



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

9/25/00

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Amended
DHC-2177

RE: Proposed:

MC
DHC X
NSL
NSP
SWD
WFX
PMX

Gentlemen:

I have examined the application for the:

Sapiant Energy Corp
Falcon Creek Res. Inc NMFU Federal # 1-9-23-205-382
Operator Lease & Well No. Unit S-T-R API # 30.025-33836

and my recommendations are as follows:

Yours very truly,

Chris Williams
Supervisor, District 1

/ed

Sapient Energy Corp.

Western Operations
621 17th Street, Suite 1800
Denver, Colorado 8029 3-0621

Telephone 303 675-0007
Facsimile 303 675-0008

September 6, 2000

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

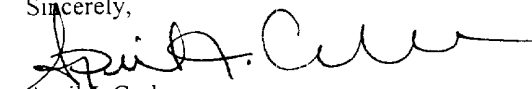
RE: Application for Downhole Commingling
NMFU Federal #1
"P" Section 23, T20S-R38E
Lea County, New Mexico

Gentlemen:

Please find enclosed an Amended Application for Downhole Commingling. Percentage allocations are based on current and past production. All affected parties have been notified of this application by certified mail. I have included a copy of the previously approved DHC-Order.

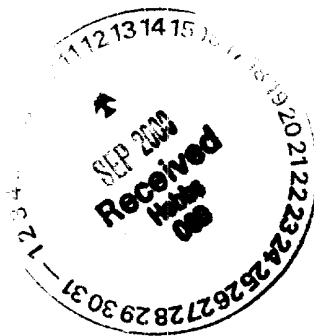
Please advise if you have any questions, or need additional information. We appreciate your prompt attention with this matter.

Sincerely,


April J. Carlson
Operations Technician

cc: Hobbs District Office







NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER DHC-2177

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

Attention: Ms. Jaylene Roope

*NMFU Federal Well No. 1
API No. 30-025-33836
Unit P, Section 23, Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico.
Blinebry Oil & Gas (Oil - 06660) and
East Warren-Tubb (Oil - 87085) Pools*

Dear Ms. Roope:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

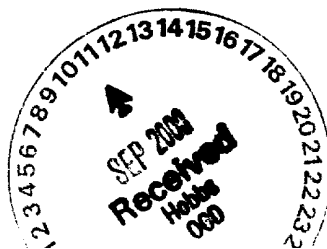
It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 107 B/D Gas 428 MCF/D Water 214 B/D

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

| | | | |
|-------------------------|---------|---------|-----------|
| Blinebry Oil & Gas Pool | Oil-56% | Gas-52% | Water 78% |
| East Warren-Tubb Pool | Oil-44% | Gas-48% | Water 22% |



District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Sapient Energy Corporation

621 17th Street, Suite 1800 Denver Co. 80293-0621

Operator

Address

NMFU Federal

1

P Section 23, T20S-R38E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 169415 Property Code 23404 API No. 30-025-33836 Lease Type: X Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|--|---|---|
| Pool Name | Blinebry | Tubb | Abo |
| Pool Code | 06660 | 87085 | 15200 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 6,038-6,050 6,092-6,112 | 6,530-36, 6,656- 60, 6,760-75, 6,776-85 | 7,546-51, 7,564-72 7,584-86, 7,592-95 7,606-08, 7,606-08 7,618-24 7640-7650, 7605- 7625, 7510-7530 |
| Method of Production (Flowing or Artificial Lift) | Pumping | Pumping | Pumping |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 38.5 | 38.5 | 36.5 |
| Producing, Shut-In or New Zone | Producing | Producing | Producing |
| 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: 04-2000 Rates: 11.19 Oil, 52.5 Gas 18.92 Water | Date: 04-2000 Rates: 8.8 Oil, 48.42 Gas 48.42 Water | Date: 5-7-00 thur 6-7-00 Rates: 12.24 Oil, 16.78 Gas 68.86 Water |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Gas Water 35% 45% 20% | Oil Gas Water 27% 41% 6% | Oil Gas Water 38% 14% 74% |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes x No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes x No

Are all produced fluids from all commingled zones compatible with each other? Yes x No

Will commingling decrease the value of production? Yes No x

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well:

- 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 working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Harold L. Lamm TITLE Manager of Operations DATE September 6, 2000



