

**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
Order No. R-11165-A**

**APPLICATION OF FALCON CREEK RESOURCES, INC. TO AMEND
DIVISION ORDER NO. R-11165 FOR SURFACE COMMINGLING, OFF-LEASE
MEASUREMENT AND STORAGE, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 5, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of August, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-11165 issued in Case No. 12141 on April 19, 1999, the Division authorized Falcon Creek Resources, Inc. to surface commingle West Teas-Yates Seven Rivers Pool production from its Conoco State Lease (Lease No. V-4021), which comprises the N/2 NW/4, and the BF State Lease (Lease No. E-3441), which comprises the E/2 NE/4, SW/4 NE/4, NW/4 SE/4, and N/2 SW/4, all in Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) The applicant, Falcon Creek Resources, Inc. (Falcon Creek), seeks to amend Division Order No. R-11165 to authorize the addition of a 40-acre tract comprising the SE/4 NW/4 of Section 16, being an additional portion of the BF State Lease (Lease No. E-3441), to the previously approved commingled area.

(4) This case was styled such that "*In the Absence of Objection, This Matter Will be Taken Under Advisement.*"

(5) Legal counsel appeared on behalf of the applicant and presented evidence for admission in this case.

(6) The evidence indicates that the applicant has recently acquired the Arco State "886" Well No. 1, located in Unit F of Section 16. This well is currently a producing well within the West Teas-Yates Seven Rivers Pool.

(7) The applicant proposes to commingle West Teas Yates-Seven Rivers Pool production from the Arco State "886" Well No. 1 with the production originating from the Conoco State and BF State Leases at the central tank battery located within the SW/4 NE/4 of Section 16.

(8) The applicant further proposes to determine production from the Arco State "886" Well No. 1 on the basis of monthly well tests.

(9) The interest ownership within the Conoco and BF State Leases is not common.

(10) Each interest owner within the Conoco and BF State Leases was provided notice of this application and at the time of the hearing no interested party entered an appearance in this matter or filed an objection to the application.

(11) Approval of the application will result in economic savings to the operator, is in the best interest of conservation, is based on sound engineering principles, and will serve to prevent waste and protect correlative rights, provided that the installation of facilities for commingling production will permit the individual testing of each well on the lease on at least a monthly basis.

(12) All other provisions contained within Division Order No. R-11165 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The application of Falcon Creek Resources, Inc. to amend Division Order No. R-11165 is hereby approved.

(2) Ordering Paragraph No. (1) of Order No. R-11165 is hereby amended to read as follows:

"(1) The applicant, Falcon Creek Resources, Inc. ("Falcon"), is hereby authorized to surface commingle West Teas-Yates-Seven Rivers Pool production from its Conoco State Lease (Lease No. V-4021), which comprises the N/2 NW/4, and the BF State Lease (Lease No. E-3441), which comprises the E/2 NE/4, SW/4 NE/4, NW/4 SE/4, N/2 SW/4, and the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico."

(3) All other provisions contained within Division Order No. R-11165 shall remain in full force and effect.

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(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director