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FACSIMILE TRANSMISSION COVER SHEET

DATE: July 5, 2002

TO: Florene Davidson

FAX NO.: 476-3462

FROM: J. Scott Hall, Esq.

OPERATOR: ASO

MESSAGE: Florene, will you fax-file the attached Pre-Hearing Statement in NMOCD Case. No. 12888. If this poses a problem, please contact me immediately. Thank you so much for your help. Amanda

NUMBER OF PAGES INCLUDING COVER SHEET: 6

IF YOU DO NOT RECEIVE THE ENTIRE DOCUMENT, PLEASE CALL OUR SANTA FE OFFICE AS SOON AS POSSIBLE AT (505) 989-9614.

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BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF THE FRUITLAND COALBED METHANE
STUDY COMMITTEE TO AMEND RULES 4 AND 7
OF THE SPECIAL POOL RULES AND REGULATIONS
FOR THE BASIN-FRUITLAND COAL GAS POOL AND
FOR THE TERMINATION OF THE CEDAR HILLS FRUITLAND
BASAL COAL GAS POOL AND THE CONCOMITANT
EXPANSION OF THE BASIN-FRUITLAND COAL GAS POOL,
RIO ARRIBA, SAN JUAN, MCKINLEY AND SANDOVAL
COUNTIES, NEW MEXICO.

CASE NO. 12888

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Miller, Stratvert & Torgerson, P.A. (J. Scott Hall) on behalf of Phillips Petroleum Company, as required by the Oil Conservation Division.

APPEARANCES

APPLICANT'S ATTORNEY

APPLICANT

Steve Hayden
Fruitland Coalbed Methane
Study Committee
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

OTHER PARTY'S ATTORNEY

OTHER PARTY

David Brooks, Esq.
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

New Mexico Oil Conservation Division

Pre-Hearing Statement
NMOCD No. 12888
Page 2 of 5

J. Scott Hall, Esq.
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Phillips Petroleum Company
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Houston, Texas 77251-1967

W. Thomas Kellahin, Esq.
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Burlington Resources Oil and Gas Company

Wm. F. Carr
Holland & Hart, LLP and
Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

BP American, Williams Production
Company, and Chevron/Texaco

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504-1056

San Juan Coal Company

STATEMENT OF THE CASE

APPLICANT

Applicant seeks to amend Rule 7 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool to authorize under certain restrictions infill drilling of up to two wells within a standard 320-acre gas proration and spacing unit by increasing the well density from the current maximum of one (1) well provided in Order R-8768, as amended, to a maximum of two (2) wells (160-acre infill per 320-acre gas proration and spacing unit for wells located in the pool. IN the alternative, Applicant requests the adoption of these rule changes for wells located in the "Low Productivity Area" of the pool and for special administrative procedures for such infill wells in the "High Productivity Areas" of the pools, as identified in the application. Applicant also seeks the termination of the Cedar Hill Fruitland Basal Coal Gas Pool and the Concomitant Expansion of the Basin-Fruitland Coal Gas Pool.

OTHER PARTY

Pre-Hearing Statement
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Phillips Petroleum Company supports the Fruitland Coalbed Methane Committee's proposal to amend the pool rules to provide for infill development in the expanded Basin-Fruitland Coal Gas Pool within that portion of the pool identified by the Committee as the "Low Productivity Area". Phillips also supports eventual infill development within the "High Productivity Area" identified by the Committee following the establishment of infill pilot-project areas that would allow for the collection and analysis of additional production and reservoir data to show that the infill drilling is warranted. Phillips further advocates the adoption of special administrative procedures establishing additional notice requirements for infill well drilling proposals within the High Productivity Area that would provide interested parties with advance notification and the opportunity to comment and object.

PROPOSED EVIDENCE

WITNESSES:	Est. Time	No. of Exhibits
For Phillips Petroleum Company: Steve Jones, Petroleum Engineer	1 hour	15

PROCEDURAL MATTERS

None.

Pre-Hearing Statement
NMOCD No. 12888
Page 4 of 5

MILLER, STRATVERT & TORGERSON, P.A.

