

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

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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

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A P P E A R A N C E S

FOR THE APPLICANT:

HOLLAND & HART, LLP  
MICHAEL FELDEWERT, ESQ.  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501  
(505) 988-4421

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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

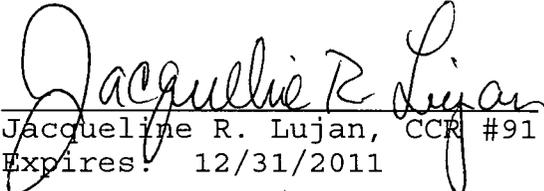
REPORTER'S CERTIFICATE

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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