

FALCON CREEK RESOURCES, INC.

621 17th Street, Suite 1800, Denver, Colorado 80293-0621

(303) 675-0007 (303) 675-0008 Facsimile

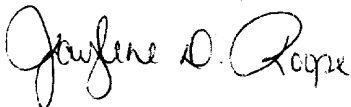
January 8, 1999

Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240

RE: NMFU Federal #1
"P" Section 23, T20S, R38E
Lea County, New Mexico

Please find enclosed a copy of the Application for Downhole commingling for the captioned well. This application was submitted to Santa Fe on this date. 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
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	Blinebry		Tubb
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 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	36.7		35.2
7. Producing or Shut-In?	Producing		Shut-in
Production Marginal? (yes or no) * 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)	Yes		Yes
	Date: Rates:	Date: Rates:	Date: 9/29/98 Rates: 22 BOPD 20 BWPD 115 MCFD
	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 ___ 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 Manager of Operations DATE January 8, 1999
TYPE OR PRINT NAME Oscar L. Peters TELEPHONE NO. (303) 675-0007

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artes, 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 30-025-33836	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.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	23	20 S	38 E		660	South	660	East	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 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

<div style="border: 1px dashed black; height: 150px; margin-bottom: 10px;"></div> <div style="border: 1px dashed black; height: 150px;"></div>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</p> <p style="margin: 5px 0;"><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <div style="margin: 5px 0;"> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Signature</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Oscar L. Peters</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Printed Name</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Mgr of Operations</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Title</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">January 11, 1999</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Date</div> </div> </div>
<div style="border: 1px dashed black; height: 150px; margin-bottom: 10px;"></div> <div style="border: 1px dashed black; height: 150px;"></div>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</p> <p style="margin: 5px 0;"><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></p> <p style="text-align: center; margin: 10px 0;">November 12, 1996</p> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Date Surveyed</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Signature & Seal of Professional Surveyors</div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;"> </div> </div> <div style="margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin: 0 0 0 10px;">Certificate No. Gary L. Jones 7977</div> </div> </div>

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

DISTRICT III
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 30-025-33836	Pool Code 660	Pool Name - Blinebry Oil & Gas
Property Code 23404	Property Name NMFU Federal	Well Number 1
OGRID No. 169415	Operator Name Falcon Creek Resources, Inc.	Elevation 3567'

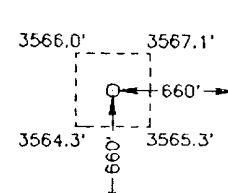
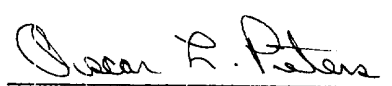
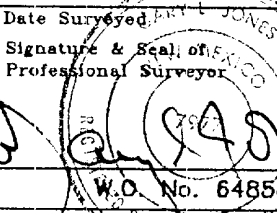
Surface Location

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 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 1.5	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

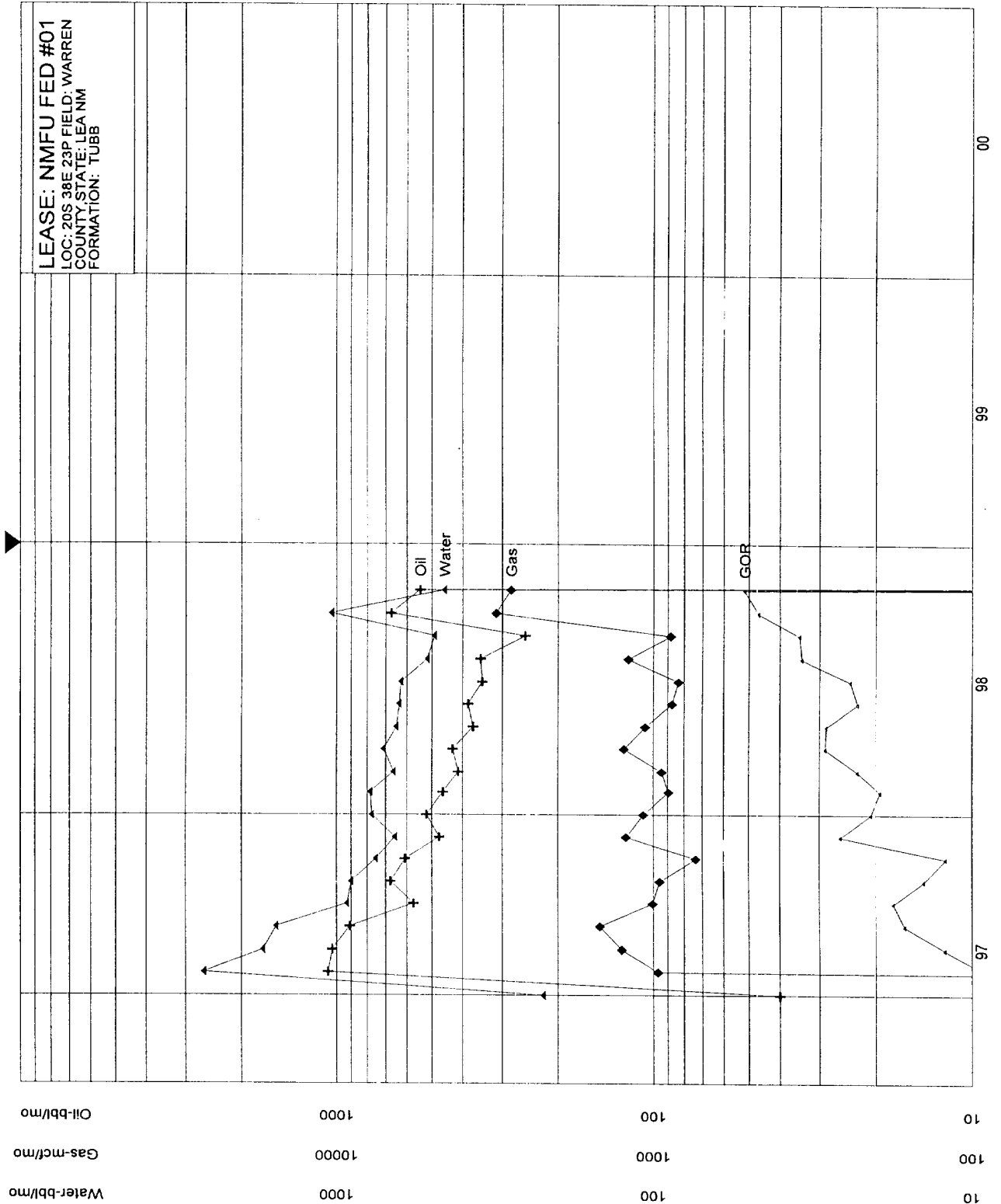
	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature Oscar L. Peters Printed Name Mgr. Of Operations Title January 11, 1999 Date	
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this 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. 6485a Certificate No. Gary L. Jones 7977 BASIN SURVEYS	

