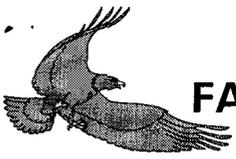


AMEND DHC 4/12/00

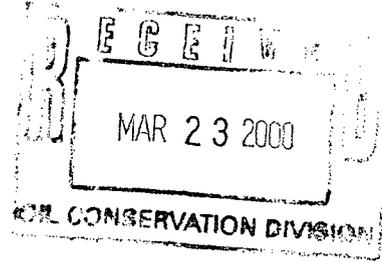


**FALCON CREEK RESOURCES, INC.**

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

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

March 21, 2000



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

RE: Revisions to an existing DHC order  
Kyte #4  
"H" Section 23, T20S-R38E  
Lea County, New Mexico

To: David Catnack

Please find enclosed a revised C-107. We have included a new formation to be included in the commingling permit. The existing DHC # is 2425. I have also included a spreadsheet with the test period production for the new zone showing how we justified our new allocations.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "April J. Carlson".  
April J. Carlson  
Operations Technician

cc: Hobbs District Office

*Will send new app in May  
when new rules can take  
effect  
4-11-00*

District I  
1625 N. French Drive, Hobbs, NM 88240

District II  
811 South First Street, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

Sapient Energy Corporation

621 17<sup>th</sup> Street, Suite 1800 Denver Colorado 80293-0621

Operator Kyte Address 4 23-20S-38E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 16415 Property Code 010711 API No. 30-025-33683 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinebry	Tubb	Abo
Pool Code	06660	87085	15200
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6006'-6336'	6620'-6770'	7279'-7742'
Method of Production (Flowing or Artificial Lift)	Pumping	Pumping	Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38.2	37.3	39.0
Producing, Shut-In or New Zone	Producing	Shut-In	New Zone
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: 12-1999 Rates: 27 BOPD, 60 BWPD, 169 MCFD	Date: 8-1997 Rates: 25 BOPD, 32 BWPD, 25 MCFD	Date: 1-22-00 thru. 2-7-00 Rates: 77 BOPD, 30 BWPD, 82 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 21% Gas 61%	Oil 19% Gas 9%	Oil 60% Gas 30%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No   
Yes  No

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

Will commingling decrease the value of production? Yes  No

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

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

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 working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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 August 28, 2000

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

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 17<sup>th</sup> St., Suite 1800, Denver, CO 80293-0621

Operator Kyte Address 4 23-20S38E Lea  
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 026102 Property Code 010711 API NO. 30-025-33683 Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blinebry (oil - 6660)		Tubb (oil - 60240)
2. Top and Bottom of Pay Section (Perforations)	6,006'-6,220' 107 BOPD 430 BOPD 428 BOPD		6,620'-6,770'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	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) psi 2,300	a. psi	a. psi 1,900
	b. (Original)	b.	b.
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content	37.0		37.3
7. Producing or Shut-In?	Producing		Shut-In
Production Marginal? (yes or no)	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: 8-97 Rates: 25 BOPD, 25 MCFD, 32 BWPD
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: 5-30-99 Rates: 13 BOPD, 110 MCFD < 9 BWPD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 34% Gas: 81% Water: 21%	Oil: % Gas: %	Oil: 66% Gas: 19% Water: 79%

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 Oscar L. Peters TITLE Mgr. Operations DATE July 19, 1999

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

Falcon Creek Resources, Inc.  
Kyte #4 Abo Test Period Production  
1-23-00 Thru 2-8-00 (16 Days On)

	Oil	Water	Gas
1/23/00	60	24	56
1/24/00	75	51	74
1/25/00	100	50	76
1/26/00	80	43	76
1/27/00	82	40	95
1/28/00	78	35	95
1/29/00	70	20	65
1/30/00	84	25	90
1/31/00	65	40	86
2/1/00	70	27	90
2/2/00	81	30	96
2/3/00	72	22	65
2/4/00	82	18	75
2/5/00	80	20	99
2/6/00	80	20	78
2/7/00	80	20	90
2/8/00	0	0	0
Total	1239	485	1306
Daily Estimates	77.4	30.3	81.6

Falcon Creek Resources, Inc.  
Kyte #4  
Breakdown of Percentages

<b>Blinebry</b>		
Oil	Water	Gas
27	60	169

<b>Tubb</b>		
Oil	Water	Gas
25	32	25

<b>Abo</b>		
Oil	Water	Gas
77	30	82

<b>Total Production</b>		
Oil	Water	Gas
129	122	276

<b>Blinebry</b>		
Oil	Water	Gas
21%	49%	61%

<b>Tubb</b>		
Oil	Water	Gas
19%	26%	9%

<b>Abo</b>		
Oil	Water	Gas
60%	25%	30%

<b>Total Percentages</b>		
Oil	Water	Gas
100%	100%	100%

Falcon Creek Resources, Inc.  
Kyte #4 Abo Test Period Production  
1-23-00 Thru 2-8-00 (16 Days On)

	Oil	Water	Gas
1/23/2000	60	24	56
1/24/2000	75	51	74
1/25/2000	100	50	76
1/26/2000	80	43	76
1/27/2000	82	40	95
1/28/2000	78	35	95
1/29/2000	70	20	65
1/30/2000	84	25	90
1/31/2000	65	40	86
2/1/2000	70	27	90
2/2/2000	81	30	96
2/3/2000	72	22	65
2/4/2000	82	18	75
2/5/2000	80	20	99
2/6/2000	80	20	78
2/7/2000	80	20	90
2/8/2000	0	0	0
<b>Total</b>	<b>1239</b>	<b>485</b>	<b>1306</b>
<b>Daily Estimates</b>	<b>77.4</b>	<b>30.3</b>	<b>81.6</b>