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JASON KELLAHIN (RETIRED 1991)

June 15, 1999

12209

VIA FACSIMILE

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

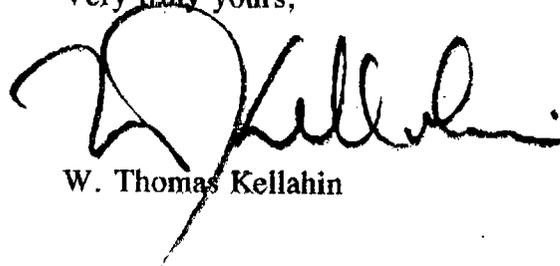
Re: Application of Falcon Creek Resources, Inc.
to amend Order R-11165 for surface commingling,
Lea County, New Mexico.

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 July 8, 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 12209 Application of Falcon Creek Resources, Inc. to amend Order R-11165 for surface commingling, off-lease measurement and storage, Lea County, New Mexico. Applicant seeks to amend Order R-11165 to add an additional 40-acre spacing unit and its well to the previously approved centralized facility for the surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease (E-3441) being the Arco State 886 Well No. 2 located in Unit B of Section 16, T20S, R33E, NMPM 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 FAS 1217 and US Highway 180, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT**

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 12209

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 order amending Order R-11165 to add an additional 40-acre spacing unit and its well to the previously approved centralized facility for the surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease (E-3441) being the Arco State 886 Well No 2 located in Unit B of Section 16, T20S, R33E, NMPM 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 a centralized facility in the SW/4NE/4 (Unit G) of Section 16, T20S, R33E for the gathering of 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	inactive
(d)	BF State Well No. 1,	SW/4SE/4 Section 16	inactive
(e)	BF State Well No. 2,	NE/4SW/4 Section 16	inactive

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Falcon Creek Resources, Inc.
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(f) BF State Well No. 4, NE/4NE/4 Section 16 inactive

2. On April 19, 1999, the Division entered Order R-11165 in case 12141 approving this centralized facility.

3. 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-3441): E/2NE/4, SW/4NE/4,
NW/4SE/4, N/2SW/4

4. Falcon Creek has acquired the Arco State 886 Well No. 2 located in Unit B of this section which is also part of the BF State Lease (E-3441) and now desires to add this well to the centralized facility.

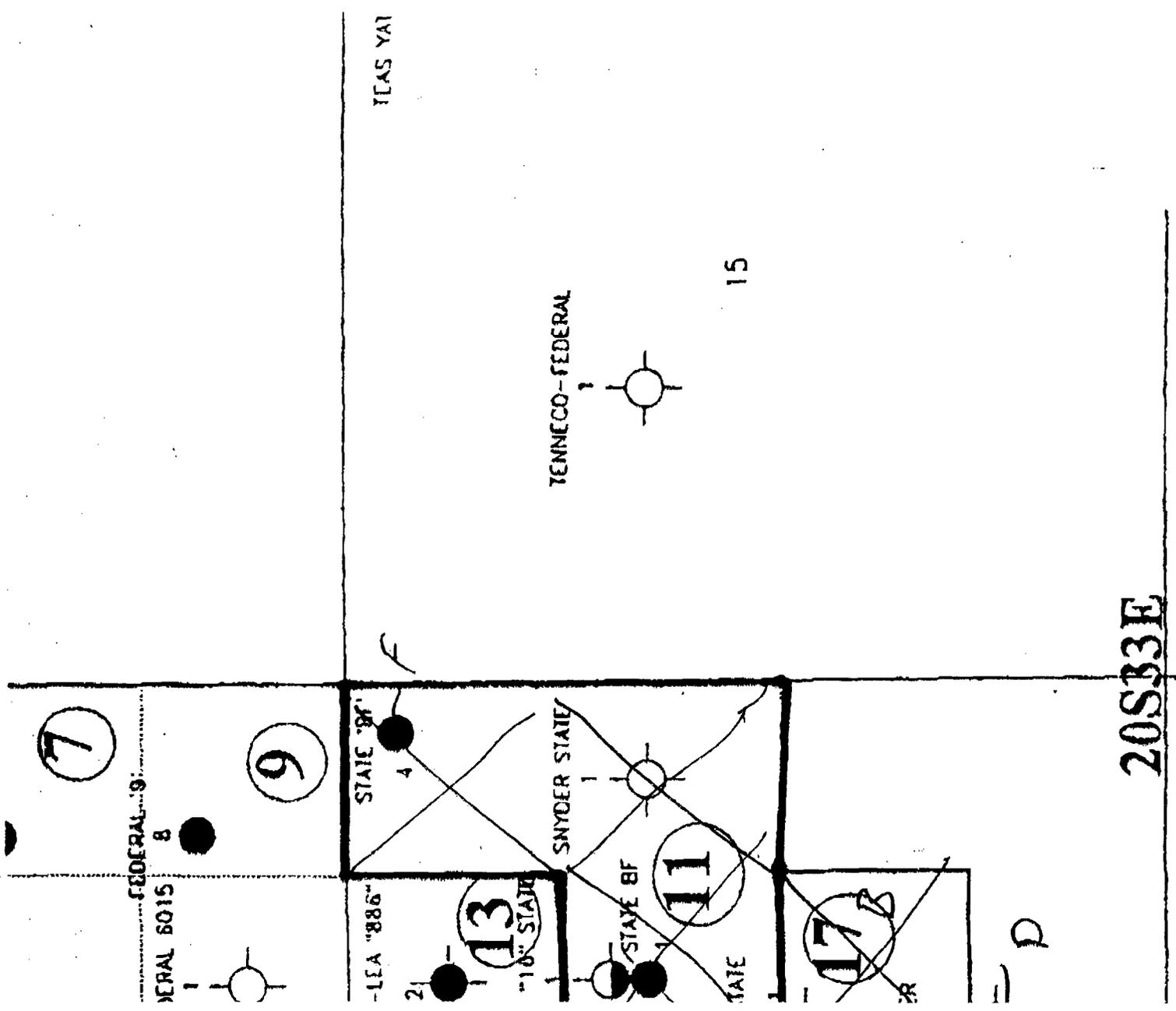
5. As a result of different beneficiaries for these two State of New Mexico oil & gas leases, ownership in the commingled production is not identical in terms of parties or interest.

6. In accordance with Division Rule 1207, applicant has sent a copy of this application and notice for hearing to be held on July 8, 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 Arco State 886 Well No. 2 with the previously approved project and the inclusion of the NW/4NE/4 of this section into this centralized facility.

Respectfully submitted,


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



20S33E

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**