large working interest in the spacing unit that is the subject of Myco Industries, Inc.'s compulsory pooling application. EOG has been a leader in developing the Wolfcamp formation play in the area and has significant experience in the drilling and completion of horizontal Wolfcamp formation wells. As the owner of a large interest in the proposed spacing unit, under the circumstances, EOG is concerned that additional time is needed to allow the parties to negotiate mutually satisfactory terms for the proper development of Wolfcamp formation resources in Section 34. It is EOG's position that Myco has not satisfied its statutory obligation to undertake good faith negotiations for the voluntary participation of the owners of the unjoined interests in the proposed well.

#### **PROPOSED EVIDENCE**

##### APPLICANT

| <u>WITNESSES</u>                        | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|---|------------------|-----------------|
| Shari Darr Hodges<br>(landman)          | 20 min.          | Approx. 6       |
| _____<br>(geologist)- POTENTIAL WITNESS | 20 min.          | Approx. 4       |

##### OPPONENT

| <u>WITNESS</u>            | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|---------------------------|------------------|-----------------|
| Rick Lanning<br>(landman) | 20 min.          | Approx. 10      |

#### **PROCEDURAL MATTERS**

EOG has today filed a motion for continuance.

Respectfully Submitted,

MILLER STRATVERT P.A.

By: 7. Swinall

J. Scott Hall, Esq.

Post Office Box 1986

Santa Fe, New Mexico 87504

(505) 989-9614

Attorneys for EOG Resources, Inc.

**Certificate of Mailing**

I hereby certify that a true and correct copy of the foregoing was delivered to counsel of record on the 28 day of DEC, 2006, as follows:

James G. Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87504-1056

J. Scott Hall

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