

**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:**

**APPLICATION OF BEACH EXPLORATION, INC.
FOR STATUTORY UNITIZATION,
EDDY COUNTY, NEW MEXICO**

CASE NO. 14043

PRE-HEARING STATEMENT

Lisa Curry Gray, attorney for Snow Oil and Gas, Inc., submits this Pre-Hearing Statement as required by the rules of the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT
Beach Exploration, Inc.

ATTORNEY
James Bruce, Esq.
P.O. Box 1056
Santa Fe, NM 87504
(505) 982-2151 Facsimile

OPPOSITION
Snow Oil and Gas, Inc.

ATTORNEY
Lisa Curry Gray, Esq.
Lisa Curry Gray Law Offices, LLC.
227 East Palace Ave., Ste. E
Santa Fe, NM 87501

STATEMENT OF CASE

APPLICANT:

In Case No. 14043, Beach Exploration, Inc. seeks an order unitizing all mineral interests in the Queen Sand Member of the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool underlying parts of Section 1,2, and 11, T-19-S, R-29-E, N.M.P.M, comprising 1040.01 acres of state lands for its proposed Eastland Queen Unit. Among the matters to be considered at hearing, pursuant to New Mexico Statutory Unitization Act, NMSA 1978 Sec.s 70-71 et seq., will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the

determination of credits and charges to be made among the various owners in the unit area for their investments in wells and equipment; and such other matters as may be necessary and appropriate.

OPPOSITION:

Snow Oil and Gas, Inc. (Snow) does not oppose appropriate efforts to develop reserves with the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool. However, as an offset operator with wells located in Section 10, T-19-S, R-29-E, Snow has not been contacted by Beach in a timely manner and consulted with Snow as to the nature and implementation of the proposed waterflood unit, with a particular emphasis on pressure requirements for effective waterflood response, resulting in potential communication causing increase water flow to its wells and damage to the reservoir

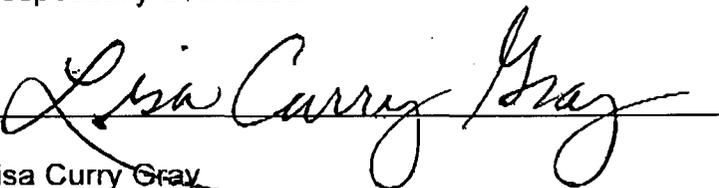
The proposed locations of injector wells in the N/2 of Section 11 may put at risk the offsetting wells in Section 10, if Beach must increase pressure injection of the water in sufficient quantities to achieve an effective response from the reservoir.

Proposed Evidence

Witness:	Estimated Time	Exhibits
Dan W. Snow (President and Engineer)	20 minutes	3

Upon review of any additional material which may be presented, Snow reserves the right to present any further exhibits or witnesses as it deems appropriate.

Respectfully Submitted

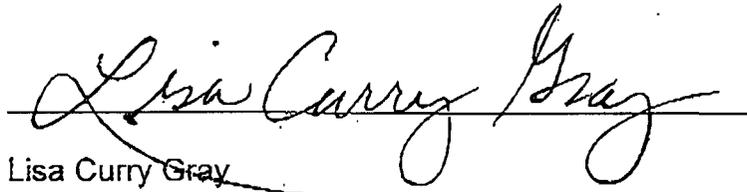


Lisa Curry Gray
Attorney for Snow Oil and Gas, Inc.

CERTIFICATE OF SERVICE

I certify that on December 6, 2007 I served a copy of the foregoing document to the following by Hand Delivery or Facsimile:

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151 Facsimile
ATTORNEY FOR
BEACH EXPLORATION, INC.

A handwritten signature in cursive script that reads "Lisa Curry Gray". The signature is written over a horizontal line.

Lisa Curry Gray