

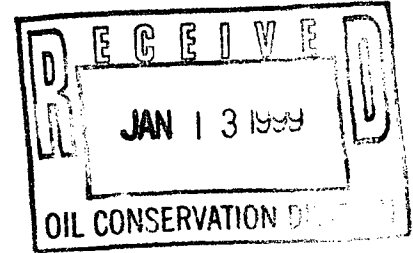
DHC 2/2/99
2177

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

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

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 ☒ 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 | 197 0 428 6 4000 60R Blinbry 046 810 | | EAS WARRU-Tubb 6000 60R 1420 252 6 |
| 2. Top and Bottom of Pay Section (Perforations) | 6038'-6112' | | 6530'-6775' |
| 3. Type of production (Oil or Gas) | Oil | | Oil |
| 4. Method of Production (Flowing or Artificial Lift) | Pumping | | Pumping |
| 5. Bottomhole Pressure | a. (Current) 1700 psi | a. psi | a. 1700 psi |
| Oil Zones - Artificial Lift: Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original | b. (Original) Unknown | b. | b. Unknown |
| 6. Oil Gravity (°API) or Gas BTU Content | 36.7 | | 35.2 |
| 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: 9/29/98 Rates: 22 BOPD 20 BWPD 115 MCFD |
| * If Producing, give date and oil/gas/ water rates of recent test (within 60 days) | Date: 1/7/99 Rates: 28 BOPD 69 BWPD 125 MCFD | Date: Rates: | Date: Rates: |
| 8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%) | Oil: 56% Gas: 52% Water: 78% | Oil: % Gas: % | Oil: 44% Gas: 48% Water: 22% |

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. 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 Manager of Operations DATE January 8, 1999TYPE OR PRINT NAME Oscar L. Peters TELEPHONE NO. (303) 675-0007

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 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' |

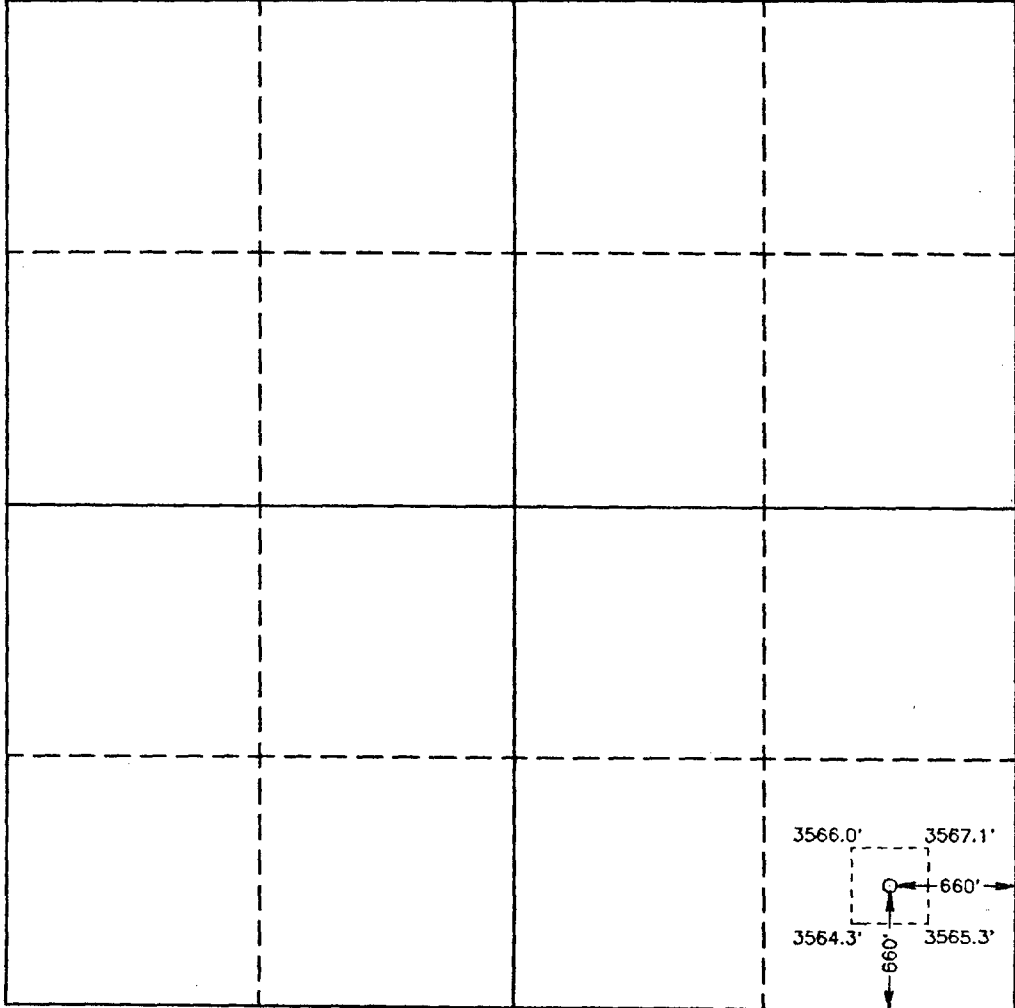
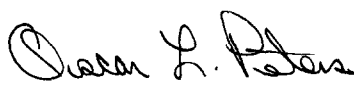

