

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 NOS: 21551

APPLICATION OF EOG RESOURCES INC.
TO AMEND ORDER R-21431 FOR APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on
Thursday, December 3, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

For Ostrich Oil & Gas:

SHARON SHAHEEN
MONTGOMERY & ANDREWS
325 Paseo de Peralta
Santa Fe, NM 87501

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1 HEARING EXAMINER ORTH: All right. It is 10
2 o'clock. We will reconvene now with the next matter. It's
3 Case Number 21551. EOG Resources is the applicant, the
4 application is to amend an order, and the well name is
5 Gladiator. Who is here from Holland & Hart on behalf of the
6 applicant?

7 MS. LUCK: Good morning. Kaitlyn Luck from the
8 Santa Fe office of Holland & Hart on behalf of the applicant
9 in this case, EOG Resources Inc.

10 HEARING EXAMINER ORTH: Good morning. We have an
11 entry of appearance on behalf of Ostrich Oil & Gas by
12 Montgomery & Andrews. Ms. Shaheen, are you here for them?

13 MS. SHAHEEN: Yes, I am. We haven't entered a
14 written entry of appearance, but today I will be entering an
15 appearance on behalf of Ostrich for the purpose of
16 preserving our right to de novo review before the
17 Commission. We don't oppose EOG going forward by affidavit.

18 HEARING EXAMINER ORTH: Thank you very much for
19 that. Let me pause for a moment to see if there are any
20 other entries of appearance.

21 (No audible response.)

22 HEARING EXAMINER ORTH: No. Ms. Luck, if you
23 would, please go ahead.

24 MS. LUCK: Thank you. So in this case EOG is
25 seeking an approval of an amendment of Order R-21431, and in

1 this case EOG had previously received Order R-21431 which
2 approved a 320 acre standard spacing unit comprised of the
3 W/2 W/2 of Section 3 in Township 24 South, Range 35 East,
4 and the W/2 W/2 of Section 34 in Township 23 South, Range 35
5 East.

6 And subsequently to receiving approval of that
7 order, EOG commenced drilling of the initial Gladiator 301H
8 well which was the proposed approved or proposed initial
9 well under this spacing unit. And EOG encountered a
10 drilling issue when it began drilling the well, so the --
11 excuse me -- the affidavit of Katie McBryde, which is EOG
12 Exhibit C, it provides a as-drilled plat which reflects that
13 EOG was only able to complete drilling of a portion of the
14 completed interval of this well, but it was not able to
15 complete the well to the intended point which is in the NW/4
16 of the NW/4 of Section 34.

17 So now that's why EOG seeks approval of a
18 non-standard unit is to continue to include the NW/4 of the
19 NW/4 of Section 34 even though that tract will not be
20 penetrated.

21 Affidavit of Katie McBryde which is EOG
22 Exhibit C, that notes that EOG has reached an agreement with
23 the only party that is in the NW/4 of the NW/4 of Section 34
24 who is Ostrich, and that is why Ms. Shaheen is here today to
25 confirm Ostrich is not opposed to approve the non-standard

1 unit which includes the tract which is not penetrated by the
2 Gladiator wellbore.

3 Next EOG provides Exhibit E which is the
4 affidavit of Denton O'Neal. He was the original geologist
5 in this case, and he is the geologist who testifies again
6 here, and he includes the project locator map, as well as
7 the standard geology exhibits which include a stratigraphic
8 cross section.

9 His affidavit explains the drilling issues that
10 EOG encountered after it began drilling the well in
11 September and the efforts that EOG made to resolve the
12 drilling issue which resulted in not penetrating the NW/4 of
13 the NW/4 of Section 34.

14 Finally EOG's Exhibits E and F, those are the
15 notice affidavit and affidavit of publication reflecting
16 that notice of this hearing was timely provided.

17 I do want to point out, I'm not sure if the
18 correct exhibit packet was e-mailed in to the Division, so I
19 would like to re-e-mail that because it looks like the one
20 that was sent in did not include all of the exhibits I had
21 on the version here on my screen.

22 So I would like to resubmit these exhibits and
23 like to also apologize for the issues with the exhibits this
24 time. We just had some issues with them our system on
25 Tuesday when we were putting everything together, and it

1 looks like it did not all get submitted correctly.

2 So with that, I would move the admission of these
3 Exhibits A through F and ask that this case be taken under
4 advisement unless there is any question about the proposed
5 non-standard unit or any other questions about the exhibits.

6 HEARING EXAMINER ORTH: All right. Thank you,
7 Ms. Luck. Ms. Shaheen, do you have questions in this
8 matter?

9 MS. SHAHEEN: No questions, thank you.

10 HEARING EXAMINER ORTH: Mr. Lamkin, do you have
11 questions of Ms. Luck?

12 TECHNICAL EXAMINER LAMKIN: No questions for me,
13 either.

14 HEARING EXAMINER ORTH: All right. Exhibits A
15 through F are admitted, and subject to the revision of an
16 essentially corrected set of exhibits, the matter will be
17 taken under advisement.

18 MS. LUCK: Thank you.

19 (Exhibits A through F conditionally admitted.)

20 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

5 I, IRENE DELGADO, New Mexico Certified Court
6 Reporter, CCR 253, do hereby certify that I reported the
7 foregoing virtual proceedings in stenographic shorthand and
8 that the foregoing pages are a true and correct transcript
9 of those proceedings to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties or attorneys in this case
12 and that I have no interest in the final disposition of this
13 case.

14 I FURTHER CERTIFY that the Virtual Proceeding was
15 of poor to good quality.

16 Dated this 3rd day of December 2020.

17

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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