

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

DHC
FILE

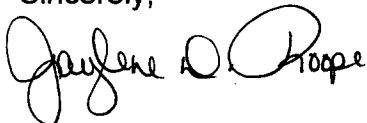
RE: Application for Downhole Commingling
Kyte #8
"B" Section 23, T20S, R38E
Lea County, New Mexico

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

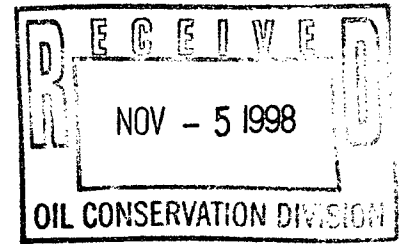
FALCON CREEK RESOURCES, INC.

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

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

November 2, 1998

2/33



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, appearing to read "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

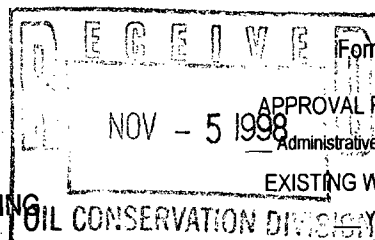
1000 Rio Brazos Rd, Aztec, NM 87410-1693

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

APPROVAL PROCESS:

Administrative ☐ Hearing ☐

EXISTING WELLBORE

YES ☐ NO ☐

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 ☒

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	DK 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 * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: Rates:	Date: 9/4/98 Rates: 10 BOPD 20 BWPD 10 MCFD	Date: 6/23/98 Rates: 10 BOPD 25 BWPD 30 MCFD
	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 ☐ No11. 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 ☐ No13. 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, 1998TYPE 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

DISTRICT III

1000 Rio Brazos Rd., Artesia, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34296	Pool Code	Pool Name Blinebry
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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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

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 JLP

Signature of Professional Surveyor
Professional Surveyor
W.O. Num. 98-0041
Date No. RONALD S. EIDSON, 3239
GARY C. EIDSON, 12641
McDONALD, 12185

DISTRICT I

P.O. Box 1990, Hobbs, NM 88241-1990

DISTRICT II

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

DISTRICT III

1000 Rio 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

Form C-102

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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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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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. 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 Signature Ronald S. Eidson Professional Surveyor W.O. Num. 98-0041 Candidate No. RONALD S. EIDSON, 3239 GARY E. EIDSON, 12641 MICHAEL McDONALD, 12165

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 88211-0710

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

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

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 15200	Pool Name DK ABO
Property Code 010711 23402	Property Name KYTE	Well Number 8
OGRID No. 021602	Operator Name STEVENS & TULL	Elevation 3572

Surface Location

UL or lot No. B	Section 23	Township 20 S	Range 38 E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1980	East/West line EAST	County LEA
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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 40	Joint or Infill I	Consolidation Code N/A	Order No.						

