

FALCON CREEK RESOURCES, INC.

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

October 21, 1998

DAC-2125

Oil Conservation Division
2040 Pacheco St.
Santa Fe, New Mexico 87505

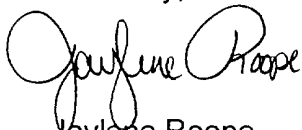
RE: Application for Downhole Commingling
Federal 24 #2
"N" Section 24, T20S, R38E
Lea County, New Mexico

Gentlemen:

Please find enclosed an Application for Downhole Commingling. As required, we have enclosed a Form C-102 for each zone, production curves, and a list of uncommon interest owners and offset operators. Percentage allocations are based on current and past production. All affected parties have been notified of this application by certified mail.

Please advise if you have any questions, or need additional information. We appreciate your prompt attention with this matter.

Sincerely,



Jaylene Roope
Sr. Operation Technician

cc: Hobbs District Office

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
Federal 24 2 N, Sec 24, 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 23401 API NO. 30-025-33779 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		Warren Tubb
2. Top and Bottom of Pay Section (Perforations)	6,026'-6,138'		6,530' - 6,780'
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: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 1700 psi	a. psi	a. 1700 psi
	b. (Original) Unknown	b.	b. Unknown
6. Oil Gravity (°API) or Gas BTU Content	41.2		36.8
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: 9-25-96 Rates: 10 BOPD 80 MCFD 13 BWPD
	Date: 10-20-98 Rates: 40 BOPD 130 MCFD 35 BWPD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %s to equal 100%)	Oil: 80% Gas: 62 %	Oil: % Gas: %	Oil: 20 % Gas: 38 %

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. 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 October 21, 1998
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

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33779	Pool Code 06660	Pool Name East Warren Blinebry J & B (oil)
Property Code 23401	Property Name Federal 24	Well Number 2
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3566'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	20 S	38 E		660	South	1980	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 40	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 October 21, 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. October 30, 1996 Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 6457 Certificate No. 7977 BASIN SURVEYS	

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P.O. Box 1980, Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

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1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33779	Pool Code 87085	Pool Name East Warren Tubb
Property Code	Property Name Federal 24	Well Number 2
GRID No. 021602	Operator Name Stevens & Tull Inc.	Elevation 3566'

Surface Location

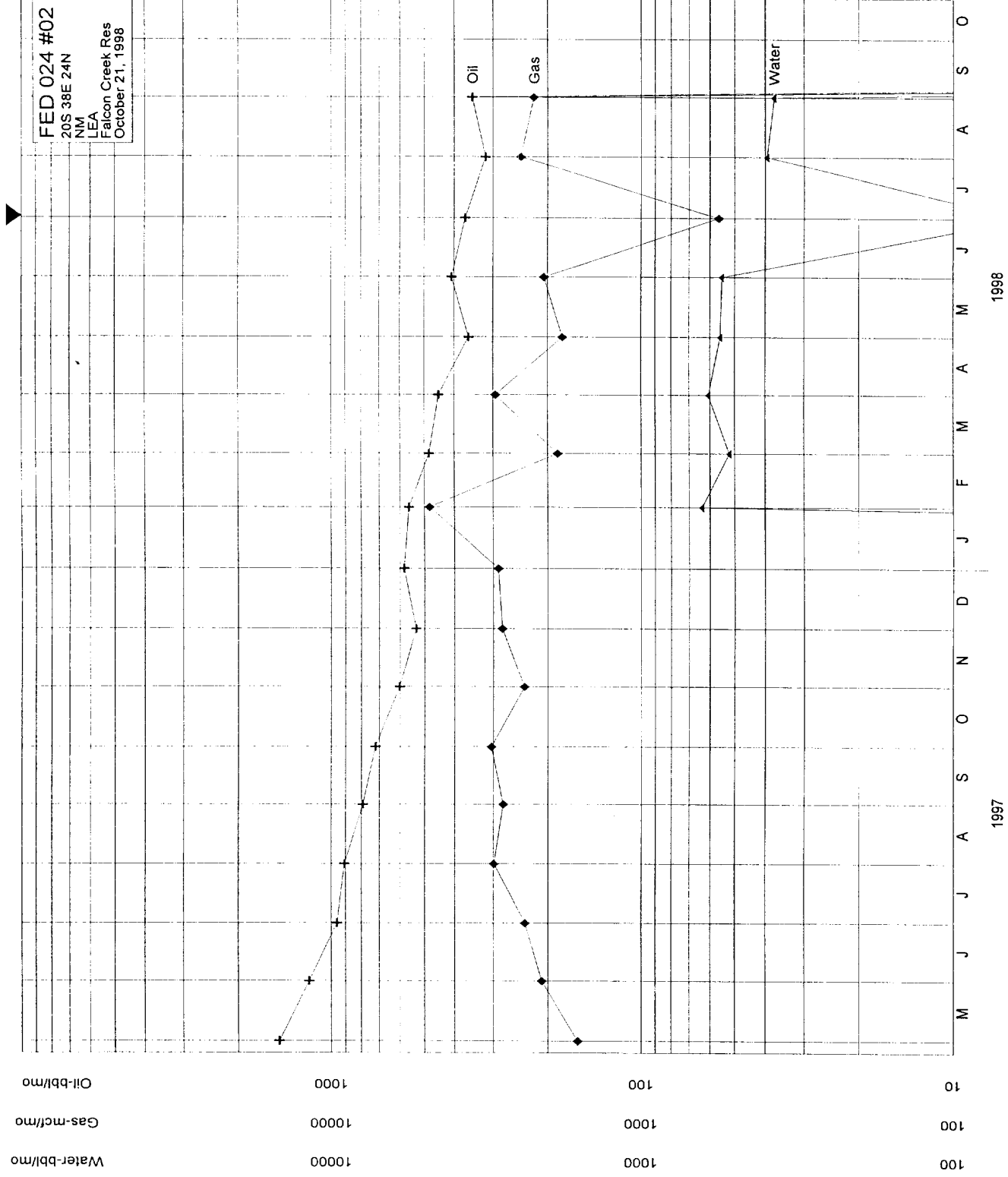
UL or lot No. N	Section 24	Township 20 S	Range 38 E	Lot Idn	Feet from the 660	North/South line South	Feet from the 1980	East/West line West	County Lea
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Bottom Hole Location If Different From Surface

