

**STATE OF NEW MEXICO**

**ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT**

**OIL CONSERVATION**

**CASE #: 14304**

**EXHIBIT 3**

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. 14304

APPLICATION OF BURLINGTON RESOURCES OIL & GAS  
COMPANY LP TO RE-INSTATE DIVISION ORDER R-13057  
(FOR COMPULSORY POOLING)  
SAN JUAN COUNTY, NEW MEXICO.

AFFIDAVIT OF TERRY SIMCOE

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

*Before the Oil Conservation Division  
Exhibit No. 3  
Burlington Resources  
OCD CASE 14303  
Hearing: April 16, 2009*

Before me, the undersigned authority, personally appeared Terry Simcoe, who being fully sworn stated:

A. My name and qualifications as an expert are as follows:

Terry Simcoe  
Education: BA University of Kansas (1975)  
Experience: San Juan Basin since 1974 to date  
Certification: yes

I am over the age of majority and competent to make this Affidavit.

I am responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

I am 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. My expert opinion are based on the following facts and events:

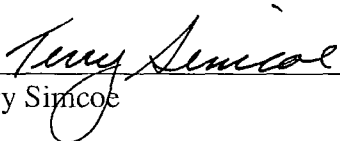
## CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS

1. Burlington Resources Oil & Gas Company LP ("Burlington") has consolidated on a voluntary basis a total of 93.75 percent working interest ownership in the oil and gas minerals from the surface to the base of the Dakota formation underlying the E/2 of Section 15, T31N, R10W, NMPM, San Juan County, New Mexico.
2. This gas spacing unit is located within the boundaries of the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool.
3. By letter dated May 19, 2008, Burlington proposed to the other working interest or mineral owners that its Kelly A Well No. 3E be drilled at a standard well location in the E/2 of this section to be dedicated to a standard 318.86-acre gas spacing unit consisting of the E/2 of this section. This well be drilled and downhole commingled in the Mesaverde and Dakota formations.
4. On November 20, 2008, the Division entered Order R-13057 (Case 14188) granting Burlington's application for a compulsory pooling order for this spacing unit. The order expired February 28, 2009.
5. As a result of a clerical oversight, Burlington failed to request an extension of the commencement date of the drilling date.
6. This well location is subject to big game restrictions and an application for permit to drill as not yet been filed with the BLM. Accordingly, Burlington anticipates that the well may not be "spudded" until October 31, 2009 and request that this order so provides.
7. With the exception of the circumstances involved with the expiration of the order, the estimated well costs and other facts for this pooling order remain the same as on October 30, 2008 the date of the original hearing for Order R-13057.
8. 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, SJR needs an order of the Division pooling the interest identified above in order to protect correlative rights and prevent waste.
9. I recommend that an order re-instating Order R-13057 to issued such that:
  - (a) Burlington Resources Oil & 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 approximately \$1,338,692.50.

(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 \$6,500 per month drilling and \$650 per month operating and a provision for an adjustment method of the overhead rates as provided by COPAS;

**FURTHER AFFIANT SAYETH NOT:**

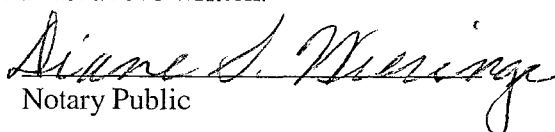
  
Terry Simcoe

**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 7<sup>th</sup> day of April, 2009, personally appeared Terry Simcoe, the person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his 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.

  
Notary Public

My Commission expires:

May 22, 2011