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

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

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

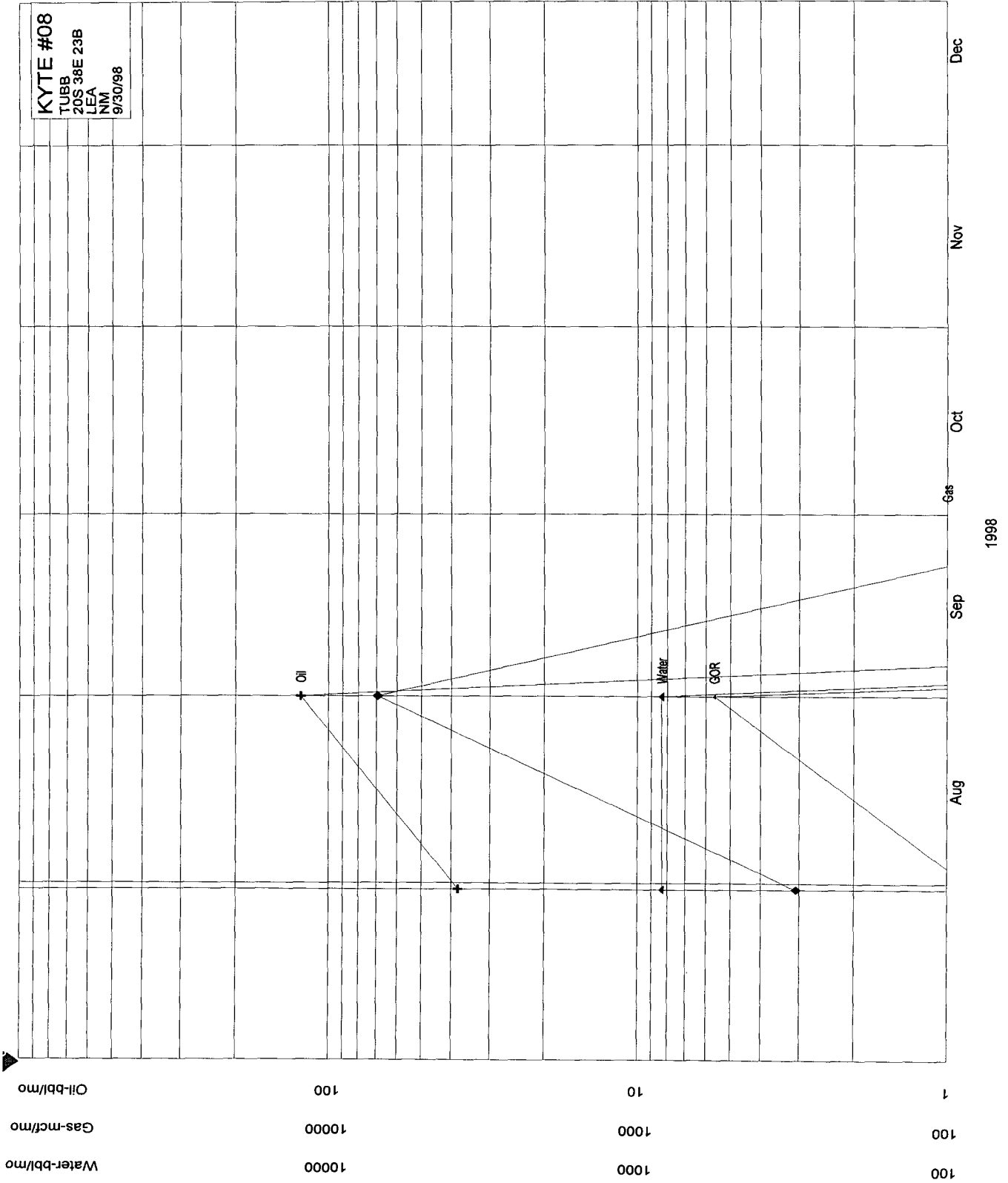
Signature & Seal of
Professional Surveyor