By: J. Scott Hall

J. Scott Hall, Esq.
Post Office Box 1986
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Attorneys for Phillips Petroleum Company

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was sent to counsel of record by facsimile transmission on the 5 day of July, 2002, as follows:

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New Mexico Oil Conservation Division
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Attorneys for BP Amoco and
Williams Production Company

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Attorneys for Burlington Resources Oil & Gas Company

T. J. Scott-Hall
J. Scott Hall

CURTIS & DEAN

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July 5, 2002

Ms. Florene Davidson
New Mexico Oil Conservation Division
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Santa Fe, NM 87505

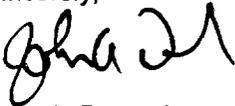
Re: NMOCD Case No. 12888
Docket No. 20-02
Special Examiner Hearing of July 9 & 10, 2002

Dear Ms. Davidson:

Attached is Dugan's Pre-hearing Statement for the subject case.

Please let me know if you have any questions or concerns.

Sincerely,



John A. Dean, Jr.
Attorney at Law

JDR:sh

Attachment

xc: W. Thomas Kellahin – Fruitland Coalbed Methane Study Committee

01 JUL - 8 PM 1:58
01 JUL 2002

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. 12888

APPLICATION OF THE FRUITLAND COALBED METHANE STUDY COMMITTEE TO AMEND RULES 4 AND 7 OF THE SPECIAL RULES AND REGULATIONS FOR THE BASIN-FRUITLAND COAL GAS POOL FOR PURPOSES OF AMENDING WELL DENSITY REQUIREMENTS FOR COALBED METHANE WELLS, RIO ARRIBA, SAN JUAN, MCKINLEY AND SANDOVAL COUNTIES, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by John A. Dean, Jr. for Dugan Production Corp., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Fruitland Coalbed Methane Study Committee
c/o Tom Kellahin
P.O. Box 2265
Santa Fe, NM 87504-2265
Phone – (505) 982-4285

ATTORNEY

W. Thomas Kellahin, Kellahin & Kellahin

OTHER PARTY

Dugan Production Corp.
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Farmington, NM 87499
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Fax – (505) 327-4613
E-mail – kfagrelius@duganproduction.com

ATTORNEY

John A. Dean, Jr., Curtis & Dean

STATEMENT OF CASE

APPLICANT

The Fruitland Coalbed Methane Study Committee (“Committee”) has submitted an application to the New Mexico Oil Conservation Division proposing to amend Rules No. 4 and 7 of the Special Pool Rules for the Basin Fruitland Coal Gas Pool. The proposed amendments will authorize infill drilling of up to two wells within a standard 320 acre gas proration and spacing unit (160 acre well density) and that the initial well can be drilled in either quarter section of the spacing unit.

OTHER PARTY

Dugan Production Corp. has participated on the Fruitland Coalbed Methane Study Committee and supports the proposed basin-wide amendments to the Special Pool Rules for the Basin Fruitland Coal Gas Pool. We do not anticipate an active participation in the hearing of this matter other than to enter a Statement in Support of the “committee” application. However, it is our understanding that San Juan Coal Company (SJCC) has requested that the acreage covered by NMOCD Order 11775, in the northwest portion of the pool, be excluded from the proposed Special Pool Rule amendments. Dugan understands that this request has been granted. (See below under procedural matters.)

OTHER PARTY – continued

Dugan Production Corp. owns oil and gas leases in the same area as Richardson. The lands leased to Dugan are also leased to San Juan Coal Company. Nearly all of Dugan Production Corp.'s leases predate the coal leases held by SJCC. Dugan is opposed to excluding any portion of its land from the proposed amendments to the Fruitland Coal Gas Pool. We believe that the area of interest to SJCC should be developed on a well density of at least 160 acres/well (and possibly even smaller) in order to accelerate and maximize the recovery of coalbed methane gas prior to the coal being mined by SJCC. Should SJCC raise the issue of excluding Dugan's leases at the hearing, Dugan Production Corp. intends to provide testimony in opposition to SJCC's proposed exclusion of Dugan's leases.

