

FALCON CREEK RESOURCES, INC.

621 17th Street, Suite 1800, Denver, Colorado 80293-0621 (303) 675-0007 (303) 675-0008 Facsimile

November 2, 1998

Capataz Operating, Inc.
415 W. Wall St.
Midland, TX 79701

*DAD
FILE*

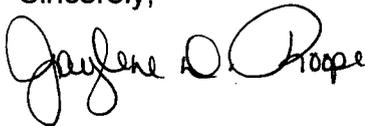
RE: Application for Downhole Commingling
Kyte #8
"B" Section 23, T20S, R38E
Lea County, New Mexico

To Whom It May Concern:

Please find enclosed for your review a copy of our Application for Downhole Commingling in the captioned well. We request that you execute this letter signifying your waiver to any objection of said commingling.

Please route an executed copy of this letter to the New Mexico Oil Conservation Division at 2040 Pacheco Street, Santa Fe, New Mexico 87505. Thank you for your cooperation in this matter.

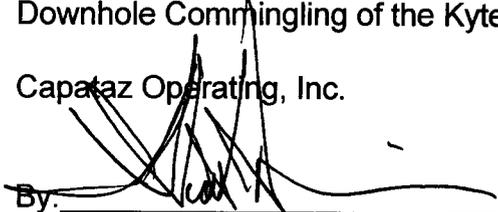
Sincerely,



Jaylene Roope
Sr. Operations Technician

We hereby waive any objection to Falcon Creek Resources, Inc.'s Application for Downhole Commingling of the Kyte #8.

Capataz Operating, Inc.



By: _____
Title: PRESIDENT
Print Name: H. SCOTT DAVIS
Date: 11-5-98

DHC 11/25/98

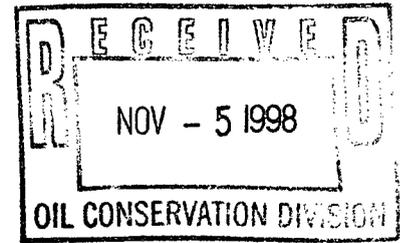
FALCON CREEK RESOURCES, INC.

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

(303) 675-0007 (303) 675-0008 Facsimile

November 2, 1998

2133



State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505-6429

RE: Kyte #8
"B" Section 23, T20S, R38E
660' FNL, 1980' FEL,
Lea County, New Mexico

To Whom It May Concern:

Please find the enclosed Application for Downhole Commingling for the captioned well. All zones of interest have common interest owners. Also attached are the currently monthly production curves for all formations. This information goes back to the first day of production. All allocations were based on a percentage basis of past history.

If you have any questions or need additional information, please call me at the letterhead number. Thank you for your prompt attention.

Sincerely,

A handwritten signature in cursive script that reads "Jaylene O. Roope".

Jaylene Roope
Sr. Operations Technician

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

NOV - 5 1998

APPROVAL PROCESS:
Administrative Hearing

EXISTING WELLBORE
YES NO

OIL CONSERVATION DIVISION

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

Operator Address

Kyte 8 B Sec. 23, T20S, R38E Lea

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

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 169415 Property Code 23402 API NO. 30-025-34296 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	East Warren Tubb	De Abo 15200
2. Top and Bottom of Pay Section (Perforations)	5,976'-6,112'	6,614'-6744'	7,234'-7,490'
3. Type of production (Oil or Gas)	Oil	Oil	Oil
4. Method of Production (Flowing or Artificial Lift)	Flowing	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 (^o API) or Gas BTU Content	39.2	39.2	38.9
7. Producing or Shut-In?	Producing	SI	SI
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: 9/4/98 Rates: 10 BOPD 20 BWPD 10 MCFD	Date: 6/23/98 Rates: 10 BOPD 25 BWPD 30 MCFD
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: 9/22/98 Rates: 50 BOPD 30 BWPD 582 MCFD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 71.4% Gas: 93.5%	Oil: 14.3% Gas: 1.7%	Oil: 14.3% Gas: 4.8%

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. NMOC 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 Oscar L. Peters TITLE Mgr of Operations DATE November 2, 1998

