

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 PURPOSES OF CONSIDERING:

CASE NO. _____

APPLICATION OF BURLINGTON RESOURCES OIL & GAS
COMPANY TO REINSTATE DIVISION ORDER R-11790
(CASE 12869-COMPULSORY POOLING)
SAN JUAN COUNTY, NEW MEXICO.

AFFIDAVIT OF JIM TROIANO AND DAVID CLARK

STATE OF NEW MEXICO §
 § ss.
COUNTY OF SAN JUAN §

Before me, the undersigned authority, personally appeared Jim Troiano and Dave Clark, who being fully sworn stated:

A. Our names and qualifications as experts are as follows:

Jim Troiano

Education: BBA in Energy Management, University of Oklahoma, 2000.
Experience: Practicing Landman for over 3 years

Dave Clark

Education: BS in Geology from Colorado College, 1979
Experience: Practicing geologist for 23 years
Certification: Certified Petroleum Geologist # 4834

B. We are over the age of majority and competent to make this Affidavit.

We are each responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

We are each personally knowledgeable and familiar with the facts and circumstances of this case and the following factual statements.

This affidavit has been prepared in accordance with the New Mexico Oil Conservation Division Rule 1207.A(1)(b).

C. Our expert opinion are based on the following facts and events:

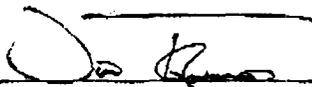
CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS

1. Burlington Resources Oil & Gas Company LP ("Burlington") is the operator of and has a working interest ownership in the oil and gas minerals underlying the N/2, Section 18, T30N, R11W, San Juan County, New Mexico.
2. Burlington operated that James Scott Well No.1 in Unit A that is an existing Dakota well that Burlington proposes to reenter and recomplete into the Mesaverde formation.
3. At the Original Hearing held on May 30, 2002, (Case 12869) Burlington testified that:
 - (a) it has voluntary agreement with all working interest owners except Maralex Resources, Inc. who 28.841433% working interest in the spacing unit;
 - (b) the risk associated with the well was costs plus 200%
4. By Order R-11790 (Case 12869) entered June 17, 2002, the Division pooled the outstanding interests and allowed a 100% risk factor penalty.
5. This order provided that the well must be recompleted on or before September 30, 2002, unless extended for request made prior to that date.
6. Burlington failed to obtain an extension and the order expired.
7. Burlington failed to commence the recompletion because of problems with other working interest owners and internal budgeting restraints.
8. Burlington has send notice of this case to Maralex and has had the following discussions and correspondence with Maralex:

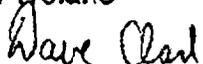
On February 4, 2003, Patrick Keller from Maralex called and verified that we were not force pooling their interest in the Dakota Formation as well. We informed him that the Dakota owners were not bearing any costs and therefore we did not need to force pool them. We also reassured Mr. Keller that this was simply an attempt to reinstate the original order and not to revise the lands covered.

9. All the relevant facts, including the recompletion costs, remain the same now as when testified by Burlington on May 30, 2002.
10. Despite its efforts, Burlington continues to have been unable to obtain a voluntary agreement with the parties referenced herein.
11. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Burlington needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
12. We recommend that a compulsory pooling order be entered which provides that:
- (a) Burlington Resources Oil and Gas Company LP be named Operator;
 - (b) Provisions for applicant and all working interest owners to participate in the costs of recompleting this well, estimated at \$ 287,060.00.
 - (c) In the event a working interest owner fails to elect to participate, then provisions be made to recover out of production the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty; and
 - (d) Provisions for overhead rates of \$5,406.00 per month drilling and \$540.60 per month operating and a provision for an adjustment method of the overhead rates as provided by COPAS;

FURTHER AFFIANT SAYETH NOT:



Jim Troiano



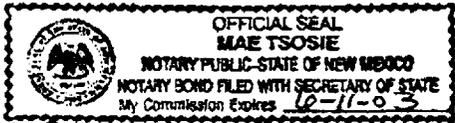
Dave Clark

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
)SS:
COUNTY OF SAN JUAN)

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 5th day of February personally appeared Jim Troiano and Dave Clark, persons who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.



Mae Tsosie

Notary Public

My Commission expires:

6-11-2003