

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 - Check One Only for [B] or [C]
 - [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 - [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**
- [A] Working, Royalty or Overriding Royalty Interest Owners
 - [B] Offset Operators, Leaseholders or Surface Owner
 - [C] Application is One Which Requires Published Legal Notice
 - [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 - [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 - [F] Waivers are Attached

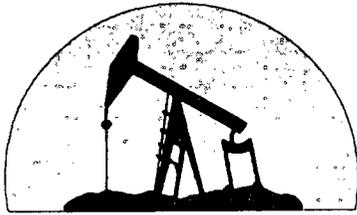
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Print or Type Name Signature Title Date

 e-mail Address



marbob
energy corporation

June 28, 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Attention: Engineering Bureau

Re: Commingling Order PLC-207-A

Gentlemen:

2004 JUN 31 PM 32

Marbob Energy Corporation has been advised by the State Land Office that our centralized tank battery located in the NW/4 NW/4 of Section 2, Township 18 South, Range 27 East was not compliant with current surface use regulations. Marbob management directed that the situation be brought into compliance.

Therefore, Marbob Energy Corporation respectfully requests that NMOCD accept this letter as an Application to modify or amend existing Commingling Order PLC-207-A. Marbob proposes to no longer surface commingle production from two or more different lease numbers. Result would be as follows:

MJ State Lease (E-5461)

MJ State No. 1 (API #30-015-32071) and MJ State No. 2 (API #30-015-32179) would utilize the existing tank battery located in the NW/4 NW/4 of Section 2-T18S-R27E under PLC-207-A, but would no longer be commingled.

BM State Lease (B-8814)

BM State No. 1 (API #30-015-32899) will utilize a new tank battery to be constructed on the existing wellpad in the NE/4 SW/4 of Section 2-T18S-R27E and would no longer be commingled.

SB State Lease (B-7244)

SB State No. 1 (API #30-015-32218) will utilize a new tank battery to be constructed next to the SB State No. 1 wellpad in the SW/4 NW/4 of Section 2-T18S-R27E.

TDF State Lease (B-7244)

TDF State No. 1 (API #30-015-32231) and TDF State No. 2 (API #30-015-32900) would be surface commingled at the SB State tank battery and would comply with the same terms set out in PLC-207-A.

Furthermore, Marbob Energy requests approval to surface commingle production from our NMBP State lease (B-7244) with that from the SB State lease (B-7244) and the TDF State lease (B-7244). As you may be aware, these leases have the same New Mexico Oil and Gas Lease Number, but due to slight differences in ownership, are considered different leases. Each lease would have separate production equipment so as to measure production prior to combining crude oil in a common storage tank. Each lease would have separate gas meters so that natural gas would not be commingled. A diagram of the proposed tank battery is enclosed for your review. No loss of value would occur if production was commingled. All interest owners have been notified of this Application via Certified Mail. Proof of notification is also enclosed.

Because of the complexity of the Application, please do not hesitate to contact me should you need further information. I am willing to travel to Santa Fe for a meeting should it become necessary.

