

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

IN THE MATTER OF THE
APPLICATION OF BEPCO, L.P.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 13740

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Miller Stratvert P.A. (J. Scott Hall) on behalf of XTO Energy, Inc., as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

BEPCo., L.P.

ATTORNEY

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OPPONENT

XTO Energy, Inc.

OPPONENT'S ATTORNEY

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STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Undesignated Laguna Grande-Wolfcamp Gas Pool, the Undesignated Nash Draw-Atoka Gas Pool, the Undesignated Nash Draw-Strawn Gas Pool, the Undesignated Remuda-

Wolfcamp Gas Pool, the SE/4 for all formation and/or pools developed on 160-acre spacing within this vertical extent; and the NE/4 SE/4 for all formation and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Nash Drawn-Delaware Pool and the Undesignated Remuda-Wolfcamp Pool. Said unit is to be dedicated to its Remuda Basin 25 State Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25 to an approximate depth of 14,200 feet. Also to be considered will be the cost 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 BEPCo., L.P. as operator of the well and a charge for risk involved in drilling said well.

OPPOSITION OR OTHER PARTY

XTO is the owner of the largest working interest share in the E/2 of Section 25. As such, it will be responsible for the largest share of well costs. XTO believes that it can drill and complete the well at a significantly lower cost than estimated by BEPCO. XTO has therefore proposed that it be designated operator of the well and has accordingly filed its own application for compulsory pooling scheduled to be heard on August 17, 2006. XTO's proposed well location is the same as BEPCO's and will have an E/2 unit dedicated to the well.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	NO. OF EXHIBITS
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OPPOSITION

WITNESSES	EST. TIME	NO. OF EXHIBITS
Mark Dale, Landman	20 Minutes	5
Chip Amrock, Drilling Engineer	20 Minutes	3

PROCEDURAL MATTERS

- (1) On June 28, 2006, XTO filed a Motion for Continuance asking that the hearing on BEPCO's Application be continued to August 17, 2006.
- (2) On this date, XTO has filed a Motion To Consolidate. XTO is requesting that the hearing on BEPCO's Application and the hearing on XTO's Application be consolidated for the August 17, 2006 examiner hearing docket.

MILLER STRATVERT P.A.

By: J. Scott Hall

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