UL or lot No. N	Section 24	Township 20S	Range 38E	Lot Idn	Feet from the 660	North/South line South	Feet from the 1980	East/West line West	County Lea
Dedicated Acres 40	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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Jerry A. Weant Printed Name Landman Title 4/29/97 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> October 30, 1996 Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 64579 Certificate No. 7977 BASIN SURVEYS	



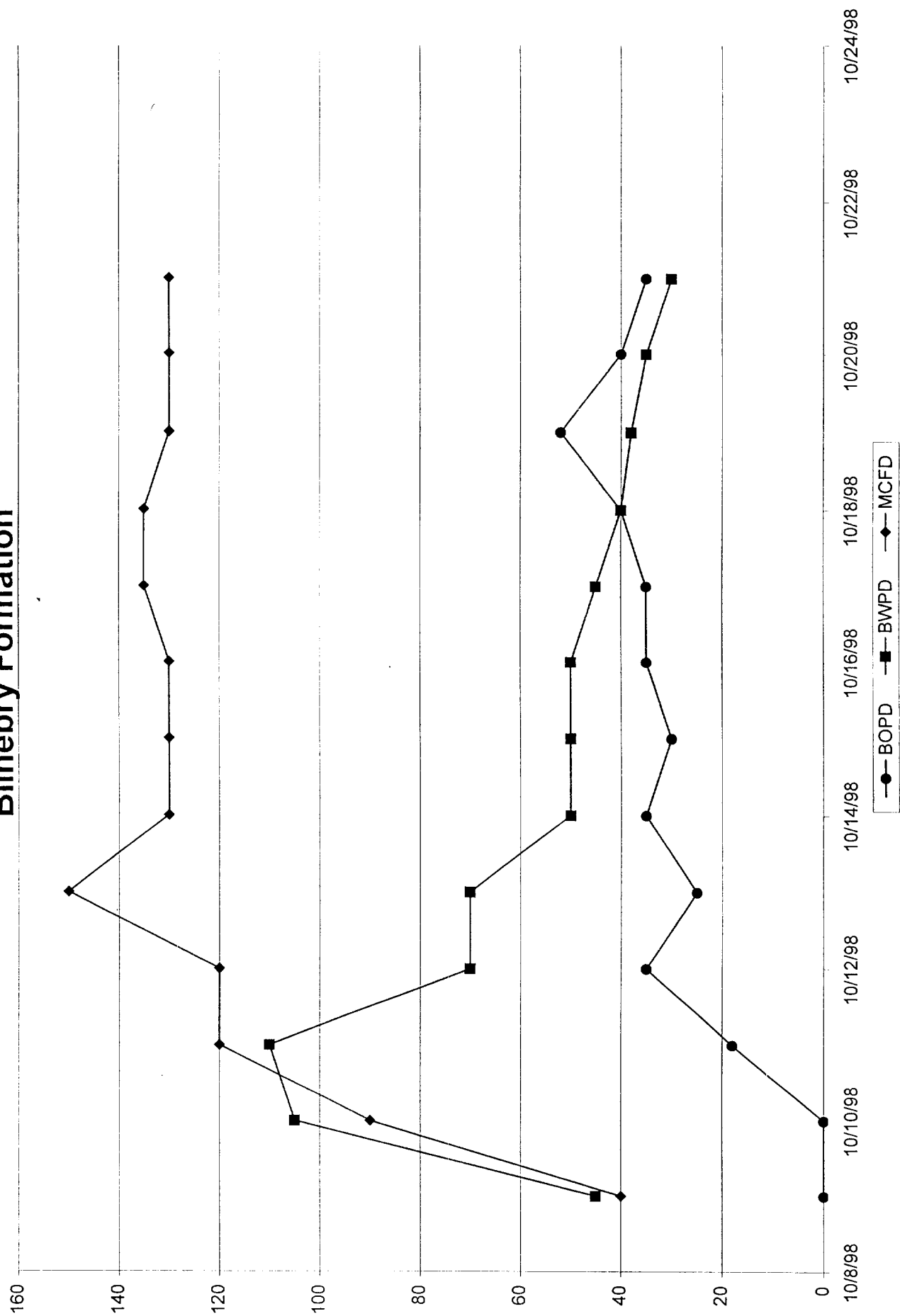
Oil+ 7/1998
Ref= 10693.0
Cum=

Gas♦ 7/1998
Ref= 39410.0
Cum=

Water▲ 7/1998
Ref= 3324.0
Cum=

Federal #24-2

Blinebry Formation



**Federal #24-2
"N" Section 24, T20S, R38E
Lea County, New Mexico**

Offset Operator

Collins & Ware
508 W. Wall Ave #1200
Midland, TX 79701-5078

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

Sheehy & Richardson
1408 Washington
Waco, TX 76701

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