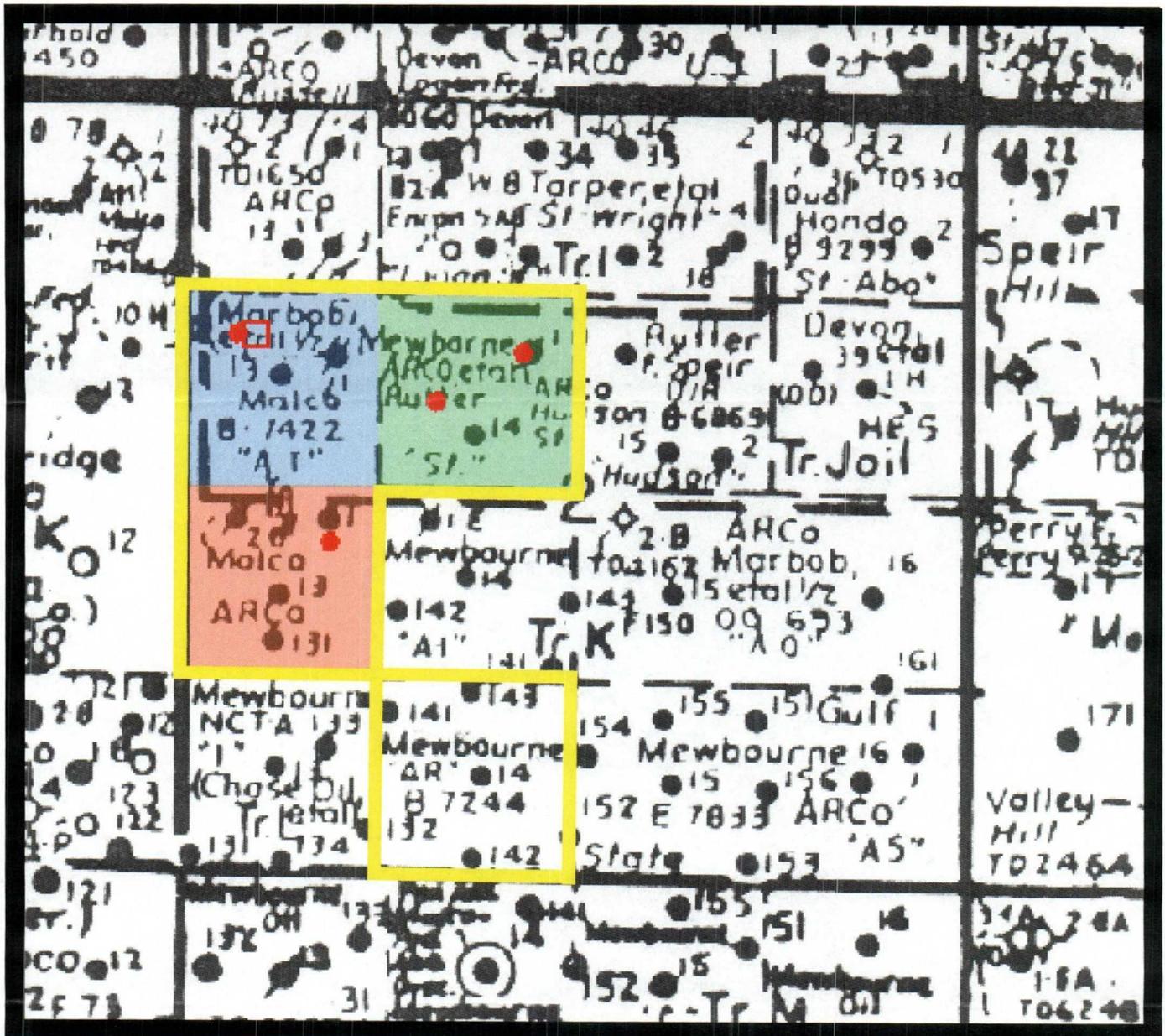
Thank you for your consideration of this Application. Your efforts will be greatly appreciated.

