

FALCON CREEK RESOURCES, INC.

621 17th Street, Suite 1800, Denver, Colorado 80293-0621 (303) 675-0007 (303) 675-0008 Facsimile

December 15, 1998

State of New Mexico
Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240

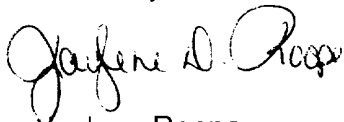
RE: Kyte #3
"I" Section 23, T20S, R38E
1980' FSL, 660' FEL,
Lea County, New Mexico

To Whom It May Concern:

Please find the enclosed a copy of the Application for Downhole Commingling for the captioned well. Attached is a list of interest owners in both zones, along with offset operators. Each affected party has been notified by certified mail on this date. Also attached are the currently monthly production curves for each formation. 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,



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

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 17th St., Suite 1800, Denver, CO 80293-0621
Operator Address
Kyte 3 I Sec 3, 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 010711 API NO. 30-025-33427 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)	6012'-6096'		6611'-6750'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: Estimated Current Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 1800 psi	a. psi	a. 1800 psi
	b. (Original) Unknown	b.	b. Unknown
6. Oil Gravity (^o API) or Gas BTU Content	39.3		37.5
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 * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: 9/30/98 Rates: 14 BOPD 4 BWPD 86 MCED
	Date: 12/11/98 Rates: 38 BOPD 20 BWPD 59 MCED	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 73 % Water: 83% Gas: 41%	Oil: % Gas: %	Oil: 27 % Water: 17% Gas: 59%

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 of Operations DATE December 15, 1998

TYPE 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

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., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 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 30-025-33427	Pool Code 8400	Pool Name Dunbar Tubb 1 ac
Property Code 010711	Property Name KYTE	Well Number 3
GRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3567

Surface Location

UL or lot No. 1	Section 23	Township 20 S	Range 38 E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 660	East/West line WEST	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 4.0	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

				OPERATOR CERTIFICATION	
				I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.	
				Signature <u>Oscar L. Peters</u>	
				Printed Name Oscar L. Peters	
				Title Mgr. of Operations	
				Date Dec. 15, 1998	
				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.	
				APRIL 8, 1996	
				Date Surveyed Signature Professional Surveyor RONALD E. EIDSON 4-09-96 W.O. Num. 96-180430	
				Certificate No. JOHN A. WEST 676 RONALD E. EIDSON 3239 PROFESSOR EIDSON 12641	

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

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33427	Pool Code Blinebry	Pool Name Blinebry
Property Code 010711	Property Name KYTE	Well Number 3
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3567

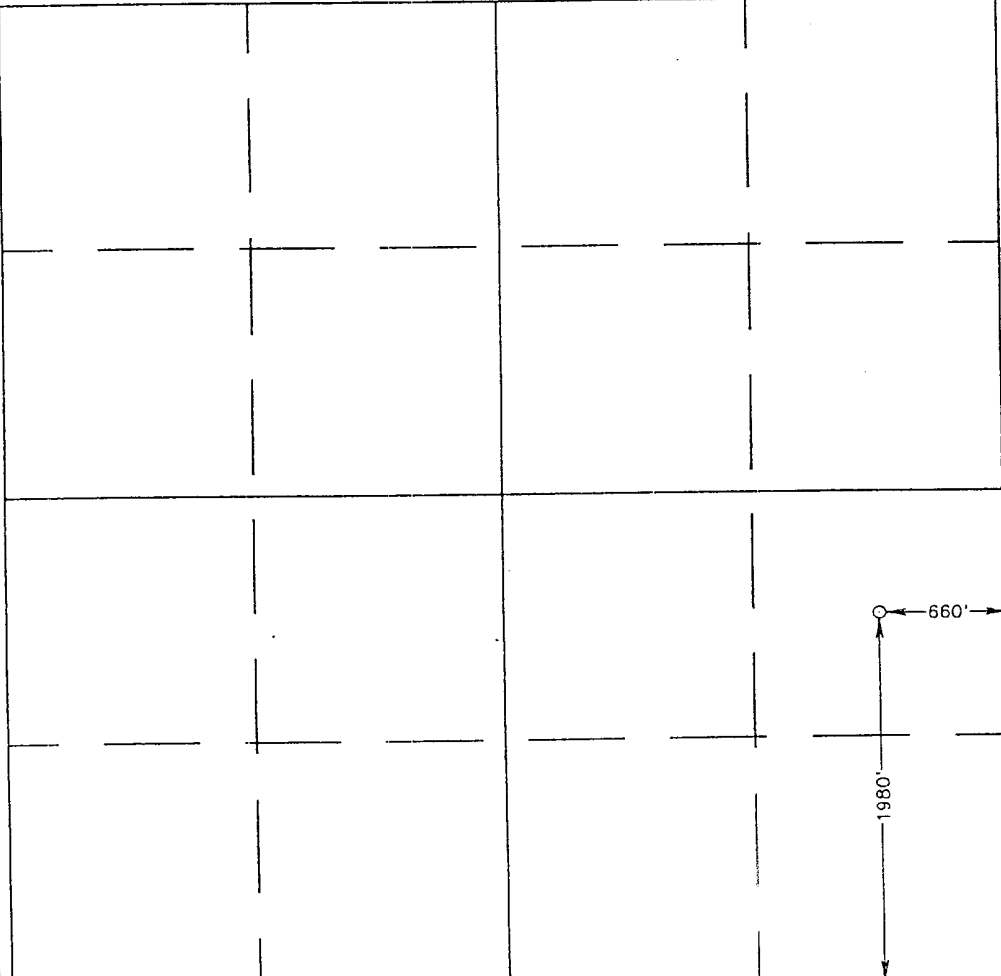
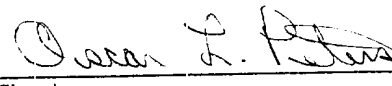
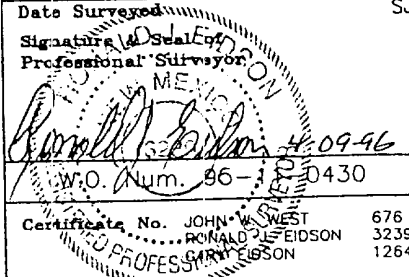
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	23	20 S	38 E		1980	SOUTH	660	WEST	LEA

