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J. SCOTT HALL

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2011 OCT -6 P 4: 34

October 6, 2011

Ms. Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

**Re: NMOCD Case No. 14734: Application of Burlington Resources Oil & Gas
Company LP for Compulsory Pooling, San Juan County, NM**

Dear Ms. Davidson:

On behalf of Koch Exploration Company LLC, enclosed for filing is an original
and one copy of each: (1) Pre-hearing Statement; and (2) Entry of Appearance in the
above case.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

JSH:kw
Enclosure

cc via e-mail:
W. Thomas Kellahin

316880

REPLY TO:

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

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**APPLICATION OF BURLINGTON
RESOURCES OIL & GAS COMPANY LP
FOR COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO**

CASE NO. 14734

ENTRY OF APPEARANCE

Comes now Koch Exploration Company LLC, by and through its undersigned attorneys, Montgomery & Andrews, P.A. (J. Scott Hall), and hereby enters its appearance in the above matter.

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

J. Scott Hall, Esq.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873

Attorneys for Koch Exploration Company LLC

Certificate of Service

I hereby certify that on October 6, 2011, a true and correct copy of the foregoing was sent via electronic mail to the following party:

Thomas Kellahin, Esq.
Kellahin & Kellahin
706 Gonzales Road
Santa Fe, NM 87501-8744
tkellahin@comcast.net

J. Scott Hall

J. Scott Hall

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

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**APPLICATION OF BURLINGTON
RESOURCES OIL & GAS COMPANY LP
FOR COMPULSORY POOLING, SAN JUAN
COUNTY, NEW MEXICO**

CASE NO. 14734

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Koch Exploration Company LLC as required by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Burlington Resources Oil & Gas Company

APPLICANT'S ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
706 Gonzales Road
Santa Fe, NM 87501-87444
(505) 216-2780

OPPOSING PARTY

Koch Exploration Company
90777 Pyramid Ct. #210
Englewood, CO 80112-6017

OPPOSING PARTY'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in the Gallup formation underlying the SE/4 and Dakota formations underlying Lots 1 and 2, S/2 NE/4 and SE/4 (the E/2 equivalent) of Section 2, T25N, R9W, NMPM, San Juan County, New Mexico, forming a standard 320.39-acre gas spacing and proration unit for the Dakota formation spaced on 320-acre spacing and a standard 160-acre gas spacing and proration unit for the Gallup formation spaced on 160-acre spacing. These units are to be dedicated to its Huerfano Unit Com Well No. 311 (API # 30-045-35291) to be drilled and completed at a standard surface well location in Unit I and to downhole commingled wellbore for production from Dakota and Gallup formations. In addition, Burlington requests that the Division adopt cost and production allocation procedures between the Gallup and Dakota, a COPAS accounting procedure with the annual COPAS overhead cost adjustment, payment default provisions and future proposed recompletions provisions. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a 200% charge for the risk involved in this well.

OPPOSING PARTY

Koch Exploration Company LLC is the owner of significant working interests in the Gallup and Dakota formations and would be adversely affected by being force pooled into the Applicant's proposed well under the current circumstances. Koch Exploration further objects to the uncertain method for measuring and allocating production from the Gallup oil zone and the Dakota gas zone to the diverse interest owners in the Gallup and Dakota formations. Koch Exploration further objects to the uncertain method for allocation of well costs, both completed

and dry-hole, between the owners of the two formations. It is further noted that the representation in Burlington's Amended Application that Burlington and Koch Exploration have entered into a JOA is in error.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

Doug Howard, Petroleum Engineer
Glen Bach, Geologist
Morgan Connor, Landman
Bob Wright, Petroleum Engineer
Natalie Naeve, Petroleum Engineer

25 min.
25 min.
25 min.
25 min.
25 min.

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PROCEDURAL MATTERS

None.

MONTGOMERY & ANDREWS, P.A.

By: 

J. Scott Hall, Esq.

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Santa Fe, New Mexico 87504

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Attorneys for Koch Exploration Company LLC

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706 Gonzales Road
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tkellahin@comcast.net

A handwritten signature in black ink, appearing to read "J. Scott Hall", written over a horizontal line.

J. Scott Hall

3167765 NC