Sincerely,

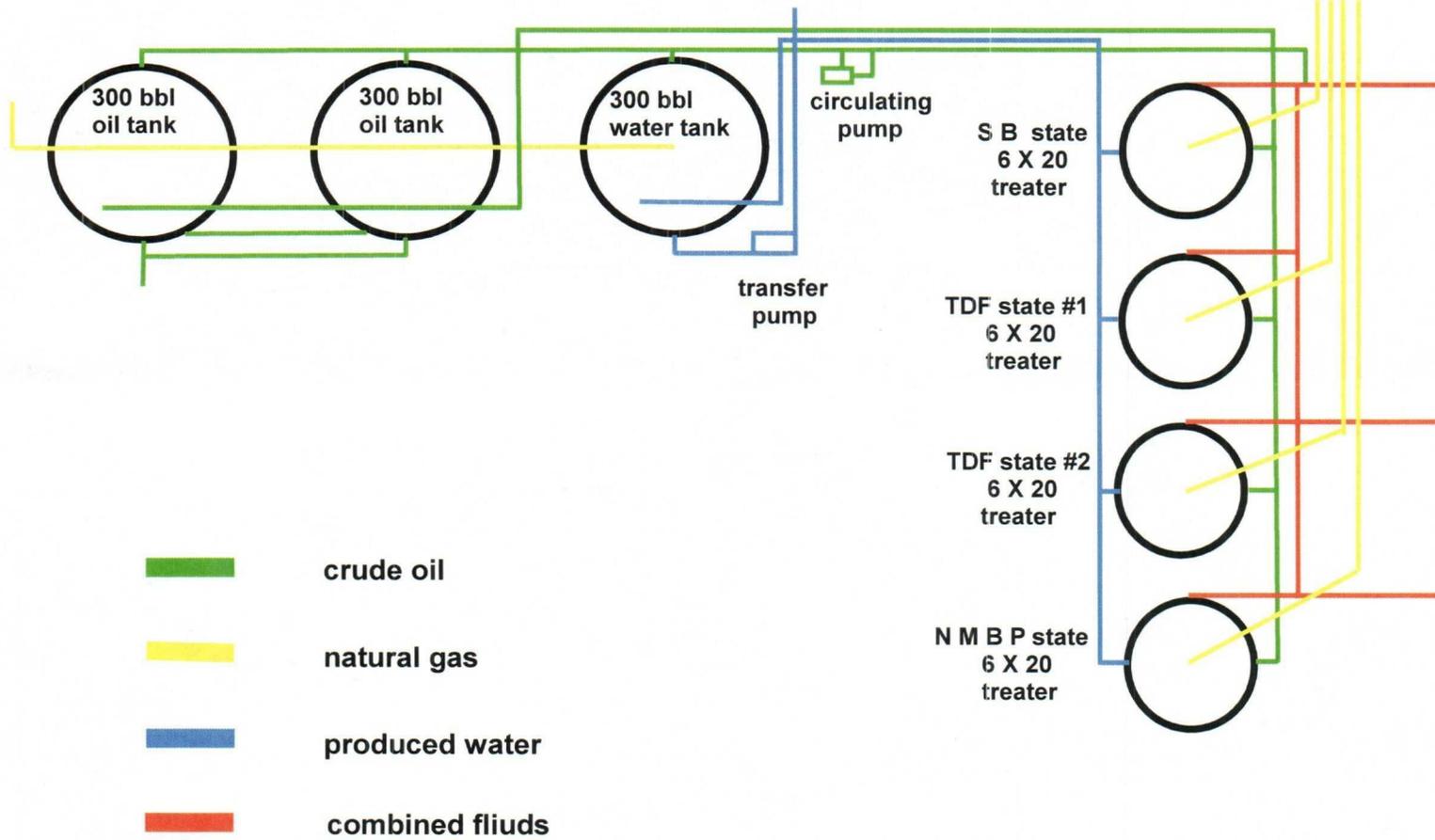


Dean Chumbley
Land Department

DC/mp
Enclosures



- | | | | |
|---|------------------------|---|-----------------------|
|  | S B State (B-7244) |  | existing well |
|  | T D F State (B-7244) |  | S B State Battery |
|  | N M B P State (B-7244) |  | B-7244 Lease Boundary |



Tank Battery Diagram

S B State Tank Battery
 Section 2: T18s - R27e
 Eddy County, New Mexico
 Lease # B-7244

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Successor Trustee to Harlan Stead,
Trustee of the Spurch Family Trust
22712 Erwin St.
Woodland Hills, CA 91367
Surface Commingling B-7244

