



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

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

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Falcon Creek Res Inc Kyle #8-B 23-20s-38e
Operator Lease & Well No, Unit S-T-R

and my recommendations are as follows:

Yours very truly,

Chris Williams
Supervisor, District 1

/ed

FALCON CREEK RESOURCES, INC.

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

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

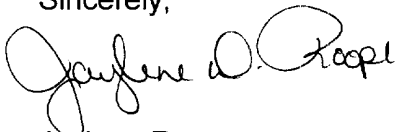
November 2, 1998

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

Re: Kyte #8
"B" Section 23, T20S, R38E
Lea County, New Mexico

Please find enclosed a copy of the Application for Dowhole 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,

A handwritten signature in cursive script, appearing to read "Jaylene D. Roope".

Jaylene Roope
Sr. Operations Technician

Falcon Creek Resources, Inc.

621 17th St., Suite 1800, Denver, CO 80293-0621

Operator

Address

Kyle

8

B

Sec. 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 23402

API NO. 30-025-34296

Federal

State

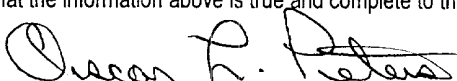
(and/or) Fee X

| The following facts are submitted in support of downhole commingling: | Upper Zone | Intermediate Zone | Lower Zone |
|--|--|--|---|
| 1. Pool Name and Pool Code | Blinebry | Tubb | Abo |
| 2. Top and Bottom of Pay Section (Perforations) | 5,976'-6,112' | 6,614'-6744' | 7,234'-7,490' |
| 3. Type of production (Oil or Gas) | Oil | Oil | Oil |
| 4. Method of Production (Flowing or Artificial Lift) | Flowing | Rod Pump | Rod Pump |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original | a. (Current) 1800 psi | a. 1800 psi | a. 1800 psi |
| | b. (Original) Unknown | b. Unknown | b. Unknown |
| 6. Oil Gravity (°API) or Gas BTU Content | 39.2 | 39.2 | 38.9 |
| 7. Producing or Shut-In? | Producing | SI | SI |
| Production Marginal? (yes or no) | Yes | 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: 9/4/98 Rates: 10 BOPD 20 BWPD 10 MCFD | Date: 6/23/98 Rates: 10 BOPD 25 BWPD 30 MCFD |
| | Date: 9/22/98 Rates: 50 BOPD 30 BWPD 582 MCFD | Date: Rates: | Date: Rates: |
| 8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%) | Oil: 71.4% Gas: 93.5% | Oil: 14.3 % Gas: 1.7 % | Oil: 14.3 % Gas: 4.8% |

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. NMOCDD 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



TITLE

Mgr of Operations

DATE

November 2, 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

Form C-102
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., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 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 30-025-34296 | Pool Code | Pool Name Blinebry |
| Property Code 23402 | Property Name KYTE | Well Number 8 |
| OGRID No. 169415 | Operator Name Falcon Creek Resources, Inc. | Elevation 3572 |

