

NEW MEXICO OIL CONSERVATION DIVISION

Examiner Hearing
 Santa Fe, New Mexico
 August 5, 1999 -- 8:15 A.M.

Name	Representing	Location
K. Kellahin	Kellahin	Santa Fe
DALE DOUGLAS	SELF	MIDLAND
Bill Baker	DAVID ARINGTON	MIDLAND TX
ROY C. WILLIAMSON	INTOIL	MIDLAND, TX
William [unclear]	Campbell, [unclear], [unclear]	Santa Fe
James Bruce	-	" "
Robert Lee	St Mary	Midland TX
Ray [unclear]	St Mary	Midland TX
Otto Swendsen	CORP MGMT. CORP	Midland TX
Russ [unclear]	ST MARY	DENVER, CO
Brynnie Ellison	St Mary Land	Denver, CO

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 CREEK RESOURCES,)
INC., TO AMEND DIVISION ORDER NO.)
R-11,165 FOR SURFACE COMMINGLING,)
OFFLEASE MEASUREMENT AND STORAGE,)
LEA COUNTY, NEW MEXICO)

CASE NO. 12,209

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

August 5th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, August 5th, 1999, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

99 AUG 30 AM 8:51
OIL CONSERVATION DIV.

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I N D E X

August 5th, 1999
 Examiner Hearing
 CASE NO. 12,209

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REPORTER'S CERTIFICATE	7

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit A	3	-
Exhibit 2	4	-
Exhibit 3	4	-

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A P P E A R A N C E S

FOR THE DIVISION:

BRUCE ROGOFF
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
 117 N. Guadalupe
 P.O. Box 2265
 Santa Fe, New Mexico 87504-2265
 By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 8:25 a.m.:

3 EXAMINER CATANACH: Call the hearing to order
4 this morning for Docket Number 24-99. Let me go ahead and
5 call the continuances and dismissals first at this point.

6 (Off the record)

7 EXAMINER CATANACH: At this time we'll call first
8 case, 12,209, which is the Application of Falcon Creek
9 Resources, Inc., to amend Division Order No. R-11,165 for
10 surface commingling, offlease measurement and storage, Lea
11 County, New Mexico.

12 This case is styled such that in the absence of
13 objection, this matter will be taken under advisement. I
14 will call for appearances in this case at this time.

15 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
16 the Santa Fe law firm of Kellahin and Kellahin, appearing
17 on behalf of the Applicant.

18 EXAMINER CATANACH: I'll call for additional
19 appearances in this case.

20 Okay, Mr. Kellahin?

21 MR. KELLAHIN: Thank you, Mr. Examiner.

22 Mr. Examiner, if you'll take a moment and refer
23 to what is shown as Exhibit A, it's a plat of the project
24 area. This is a centralized facility where there's surface
25 commingling, offlease measurement and storage of oil

1 production from the West Teas-Yates-Seven Rivers Pool.

2 Following the plat is a copy of the Order that
3 the Division entered on April 19th, 1999, and that order
4 does this: It approves the commingling of production from
5 this pool in the area outlined in yellow on Exhibit A. The
6 difference between the leases is that Tracts 16 and 15
7 constitute one State of New Mexico lease, with the balance
8 of the tracts being another state lease.

9 The Order approved the surface commingling and
10 offlease storage and measurement. We're before you today
11 to add Tract 12. That's the ARCO State 886 Number 1 well.

12 Once you examine the case file, you'll see that
13 the Application was originally filed with an error. It had
14 inadvertently identified the new tract to be added as Tract
15 13. The case was continued, the matter was corrected, and
16 we're now before you to add Tract 12.

17 The final exhibit is Exhibit C [sic]. It's the
18 affidavit of Oscar Peters. Mr. Peters is the production
19 engineer for Falcon Creek. He provided the prior affidavit
20 in this matter, and he supplements his affidavit with a new
21 one, indicating that the approval of this additional tract
22 into the surface commingling centralized facility is
23 appropriate in order to reduce costs and to prolong the
24 life of production from that well.

25 That concludes our presentation with regards to

1 this matter that you're now examining. We would ask that
2 you introduce these three matters into the record and issue
3 an appropriate order.

4 EXAMINER CATANACH: Mr. Kellahin, on your
5 affidavit of notice, do you know if these are all interest
6 owners in this whole area or --

7 MR. KELLAHIN: Yes, sir, they are all the
8 interest owners within the project that's currently
9 approved, plus the owners in Tract 12. The only additional
10 party is, there was an overriding royalty on Tract 12 for
11 Vickie Shackelford, and she has received notice of this
12 matter, and there is no objection.

13 EXAMINER CATANACH: Okay.

14 MR. KELLAHIN: The Commissioner of Public Lands
15 was also notified, and there was no objection from his
16 office.

17 EXAMINER CATANACH: I'm sorry, I don't see
18 Shackelford name on the notice list.

19 MR. KELLAHIN: Yes, sir, if you'll turn to the
20 return receipt cards that are copied, it's the second one
21 from the back, and it's in the bottom left corner.

22 EXAMINER CATANACH: Okay. And you guys have not
23 received anything from the Commissioner of Public Lands at
24 this point?

25 MR. KELLAHIN: We don't have a written letter,

1 but they have approved the project previously, and it's
2 just a matter of time to get the additional 40-acre tract
3 into the project.

4 EXAMINER CATANACH: Will you forward that to us
5 if you get it?

6 MR. KELLAHIN: Yes, sir.

7 EXAMINER CATANACH: Okay. Is there anything
8 further in this case?

9 There being nothing further, Case 12,209 will be
10 taken under advisement.

11 (Thereupon, these proceedings were concluded at
12 8:29 a.m.)

13 * * *

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19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
the Examiner hearing of Case No. 12209,
21 heard by me on August 5 1989.
22 David R. Catnach, Examiner
Off Conservation Division
23
24
25

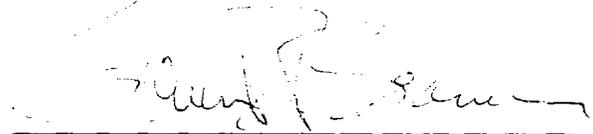
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL August 7th, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002