TYPE OR PRINT NAME Oscar L. Peters TELEPHONE NO. (303) 675-0007

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34296	Pool Code	Pool Name Blinebry
Property Code 23402	Property Name KYTE	
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Well Number 8
		Elevation 3572

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	23	20 S	38 E		660	NORTH	1980	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	I	N/A	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Oscar L. Peters</i> Signature</p> <p>Oscar L. Peters Printed Name</p> <p>Mgr. Of Operations Title</p> <p>Nov. 2, 1998 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>JANUARY 15, 1998</p> <p>Date Surveyed _____ JLP</p> <p>Signature of Surveyor _____ Professional Surveyor</p> <p>W.O. Num. 98-0041</p>
	<p>W.O. Num. 98-0041</p>
	<p>W.O. Num. 98-0041</p> <p>W.O. Num. 98-0041</p> <p>W.O. Num. 98-0041</p>

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Elv Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34296	Pool Code	Pool Name Tubb
Property Code 23402	Property Name KYTE	Well Number 8
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3572

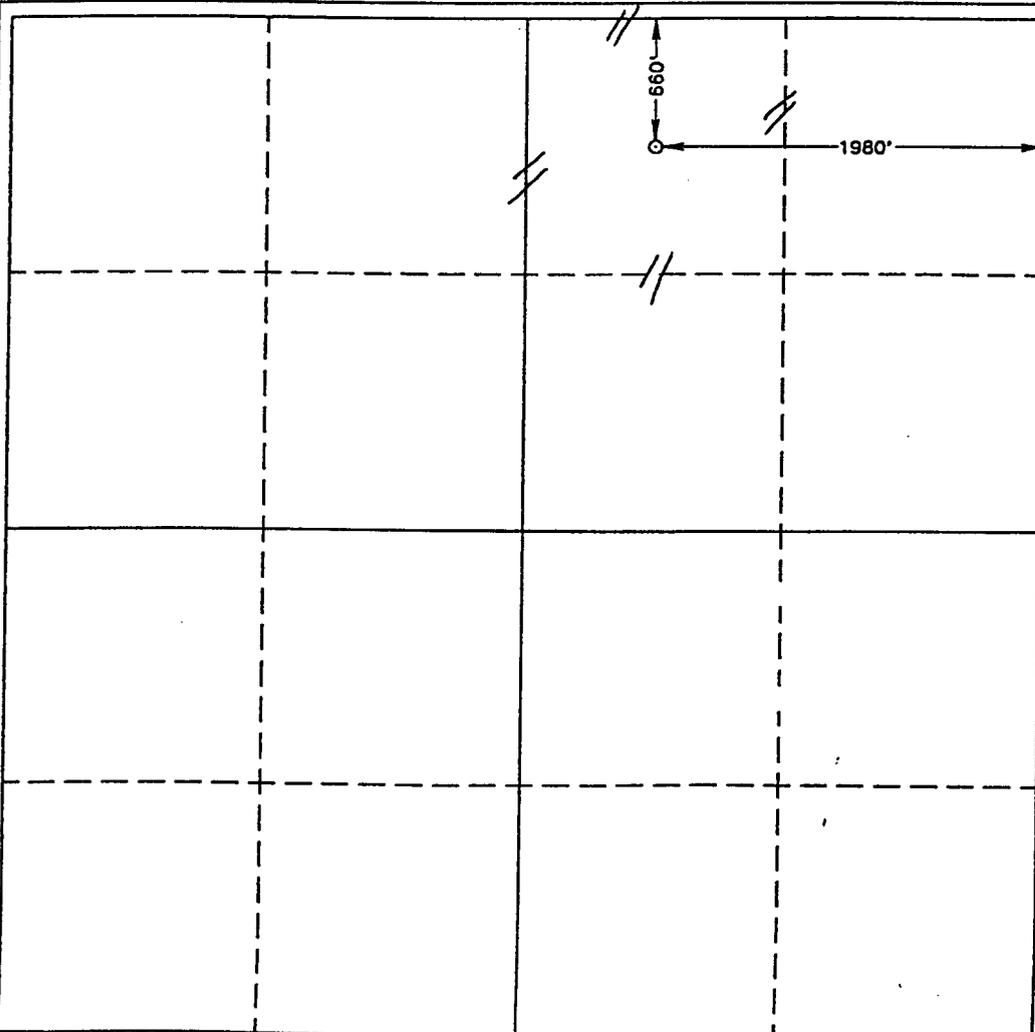
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	23	20 S	38 E		660	NORTH	1980	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill I	Consolidation Code N/A	Order No.						

