

**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. 12209

**APPLICATION OF FALCON CREEK RESOURCES, INC.
TO AMEND DIVISION ORDER R-11165 FOR SURFACE
COMMINGLING, OFF-LEASE MEASUREMENT AND STORAGE
LEA COUNTY, NEW MEXICO.**

AFFIDAVIT OF OSCAR L. PETERS

**STATE OF COLORADO)
) ss.
COUNTY OF DENVER)**

Before me, the undersigned authority, personally appeared Oscar L. Peters, being duly sworn, stated:

A. My name is Oscar L. Peters. I am over the age of majority and am competent to make this Affidavit.

B. My qualifications as an expert petroleum engineer are as follows:

(1) Education: B. S. in engineering from Montana Technical University in 1987.

(2) Experience:

As a petroleum engineer employed by Falcon Creek Resources, Inc. ("Falcon Creek"), I have been 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.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12209 Exhibit No. **3**
Submitted By:
Falcon Creek Resources
Hearing Date: August 5, 1999

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Affidavit of Oscar L. Peters
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C. My expert opinions are based on the following facts and events:

CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS

1. On April 19, 1999, the Division entered Order R-11165 in Case 12141 which approved Falcon Creek's application for surface commingling, off-lease measurement and storage of West Teas-Yates Seven Rivers Pool production from the following described wells being produced from the West Teas Yates-Seven Rivers Pool all within Township 20 South, Range 33 East" (See Exhibit "A")

	Well	Location	Status
(a)	Conoco State Well No. 2,	NW/4NW/4 Section 16	active
(b)	BF State Well No. 3,	NW/4SW/4 Section 16	active
(c)	Conoco State Well No. 1,	NE/4NW/4 Section 16	active
(b)	BF State Well No. 1,	SW/4SE/4 Section 16	inactive
(b)	BF State Well No. 2,	NE/4SW/4 Section 16	inactive
(b)	BF State Well No. 4,	NE/4NE/4 Section 16	inactive

2. The centralized facility is located in the SW/4NE/4 (Unit G) of Section 16, T20S, R33E for the gathering of production from all these wells.

3. Division Rules authorized administrative approval of surface commingling "only so long as all commingled production is of identical ownership...."

4. Falcon Creek is the operator of portions of two different State of New Mexico oil & gas leases in the following parts of Section 16:

(a)	Conoco State Lease (V-4021):	N/2NW/4
(b)	BF State Lease (E-3441):	S/2NW/4; E/2NE/4, SW/4NE/4, NW/4SE/4, N/2SW/4

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Falcon Creek Resources, Inc.

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5. As a result of different beneficiaries for these two State of New Mexico oil & gas leases, ownership in the commingled production is not identical in terms of parties or interest.

6. Falcon Creek has acquired the Arco State 886 Well No. 1 located in Unit F of Section 16 which is also part of the BF State Lease (E-3441) and now desires to amend Division Order R-11165 to add this well to the centralized facility. See Exhibit "B"

7. In accordance with Division Rule 1207, applicant has sent a copy of this application and notice for hearing to be held on August 5, 1999 to all the proper parties entitled to said notice. See Exhibit "C"

RECOMMENDATIONS

I recommend that Division Order R-11165 be amended to provide for approval of this additional well.

OPINIONS AND CONCLUSIONS

D. I have formed the following opinions based upon my expertise and upon the foregoing chronology of events:

(1) That approval of Falcon Creek Resources, Inc.'s application in Division Case 12141 is necessary in order to reduce the operational costs for these leases.

FURTHER AFFIANT SAYETH NOT:

Oscar L. Peters
Oscar L. Peters

State of Colorado)

SS

County of Denver)

SUBSCRIBED AND SWORN TO before me this 14th day of July, 1999 by Oscar L. Peters.

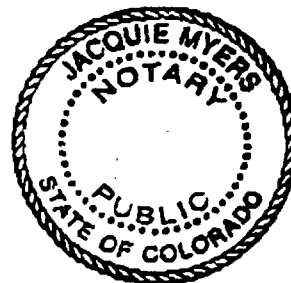
Jacqueline Myers
Notary Public

Notary Public

(SEAL)

My Commission Expires:

My Commission Expires
March 23, 2003



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EXHIBIT

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