



7. Marbob requests that Mr. Ogle and Mr. Grammer be pooled and Marbob be designated operator of the well and the spacing unit.

8. Marbob proposes overhead charges (combined fixed rates) of \$6000 per month while drilling and \$600 per month while producing.

9. Attachment C is a copy of the authorization for expenditure (AFE) for this well.

14. Attachment D is an affidavit of publication pursuant to Division rules.

15. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow Marbob and the other interest owners in the E/2 of Section 34 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

  
Ross Duncan

SUBSCRIBED AND SWORN before me on this 7 day of June 2010.

  
Notary Public

My Commission Expires:

July 5<sup>th</sup> 2011



OFFICIAL SEAL  
Nancy T. Agnew  
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 7/5/11

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II  
1301 W GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

*Amended*  
**State of New Mexico**  
Energy, Minerals and Natural Resources Department

<b>RECEIVED</b> APR 30 2010 MAY 04 2010	Form C-102
	Revised October 12, 2005 Submit by Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
11885 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

☐ AMENDED REPORT

API Number <b>30-015-36287</b>	Pool Code <b>74900</b>	Pool Name <b>CHOSA DRAW; MORROW (GAS)</b>
Property Code <b>37130</b>	Property Name <b>BAWH STATE COM</b>	Well Number <b>1</b>
OGRID No. <b>14049</b>	Operator Name <b>MARBOB ENERGY CORPORATION</b>	Elevation <b>3626'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	34	24-S	25-E		1930	SOUTH	810	EAST	EDDY

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 <b>320</b>	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="text-align: center;"><p>GEODETIC COORDINATES NAD 27 NME</p><p>SURFACE LOCATION Y=426174.0 N X=486438.3 E LAT.=32.171662° N LONG.=104.377163° W</p></div> <div style="text-align: right;"><p>810'</p><p>1930'</p></div>	<b>OPERATOR CERTIFICATION</b> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Nancy T. Agnew</i> 5/3/10 Signature Date</p> <p><b>Nancy T. Agnew</b> Printed Name</p>
	<b>SURVEYOR CERTIFICATION</b> <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 style="text-align: center;"><b>RONALD J. EIDSON</b> APR 24 2010 DSS</p> <p>Date Surveyed Signature &amp; Seal of Professional Surveyor <i>Ronald J. Eidson</i> 04/28/2010 10-11-0592</p>
	Certificate No. <b>GARY G. EIDSON 12641</b> <b>RONALD J. EIDSON 3239</b>

ATTACHMENT A

Exhibit B

To Communitization Agreement dated May 1, 2010 embracing  
E/2 of Section 34, T-24-S, R-25-E, NMPM,  
Eddy County, New Mexico

Operator of Communitized Area: Marbob Energy Corporation

**DESCRIPTION OF LEASES COMMITTED**

**Tract No. 1**

Lessor: State of New Mexico acting by and through its  
Commissioner of Public Lands

Lessee of Record: The Allar Company  
Serial # of Lease: STNM VB-0719  
Date of Lease: 8/1/2005

Description of Lands  
Committed: Township 24 South, Range 25 East  
Section 34: SE/4  
Eddy County, New Mexico

# of Acres: 160  
Royalty Rate: 18.75%

Name and Percent WI Owners: The Allar Company 100%

**Tract No. 2**

Lease Serial No.: NMNM-120344  
Lease Date: 8/1/2008  
Lease Term: 10 year  
Lessor: United States of America

Present Lessee: Marbob Energy Corporation

Description of Land Committed: Township 24 South, Range 25 East,  
NMPM  
Section 34: NE/4NE/4, S/2NE/4

Number of Acres: 120  
Royalty Rate: 12 ½

Name and Percent WI Owners:	Marbob Energy Corp	51.67%
	Yates Petroleum Corp	13.32%
	Yates Drilling Company	6.67%

Abo Petroleum Corp	6.67%
MYCO Industries, Inc.	6.67%
Prospector, LLC	10.0%
Featherstone Development Corp	2.0
Big Three Energy Group, LLC	1.0%
Parrot Head Properties, LLC	2.0%