NEW MEXICO
W.O. Num. 98-0041

Certificate No. RONALD EIDSON, 3239
CARY EIDSON, 12041
McDONALD, 12165

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

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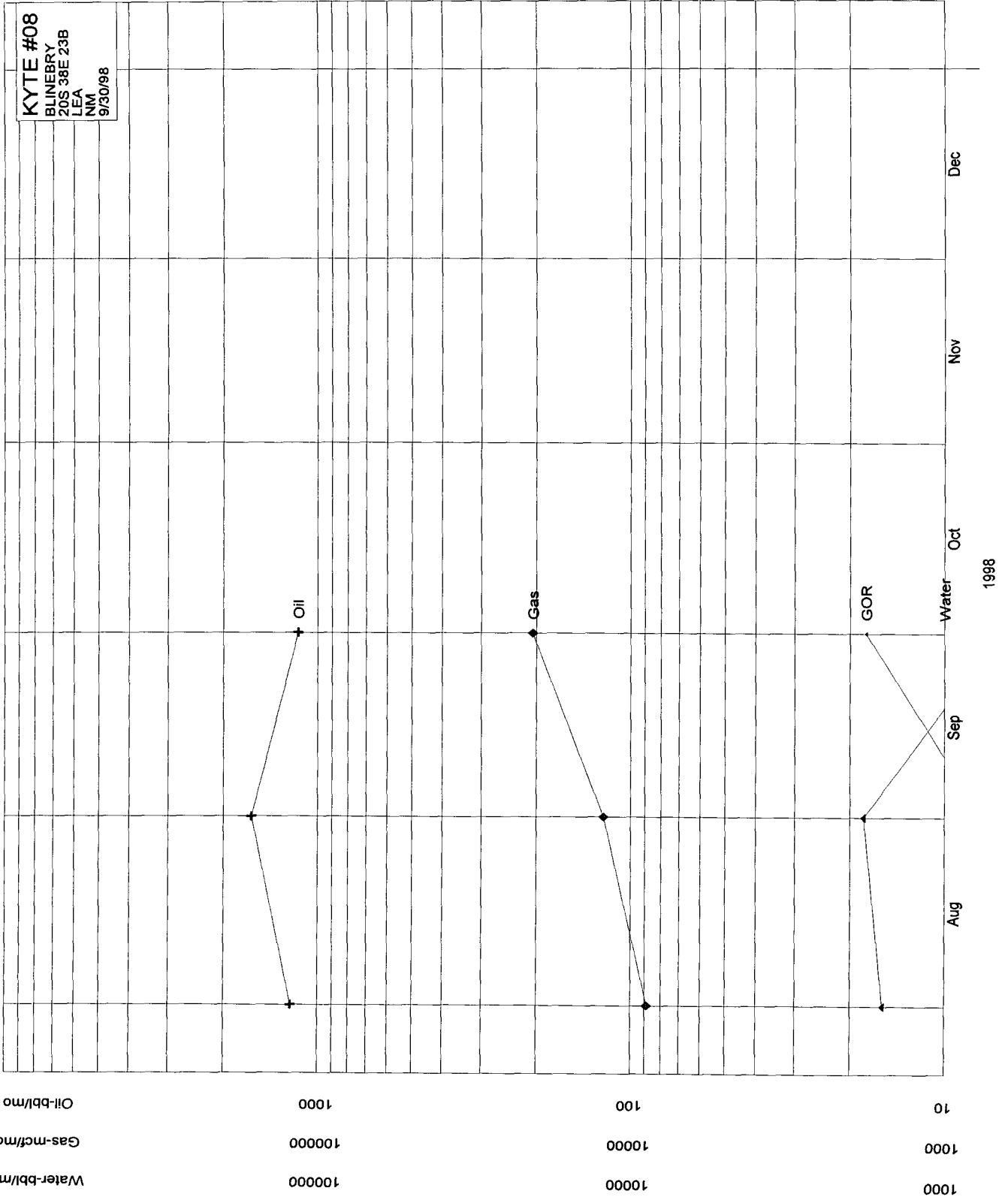
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Ref=				
Cum=				
Gas	◆	◆	7/1998	0.0
Ref=				
Cum=				
Water	▲	▲	7/1998	0.0
Ref=				
Cum=				
GOR	▲	▲	7/1998	0.0
Ref=				
Cum=				