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|----------------------|---------------------------|----------------------|------------------------|---------------|
| UL or lot No. P | Section 23 | Township 20 S | Range 38 E | Lot Idn | Feet from the 660 | North/South line South | Feet from the 660 | East/West line East | County 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> 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</p> <p>Professional Surveyor</p> <p>W.O. No. 6485a Certificate No. Gary L. Jones 7977</p> |
| | <p>NEW MEXICO PROFESSIONAL LAND SURVEYORS</p> |
| | |

DISTRICT I
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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 | Property Name NMFU Federal | Well Number 1 |
| OGRID No. 169415 | Operator Name Falcon Creek Resources, Inc. | Elevation 3567' |

Surface Location

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

Bottom Hole Location If Different From Surface

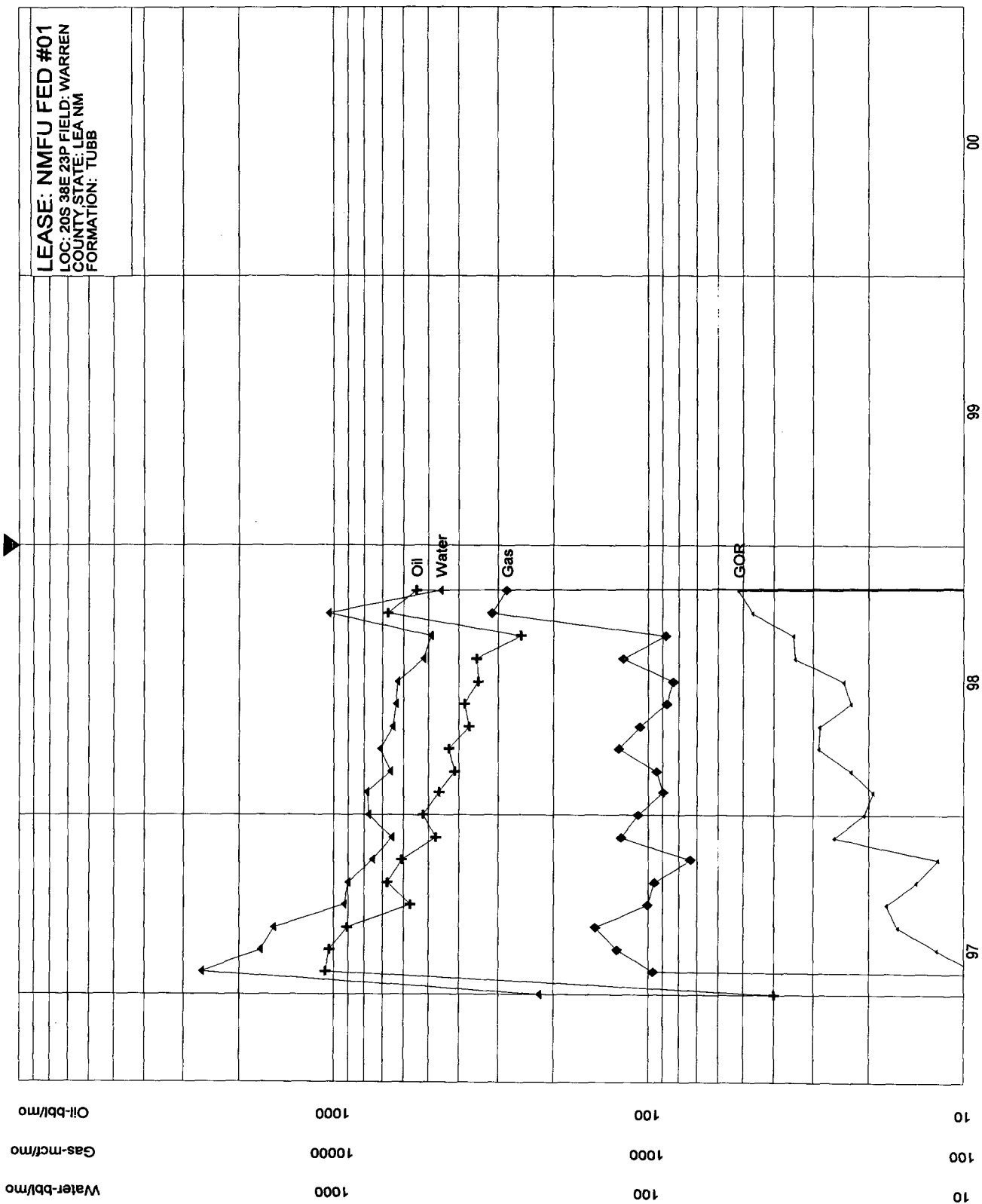
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|-----------------|---------|-----------------|-------|--------------------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet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

