

FALCON CREEK RESOURCES, INC.

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

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

July 20, 1999

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

RE: Kyte #4
API #- 30-025-33683
Sec 23, 20S-38E

To Whom It May Concern:

Please find enclosed an application for downhole commingling, and production curves for each zone. Also are copies of C-102 for each proposed zone. If you have any questions or concerns please contact me at the number above at ext. 134. Thank you for your prompt attention to this matter.

Thank you,

April J. Carlson
Operation Tech.

Offset Operators
Kyte #4
Sec. 23, 20S-38E
Lea County, NM

Collins & Ware
508 W. Wall Ave. #1200
Midland, TX 79701-5076

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

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

OIL CONSERVATION DIVISION

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

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: Kyle, 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 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
2. Top and Bottom of Pay Section (Perforations)	6,006'-6,220'		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 (°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 x 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

DISTRICT I
P.O. Box 1980, 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 30-025-33683	Pool Code 06660	Pool Name BLINEBRY OIL & GAS
Property Code 010711	Property Name Kyte	Well Number 4
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3563'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	23	20 S	38 E		1980	North	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.
40	I		

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>Michael G. Mooney</i> Signature MICHAEL G. MOONEY Printed Name CONSULTING ENGINEER Title 9/2/97 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>October 30, 1996 Date Surveyed</p>
	<p>Signature & Seal Professional Surveyor</p> <p><i>Gary L. Jones</i> Professional Surveyor</p>
	<p>WFO No. 6457b Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR BASIN SURVEYS</p>

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
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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 30-025-33683	Pool Code 87085	Pool Name Tubb
Property Code 010711	Property Name Kyte	Well Number 4
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3563'

Surface Location

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

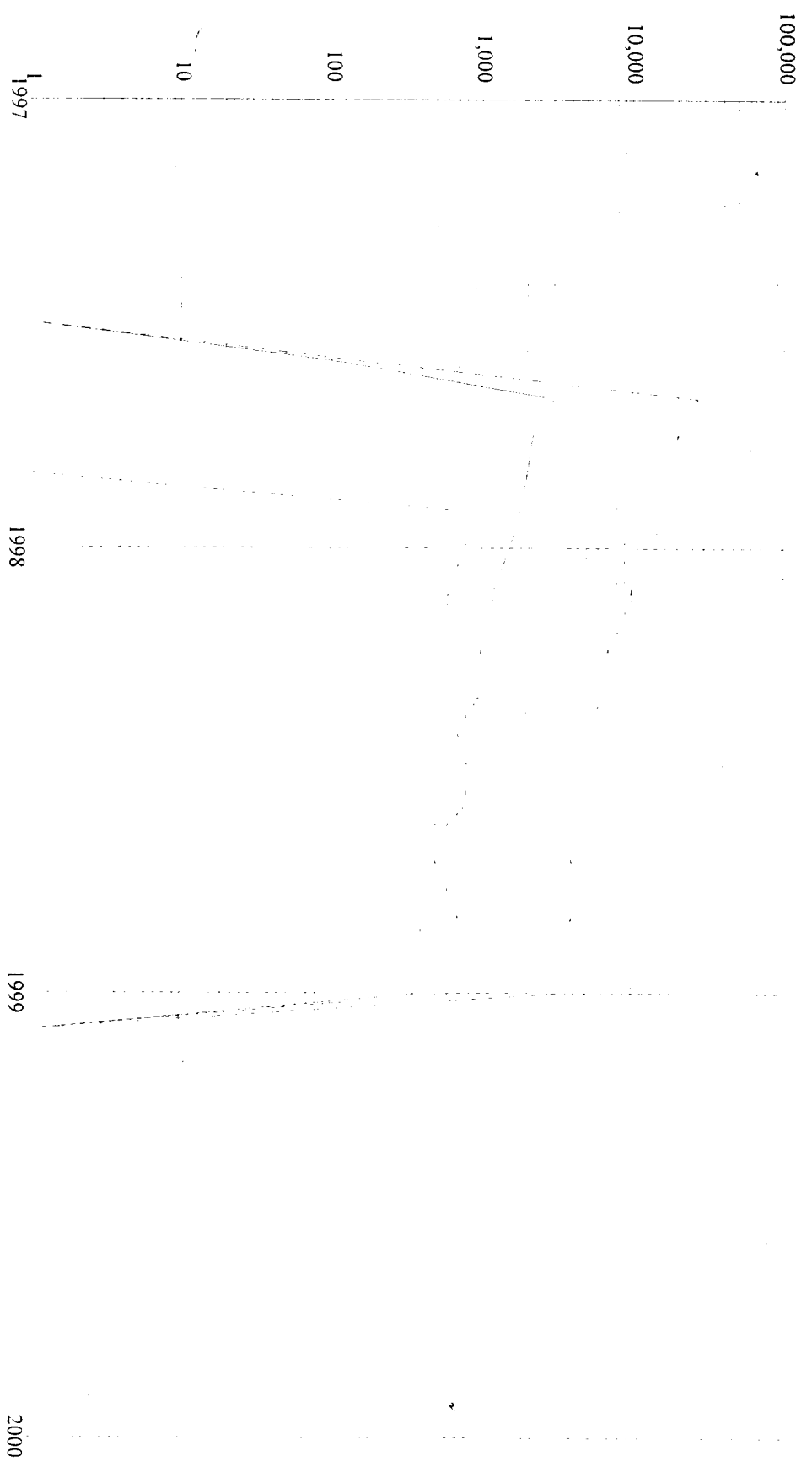
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>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></p> <p>Signature Oscar L. Peters</p> <p>Printed Name Manager of Operations</p> <p>Title July 20, 1999</p> <p>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>October 30, 1996</p> <p>Date Surveyed</p> <p>Signature & Seal Professional Surveyor</p> <p>W. L. Jones No. 64576</p> <p>Certificate No. 1977</p> <p>BASIN SURVEYS</p>

