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December 28, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

12332

99 DEC 28 PM 4:48
OIL CONSERVATION DIV

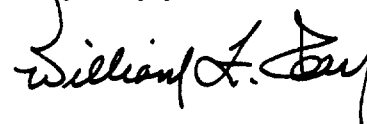
Re: ***Application of Falcon Creek Resources, Inc. for approval of a waterflood Project for its West Teas (Yates-Seven Rivers) Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico***

Dear Ms Wrotenbery:

Enclosed in triplicate is the Application of Falcon Creek Resources, Inc. in the above-referenced case as well as a copy of a legal advertisement. Falcon Creek requests that this matter be set for hearing before a Division Examiner on January 20, 2000.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/md
Enclosures
cc: Mr. Lynn Becker

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

IN THE MATTER OF THE APPLICATION
OF FALCON CREEK RESOURCES, INC. FOR
APPROVAL OF A WATERFLOOD PROJECT
FOR ITS WEST TEAS (YATES-SEVEN RIVERS)
UNIT AREA AND, QUALIFICATION OF SAID PROJECT
FOR THE RECOVERED OIL TAX RATE PURSUANT
TO THE ENHANCED OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.

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OIL CONSERVATION DIV.

CASE NO. 12332

APPLICATION

FALCON CREEK RESOURCES, INC. ("Falcon Creek") through its attorneys, Campbell, Carr, Berge & Sheridan, P. A., hereby makes application for an order approving a secondary recovery project for the injection of water into the Yates and Seven Rivers formations in its West Teas (Yates-Seven Rivers) Unit Area, West Teas-Yates Seven Rivers Pool, and the qualification of this project for the recovered oil tax rate pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act, and in support thereof states:

1. By companion application, Falcon Creek seeks the formation of the West Teas (Yates-Seven Rivers) Unit pursuant to the statutory unitization for the purpose of implementing a waterflood project in the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool.
2. With this application, Falcon Creek seeks approval of the West Teas (Yates-

Seven Rivers)Unit Waterflood Project and authorization to implement secondary recovery operations in the unit area by the injection of water into the Yates and Seven Rivers formations. A copy of Falcon Creek's Application for Authorization to Inject through six wells in the waterflood project area is attached hereto.

3. The boundaries of the proposed waterflood project area coincide with the proposed unit boundaries and include the following acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 4: SE/4

Section 9: S/2, NE/4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE/4

Section 17: E/2 NE/4, NE/4 SE/4

4. Applicant requests that the Division establish a procedure for the administrative approval of additional injection wells within the project area without the necessity for further hearings.

5. Falcon Creek seeks to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act.

7. Approval of this application will afford Falcon Creek the opportunity to produce its just and equitable share of the remaining reserves in the West Teas (Yates-Seven Rivers) Unit Area and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Falcon Creek Resources, Inc. requests that this matter be set for

hearing before a duly appointed Examiner of the Oil Conservation Division on January 20, 2000, and after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR FALCON CREEK
RESOURCES, INC.

CASE _____: Application of Falcon Creek Resources, Inc. for approval of a waterflood project for its West Teas (Yates Seven Rivers) Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. applicant in the above-styled cause, seeks approval of its West Teas (Yates-Seven Rivers) Unit Waterflood Project for injection of water into the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool through six injection wells located in the following described area:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 4: SE/4

Section 9: S/2, NE/4, S/2 NW/4,
NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE/4

Section 17: E/2 NE/4, NE/4 SE/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 30 miles west by southwest of Hobbs, New Mexico.