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OPERATOR CERTIFICATION

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

Oscar L. Peters
Signature

Oscar L. Peters
Printed Name

Mgr. of Operations
Title

Nov. 2, 1998
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 15, 1998
Date Surveyed

Joseph E. Eidson
Signature
Professional Surveyor

NEW MEXICO
Professional Surveyors
W.O. Num. 98-0041

3239
Ronald S. Eidson
12641
Gary L. Eidson
12165
McDonald

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

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Revised February 10, 1994
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Arteeo, NM 87410

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34296	Pool Code 15200	Pool Name DK ABO
Property Code 010711 23402	Property Name KYTE	
OGRID No. 021602 dx	Operator Name STEVENS & TULL	
	Well Number 8	Elevation 3572

Surface Location

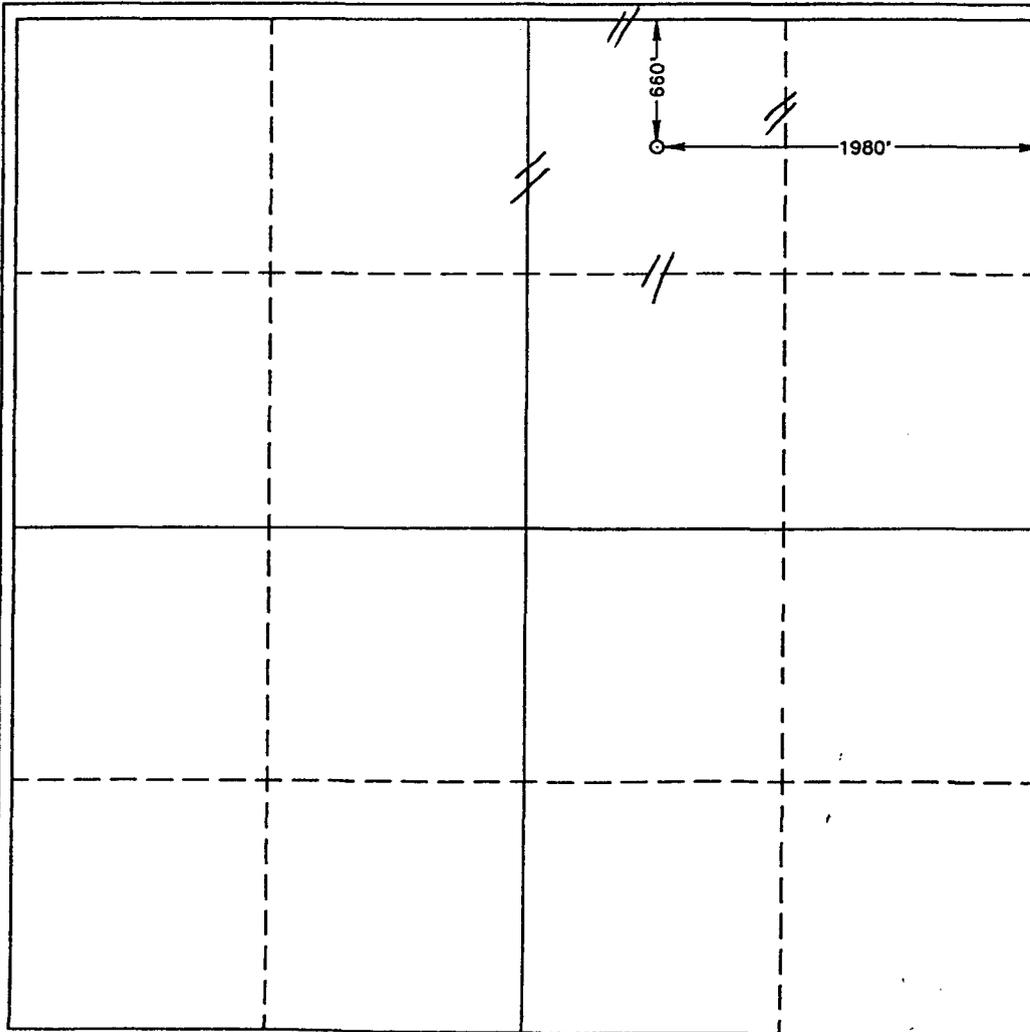
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	I	N/A	

