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NA ~~WVJ~~

State of New Mexico

Form C-107-B
200-**District I**

1625 N. French Drive, Hobbs, NM 88240

Energy, Minerals and Natural Resources Department

District II

1301 W. Grand Ave, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

DEC 18 2002

OIL CONSERVATION DIVISION1220 S. St Francis Drive
Santa Fe, New Mexico 87505Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**OPERATOR NAME: **Marbob Energy Corporation**OPERATOR ADDRESS: **P. O. Box 227, Artesia, NM 88211-0227**

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)LEASE TYPE: ☐ Fee ☐ State ☒ FederalIs this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No.

Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to the proposed commingling Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No(3) Are all working, royalty and overriding royalty interests common between pools? ☐ Yes ☐ No

(4) Include proof of notice to all interests if the answer to No. 3 is "No".

(5) Measurement type: ☐ Metering ☐ Well Test ☐ Subtraction Method(6) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved2PM 12/19/02
Phone call to P&L
requesting P&L code
and statement about value
not decreasing,
Will you**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(3) Are all working, royalty and overriding royalty interests common between leases? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(4) Include proof of notice to all interests if the answer to No. 3 is "No".
(5) Measurement type: <input type="checkbox"/> Metering <input checked="" type="checkbox"/> Well Test <input type="checkbox"/> Subtraction Method (only when No. 3 is "Yes")

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? <input type="checkbox"/> Yes <input type="checkbox"/> No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.
(4) If production is to be measured by well test, include testing frequency.

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

SIGNATURE: *[Signature]*TITLE: *Landman*DATE: *12-10-2002*TYPE OR PRINT NAME: *DEAN CHUMBLEY*TELEPHONE NO.: *748-3303*

PRODUCTION PHASE:

Valves #1 & #2 open

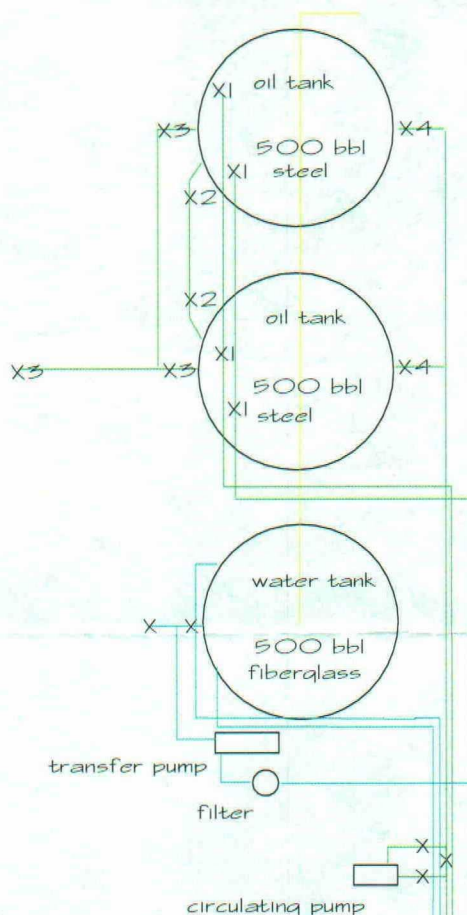
Valves #3, #4 closed and sealed

SALES PHASE:

Valves #1, #2, #4, closed and sealed

Valves #3 open

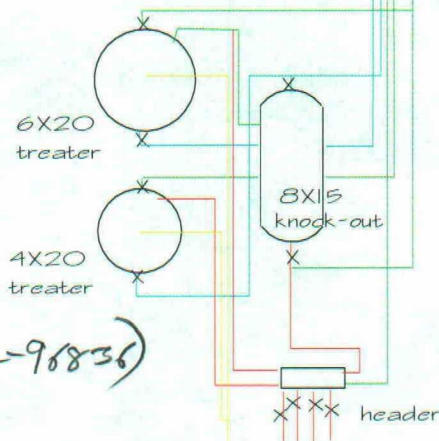
- crude oil
- produced water
- natural gas
- combined fluids
- X valve

