

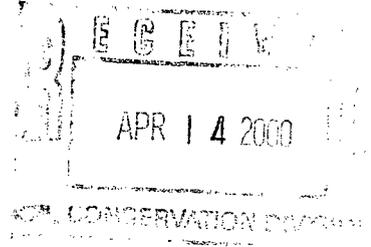
FALCON CREEK RESOURCES, INC.

621 17th Street, Suite 1800
Denver, Colorado 80293-0621

Telephone 303-675-0007
Facsimile 303-675-0008

April 12, 2000

Oil Conservation Division
2040 South Pacheco St.
Santa Fe, New Mexico 87505



RE: Application for Downhole Commingling
Terry #1
"G" Section 24, T20S-R38E
Lea County, New Mexico

Gentlemen:

Please find enclosed a revised Application for Downhole Commingling. This zones have already been commingled but since some additional work has been performed on the Abo we need to update the commingled allocations. The DHC order is DHC-2088. Percentage allocations are based on current and past production.

Please advise if you have any questions, or need additional information. We appreciate your prompt attention with this matter.

Sincerely,

April J. Carlson
Operations Technician

cc: Hobbs District Office

BHC-ORDER 2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
DISTRICT II
811 South First St., Artesia, NM 88210-2835
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Falcon Creek Resources, Inc. 621 17th St., Suite 1800, Denver, CO 80293-0621

Operator Address

Terry 1 G Sec. 24, T20S, R38E Lea

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 026102 Property Code 21685 API NO. 30-025-34157 Federal State (and/or) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blinebry	Tubb	Abo
2. Top and Bottom of Pay Section (Perforations)	5,990'-6,086'	6,663'-6,674' 6,712'-6,728' 6,794'-6,810'	7,258'-7,495'
3. Type of production (Oil or Gas)	Oil	Oil	Oil
4. Method of Production (Flowing or Artificial Lift)	Rod Pump	Rod Pump	Rod Pump
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 1800 psi	a. 1800 psi	a. 1800 psi
	b. (Original) Unknown	b. Unknown	b. Unknown
6. Oil Gravity (°API) or Gas BTU Content	38.5	36.7	37.3
7. Producing or Shut-In?	Producing	Producing	Producing
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: 01-2000 Rates: 5 BOPD, 4 BWPD, 84 MCFD	Date: 01-2000 Rates: 16 BOPD, 4 BWPD, 7 MCFD	Date: 01-2000 And 2-19-00 thru 4-12-00 Rates: 53 BOPD, 40 BWPD, 49 MCFD
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 6%, H2O: 9%, Gas: 60%	Oil: 22%, H2O: 9%, Gas: 5%	Oil: 72%, H2O: 83%, Gas: 35%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross- flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Gerald Lucero TITLE Manager of Operations DATE April 12, 2000

TYPE OR PRINT NAME Gerald Lucero TELEPHONE NO. (303) 675-0007

Falcon Creek Resources, Inc.
Terry #1 Revised Commingled Allocations

Total of Abo Production

Oil	Water	Gas
53	40	49

Blinebry Production

Oil	Water	Gas
5	4	84

Tubb Production

Oil	Water	Gas
16	4	7

Total of Daily Production

Oil	Water	Gas
74	48	139

Commingled Allocations		
Abo Allocations		
Oil	Water	Gas
72%	83%	35%
Blinebry Allocations		
Oil	Water	Gas
6%	9%	60%
Tubb Allocations		
Oil	Water	Gas
22%	9%	5%

Terry #1 Abo Production

	Lower Abo Tested Production			Upper Abo Production		
	Oil	Water	Gas	Oil	Water	Gas
2/19/2000	63	28	30	3	4	5
2/20/2000	97	42	82			
2/21/2000	92	20	79			
2/22/2000	85	30	68			
2/23/2000	85	40	78			
2/24/2000	80	60	76			
2/25/2000	78	67	72			
2/26/2000	75	68	74			
2/27/2000	75	55	72			
2/28/2000	75	62	69			
2/29/2000	64	60	67			
3/1/2000	64	40	63			
3/2/2000	66	53	63			
3/3/2000	56	56	62			
3/4/2000	59	54	63			
3/5/2000	54	54	59			
3/6/2000	56	61	58			
3/7/2000	53	39	58			
3/8/2000	20	39	55			
3/9/2000	53	35	51			
3/10/2000	53	56	50			
3/11/2000	53	43	50			
3/12/2000	53	44	50			
3/13/2000	53	41	51			
3/14/2000	53	39	49			
3/15/2000	53	46	49			
3/16/2000	17	10	10			
3/17/2000	44	61	41			
3/18/2000	56	45	44			
3/19/2000	50	47	43			
3/20/2000	50	44	40			
3/21/2000	50	44	40			
3/22/2000	25	10	37			
3/23/2000	0	0	0			
3/24/2000	64	37	38			
3/25/2000	53	39	47			
3/26/2000	53	49	44			
3/27/2000	47	40	43			
3/28/2000	50	36	42			
3/29/2000	50	40	41			
3/30/2000	44	35	41			
3/31/2000	44	28	40			
4/1/2000	47	29	40			
4/2/2000	7	9	36			
4/3/2000	33	22	38			
4/4/2000	56	31	40			
4/5/2000	52	42	40			
4/6/2000	44	32	37			
4/7/2000	42	30	36			
4/8/2000	42	38	36			
4/9/2000	42	39	35			
4/10/2000	42	38	34			
4/11/2000	42	22	34			
4/12/2000	42	28	33			
Total	2856	2157	2628			
Total/ Days On	53	40	49			