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June 15, 1999

12209

**VIA FACSIMILE**

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

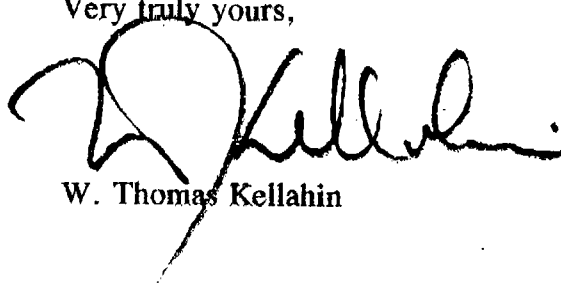
Re: Application of Falcon Creek Resources, Inc.  
to amend Order R-11165 for surface commingling,  
Lea County, New Mexico.

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")

	<b>Well</b>	<b>Location</b>	<b>Status</b>
(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



**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