GOR-scf/bbl

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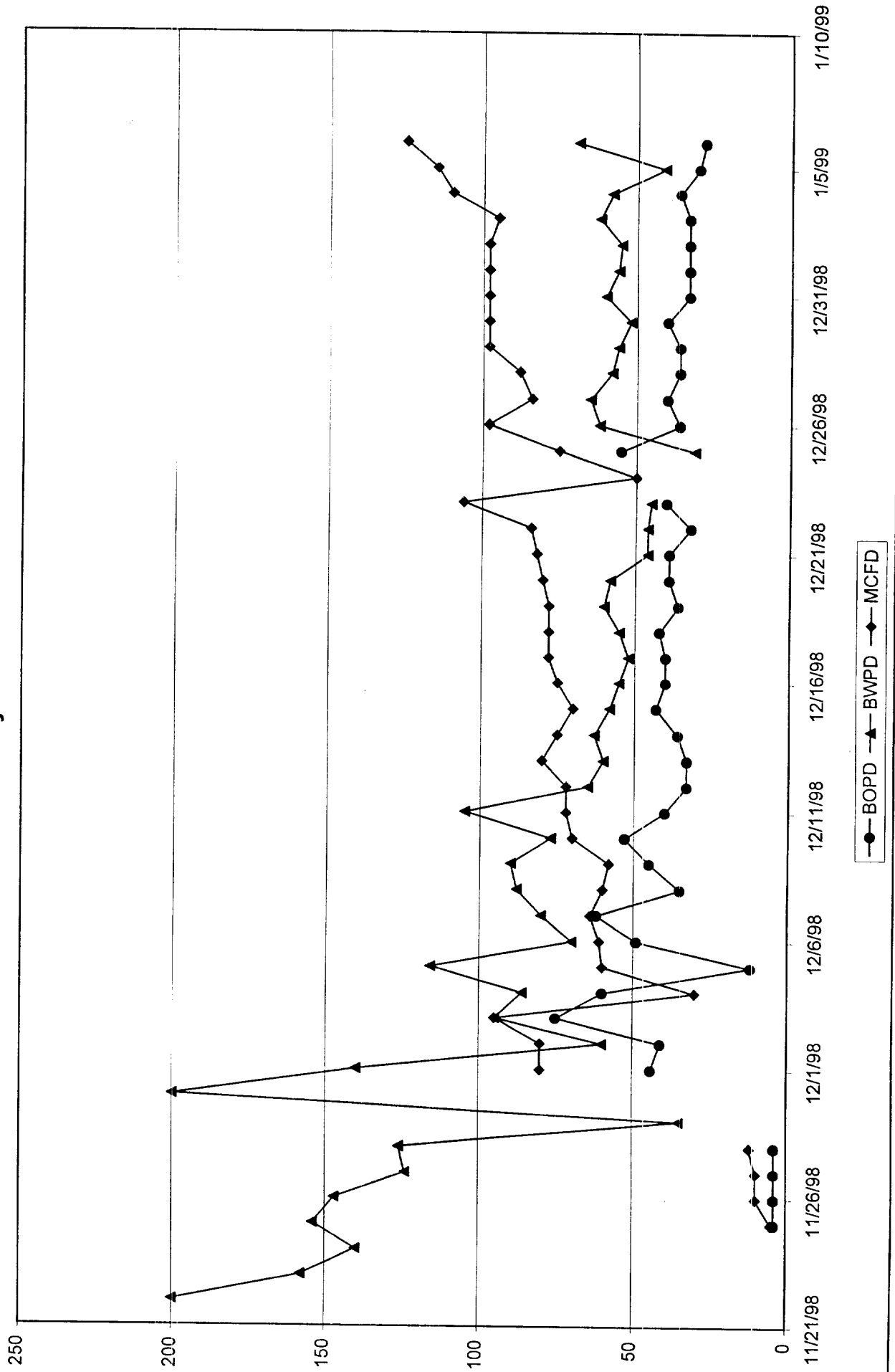
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Gas+
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Water+
Ref=
Cum=
1/1999
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GOR+
Ref=
Cum=
1/1999
0.0

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