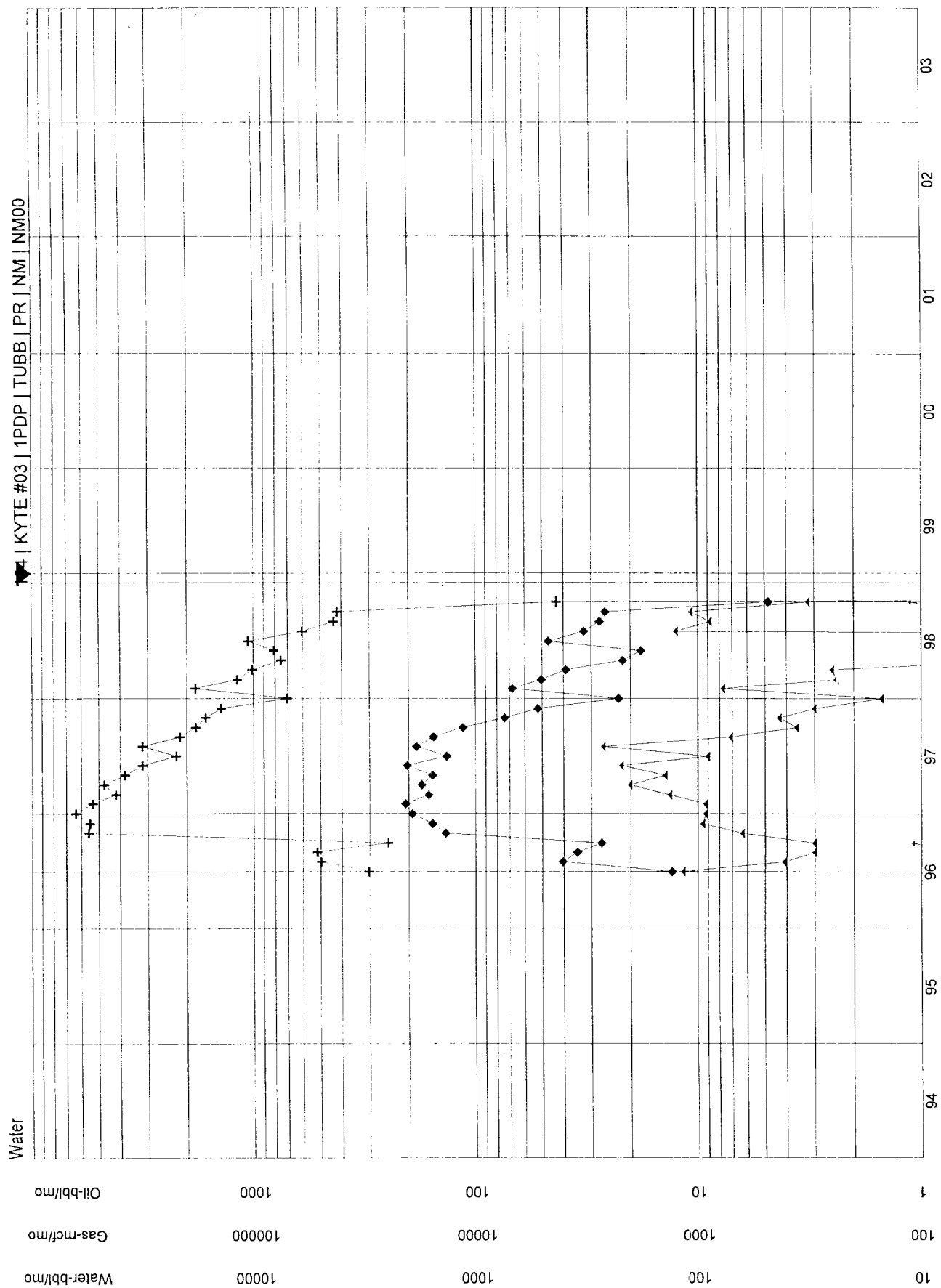
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 1.2	Joint or Infill	Consolidation Code	Order No.						

