



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 6, 1998

Falcon Creek Resources, Inc.
621 17-th Street
Suite 1800
Denver, Colorado 80293-0621

Telefax No. (303) 675-0008

Attention: Oscar Peters

Administrative Order NSP-1794L

Dear Mr. Peters:

Reference is made to your application dated September 10, 1998 for a 120-acre non-standard gas spacing and proration unit consisting of the following acreage in the Eumont Gas Pool:

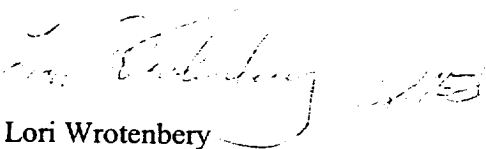
LEA COUNTY, NEW MEXICO
TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 20: NE/4 NW/4 and S/2 NE/4.

It is our understanding that this unit is to be dedicated to the recently drilled FCR "20" State Well No. 1 (API No. 30-025-34474), located at an unorthodox gas well location 660 feet from the North line and 1750 feet from the West line (Unit C) of Section 20.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of **Rule 2(d)** of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool," as promulgated by Division Order No. R-8170, as amended, and Division General Rule 104.F(2): (I) the unorthodox gas well location of the FCR "20" State Well No. 1 is hereby approved; and, (ii) Falcon Creek Resources, Inc. is permitted to produce the allowable assigned the above-described 120-acre non-standard gas spacing and proration unit in accordance with Rule 5 of said special pool rules from the FCR "20" State Well No. 1.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe