

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

2006 JUN 29 PM 4 23

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

CASE NO. 13739

**APPLICATION OF MCKAY OIL & GAS, LLC FOR
COMPULSORY POOLING, SAN JUAN COUNTY,
NEW MEXICO**

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

McKay Oil & Gas, LLC

ATTORNEY

James Bruce, Esq.
P. O. Box 1056
Santa Fe, NM 87504-1056

OPPOSITION

Burlington Resources Oil & Gas Co., L.P.
Attn: Alan Alexander
3401 E. 30th Street
Farmington, NM 87402
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ATTORNEY

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Holland & Hart LLP
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STATEMENT OF CASE

Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying Lots 3, 4, S/1 NW/4, and SW/4 (the W/2) of Section 1, Township 30 North, Range 12 West NMPM to form a standard 319.40-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing, including the

Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Kelly Well NO. 1, to be located at an orthodox location in the SE/4 NW/4 of Section 1. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3 miles North-Northeast of Flora Vista, New Mexico.

PROPOSED EVIDENCE

OPPOSITION

WITNESSES

EST. TIME

EXHIBITS

May call:

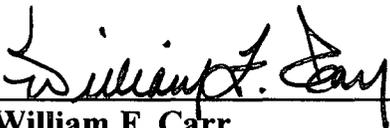
Alan Alexander
(Landman)

Approx. 10 min.

Approx. 5

PROCEDURAL MATTERS

Burlington Resources Oil & Gas Co., L.P., has none at this time.



William F. Carr

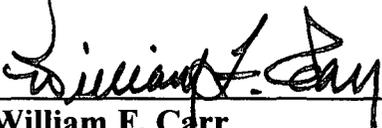
**Attorneys for Burlington Resources Oil & Gas
Co., L.P.**

CERTIFICATE OF SERVICE

I certify that on June 29, 2006 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

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