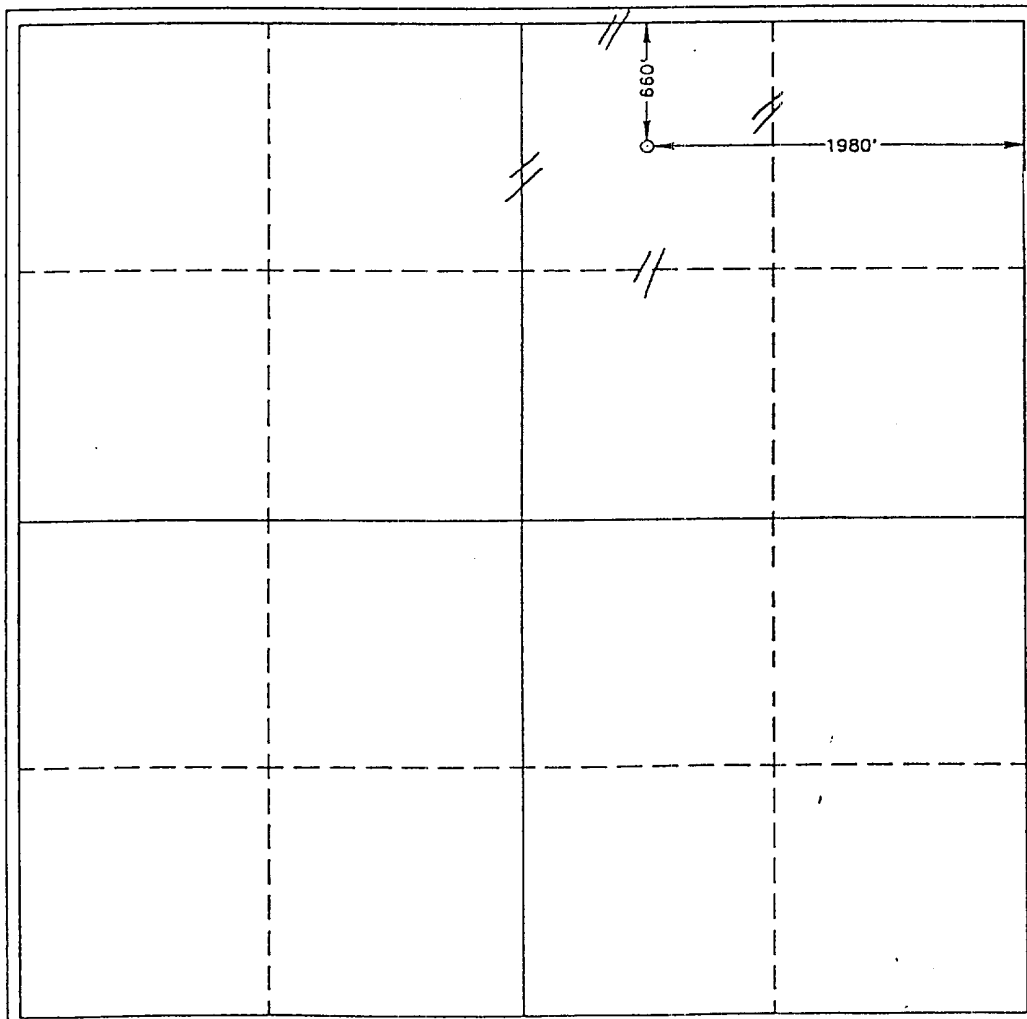

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot No. B | Section 23 | Township 20 S | Range 38 E | Lot Idn | Feet from the 660 | North/South line NORTH | Feet from the 1980 | 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 | Joint or Infill I | Consolidation Code N/A | 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 Oscar L. Peters Printed Name Mgr. Of Operations Title Nov. 2, 1998 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> JANUARY 15, 1998 Date Surveyed Signature of Joseph J. Edson Professional Surveyor JLP NEW MEXICO W.O. Num. 98-0041 3239 12641 12165 |
| | |
| | |

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DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|---|-------------------|
| API Number 30-025-34296 | Pool Code | Pool Name Tubb |
| Property Code 23402 | Property Name KYTE | Well Number 8 |
| OGRID No. 169415 | Operator Name Falcon Creek Resources, Inc. | Elevation 3572 |