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

7002 2030 0001 8344 3887

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dawn N. Stead, Trustee of the
Dawn N. Stead Survivor's Trust
2613 Lone Jack Rd.
Encinitas, CA 92024
Surface Commingling B-7244

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

7002 2030 0001 8344 3870

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: BP America Production Co. PO Box 3092 Houston, TX 77253-3092 Surface Commingling B-7244	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	7002 2030 0001 8344 3863	
	PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: Jane Ann Hudson Davis 6770 Wolf Creek Court Rio Rancho, NM 87124 Surface Commingling B-7244	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	7002 2030 0001 8344 3856	
	PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Jonel Susan Grasso 11 Ocean Ridge Laguna Niguel, CA 92677 Surface Commingling B-7244	B. Received by (<i>Printed Name</i>)	C. Date of Delivery
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
	4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes	
2. Article Number (<i>Transfer from service label</i>)	7002 2030 0001 8344 3849	
PS Form 3811, February 2004	Domestic Return Receipt	102595-02-M-1540

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Joan Hudson Moore 11 Ocean Ridge Laguna Niguel, CA 92677 Surface Commingling B-7244	B. Received by (<i>Printed Name</i>)	C. Date of Delivery
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
	4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes	
2. Article Number (<i>Transfer from service label</i>)	7002 2030 0001 8344 3832	
PS Form 3811, February 2004	Domestic Return Receipt	102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Commissioner of Public Lands
 PO Box 1148
 Santa Fe, NM 87504-1148

Surface Commingling B-7244

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Agent AddresseeB. Received by (*Printed Name*)

C. Date of Delivery

 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.4. Restricted Delivery? (*Extra Fee*) Yes

2. Article Number

(Transfer from service label)

7002 2030 0001 8344 3825

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

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address MARBOB ENERGY CORP PO Box 227 Artesia, NM 88211-0227		OGRID Number 14049
		API Number 30-015-33158
Property Code 33435	Property Name NMBP STATE	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	2	18S	27E	L	2185	S	990	W	Eddy

Proposed Pools

RED LAKE; GLORIETA YESO, NORTHEAST 96836

Work Type New Well	Well Type OIL	Cable/Rotary	Lease Type State	Ground Level Elevation 3549
Multiple N	Proposed Depth 4000	Formation Yeso Formation	Contractor	Spud Date 01/10/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	350	350	0
Prod	7.875	5.5	17	4000	750	0

Casing/Cement Program: Additional Comments

Surface casing - circulate Production casing - will bring TOC 500 above all oil and gas bearing zones

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	2000	2000	Cameron

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

Electronically Signed By: Diana Cannon

Title: Production Analyst

Date: 12/29/2003

Phone: 505-748-3303

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 01/05/2004 Expiration Date: 01/05/2005

Conditions of Approval:
No Conditions



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

RECEIVED

JUL 27 2004

OIL CONSERVATION
DIVISION

July 23, 2004

Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227

Attention: Mr. Dean Chumbley

Re: Amended Application for Surface Commingling Approval
Township 18 South, Range 27 East
Section 2: SW/4NW/4, SE/4NW/4, NW/4SW/4 (B-7244-30)
Eddy County, New Mexico

Dear Mr. Chumbley:

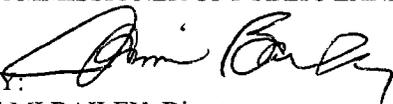
We are in receipt of your letter of June 28, 2004 wherein you have notified this office that you are requesting approval to modify the New Mexico Oil Conservation Division's Order No. PLC-207-A. Marbob proposes to no longer surface commingle production from two or more different State lease numbers for the following wells. MJ State Lease (E-5461-3), BM State Lease (B-8814-12), SB & TDF State Lease (B-7244-30).

Please be advised that we have no objection to your proposed request.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File,
OCD-Attention: David Catanach,
Cody Morrow