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

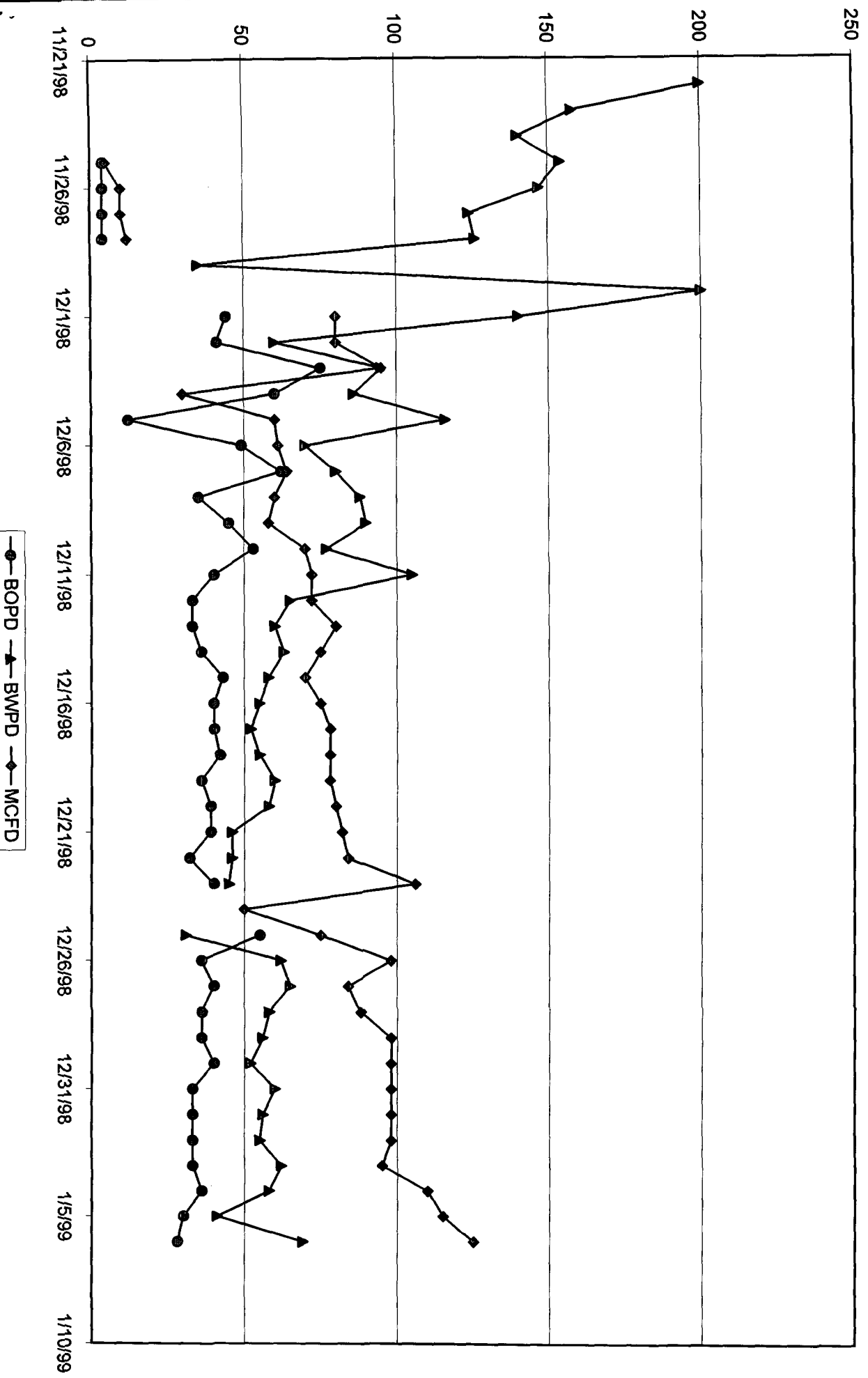
| | | |
|--|--|--|
| | OPERATOR CERTIFICATION <i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Oscar L. Peters Printed Name Mgr. Of Operations Title January 11, 1999 Date | |
| | SURVEYOR CERTIFICATION <i>I hereby certify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

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

GOR-scf/bbl 100000 10000 1000



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**