PROPOSED EVIDENCE

<u>APPLICANT</u> <u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Fruitland Coalbed Methane Study Committee Members	Not Known	Not Known
<u>OTHER PARTY</u> <u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Kurt Fagrelus, Geologist*	15 minutes	1
David Poage, Land Manager*	15 minutes	1
John Roe, Engineering Manager*	15 minutes	1

* Anticipated testimony only if SJCC requests an exclusion of Dugan Production leases from proposed amendments

PROCEDURAL MATTERS

There is presently on appeal NMOCD Order R-11775 – Application of Richardson Operating Company. The order was appealed by San Juan Coal Company. Dugan owns land in the vicinity of the Richardson Land, and within the acreage described in the application of Richardson. San Juan Coal Company has leased these same lands for coal exploration.

A "pre-hearing meeting" was held in this matter the week of July 1st. Dugan was not made aware of the "pre-hearing meeting" and did not attend. Dugan understands that the Oil Conservation Division at this "pre-hearing meeting" agreed to exclude the areas covered by NMOCD Order R-11775 from inclusion in the proposed amendment to the Fruitland Pool Rules. Dugan also understands that this issue will not be considered at the hearing scheduled herein. San Juan Coal Company has not requested and, it is Dugan's understanding, they do not anticipate requesting, that any of Dugan's lands be excluded from the hearing scheduled herein.

If the above is accurate, then Dugan will not present any testimony other than a statement in support of the proposed amendment to the Fruitland Pool Rules.



John A. Dean, Jr.
Curtis & Dean for
Dugan Production Corp.
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Farmington, NM 87499-0420
Phone: (505) 325-1821

**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. 12888

**APPLICATION OF FRUITLAND COALBED
METHANE STUDY COMMITTEE FOR A POOL
ABOLISHMENT AND EXPANSION AND TO
AMEND RULE 4 AND 7 OF THE SPECIAL
RULES AND REGULATIONS FOR THE BASIN-
FRUITLAND COAL GAS POOL FOR PURPOSES
OF AMENDED WELL DENSITY REQUIREMENTS
FOR COALBED METHANE WELLS, SAN JUAN,
RIO ARRIBA, MCKINLEY AND SANDOVAL COUNTIES,
NEW MEXICO**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Burlington Resources Oil & Gas Company LP as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

**Fruitland Coalbed Methane Study Committee
1000 Rio Brazos Road
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Attn: Steve Hayden
(505) 334-6178**

ATTORNEY

**W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285**

NMOCD CASE 12888
Pre-Hearing Statement
-Page 2-

OTHERS:

Burlington Resources Oil & Gas Company LP	W. Thomas Kellahin
BP Amoco	William F. Carr, Esq.
Phillips Petroleum Company	J. Scott Hall, Esq.

STATEMENT OF CASE

COMMITTEE:

The Fruitland Coalbed Methane Gas Study Committee ("Committee") applies to the New Mexico Oil Conservation Division for an order approving increase well density for coalbed methane wells by amending Rule 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, Rio Arriba, San Juan, McKinley and Sandoval Counties, New Mexico.

By agreement, the Committee will present the following:

- (1) the committee facilitator will present the committee report and conclusions
- (3) Geological report by Jim Fassett
- (4) Burlington will present:
 - (a) the results of its pilot project in the Low Productivity Area showing a need for infill drilling
 - (b) is request (Case 12856) to conform the Coal Gas Pool rules with those applicable to federal exploratory units in the Basin-Dakota Gas Pool.
- (5) Amoco will present its evidence in support of infill drilling the High Productivity Area without special notice rules.
- (6) Phillips will present its evidence in support of infill drilling the High Productivity Area with special notice rules.

NMOCD CASE 12888
Pre-Hearing Statement
-Page 3-

Applicant seeks to amend Rule 4 and 7 for the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool to authorize under certain restrictions infill drilling of up to two wells within a standard 320-acre gas proration and spacing unit by increasing the well density from the current maximum of one (1) well provided in Order R-8768, as amended, to a maximum of two (2) wells (160-acre infill) per 320-acre gas proration and spacing unit for wells located in the "Low Productivity Area" of the pool and for special administrative proceeds for such infill wells in the "High Productivity Areas" of the pool. Applicant further seeks the termination of the Cedar Hill-Basal Coal Gas Pool and the concomitant expansion of the Basin-Fruitland Coal Gas Pool.