**Tract No. 3**

**Compulsory Pooling Order**

Lease Date: N/A  
 Lease Term: N/A  
 Lessor:  
 Present Lessee: Marbob Energy Corporation  
 Description of Land Committed: Township 24 South, Range 25 East  
Section 34: NW/4NE/4  
 Number of Acres: 40  
 Royalty Rate: 12 ½%  
 Name and Percent WI Owners: Marbob Energy Corporation 100%

# **AUTHORITY FOR EXPENDITURE**

AFE NO.	2010-028	LEASE	Bawh State Com	WELL NO.	1
DESCRIPTION	1930' FSL & 810' FEL Sec 34, T24S-R25E			COUNTY	Eddy
STATE	NM	OPERATOR	Marbob Energy Corporation		
FORMATION	Morrow	PREPARED BY	Sheryl Baker		
TOTAL DEPTH	MD: 11900'	DATE	May 3, 2010		

## **DRILLING INTANGIBLES**

STAKING PERMITS LEGAL FEES ROW  
 SITE PREPARATION ROADS & LOC  
 DRILLING FOOTAGE CONTRACT  
 DRILLING DAYWORK/MOBILIZATION  
 EQUIP RNTL MACHINERY/MAN HIRE  
 DRILLING WATER, FUEL  
 DRILING MUD & CHEMICALS  
 CEMENT SURFACE CASING  
 FISHING TOOL SERVICES  
 OTHER DRILLING COSTS/MATERIALS  
 CORING & FORMATION TESTING  
 MUD LOGGING & GEOLOGICAL SVCS  
 ELEC LOGGING, WIRELINE, PERF  
 DRILLING OVERHEAD CHARGE  
 DRILLING WELLSITE SUPERVISION  
 RECLAMATION  
 CONTINGENCY 5%  
**TOTAL DRILLING**

SUB	DRY HOLE W/O PIPE	COMPLETED WELL	ACTUAL COST	OVER UNDER
100	10,000			
110	125,000	3,500		
200	8,500			
210	485,000			
220	140,000			
250	165,000			
260	55,000			
280	35,000			
295				
299	160,000			
300	9,500			
310	26,500			
350	29,000	29,000		
950	5,000			
955	26,250			
920	18,000			
	64,888	1,625		
	1,362,638	34,125		

## **COMPLETION INTANGIBLES**

CEMENT PRODUCTION CASING  
 FORMATION FRACTURING  
 FORMATION ACIDIZING  
 COMPLETION UNIT  
 CONTRACT LABOR/PROFESSIONAL SVCS  
 COMPLETION WATER, POWER, FUEL  
 BATTERY CONST/SER/MATERIALS  
 COMPLETION EQUIP RNTS/SERVICES  
 COMPLETION OVERHEAD CHARGE  
 COMPLETION SUPERVISION CHARGE  
 MISCELLANEOUS IDC EXPENSES  
 CONTINGENCY 5%  
**TOTAL COMPLETION**  
**TOTAL INTANGIBLES**

400		85,000		
410		175,000		
420		30,000		
450		36,000		
500		48,000		
905		18,000		
910		70,000		
915		45,000		
960		5,000		
965		7,700		
900		7,500		
	0	26,360		
	0	553,560		
	1,362,638	587,685		

## **DRILLING AND COMPLETION TANGIBLES**

SURFACE & INTERMEDIATE CASING  
 PRODUCTION CASING  
 TUBING & ATTACHMENTS  
 PUMPING WELL HOOK UP  
 WELLHEAD EQUIPMENT  
 PUMP JACKS & PUMPS  
 TREATER, SEPAR, EQ, METER/ELEC  
 TANKS & STORAGE FACILITIES  
 MISCELLANEOUS L&W EQUIPMENT  
 CONTINGENCY 5%  
**TOTAL EQUIPMENT COST**

200	59,000			
250		201,000		
300		74,000		
350				
400	18,000	18,000		
500				
600		38,000		
700		38,000		
900		7,500		
	3,850	18,825		
	80,850	395,325		

## **TOTAL WELL COST**

	1,443,488	983,010		
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## **LEASE ACRES @ PER ACRE**

## **TOTAL WELL COST**

		2,426,498		
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## **APPROVALS:**

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

OPERATOR	Marbob Energy Corporation	BY	<i>R Miller</i>	WI	DATE	05/03/10
COMPANY		BY		WI	DATE	
PRINT NAME		TITLE				

# Affidavit of Publication

NO.