Oil
Gas
Water
Wells

Field: BLINEBRY OIL AND GAS
Lease: KYTE | Well #4
Operator: FALCON CREEK RESOURCES INCORPORATED
Production Rate vs Time
For the Period 01/1997 to 12/1999 | API: 30025336830000

B⁻ /Mo or Mcf/Mo



Time

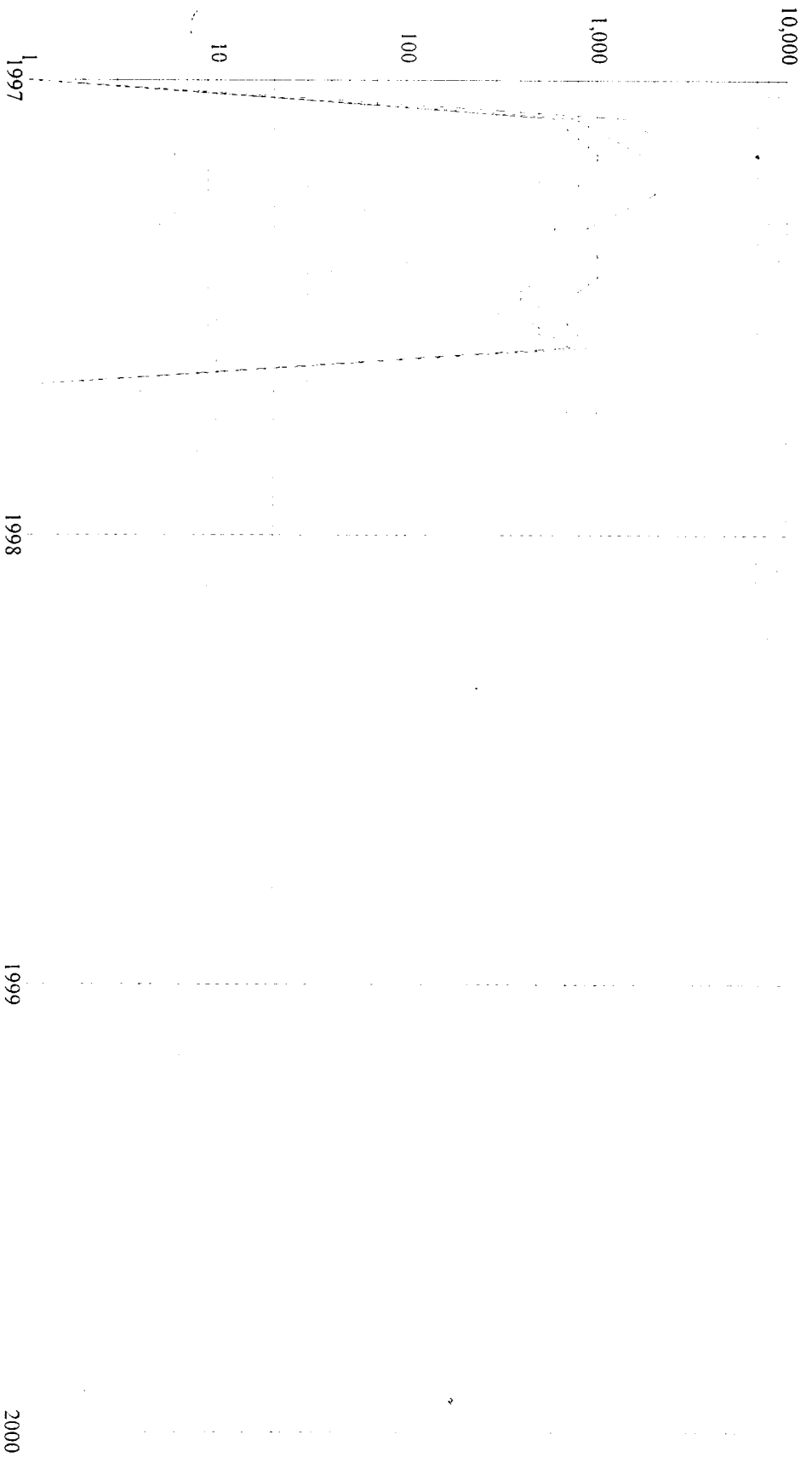
Reported Oil Production = 19,540 Bbls
Reported Gas Production = 160,045 Mcf
Reported Water Production = 8,560 Bbls

Plot Displays Monthly Totals
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Oil
Gas
Water
Wells

Field: WARREN EAST TUBS
 Lease: KYTE | Well #4
 Operator: STEVENS & TULL INCORPORATED
 Production Rate vs Time
 For the Period 01/1997 to 12/1999 | API: 30025336830000

E 1/Mo or Mcf/Mo



Time

Reported Oil Production = 4,553 Bbls
 Reported Gas Production = 8,750 Mcf
 Reported Water Production = 7,191 Bbls

Plot Displays Monthly Totals
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