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OPERATOR CERTIFICATION

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

Michael G. Mooney
Signature
Michael G. Mooney
Printed Name
Consulting Engineer
Title
02/08/98
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 15, 1998
Date Surveyed JLP

Signature & Seal of Professional Surveyor
W.O. Num. 98-0041
Professional Surveyor
W.O. Num. 98-0041

Associate No. RONALD EIDSON, 3239
CARY EIDSON, 12841
McDONALD, 12185

Oil	+	7/1998	+	7/1998
Ref=				
Cum=				0.0
Gas	◆	7/1998	◆	7/1998
Ref=				
Cum=				0.0
Water	▲	7/1998	▲	7/1998
Ref=				
Cum=				0.0
GOR	▲	7/1998	▲	7/1998
Ref=				
Cum=				0.0

GOR-scf/bbl

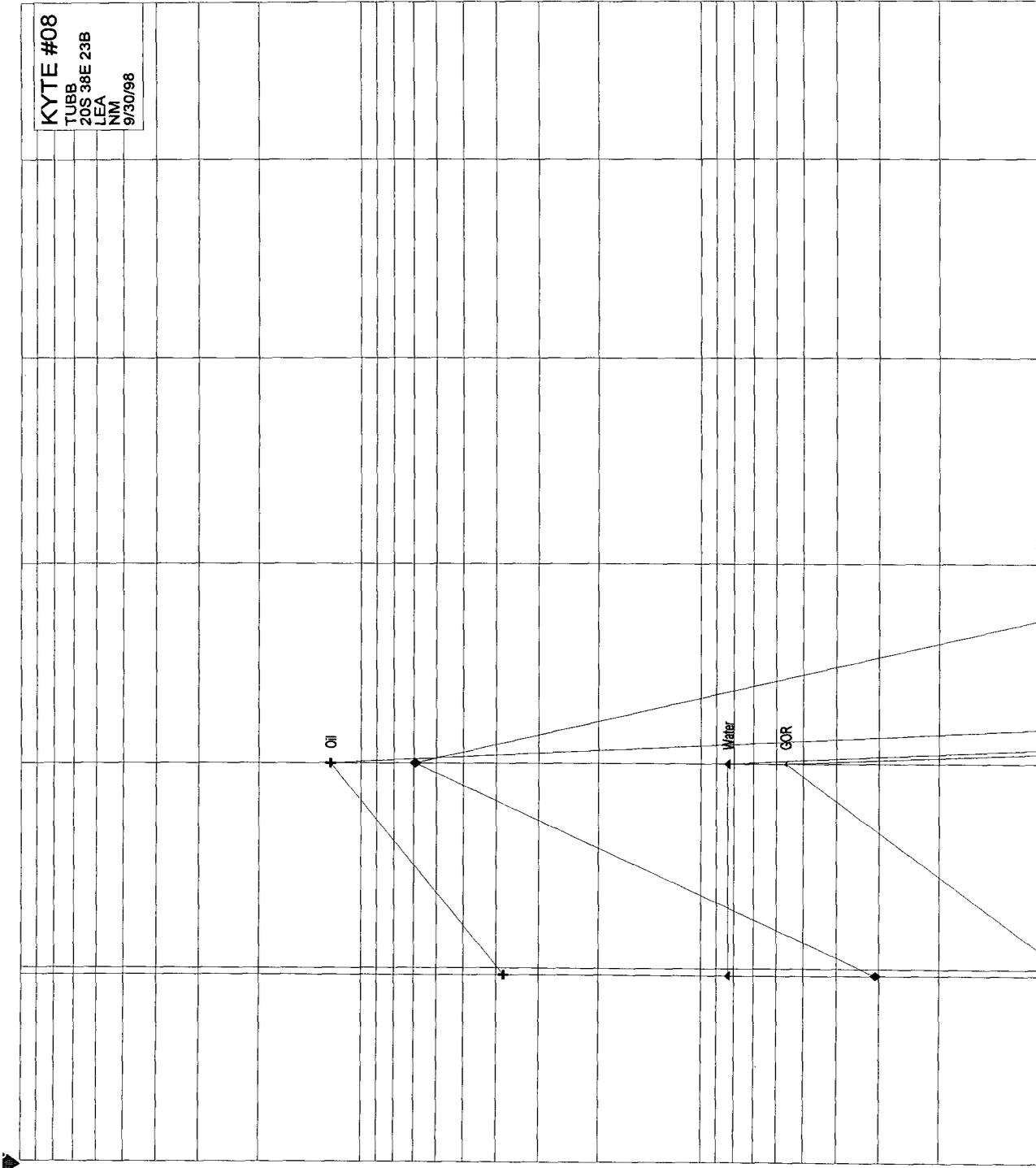
1e+06

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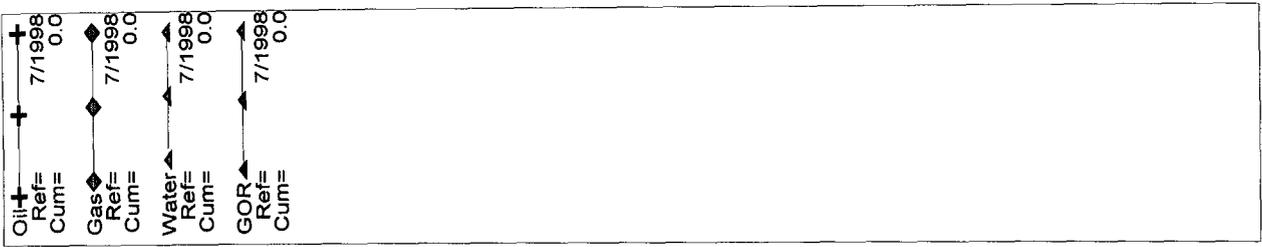
10000