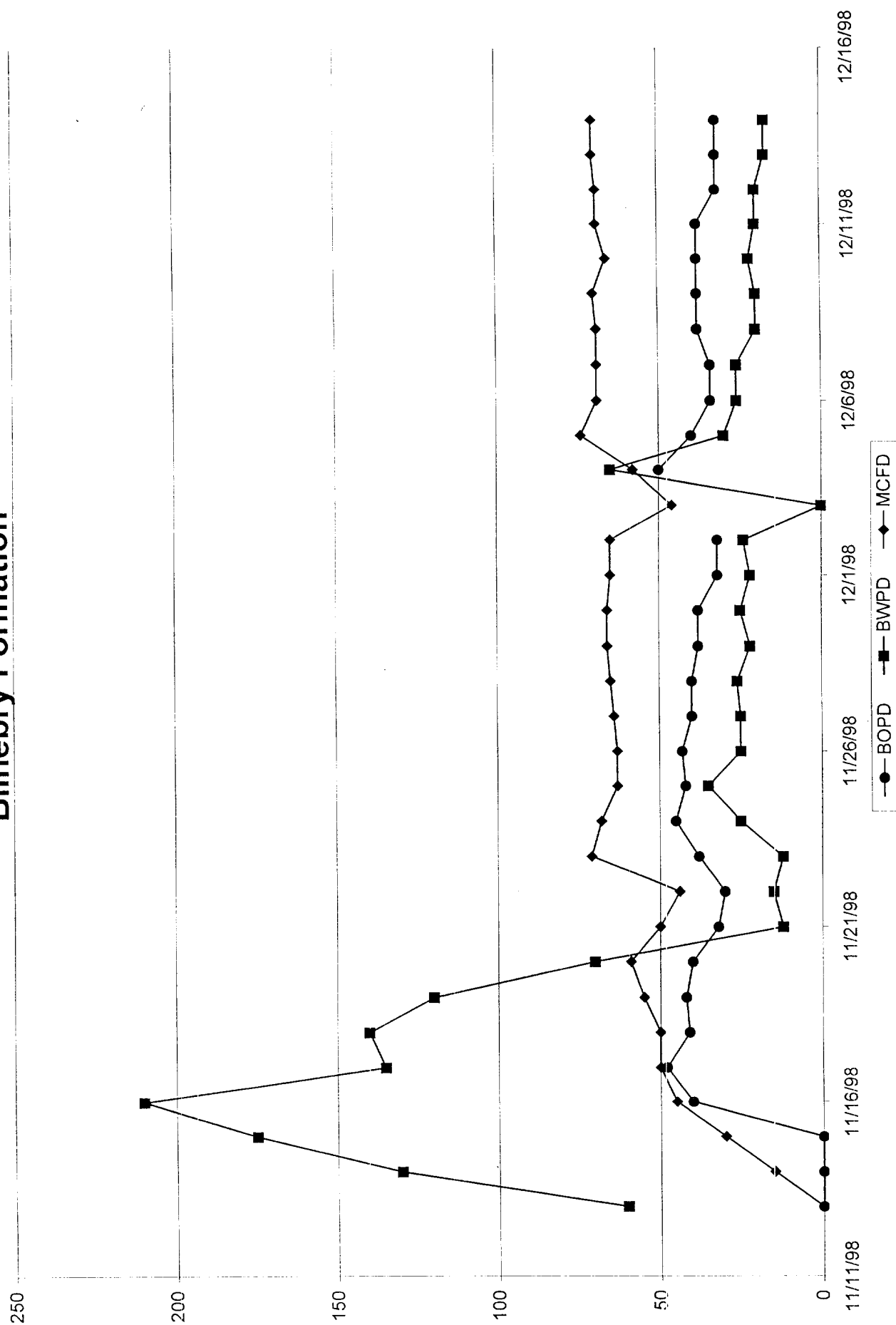
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	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 Dec. 15, 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. APRIL 13, 1996 Date Surveyed Signature of Seal of Professional Surveyor  W.O. Num. 96-20430 Certificate No. JOHN W. WEST 676 RONALD L. EIDSON 3239 RONALD L. EIDSON 12641

10000



Kyte #3 Blinebry Formation



**Kyte #3
"I" 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 Drive, Suite 100W
Midland, TX 79705

**Working Interest Owners in Tubb Formation not identical with Blinebry
Formation**

Sheehy & Richardson
1408 Washington
Waco, TX 76701

Sid Cowan
1010 S Main St.
P.O. Box 1448
Del Rio, TX 78841

J.A. McClatchy
P.O. Box 4126
Midland, TX 79704

Patricia Stephens
Patco, Inc.
3512 University Blvd
Dallas, TX 75205