GOR-scf/bbl

1e+06

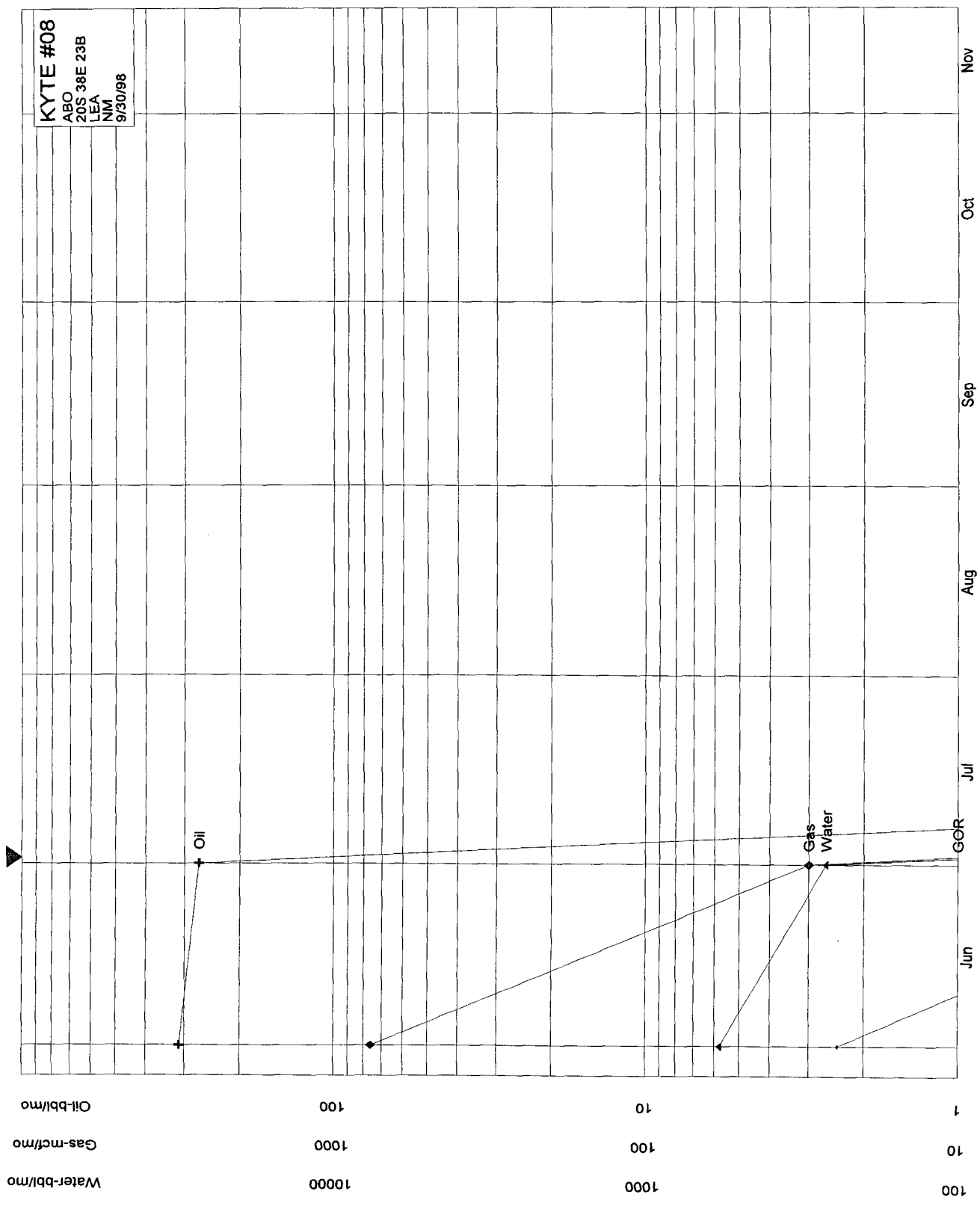
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10000



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

GOR-scf/bbl 100000 10000 1000



**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

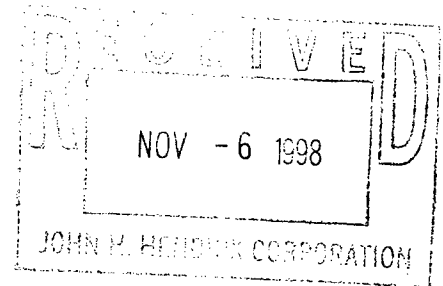
FALCON CREEK RESOURCES, INC.

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