21181

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott

being duly sworn, says that he is the Publisher  
of the Artesia Daily Press, a daily newspaper of general  
circulation, published in English at Artesia, said county  
and state, and that the hereto attached

## Legal Notice

was published in a regular and entire issue of the said  
Artesia Daily Press, a daily newspaper duly qualified  
for that purpose within the meaning of Chapter 167 of  
the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/days on the same  
day as follows:

First Publication May 19, 2010

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Fifth Publication \_\_\_\_\_

Subscribed and sworn to before me this

1st Day of June

2010



**OFFICIAL SEAL**  
Walter L. Green  
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: \_\_\_\_\_

*Walter L. Green*

Walter L. Green  
Notary Public, Eddy County, New Mexico

# Copy of Publication:

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
ENERGY, MINERALS AND  
NATURAL RESOURCES  
DEPARTMENT  
OIL CONSERVATION DIVI-  
SION  
SANTA FE, NEW MEXICO  
The State of New Mexico  
through its Oil  
Conservation Division  
hereby gives notice pur-  
suant to law and the Rules  
and Regulations of the  
Division of the following  
public hearing to be held at

## :- May 19, 2010 Page 7

8:15 A.M. on June 10, 2010  
in the Oil Conservation  
Division Hearing Room at  
1220 South St. Francis,  
Santa Fe, New Mexico,  
before an examiner duly  
appoint for the hearing. If  
you are an individual with a  
disability who is in need of  
a reader, amplifier, qualified  
sign language interpreter,  
or any other form of auxil-  
iary aid or service to attend  
or participate in the hear-  
ing, please contact:  
Florene Davidson at 505-  
476-3458 or through the  
New Mexico Relay  
Network, 1-800-659-1779  
by May 31, 2010. Public  
documents including the  
agenda and minutes, can  
be provided in various  
accessible forms. Please  
contact Florene Davidson if  
a summary or other type of  
accessible form is needed.  
STATE OF NEW MEXICO  
TO:  
All named parties and per-  
sons  
having any right, title, inter-  
est  
or claim in the following  
cases  
and notice to the public.  
(NOTE: All land descrip-  
tions herein refer to the  
New Mexico Principal  
Meridian whether or not so  
stated.)

## CASE 14479 :

Application of Marbob  
Energy Corporation for  
compulsory pooling, Eddy  
County, New Mexico. To:  
John D. Ogle and W.B.  
Grammer or their succes-  
sors, heirs or devisees.  
Applicant in the above-  
styled cause seeks an  
order pooling all mineral  
interests from the surface  
to the base of the Morrow  
formation in the following  
described spacing unit  
located in the E/2 of  
Section 34, Township 24  
South, Range 25 East,  
N.M.P.M., Eddy County,  
New Mexico the E/2 for all  
formations and/or pools  
developed on 320-acre  
spacing within this vertical  
extent including the  
Undesignated Chosa Draw-  
Morrow Gas Pool; the SE/4  
for all formations and/or  
pools developed on 160-  
acre spacing within this ver-  
tical extent; and the NE/4  
SE/4 for all formations  
and/or pools developed on  
40-acre spacing within this  
vertical extent. Said unit is  
to be dedicated to its Bawh  
State Com No. 1 to be  
drilled 1930 feet from the  
South line and 810 feet  
from the East line of said  
Section 34. Also to be con-  
sidered will be the cost of  
drilling and completing said  
well and the allocation of  
the cost thereof as well as  
actual operating costs and  
charges for supervision,  
designation of Marbob  
Energy Corporation as  
operator of the well and a  
200% charge for risk  
involved in drilling said well.  
Said area is located  
approximately .25 miles  
southwest of Whites City,  
New Mexico.  
Given under the Seal of the  
State of New Mexico Oil  
Conservation Division at  
Santa Fe, New Mexico on  
this 17th of May 2010.  
STATE OF NEW MEXICO  
OIL CONSERVATION DIVI-  
SION  
Mark E. Fesmire, P.E.,  
Director  
Published in the Artesia  
Daily Press, Artesia, NM  
May 19, 2010.

Legal.21181

ATTACHMENT D