

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

IN THE MATTER OF THE HEARINGS CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF BEACH EXPLORATION, INC.  
FOR STATUTORY UNITIZATION, EDDY  
COUNTY, NEW MEXICO.

Case No. 12684

APPLICATION OF BEACH EXPLORATION, INC.  
FOR APPROVAL OF A WATERFLOOD PROJECT  
AND TO QUALIFY THE PROJECT FOR THE  
RECOVERED OIL TAX RATE PURSUANT TO  
THE ENHANCED OIL RECOVERY ACT, EDDY  
COUNTY, NEW MEXICO.

Case No. 12685

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Beach Exploration, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Beach Exploration, Inc.  
Suite 200  
800 North Marienfeld  
Midland, Texas 79701  
Attention: Robert N. Hinson  
(915) 683-6226

APPLICANT'S ATTORNEY

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

OTHER PARTY

Bill Taylor  
1106 North Country Club Circle  
Carlsbad, New Mexico 88220

OTHER PARTY'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order unitizing all mineral interests in the designated and undesignated High Lonesome-Queen Pool underlying parts of Sections 17, 18, 19, and 20, Township 16 South, Range 29 East, NMPM, comprising 1156.60 acres, more or less, of state and federal lands for its proposed West High Lonesome Queen Unit.

pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §570-7-1 et. seq.

In addition, Applicant seeks approval to institute a waterflood project in the Designated and Undesignated High Lonesome-Queen Pool underlying the proposed unit by the injection of water into 18 wells located thereon. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

#### OTHER PARTY

Applicant is unsure of Mr. Taylor's position, although he desired that his interest be bought out by Applicant at a higher price than applicant thought was reasonable.

#### **PROPOSED EVIDENCE**

#### APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Robert N. Hinson (landman)	20 Min.	(a) Land plats (b) Unit Agreement (c) Unit Operating Agreement (d) Listings of interest owners (e) Ratifications (f) BLM letter of designation (g) Commissioner of Public Land's letter of preliminary approval (h) Correspondence (i) Notice affidavits
_____ (geologist)	10 min.	(a) Type log (b) Structure map (c) Isopach (d) Cross sections
Jack Rose (engineer)	25 min.	(a) Well status plat (b) Unit production data (c) injection pattern plat (d) Cost data

(e) Economics summary  
(f) Form C-108

OTHER PARTY

WITNESSES

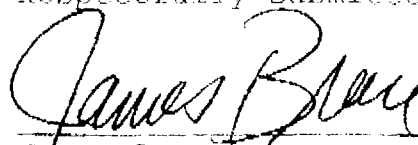
EST. TIME

EXHIBITS

**PROCEDURAL MATTERS**

Applicant requests that the two case be consolidated for hearing.

Respectfully submitted,



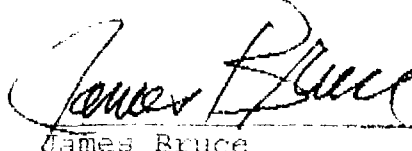
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Beach Exploration, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was mailed to the following party of record this 9th day of July, 2001:

Bill Taylor  
1106 North Country Club Circle  
Carlsbad, New Mexico 88220



James Bruce