

TOMMY ROBERTS LAW OFFICE, LLC

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August 15, 2006

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New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13770

Attn: Florene Davidson, Hearing Administrator

RE: Application of Benson-Montin-Greer Drilling Corp.
For Approval Of A Pilot Project, Including an Exception
To Rules 4 and 7 of Special Rules and Regulations for
the Basin-Fruitland Coal Gas Pool, for the purpose of
establishing a pilot program to determine commercial
feasibility for Fruitland Coal Gas Wells in
Township 25 North, Range 2 West, N.M.P.M.,
Rio Arriba County, New Mexico

Dear Ms. Davidson:

This letter, submitted in duplicate, is the application of Benson-Montin-Greer Drilling Corp. ("BMG") for an order of the New Mexico Oil Conservation Division ("NMOCD") approving a Pilot Project, the purpose of which is to assess, evaluate and determine the commercial feasibility for Fruitland Coal Gas Wells in Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. Approval of the Pilot Project will require the granting of an exception to Rules 4 and 7 of Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as hereinafter specifically set forth.

The scope of the Pilot Project includes the drilling, completion, and simultaneous production of five (5) Basin-Fruitland Coal gas wells in Section 34 of Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. The first of the five wells, the Price #1 Well, has been drilled and completed in the NW/4 of Section 34, and is currently producing at marginally commercial rates. BMG proposes to drill, complete and simultaneously produce its Price #2 Well, Price #3 Well, and Price #4 Well at standard locations in the remaining quarter sections in Section 34, all in accordance with the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool. Furthermore, BMG proposes to drill, complete and simultaneously produce its Price #5 Well at a non-standard location in the NE/4 of Section 34. The non-standard location of the proposed Price #5 Well, and the fact that it will be the third (3rd) Basin-Fruitland Coal Gas well

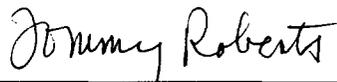
with an E/2 dedication, necessitates the request for an exception to Rules 4 and 7 of Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool.

As grounds for this application, BMG asserts that the Pilot Project area, and the area surrounding it, is undeveloped because the coal is tight and has relatively low gas content compared to the center of the San Juan Basin. Engineering models indicate that on 160 acre spacing it would take in excess of five (5) years to de-water a Fruitland Coal Gas well drilled in this area and to increase its rate of production to above 100 mcf per day. The Pilot Project is needed to accelerate the evaluation period to a more reasonable time frame.

Please place this application on the September 14, 2006 Examiner Hearing Docket of the NMOCD. Attached hereto as Exhibit "A" is a proposed legal notice for publication applicable to this application, as required by the Rules and Regulations of the NMOCD.

The person to be contacted at BMG with respect to all matters relevant to this application is its President, Mike Dimond. His address is 4900 College Blvd., Farmington, New Mexico 87402, his telephone number is (505) 325-8874, ext. 6, his fax number is (505) 327-9207, and his email address is mikedimond@bmgdrilling.com.

Sincerely,



Tommy Roberts, Attorney for
Benson-Montin-Greer Drilling Corp.

TR:nk

EXHIBIT "A"

Attached to and made a part of Application of Benson-Montin-Greer Drilling Corp. for Approval of a Pilot Project, including an Exception to Rules 4 and 7 of Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for the purpose of establishing a pilot program to determine commercial feasibility for Fruitland Coal Gas Wells in Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico.

Case 13770

PROPOSED LEGAL NOTICE

Benson-Montin-Greer Drilling Corp. has submitted an application to the New Mexico Oil Conservation Division seeking approval of a Pilot Project, including an exception to Rules 4 and 7 of Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for the purpose of establishing a pilot program to determine commercial feasibility for Fruitland Coal Gas Wells in Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. More specifically, the application seeks approval for the drilling, completion and simultaneous production of five (5) Basin-Fruitland Coal Gas Wells in Section 34 of Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, four (4) of which will be drilled, completed, and produced in accordance with the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool. The fifth (5th) of the proposed wells will be drilled at a non-standard location in the NE/4 of Section 34 and will be one of three wells to which the E/2 of Section 34 is dedicated. The application has been assigned Case No. _____ by the New Mexico Oil Conservation Division and has been set for hearing before a Hearing Examiner at 8:00 a.m. on Thursday, September 14, 2006 at the New Mexico Oil Conservation Division offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. The Applicant's address is 4900 College Blvd., Farmington, New Mexico 87402. The Applicant's contact person is its President, Mike Dimond, who can be contacted by phone at (505) 325-8874 ext. 6, by fax at (505) 327-9207, or by email at mikedimond@bmgdrilling.com.