

**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. 13841**

**APPLICATION OF KOCH EXPLORATION  
COMPANY LLC FOR AN ORDER AUTHORIZING  
INCREASED WELL DENSITY AND SIMULTANEOUS  
DEDICATION ON CERTAIN NON-STANDARD  
SPACING UNITS IN THE BASIN-FRUITLAND COAL  
GAS POOL, SAN JUAN COUNTY, NEW MEXICO.**

2006 DEC 6 PM 3 00

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Koch Exploration & Production Co.  
Attn: Mr. Morgan J. Connor  
9777 Pyramid Court  
Englewood, Colorado 80112  
(303) 325-2569

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

**OPPOSITION**

BP America Production Company

**ATTORNEY**

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Fax: (505) 982-2151

**STATEMENT OF CASE**

**APPLICANT**

Applicant seeks authorization to drill an additional coal gas well at a standard location in each of three existing non-standard gas spacing units in the Basin-Fruitland Coal Gas Pool. These three GPU's comprise the following acreage located in the narrow sections along the west side of Township 31 North, Range 8 West:

- A. W/2 equivalent of Section 6 and the NW/4 equivalent of Section 7 (The additional well is proposed at a standard location in the NW/4 of Section 6);
- B. SW/4 equivalent of Section 7 and W/2 equivalent of Section 18 (the additional well is proposed at a standard location in the NW/4 of Section 18); and
- C. W/2 equivalent of Section 19 and the NW/4 equivalent of Section 30 (the additional well is proposed at a standard location in the NW/4 of Section 19).

Applicant also seeks authorization to simultaneously dedicated each of these units to the three coal gas wells located thereon. This area is located approximately 6.5 miles west of the Los Pinos arm of the Navajo Reservoir approximately 30.66 miles north of Aztec, New Mexico.

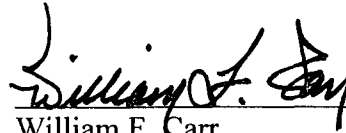
**PROPOSED EVIDENCE**

**APPLICANT**

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Morgan J. Connor (Land Manager)	Approx. 20 Minutes	Approx. 5
Bob Wright (Petroleum Engineer)	Approx. 20 Minutes	Approx. 15

**PROCEDURAL MATTERS**

Koch Exploration Company, LLC, has none at this time.



William F. Carr

Attorney for Koch Exploration Company,  
LLC

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**CERTIFICATE OF SERVICE**

I certify that on December 6, 2006 I served a copy of the foregoing document to the following  
by

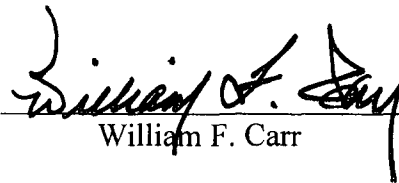
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James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Fax: (505) 982-2151



William F. Carr