

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

February 23, 1999

VIA FACSIMILE

12141

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

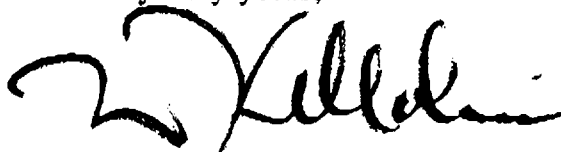
Re: Application of Falcon Creek Resources, Inc.
for surface commingling,
Lea County, New Mexico.

Dear Ms. Wrotenbery:

On behalf of Falcon Creek Resources, Inc., please find our application in the referenced case which we request be set on the next available Division Examiner's docket on scheduled for March 18, 1999.

Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Falcon Creek Resources, Inc.
Attn: Lynn Becker

PROPOSED ADVERTISEMENT

CASE _____ Application of Falcon Creek Resources, Inc. for surface commingling, off-lease measurement and storage, Lea County, New Mexico. Applicant seeks an exception to Division Rule 309-A and Rule 303-A to permit surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease in the E/2NE/4, SW/4NE/4, NW/4SE/4 and N/2SW/4 and its Conoco State Lease in N/2NW/4 all in Section 16, T20S, R33E which shall be stored and measured at its centralized facility located in Unit G of this section. This facility is located in the approximately 4 miles northeast of the intersections of Federal Secondary Highway Number EAS 1217 and US Highway 180.

12141

**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 FALCON RESOURCES, INC.
FOR SURFACE COMMINGLING, OFF-LEASE
MEASUREMENT AND STORAGE,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12141

APPLICATION

Comes now FALCON CREEK RESOURCES, INC. ("Falcon Creek ") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an exception to Division Rule 309-A and Rule 303-A to permit surface commingling, off-lease measurement and storage of storage of West Teas Yates-Seven Rivers Pool production from its BS State Lease and its Conoco State Lease all in Section 16, T20S, R33E which shall be stored and measured at its centralized facility located in Unit G of this section, and

In support states:

1. Falcon is the operator of 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	inactive
(b)	BF State Well No. 1,	SW/4SE/4 Section 16	inactive

NMOCD Application
Falcon Creek Resources, Inc.
-Page 2-

- (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. Falcon also operates a centralized facility 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:

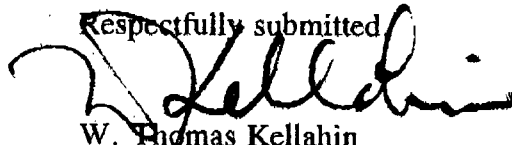
- (a) Conoco State Lease: N/2NW/4
(b) BF State Lease: E/2NE/4, SW/4NE/4, NW/4SE/4, N/2SW/4

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. In accordance with Division Rule 1207, applicant has sent a copy of this application and notice for hearing to be held on March 18, 1999 to all the proper parties entitled to said notice. See Exhibit "B"

Accordingly, Falcon Creek requests that this application be set for hearing before a Division Examiner and that after notice and hearing, the Division grant an exception to Division Rule 309-A and Rule 303-A to permit surface commingling, off-lease measurement and storage of storage of West Teas Yates-Seven Rivers Pool production from its BS State Lease and its Conoco State Lease all in Section 16, T20S, R33E which shall be stored and measured at its centralized facility located in Unit G of this section.

Respectfully submitted


W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

NMOCD Application
Falcon Creek Resources, Inc.
-Page 3-

EXHIBIT "B"

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504
Attn: Pete Martinez

Sid Cowan
P. O. Box 1448
Del Rio, TX 78841

JA McClatchy
P. O. Box 4126
Midland, TX 79704

Randy Hall
P. O. Box 10095
Midland, TX 79702

Laguna Gatuna, Inc.
P. O. Box 2158
Hobbs, NM 88241

Sheehy & Richardson
1408 Washington
Waco, TX 76701

