

**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. 13866**

**APPLICATION OF BEPCO, L.P. FOR AN EXCEPTION TO  
DIVISION ORDER NO. R-111-P, EDDY COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Mosaic Potash Carlsbad Inc. as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANTS**

**BEPCO, L.P.**

**OPPOSITION**

Mosaic Potash Carlsbad Inc.  
Attn: Dan Morehouse  
Post Office Box 71  
Carlsbad, NM 88220  
(505) 887-2871

**ATTORNEY**

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, NM 87504

**ATTORNEY**

Charles C. High, Jr., Esq.  
& C. B. Burns  
Kemp Smith LLP  
220 N. Kansas, Suite 1900  
El Paso, TX 79901  
(915) 533-4424

**STATEMENT OF CASE**

**OPPOSITION POSITION**

Opposition seeks an order denying the Application for Exception at issue in this case. Deletion of the salt protection string will increase the hazard inherently associated with oil and gas operations near operating underground potash mines. We intend to oppose the proposed blanket exception to R-111-P. Drilling wells in the proposed areas

Pre-Hearing Statement  
NMOCD Case Nos. 13866  
Page 2

has the intended result of conducting oil and high pressure natural gas through naturally sealed horizons near the ore bodies held by Mosaic Potash. Deletion of the salt protection string unnecessarily increases the hazard to potash. The Commission's Order R-111-P is specifically intended to mitigate the hazard of such drilling near potash.

### PROPOSED EVIDENCE

#### OPPOSITION

WITNESS	ESTIMATED TIME	EXHIBITS
Dan Morehouse, Mine Engineering Superintendent	Approx. 15 Minutes	Approx. 2

Mr. Morehouse will review potash mineralization near the areas in question and outline mining plans that could be affected by the drilling of this area. His testimony will show that Mosaic Potash holds legitimate rights to mine ores within ¼ mile of the area and has an approved LMR well within 1 mile of the area. He will testify he is not asking the Commission to deny the owners of the oil and gas minerals the right to develop their property, only to develop their property in a manner that is not injurious to adjacent properties.

Mr. Morehouse will ask the Commission to require salt protection measures be taken as R-111-P mandates.



Dan Morehouse  
Mine Engineering Superintendent  
Mosaic Potash Carlsbad Inc.

Pre-Hearing Statement  
NMOCD Case No. 13866  
Page 3

**Mosaic Potash Carlsbad Inc.  
Index of Exhibits**

Exhibit No. 1	Map showing LMR, Mine Plan, and Workings
Exhibit No. 2	Map showing BLM designated Measured Ore

**CERTIFICATE OF SERVICE**

I certify that I have sent a copy of the foregoing pleading by facsimile to David Brooks, Assistant General Counsel for the Oil Conservation Division [Fax. No. (505) 476-3462], James Bruce, attorney for the Applicant [Fax. No. (505) 982-2151], and to Charles C. High, Jr., Esq., Kemp Smith, LLP, attorney for the Opposition [Fax. No. (915) 546-5360] on this 23<sup>rd</sup> day of February 2007.

  
Dan Morehouse