

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

JUL 30 2007

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

OCD-ARTESIA

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

MARBOB ENERGY CORPORATION P O BOX 227 ARTESIA, NM 88211-0027

Operator Address

MYOX 28 STATE COM #1 F-28-25S-28E EDDY COUNTY, NM

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14049 Property Code 36118 API No. 30-015-10724 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDESIGNATED PENN		UNDESIGNATED STRAWN
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10546-11178' PERF		11775-12253' PERF
Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
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)	EST 1500 PSI PRODUCING BHP		EST 1500 PSI PRODUCING BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A		N/A
Producing, Shut-In or New Zone	NEW ZONE		NEW ZONE
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: 23 JULY 07 Rates: 480 MCFD	Date: Rates:	Date: 11 JULY 07 Rates: 160 MCFD
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 75 % 75 %	Oil Gas % %	Oil Gas 25 % 25 %

ADDITIONAL DATA

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

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

Will commingling decrease the value of production? Yes ☐ No ☒

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 Brian Collins TITLE ENGINEER DATE 07/26/07

TYPE OR PRINT NAME BRIAN COLLINS TELEPHONE NO. (505) 748-3303

E-MAIL ADDRESS engineering@marbob.com

Engineering Summary
Form C-107A
Application for Downhole Commingling
Marbob Energy Corporation
MYOX 28 State Com No. 1 (F-28-25S-28E)

Marbob Energy proposes to downhole commingle the Strawn and Penn zones. No crossflow will occur because this well will be produced into a pipeline at a flowing pressure significantly lower than the surface shut-in pressures of each zone.

The Strawn and Penn reserves are calculated as follows:

Strawn:

The Strawn tested approximately 160 MCFD after being acidized. Best engineering estimate is that Strawn will come in at 160 MCFD and that the Strawn and Penn will decline at the same rate. The zonal allocation will be based on initial Strawn production rate. The best engineering estimate is that any oil produced will be produced in the same ratio as the gas production.

Penn:

The Penn tested approximately 480 MCFD after being acidized. Best engineering estimate is that Penn will come in at 480 MCFD and that the Penn and Strawn will decline at the same rate. The zonal allocation will be based on initial Penn production rate.

The proposed allocation follows. If actual tests are significantly different than shown in allocation below, a new allocation will be submitted.

Strawn Gas	$\frac{160 \text{ MCFD}}{480 + 160 \text{ MCFD}}$	= 25%
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Oil		= 25%
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Penn Gas	$\frac{480 \text{ MCFD}}{480 + 160 \text{ MCFD}}$	= 75%
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Oil		= 75%
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State of New Mexico
Energy, Minerals & Natural Resources Department**OIL CONSERVATION DIVISION**

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-015-10724	Pool Code 97032	Pool Name Wildcat Morrow
Property Code	Property Name Myox 28 State Com	Well Number 1
OGRID No. 14049	Operator Name Marbob Energy Corporation	Elevation 2978'

10 Surface Location

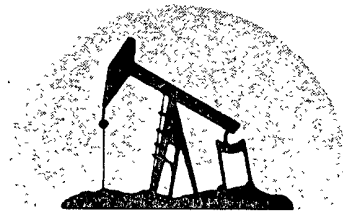
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	28	25S	28E		1980	North	1980	West	Eddy

11 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 320		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.

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Nancy T. Agnew</i> 10/23/06 Signature Date Nancy T. Agnew Printed Name
	18 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. Date of Survey Signature and Seal of Professional Surveyor
	Certificate Number



marbob
energy corporation

July 26, 2007

New Mexico State Land Office
Oil, Gas & Minerals Division
P. O. Box 1148
Santa Fe, NM 87504-1148

Attn: Ms. Jamie Bailey

Re: C-107A Downhole Commingling Application
MYOX 28 State Com #1
Township 25 South, Range 28 East, NMPM
Sec. 28: Unit F
Eddy County, New Mexico

Dear Ms. Bailey:

Enclosed is the \$30.00 application fee and copy of the Form C-107A Application for Downhole Commingling that we submitted to the NMOCD for the MYOX 28 State Com #1 well located in Eddy County.

We are seeking approval to downhole commingle the Strawn and Penn zones to extend the economic life of the well and maximize the financial benefit to the State of New Mexico.

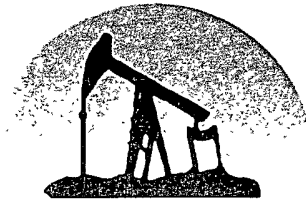
If you have any questions, please call me at 505-748-3303.

Sincerely,

Brian Collins
Petroleum Engineer

BC/dlw
enclosures

INVOICE DATE	INVOICE NO.	DESCRIPTION	INVOICE TOTAL	ADJUSTMENTS	DISCOUNT	NET AMOUNT
7/27/07		APPLICATION FEE				\$30.00



MARBOB ENERGY CORPORATION

2208 W. MAIN
P.O. BOX 227
ARTESIA, NEW MEXICO 88211-0227
(505) 748-3303

048158

PLEASE DETACH BEFORE DEPOSITING RETAIN TOP PORTION FOR YOUR RECORDS



2208 W. MAIN
P.O. BOX 227
ARTESIA, NEW MEXICO 88211-0227
(505) 748-3303

048158

95-43/1122

FIRST NATIONAL BANK
PO DRAWER AA
ARTESIA, NM 88210

THIRTY DOLLARS AND NO/100**

PAY TO
THE ORDER
OF

NEW MEXICO STATE LAND OFFICE
OIL, GAS & MINERALS DIVISION
P.O. BOX 1148
SANTA FE, NM 87504-1148

DATE	CHECK AMOUNT
7/27/07	\$30.00

MARBOB ENERGY CORPORATION

Ray Miller

⑈048158⑈ ⑆112200439⑆ ⑈46512710⑈