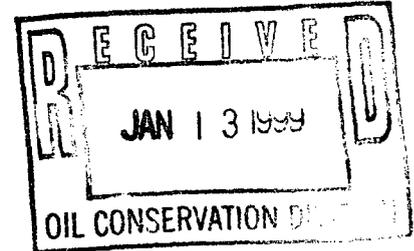


DHC 2/2/99
2177

FALCON CREEK RESOURCES, INC.

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



January 8, 1999

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

RE: NMFU Federal #1
"P" Section 23, T20S, R38E
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 D. 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

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 NMFU Federal 1 P Section 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 23404 API NO. 30-025-33836 Federal X State (and/or) Fee

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name and Pool Code, Top and Bottom of Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-In?, Production Marginal?, and Fixed Percentage Allocation.

- 9. If allocation formula is based upon something other than current or past production...
10. Are all working, overriding, and royalty interests identical in all commingled zones?
11. Will cross-flow occur?
12. Are all produced fluids from all commingled zones compatible with each other?
13. Will the value of production be decreased by commingling?
14. If this well is on, or communitized with, state or federal lands...
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.
* 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 Manager of Operations DATE January 8, 1999
TYPE OR PRINT NAME Oscar L. Peters TELEPHONE NO. (303) 675-0007

DISTRICT I
P.O. Box 1880, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33836	Pool Code 87085	Pool Name East Warren Tubb
Property Code 23404	Property Name NMFU Federal	Well Number 1
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3567'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	23	20 S	38 E		660	South	660	East	Leo

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.

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 the 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>January 11, 1999 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>November 12, 1996 Date Surveyed</p>
	<p>Signature & Seal of Professional Surveyor</p> <p><i>Gary L. Jones</i> W.O. No. 6485a</p>
	<p>Certificate No. Gary L. Jones 7977</p> <p>PROFESSIONAL LAND SURVEYORS BASIN SURVEYS</p>

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33836	Pool Code 06660	Pool Name - Blinebry Oil & Gas (oil)
Property Code 23404 2	? 72480	Property Name NMFU Federal
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Well Number 1
		Elevation 3567'

Surface Location

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

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 align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="right"><i>Oscar L. Peters</i></p> <p>Signature</p> <p>Oscar L. Peters</p> <p>Printed Name</p> <p>Mgr. Of Operations</p> <p>Title</p> <p>January 11, 1999</p> <p>Date</p>
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p align="center">November 12, 1996</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p>
	<p align="center">W.O. No. 64856</p> <p>Certificate No. Gary L. Jones 7977</p>
	<p align="center">BASIN SURVEYS</p>

Oil	+	1/1999	
Ref	+	10125.0	
Cum			
Gas	◆	1/1999	
Ref	◆	22569.0	
Cum			
Water	▲	1/1999	
Ref	▲	16680.0	
Cum			
GOR	▲	1/1999	
Ref	▲	0.0	
Cum			