KYTE #08
 TUBB
 20S 38E 23B
 LEA
 NIM
 9/30/98

Dec
 Nov
 Oct
 Gas
 1998
 Sep
 Aug



Oil-bbl/mo	100	10	1
Gas-mcf/mo	10000	1000	100
Water-bbl/mo	10000	1000	100

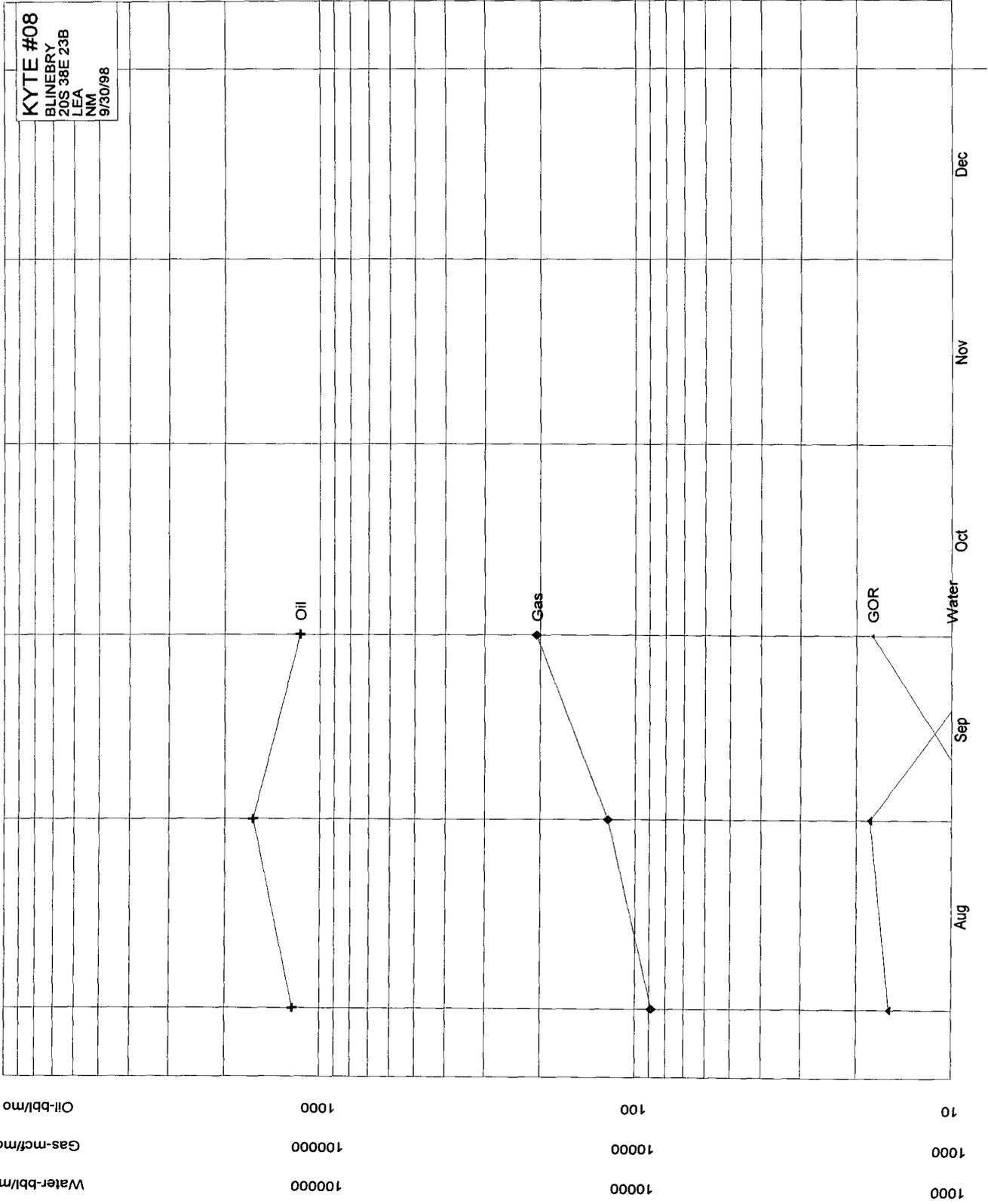


GOR-scf/bbl

1e+06

100000

10000



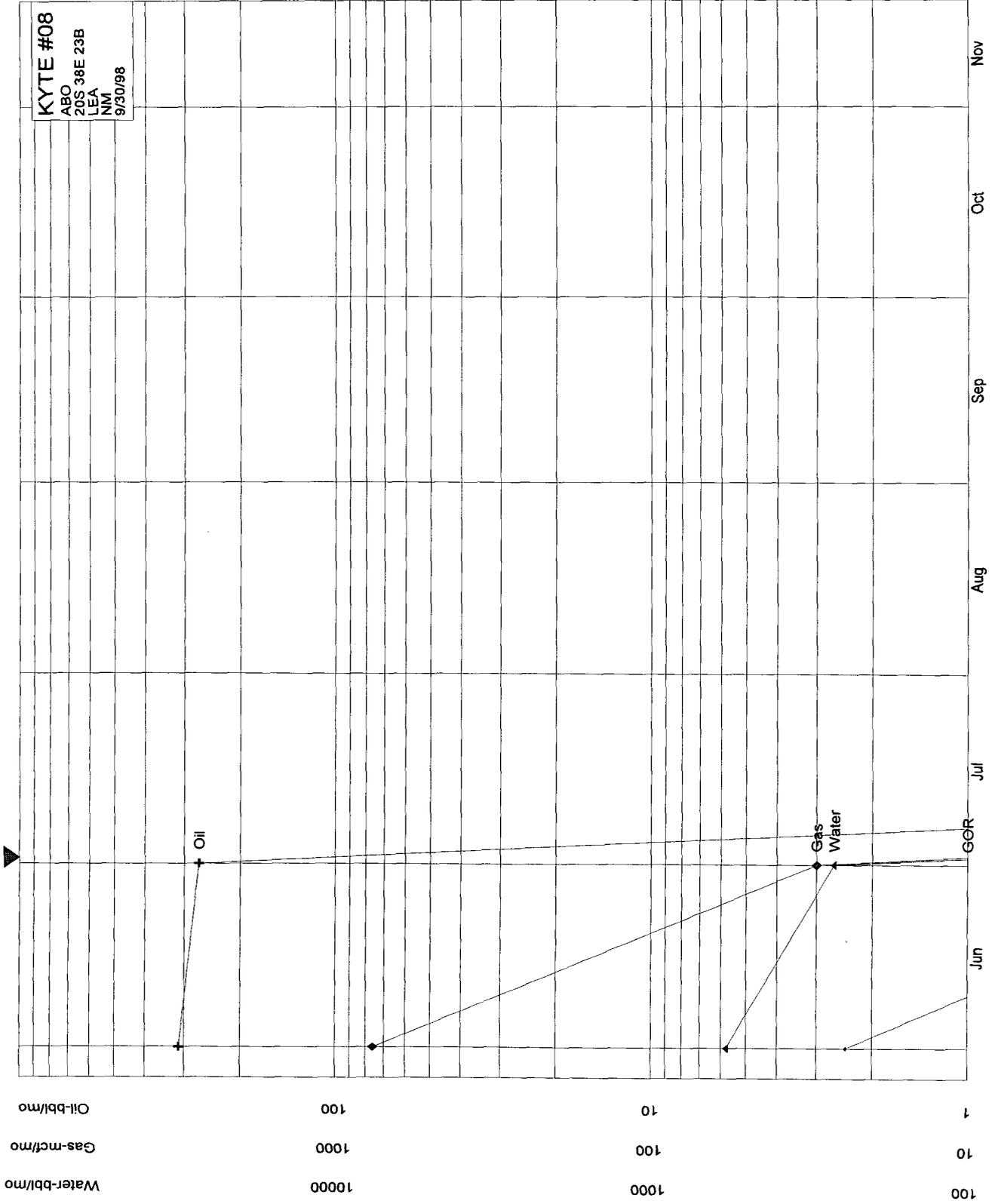
Oil	+	7/1998	
Ref=			582.0
Cum=			
Gas	◆	7/1998	
Ref=			789.0
Cum=			
Water	▲	7/1998	
Ref=			842.0
Cum=			
GOR	▲	7/1998	
Ref=			0.0
Cum=			

GOR-scf/bbl

100000

10000

1000



KYTE #08