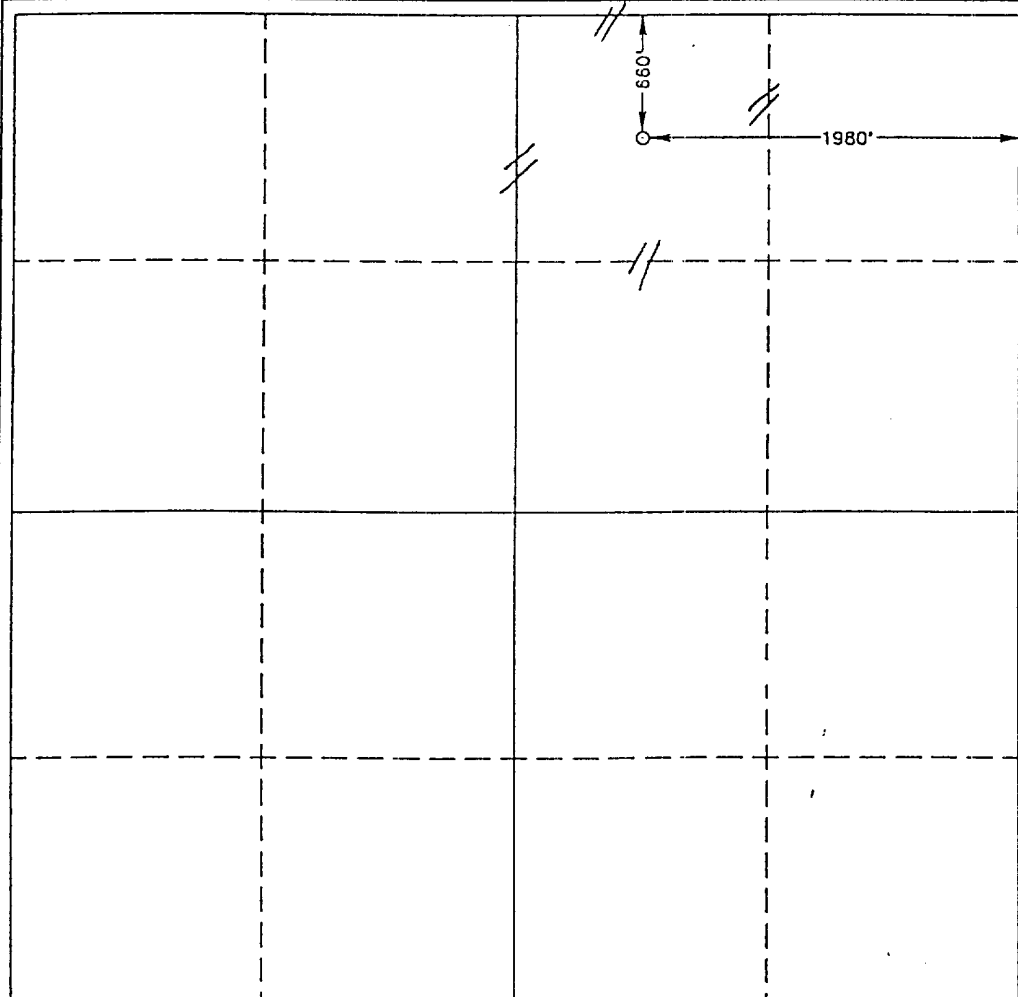
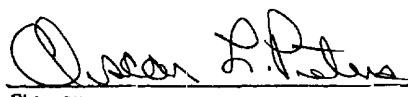
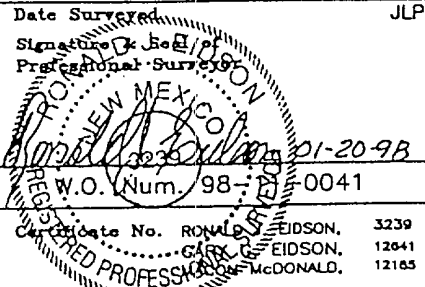
Surface Location

| | | | | | | | | | |
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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 40 | Joint or Infill I | Consolidation Code N/A | Order No. | | | | | | |

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|  | 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 Oscar L. Peters Printed Name Mgr. of Operations Title Nov. 2, 1998 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> JANUARY 15, 1998 Date Surveyed Signature of Registered Professional Surveyor  W.O. Num. 98-0041 Date No. RONALD S. EDSON, 3239 GARY C. EDSON, 12641 MICHAEL D. McDONALD, 12165 |
| | |
| | |

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------------------|---------------------------------|---------------------|
| API Number 30-025-34296 | Pool Code 15200 | Pool Name DK ABO |
| Property Code 010711 23402 | Property Name KYTE | Well Number 8 |
| OGRID No. 021602 | Operator Name STEVENS & TULL | Elevation 3572 |

Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| B | 23 | 20 S | 38 E | | 660 | NORTH | 1980 | EAST | LEA |

Bottom Hole Location If Different From Surface

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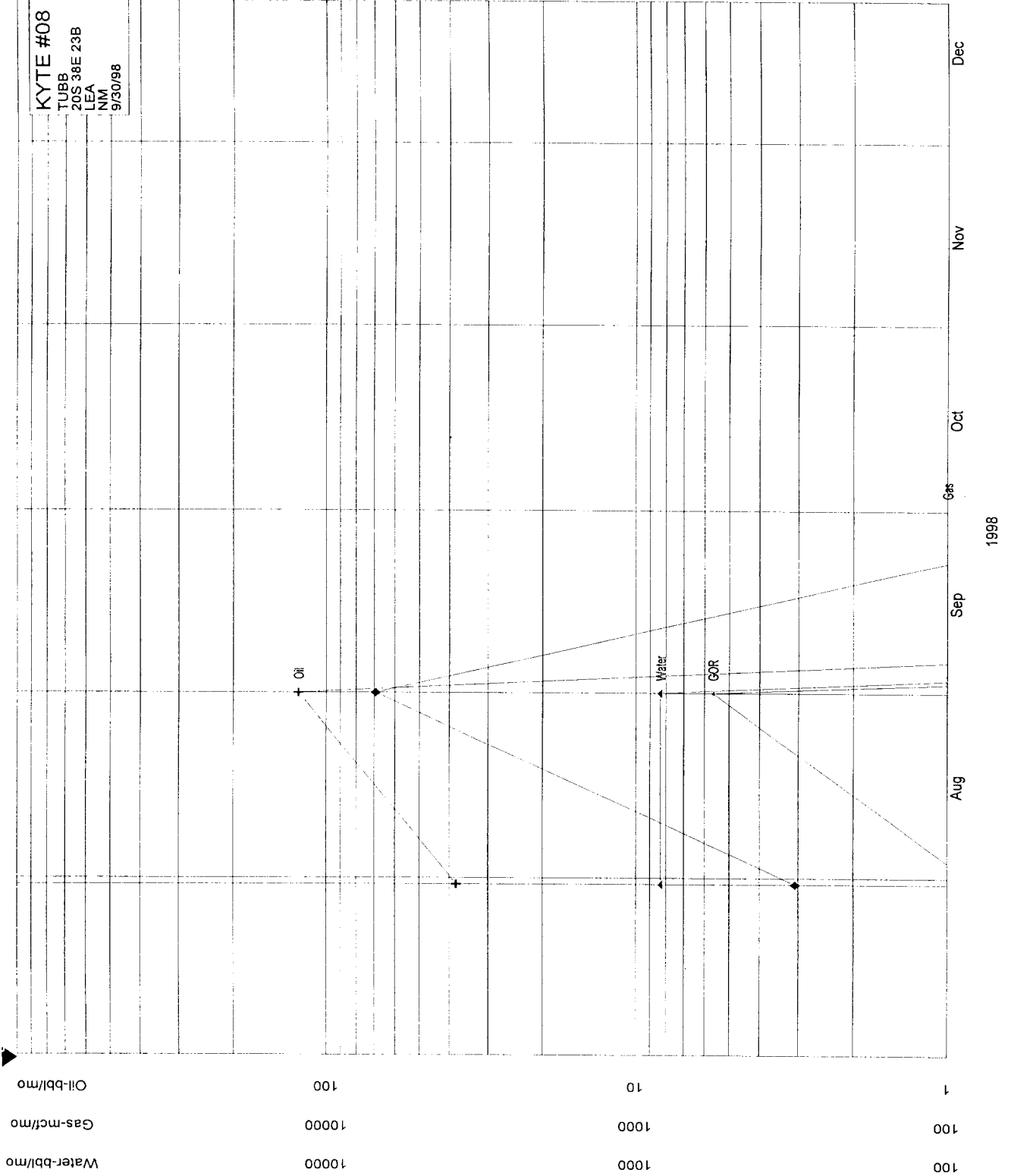
| | |
|--|--|
| | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Michael G. Mooney</i> Signature Michael G. Mooney Printed Name Consulting Engineer Title 02/08/98 Date</p> |
| | <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JANUARY 15, 1998</p> <p>Date Surveyed JLP Signature <i>[Signature]</i> Professional Surveyor NEW MEXICO W.O. Num. 98-0041 Certificate No. RONALD EIDSON, 3239 GARY EIDSON, 12841 MCDONALD, 12185</p> |

GOR-scf/bbl

1e+06

100000

10000



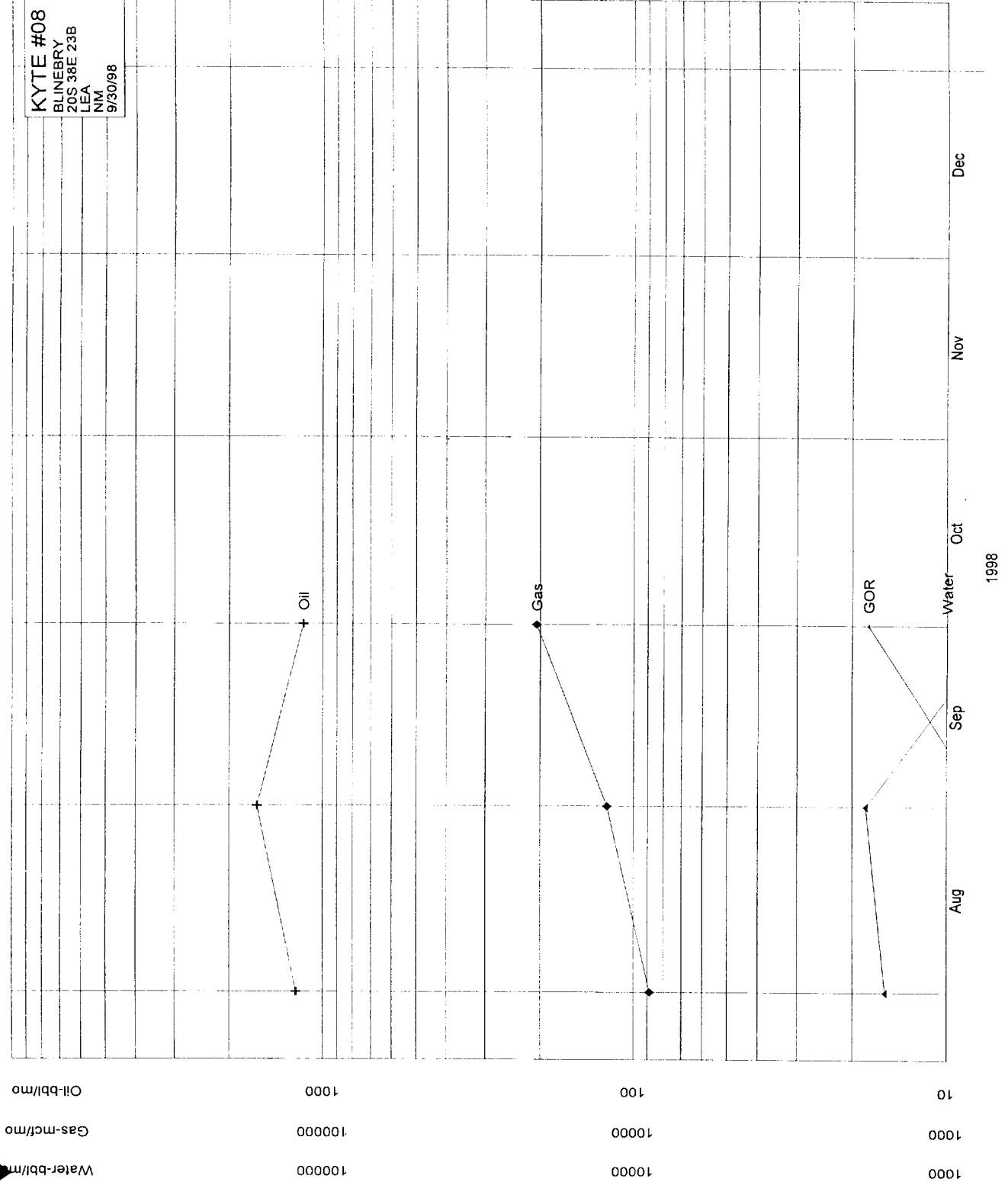
| | | | | |
|-------|---|--------|---|--------|
| Oil | + | 7/1998 | + | 7/1998 |
| Ref= | | | | |
| Cum= | | | | |
| Gas | ◆ | 7/1998 | ◆ | 7/1998 |
| Ref= | | | | |
| Cum= | | | | |
| Water | ▲ | 7/1998 | ▲ | 7/1998 |
| Ref= | | | | |
| Cum= | | | | |
| GOR | ▲ | 7/1998 | ▲ | 7/1998 |
| Ref= | | | | |
| Cum= | | | | |

GOR-scf/bbl

1e+06

100000

10000



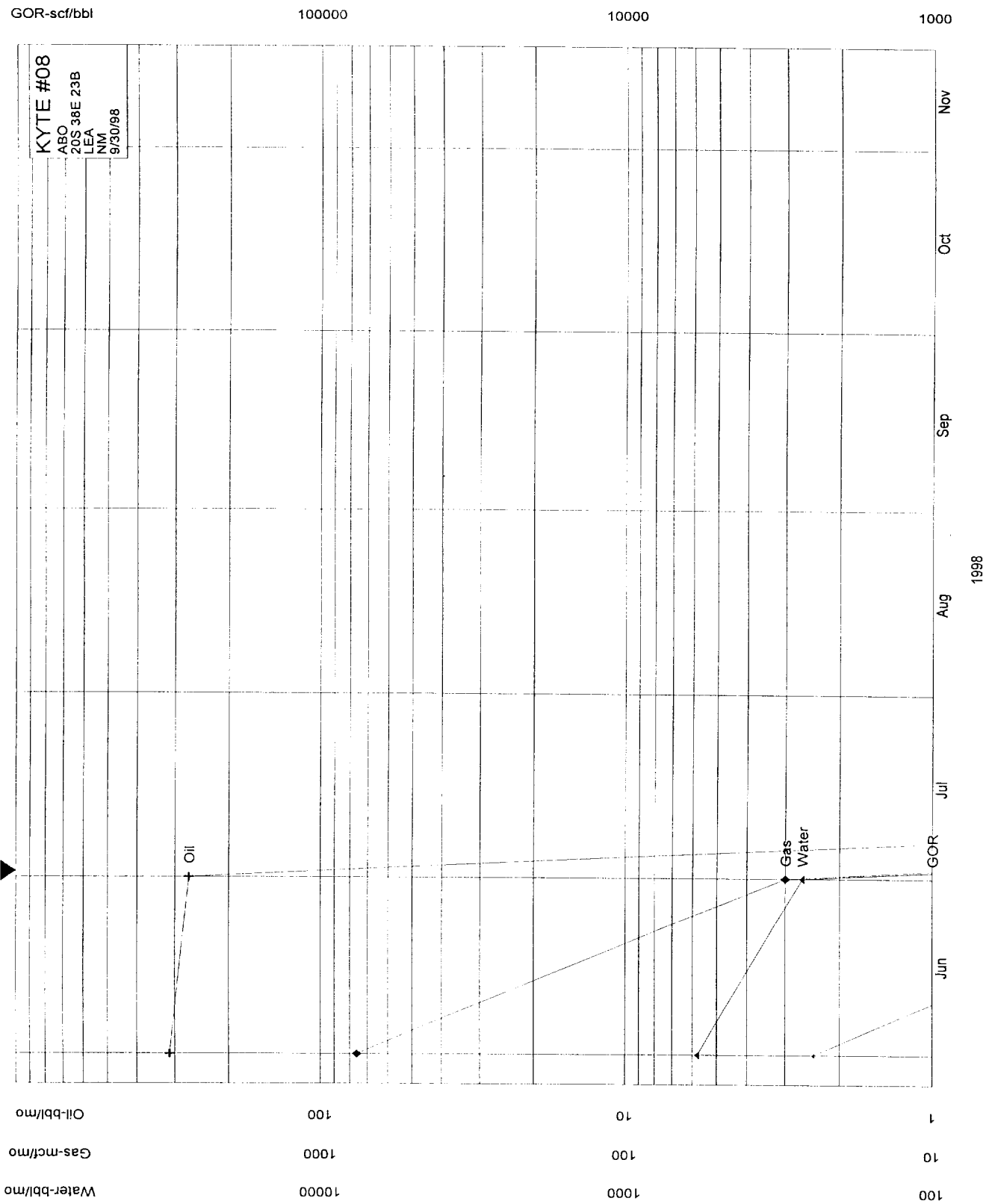
Oil+
Ref=
Cum=
7/1998
0.0

Gas+
Ref=
Cum=
7/1998
0.0

Water+
Ref=
Cum=
7/1998
0.0

GOR+
Ref=
Cum=
7/1998
0.0

| | | | |
|-------|---|--------|-------|
| Oil | + | 7/1998 | 582.0 |
| Ref | = | | |
| Cum | = | | |
| Gas | ◆ | 7/1998 | 789.0 |
| Ref | = | | |
| Cum | = | | |
| Water | ▲ | 7/1998 | 842.0 |
| Ref | = | | |
| Cum | = | | |
| GOR | ▲ | 7/1998 | 0.0 |
| Ref | = | | |
| Cum | = | | |



**Offset Operators
Kyte #8
NWNE Sec. 23-20S-38E
Lea County, NM**

Capataz Operating, Inc.
415 W. Wall St.
Midland, Texas 79701

John Hendrix
P. O. Box 3040
110 N. Marionfield #400
Midland, TX 79701