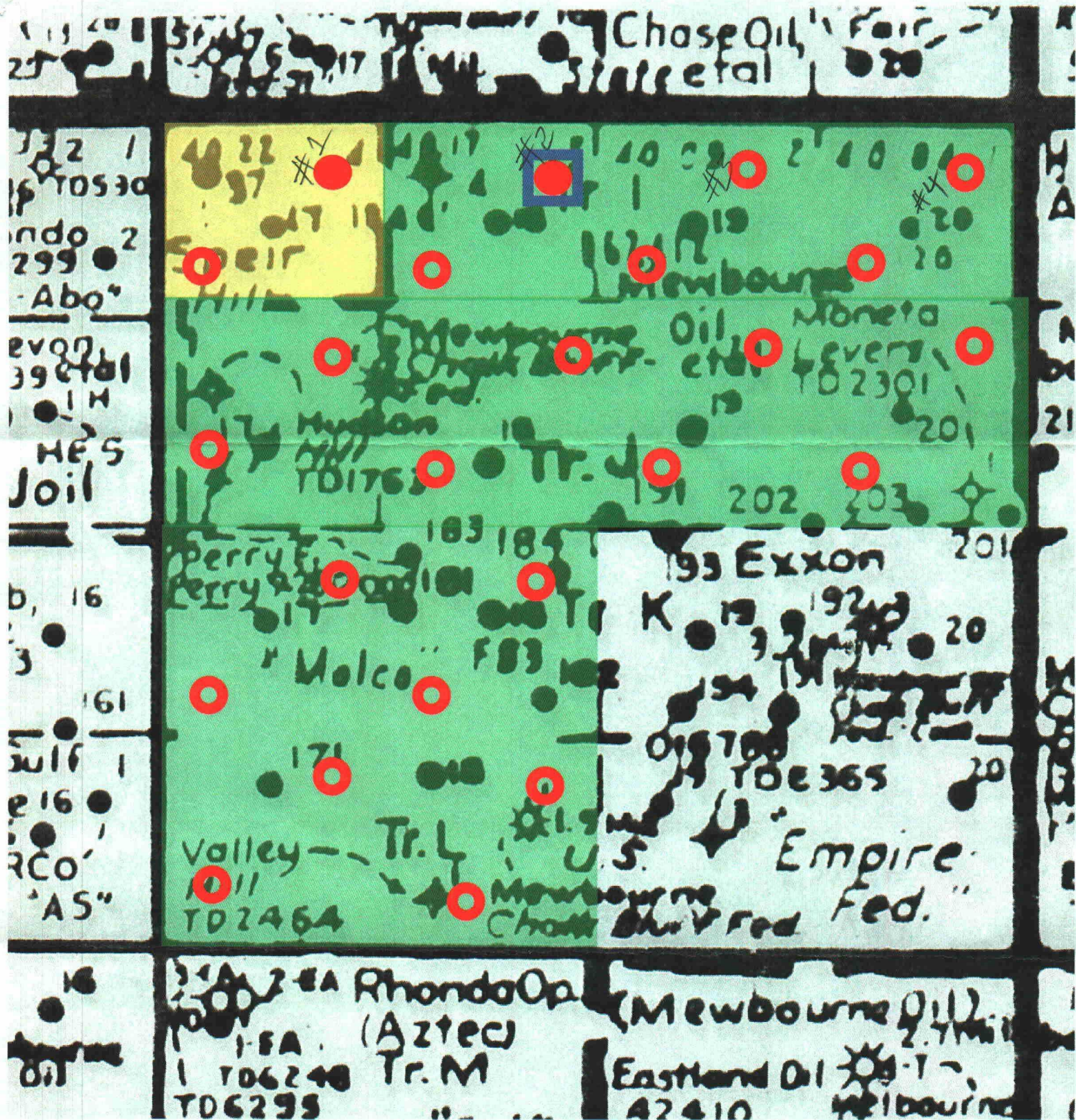


A A O Federal Tank Battery
430' FNL & 2310' FWL
~~Section I: T17s - R30e~~
Eddy County, New Mexico
NM-0557371

*Marbob
Well #2*

*Northeast Red Lake; FLORIETA Yes (OIL-98836)
40.17 acres*





LC 062412

NM 055737I

Yeso Producer

Proposed Yeso

Tank Battery

LC-062412

AAO Federal No. 1 ✓
330' FNL – 990' FWL
Section 1-18S-27E
30-015-32307

NM-0557371

AAO Federal No. 2 ✓
430' FNL – 2310' FWL ✓
Section 1-18S-27E ✓
30-015-32308

AAO Federal No. 3
330' FNL – 1690' FEL
Section 1-18S-27E
30-015-32309

AAO Federal No. 4
990' FNL – 990' FEL
Section 1-18S-27E
30-015-32310