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**TOMMY ROBERTS LAW OFFICE, LLC**

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**RECEIVED**

August 31, 2006

SEP 05 2006

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

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

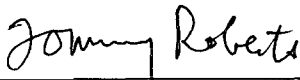
Attn: Florene Davidson, Hearing Administrator

Re: Application of Benson-Montin-Greer Drilling Corp.  
Case No. 13770

Dear Ms. Davidson:

Enclosed please find an original and two copies of Applicant's Pre-Hearing Statement in the above referenced matter.

Sincerely,



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

TR:nk  
Enclosures

cc w/enc: Mike Dimond/BMG

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. 13770

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

**PRE-HEARING STATEMENT**

This prehearing statement is submitted by Benson-Montin-Greer Drilling Corp. as required  
by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Benson-Montin-Greer Drilling Corp.

4900 College Blvd.

Farmington, New Mexico 87402

Attn: Mike Dimond

505/325-8874

ATTORNEY

Tommy Roberts

P.O. Box 129

Farmington, New Mexico 87499

505/327-6807

OPPOSITION OR OTHER PARTY

Not Known

ATTORNEY

WST 9/11/06

## STATEMENT OF CASE

### APPLICANT

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

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 (3<sup>rd</sup>) 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.

### 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.)

NOT APPLICABLE TO APPLICANT'S STATEMENT

PROPOSED EVIDENCE

APPLICANT

	WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
(1)	Mike Dimond -- President, Benson-Montin-Greer Drilling Corp.	20 minutes	- Area Map - Lease Ownership Plat - Proof of Notice
(2)	George Sharpe -- Petroleum Engineer, Merrion Oil & Gas Corporation	30 minutes	- Type Log (Price #1 Well) - Adsorption Test (Casaus Well) - Production Data (Price #1 Well) - Prediction Model - Coleman Pilot Project Analogy (Juniper Wells)

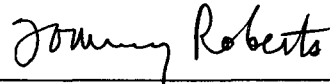
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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NOT APPLICABLE

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

NONE



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TOMMY ROBERTS, Attorney for  
Benson-Montin-Greer Drilling Corp.

DATED: August 31, 2006