In support of its application"

(1) There are approximately 3,160 wells currently producing from Basin Fruitland Coal Gas Pool, including some 2,704 wells in the "Low Productivity Area" and some 456 wells in the "High Productivity Area" of the pool.

(2) The Basin Fruitland Coal Gas Pool Rules currently provide, in part, that:

Rule 4: 320-acre spacing units with a provision for an exception from Rule 4 to allow the drilling of a second well on a standard 320-acre unit after notice and hearing.

Rule 7: wells in the pool "shall be located in the NE/4 or SW/4 of a single governmental section and shall be located not closer than 660 feet to any outer boundary of a proration unit nor closer than 10 feet to any interior quarter or quarter-quarter line or subdivision inner boundary."

(3) On July 16, 1991, the Division entered Order R-8768-A which found that:

"(9) The results of the reservoir simulation study generally establish that one well in the subject pool can effectively drain and develop 320 acres."

"(10) The results of the study further indicate however that there may be certain areas within the basin where reservoir parameters such as porosity, permeability, coal thickness, pressure, gas content, sorption isotherm and initial gas/water saturation may exist in certain combinations such that infill drilling may be required to increase gas recover

NMOCB CASE 12888
Pre-Hearing Statement
-Page 4-

(4) In August 22, 2001, the Division entered Order R-11639 in Case 12651 and granted Burlington Resources Oil & Gas Company LP's ("Burlington") application to initiate a pilot project for the drilling of additional Basin-Fruitland Coal Gas Pool wells to provide data for reservoir engineering and geologic studies for the purposes of determining the proper well density.

(5) Burlington's pilot project is at the point where the Division has concluded that there is sufficient evidence to increase well density to two (2) wells in a 320-acre GPU in the "Low Productivity Area" of the pool.

(6) There is no longer a need to maintain the Cedar Hill-Basal Coal Gas Pool as a pool separate from the Basin-Fruitland Coal Gas Pool. The Cedar Hills-Basal Coal Gas Pool can be terminated and the spacing units and acreage subject to that pool can be added to the Basin-Fruitland Coal Gas Pool.

(7) The Committee has determined that Basin-Fruitland Coal Gas Pool can be divided into an "High Productivity Area" and "Low Productivity Area" of the pool.

(a) Wells in the "High Productivity Area" are often characterize as follows:

- (1) initial pressure greater than .433 psi per foot
- (2) CO₂ production greater than 3% of total gas
- (3) high initial water production
- (4) rates are in excess of 1 MMCFPD
- (5) high permeability (greater than 20 MD)
- (6) very little C₃-C₄ (dry gas)
- (7) coal rank greater than .75 vitrinite reflectance

(b) Wells in the "Low Productivity Area" are often characterize as follows:

- (1) initial pressure less than .433 psi per foot
- (2) CO₂ production less than 3% of total gas
- (3) low initial water production
- (4) rates are less than 1 MMCFPD
- (5) low permeability (greater than 10 MD)
- (6) wet gas C₃-C₄ is present
- (7) coal rank less than .75 vitrinite reflectance

(8) The "Over Pressure Area" of this pool is shown on the map attached as Exhibit 1 and as shown in the acreage description set forth in Exhibit 2.

NMOCD CASE 12888
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(9) The "Low Productivity Area" is the balance of the pool remaining after deleting the "High Productivity Area".

(10) Based upon a study of the geological and reservoir engineering data, committee has concluded that in order to increase ultimate recovery of gas from this pool there is a need to adopt and amend rules and regulations for this pool in order to drill more wells per GPU than is currently permitted by Rule 4 and 7 of the pool rules.

(11) The Committee has reached a consensus that 2 wells per GPU should be allowed in the Pool, but is divided concern whether "infill wells" in the High Productivity Area should but subject to notice to offset interest owners and possible hearing.

(12) The Committee, as a compromise, proposes the following rule changes, include provisions for special notice in the High Productivity Area, as follows:

Rule 4: Each well completed or recompleted in the Basin-Fruitland Coal Gas Pool shall be located on a standard spacing unit ("GPU") contained 320 acre, more or less, comprising any two contiguous quarter sections in a single governmental section.