Sapient Energy Corporation
 NMFU Federal #1 Commingling Allocations
 Amended 9-6-2000

| | Oil | Water | Gas |
|-------------------|--------------|--------------|---------------|
| 5/7/00 | 25 | 140 | 72 |
| 5/8/00 | 12 | 105 | 80 |
| 5/9/00 | 34 | 85 | 85 |
| 5/10/00 | 34 | 40 | 124 |
| 5/11/00 | 40 | 154 | 118 |
| 5/12/00 | 36 | 144 | 122 |
| 5/13/00 | 37 | 158 | 128 |
| 5/14/00 | 40 | 141 | 126 |
| 5/15/00 | 42 | 153 | 130 |
| 5/16/00 | 39 | 141 | 116 |
| 5/17/00 | 39 | 148 | 125 |
| 5/18/00 | 36 | 127 | 127 |
| 5/19/00 | 32 | 101 | 120 |
| 5/20/00 | 33 | 95 | 117 |
| 5/21/00 | 28 | 85 | 118 |
| 5/22/00 | 31 | 78 | 122 |
| 5/23/00 | 33 | 77 | 118 |
| 5/24/00 | 28 | 69 | 123 |
| 5/25/00 | 33 | 66 | 118 |
| 5/26/00 | 33 | 65 | 122 |
| 5/27/00 | 0 | 23 | 106 |
| 5/28/00 | 0 | 0 | 80 |
| 5/29/00 | 0 | 0 | 0 |
| 5/30/00 | 0 | 0 | 100 |
| 5/31/00 | 53 | 75 | 125 |
| 6/1/00 | 31 | 51 | 100 |
| 6/2/00 | 0 | 0 | 100 |
| 6/3/00 | 39 | 82 | 127 |
| 6/4/00 | 62 | 110 | 125 |
| 6/5/00 | 53 | 129 | 121 |
| 6/6/00 | 33 | 85 | 118 |
| 6/7/00 | 31 | 67 | 118 |
| | 967 | 2794 | 3531 |
| Daily Avg. | 32.23 | 93.13 | 117.70 |

| Commingling Allocations | | |
|-------------------------|----------|-----|
| | Abo | |
| Oil | Water | Gas |
| 38% | 74% | 14% |
| | Blinebry | |
| Oil | Water | Gas |
| 35% | 20% | 45% |
| | Tubb | |
| Oil | Water | Gas |
| 27% | 6% | 41% |

Blinebry average daily production from 4-2000

| Oil | Water | Gas |
|-------|-------|------|
| 11.19 | 18.92 | 52.5 |

Tubb average daily production from 4-2000

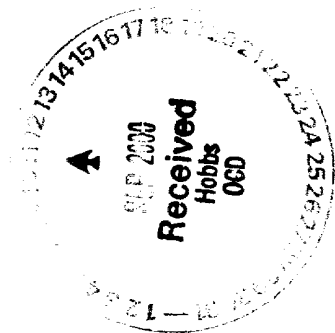
| Oil | Water | Gas |
|-----|-------|-------|
| 8.8 | 5.35 | 48.42 |

Total of both Blinebry and Tubb daily averages

| Oil | Water | Gas |
|-------|-------|--------|
| 19.99 | 24.27 | 100.92 |

Abo Prod. -(total of previous production subtracted from total commingled tested production)

| Oil | Water | Gas |
|-------|-------|-------|
| 12.24 | 68.86 | 16.78 |



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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|---|--------------------|
| API Number 30-025-33836 | Pool Code 15200 | Pool Name Abo |
| Property Code 23404 | Property Name NMFU Federal | Well Number 1 |
| OGRID No. 169415 | Operator Name Sapient Energy Corporation | Elevation 3567' |

Surface Location

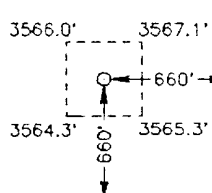
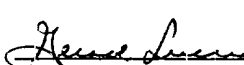
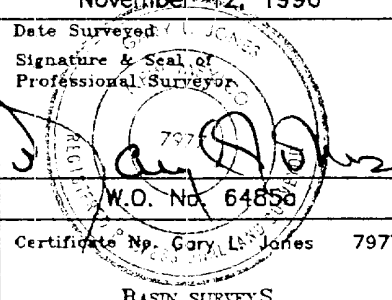
| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|----------------------|---------------------------|----------------------|------------------------|---------------|
| UL or lot No. P | Section 23 | Township 20 S | Range 38 E | Lot Idn | Feet from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

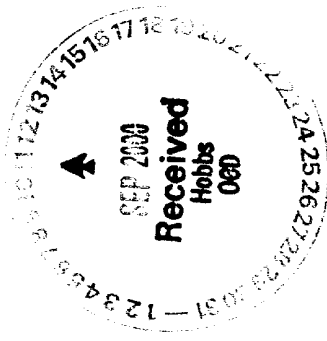
Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|--------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40.65 | 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 Gerald Lucero Printed Name Manager of Operations Title September 6, 2000 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. November 12, 1996 Date Surveyed |
| | Signature & Seal of Professional Surveyor  W.O. No. 64856 Certificate No. Gary L. Jones 7977 |
| | BASIN SURVEYS |



Sapient Energy Corp.

April Carlson
Western Operations
621 17th Street, Suite 1800
Denver, Colorado 80293-0621

Telephone 303 675-0007
Facsimile 303 675-0008
ACarlson@falconcreek.net

The following are the Working Interest Owners that were notified by Certified Mail on 9-6-2000

Sheehy & Richardson
1408 Washington
Waco, TX 76701

Sid Cowan
P.O. Box 1448
Del Rio, TX 78841