 ABO
 20S 38E 23B
 LEA
 NMI
 9/30/98

**Offset Operators
Kyte #8
NWNE Sec. 23-20S-38E
Lea County, NM**

Capataz Operating, Inc.
415 W. Wall St.
Midland, Texas 79701

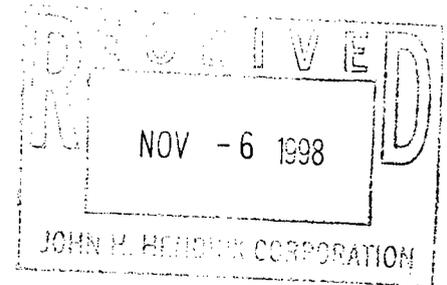
John Hendrix
P. O. Box 3040
110 N. Marionfield #400
Midland, TX 79701

FALCON CREEK RESOURCES, INC.

621 17th Street, Suite 1800, Denver, Colorado 80293-0621 (303) 675-0007 (303) 675-0008 Facsimile

November 2, 1998

John Hendrix
P.O. Box 3040
Midland, TX 79701



RE: Application for Downhole Commingling
Kyte #8
"B" Section 23, T20S, R38E
Lea County, New Mexico

To Whom It May Concern:

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Sincerely,

Jaylene Roope
Sr. Operations Technician

We hereby waive any objection to Falcon Creek Resources, Inc.'s Application for Downhole Commingling of the Kyte #8.

John Hendrix

By: Ronni H. Westhead
Title: Vice President
Print Name: Ronni H. Westhead
Date: 11/10/98