Rule 7: (a) Well Locations:

(i) wells drilled on a GPU shall be located not closer than 660 feet to the outer boundary of a GPU and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary.

(ii) well locations inside federal exploratory units: Wells located within federal exploratory units are permitted an exception to the 660-foot setback requirement to the outer boundary of a GPU and shall be permitted to be no closer than 10 feet to any section, quarter section or interior quarter-quarter section line or subdivision inner boundary, provided, however:

(a) wells shall not be closer than 660 feet to the outer boundary of the federal exploratory unit;

(b) a well located within the unit area but adjacent to an existing or prospective GPU containing a non-committed tract or partially committed tract shall not be closer than 660 feet to the outer boundary of its GPU;

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Pre-Hearing Statement
-Page 6-

(c) a well located within a non-committed or partially committed GPU shall not be closer than 660 feet to the outer boundary of its GPU;

(d) a well located within a participating area but adjacent to an existing or prospective GPU that is not within the same participating area shall not be closer than 660 feet to the outer boundary of the participating area;

(e) a well located within the unit area but in an existing or prospective GPU that is a non-participating GPU shall not be closer than 660 feet to the outer boundary of its GPU.

(iii) The operator filing an APD for any well within a unit area that is closer to the outer boundary of its assigned GPU than 660 feet shall provide proof in the form of a participating area plat that such well meets the requirements of Rule 7 (a).

Rule 7 (b) ADMINISTRATIVE EXCEPTIONS:

The Division Director, in accordance with Division Rule 104, may administratively grant an exception to the well location requirements of Rule 7 upon application to the Division which includes notification by certified mail-return receipt requested to affected parties. [See Division Rule 1207.A(2)].

Rule 7 (c) Well Density in the Low Productivity Area:

(i) No more than two (2) wells per GPU may be located in the "Low Productivity Area" of the pool

(ii) the FIRST WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Basin Fruitland Coal Gas well;

(iii) the INFILL WELL drilled on a GPU shall be located in a quarter-quarter section of the GPU not containing a coal-gas well and within a quarter section of the GPU not containing more than one (1) coal-gas well;

NMOCD CASE 12888
Pre-Hearing Statement
-Page 7-

Rule 7 (d) Well Density in the High Productivity Area:

One optional "infill" well in the High Productivity Area may be drilled within a GPU in accordance with Rule 7(a) and 7(b) pursuant to the following procedures:

1. Operators of an existing GPU which contains an original coal gas well who desire to drill an optional infill wells shall send a copy of its Application for Permit to Drill ("APD") to adjacent operators by certified mail-return receipt requested advising that they have twenty (20) days from receipt to file with the District Supervisor (OCD-Aztec) a written objection to the application.
2. An adjacent operator shall be any operator of a Basin-Fruitland Coal Gas GPU whose side boundary or corner adjoins the side boundary or corner of the quarter-quarter section in which the proposed optional infill well is to be located.
3. The District Supervisor may approve the application for permit to drill ("APD") upon receipt of the APD and certification by the applicant that all adjacent operators have received notification and no objections have been received within a twenty (20) day notice period.
4. In the event an objection is timely received, or the District Supervisor upon his own initiative, the application shall be set for a hearing before a Division Examiner.

(13) Finally, there is no longer a need to maintain a separate pool for the Cedar Hill-Fruitland Basal Coal Pool. This pool should be abolished and the horizontal and vertical limits of this pool should be included in the Basin-Fruitland Gas Pool.

(14) Copies of this application have been sent to all appropriate parties as required by the Division notice rules (Rule 1207) and Rule 4 of the Basin-Fruitland Coal Gas Pool Rules.