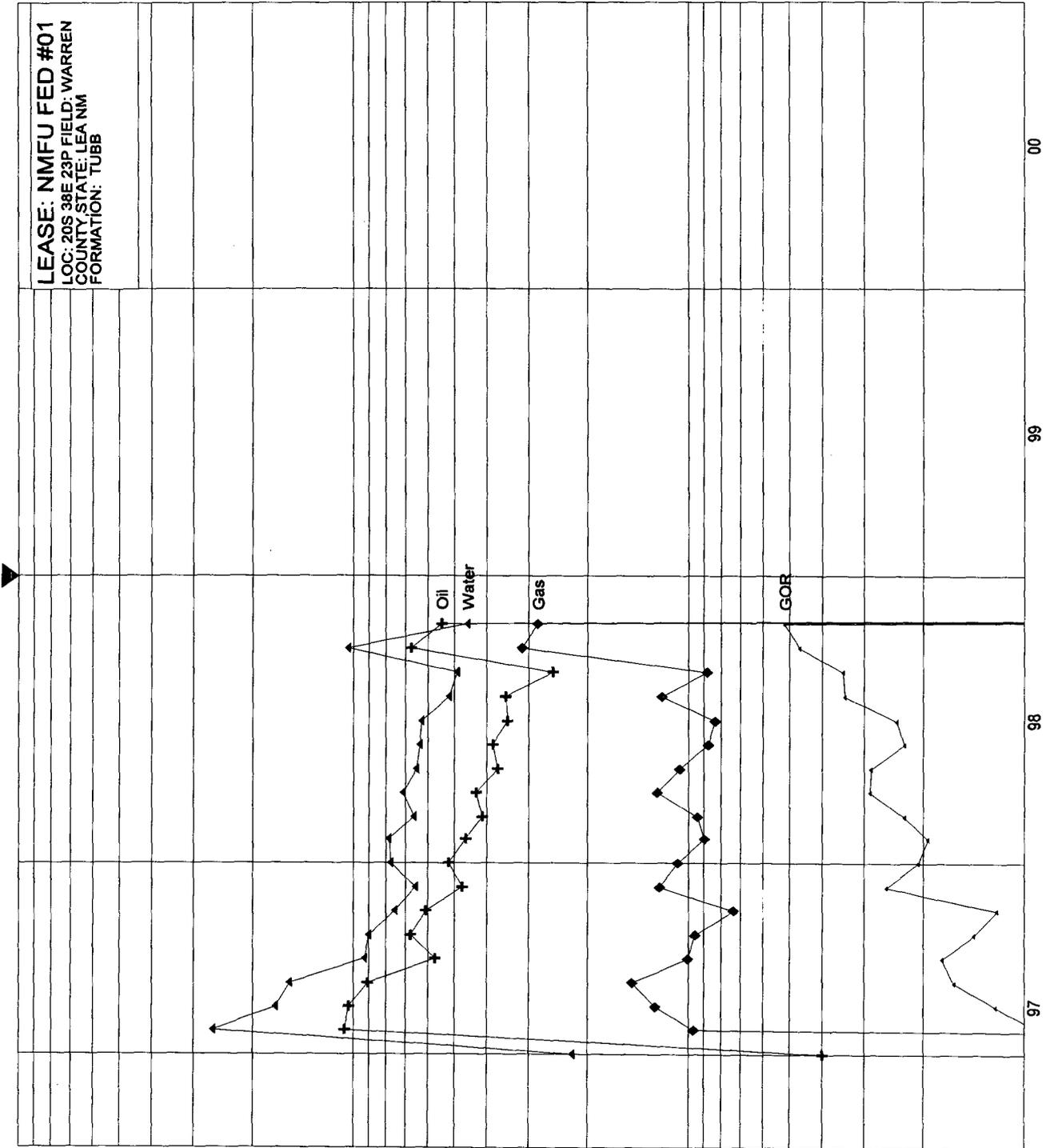
GOR-scf/bbl

100000

10000

1000

LEASE: NMFU FED #01
 LOC: 20S 38E 23P FIELD: WARREN
 COUNTY STATE: LEA NM
 FORMATION: TUBB



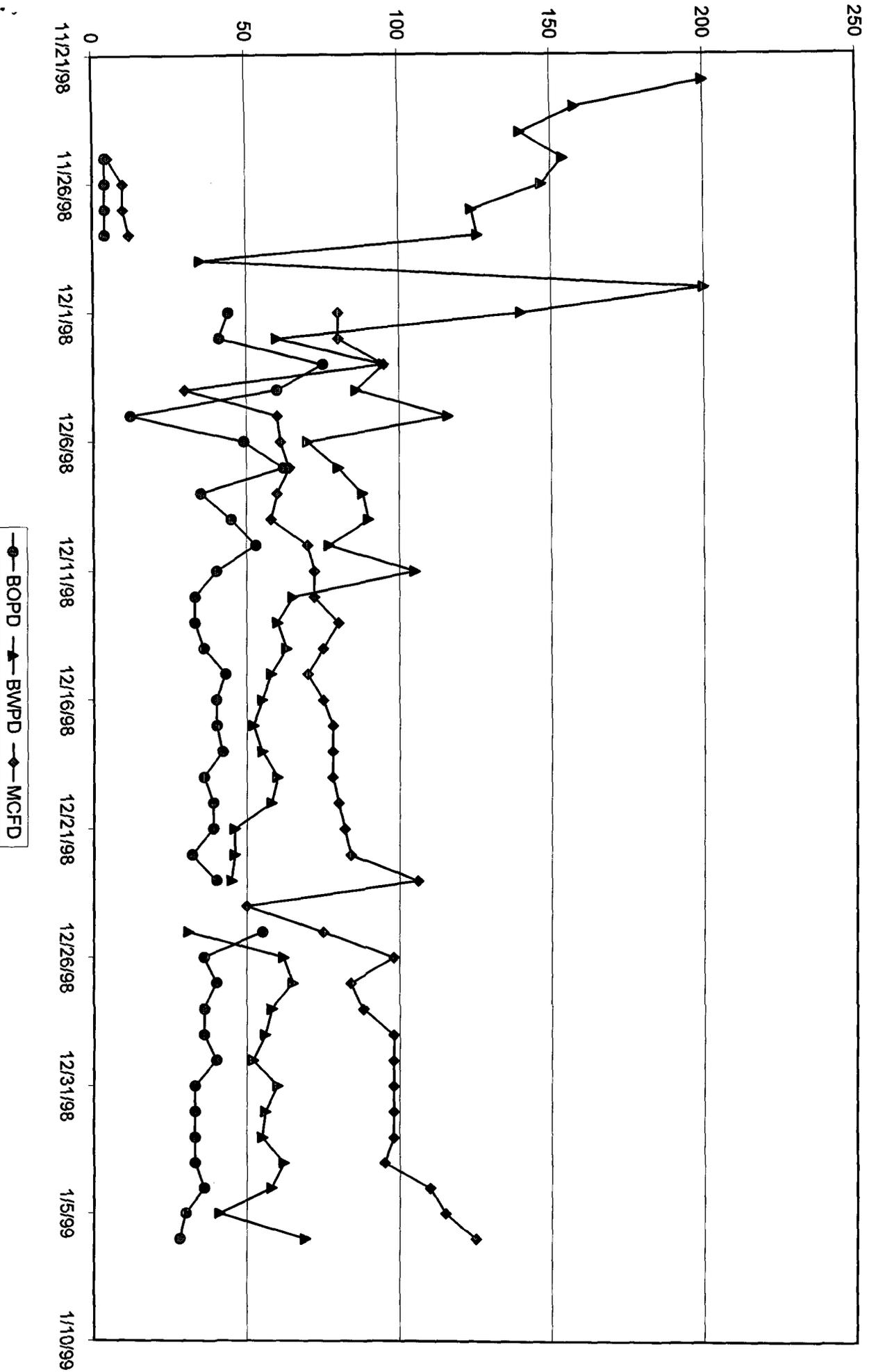
Oil-bbl/mo
 Gas-mcf/mo
 Water-bbl/mo

1000
 10000
 1000

100
 1000
 100

10
 100
 10

NMFU Federal #1 Blinebry Production



**NMFU Federal #1
"P" Section 23, T20S, R38E
Lea County, New Mexico**

Offset Operator

**Collins & Ware
508 W. Wall Ave #1200
Midland, TX 79701-5078**

**Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, TX 79705**