NMOCD CASE 12888
Pre-Hearing Statement
-Page 8-

PROPOSED EVIDENCE

COMMITTEE:

COMMITTEE WITNESS	EST. TIME	EXHIBITS
Steve Hayden (OCD-Geologist) (committee facilitator)	30 MINUTES	@ 4

OTHERS:

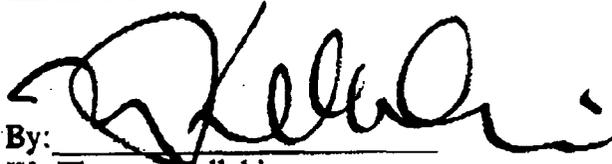
BURLINGTON WITNESSES	EST. TIME	EXHIBITS
Steve Thibodeaux (geologist)	60-90 Min	est. 44
Chris Clarkson (petroleum engineer)	60-90 Min.	est. 65
James Strickler (landman) Notice for Hearings	10 Min.	est. 4

PROCEDURAL MATTERS

Burlington requests that Case 12856 be consolidated with Case 12888.

Case 12856 is Burlington's application for conform those notice rules within the federal exploratory units in the Basin Fruitland Coal Gas Pool to the same rules current applicable to the Basin Dakota Pool.

KELLAHIN AND KELLAHIN

By: 
 W. Thomas Kellahin
 Attorney for Applicant

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. 1288

APPLICATION OF Fruitland Coalbed Methane Study committee for pool abolishment and expansion and to amend rule 4N7 of the special rules and regulation for the basin of the Fruitland Coal gas pool for the purposes of amending well density requirements for CBM wells.

PRE-HEARING STATEMENT

This prehearing statement is submitted by San Juan Citizens Alliance South
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ATTORNEY

Tweeti Blancett
San Juan Citizens Alliance South

103 W. Aztec Blvd.

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name, address, phone and
contact person

Pre-hearing Statement
NMOCD Case No
Page 2 1288

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

In view of the New Mexico Environmental Department's recent concern regarding San Juan and Rio Arriba counties approaching non-attainment status for ground level ozone, the San Juan Citizens Alliance South believes that the OCD has a responsibility to consider this and other environmental impacts when reviewing any downspacing measures for this area. The public health and environmental stakes are so great in this case that they outweigh the OCD's directive to maximize reservoir production and create an implied obligation to consider impacts that go beyond the usual and narrow technical guidelines that govern the OCD's spacing decisions at this time.

Pre-hearing Statement
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PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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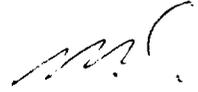
Brooks Taylor, Retired Public Health Physician	20 min	Documents pertaining to ground level ozone concerns
Bill Humphries, Former NM Land Commissioner	20 min	
Fwetti Blancett, Rancher/Business Owner	20 min	

PROCEDURAL MATTERS
(Please identify any procedural matters which need to be resolved prior to the hearing)


Signature

**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. 12888

**APPLICATION OF FRUITLAND COALBED METHANE
STUDY COMMITTEE ("COMMITTEE") FOR POOL
ABOLISHMENT AND EXPANSION AND TO AMEND
RULE 4 AND 7 OF THE SPECIAL RULES AND
REGULATIONS FOR THE BASIN-FRUITLAND COAL
GAS POOL FOR PURPOSES OF AMENDING WELL
DENSITY REQUIREMENTS FOR COALBED METHANE
WELLS, RIO ARRIBA, SAN JUAN, MCKINLEY AND
SANDOVAL COUNTIES, NEW MEXICO.**

02 JUL -2 11:10:02
OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

Holland & Hart LLP submits this Pre-Hearing Statement as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

BP America Inc.
Attention: James A. Gillespie, Esq.
501 WestLake Park Boulevard
Houston, Texas 77079-2607

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988.4421

STATEMENT OF CASE

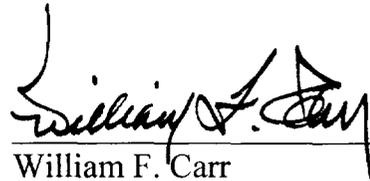
BP America Inc. will present testimony in support of infill drilling in the High Productivity Area. It is BP's belief that the Basin-Fruitland Coal Gas Pool should be developed under common rules throughout the pool.

PROPOSED EVIDENCE

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Rusty Riese (Geologist)	Approx. 30 Minutes	9
Vu Dinh (Reservoir Engineer)	Approx. 1 Hour	22
Bill Hawkins (Regulatory Engineer)	Approx. 20 Minutes	4

PROCEDURAL MATTERS

BP America Inc. has none at this time.



William F. Carr
Attorney for BP America Inc.