

RECEIVED  
JUN 20 2003

District I  
1023 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  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised June 10, 2003

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  
HINT 15 STATE #1 E-15-T19S-R28E EDDU COUNTY  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 14049 Property Code 32868 API No. 30-015-32998 Lease Type:  Federal  State  Fee

DHC-3478

| DATA ELEMENT  | UPPER ZONE                                    | INTERMEDIATE ZONE | LOWER ZONE   |
|---|---|-------------------|--|
| Pool Name   | NORTH WINCHESTER<br>UNDESIGNATED/WOLFCAMP OIL |                   | FADEAWAY RIDGE UPPER PENN                            |
| Pool Code   | 65033   |                   | 97439  |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)   | 8751-9080' PERF'D                             |                   | 9564-9713' PERF'D                                    |
| Method of Production<br>(Flowing or Artificial Lift)  | ARTIFICIAL LIFT                               |                   | ARTIFICIAL LIFT                                      |
| Bottomhole Pressure<br>(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. 3650 PSI STATIC BHP                      |                   | EST. 3978 PSI STATIC BHP                             |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)   | EST. 45°                                      |                   | 50.8°  |
| Producing, Shut-In or New Zone  | NEW ZONE                                      |                   | PRODUCING  |
| Date and Oil/Gas/Water Rates of Last Production.<br>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: N/A<br>Rates:                           |                   | Date: 5/31/05<br>5 BOPD<br>Rates: 140 MCFD<br>5 BWPD |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                  | Oil 50 % Gas 10 %                             | Oil % Gas %       | Oil 50 % Gas 90 %                                    |

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 06/16/05  
TYPE OR PRINT NAME BRIAN COLLINS TELEPHONE NO. ( 505 ) 748-3303  
E-MAIL ADDRESS engineering@marbob.com

MARBOB ENERGY CORPORATION  
 DAILY PRODUCTION  
 MAY, 2005

Upper Penn Production  
 Hint 15 St. 1

FRANK

| DATE      | OD FEDERAL |       |      |     |    | HINT 15 STATE COM #1 |     |       |      |      | HINT 15 STATE COM #2 |       |  |       |      |     |     |      |
|-----------|------------|-------|------|-----|----|----------------------|-----|-------|------|------|----------------------|-------|--|-------|------|-----|-----|------|
|           | OIL        | WATER | PREV | EST | TP | LP                   | OIL | WATER | PREV | EST  | TP                   | LP    | OIL                                    | WATER | PREV | EST | TP  | LP   |
| 5/1/2005  | 102        | 163   | 256  |     |    |                      | 0   | 0     |      |      | 825                  | sipbu | 2                                      | 2     | 198  | 194 | 300 | 24.0 |
| 5/2/2005  | 105        | 211   | 262  |     |    |                      |     |       |      | 860  |                      |       | 2                                      | 2     | 198  | 204 | 350 | 24.0 |
| 5/3/2005  | 88         | 178   | 256  |     |    |                      |     |       |      | 860  |                      |       | 0                                      | 3     | 203  | 204 | 350 | 24   |
| 5/4/2005  | 92         | 174   | 262  |     |    |                      |     |       |      | 850  |                      |       | 0                                      | 2     | 206  | 178 | 340 | 23.0 |
| 5/5/2005  | 44         | 175   | 261  |     |    |                      | w/o |       |      |      |                      |       | 2                                      | 2     | 304  | 304 | 340 | 25.0 |
| 5/6/2005  | 83         | 169   | 250  |     |    |                      | w/o |       |      |      |                      |       | 2                                      | 2     | 202  | 207 | 340 | 31.0 |
| 5/7/2005  | 88         | 161   | 257  |     |    |                      | w/o |       |      |      |                      |       | 3                                      | 3     | 196  | 211 | 345 | 23.0 |
| 5/8/2005  | 91         | 160   | 251  |     |    |                      | w/o |       |      |      |                      |       | 0                                      | 2     | 191  | 139 | 305 | 23.0 |
| 5/9/2005  | 93         | 157   | 256  |     |    |                      | 0   | 0     |      | SIWO |                      |       | 2                                      | 0     | 183  | 177 | 300 | 22.0 |
| 5/10/2005 | 97         | 144   | 249  |     |    |                      | 0   | 0     |      | w/o  |                      |       | 0                                      | 0     | 176  | 124 | 300 | 23.0 |
| 5/11/2005 | 97         | 185   | 245  |     |    |                      | 0   | 0     |      | w/o  |                      |       | 0                                      | 7     | 170  | 185 | 300 | 23.0 |
| 5/12/2005 | 85         | 135   | 254  |     |    |                      | 0   | 0     |      | w/o  |                      |       | 5                                      | 0     | 183  | 118 | 350 | 27.0 |
| 5/13/2005 | 80         | 140   | 251  |     |    |                      | 0   | 7     |      |      |                      |       | Installed pumping unit and puol @ 3:30 |       |      |     |     |      |
| 5/14/2005 | 88         | 184   | 251  |     |    |                      | 0   | 78    |      |      |                      |       | 0                                      | 3     | 193  | 190 | 300 | 25.0 |
| 5/15/2005 | 82         | 164   | 249  |     |    |                      | 0   | 83    |      |      |                      |       | 2                                      | 2     | 198  | 176 | 300 | 25.0 |
| 5/16/2005 | 86         | 187   | 244  |     |    |                      | 0   | 65    | 0    |      |                      |       | 0                                      | 0     | 192  | 213 | 320 | 25.0 |
| 5/17/2005 | 65         | 171   | 243  |     |    |                      | 0   | 20    | 71   |      |                      |       | 0                                      | 0     | 184  | 223 | 310 | 25.0 |
| 5/18/2005 | 61         | 168   | 250  |     |    |                      | 0   | 20    | 154  |      |                      |       | 2                                      | 0     | 177  | 203 | 300 | 25.0 |
| 5/19/2005 | 86         | 141   | 249  |     |    |                      | 7   | 12    | 159  |      |                      |       | 2                                      | 0     | 167  | 191 | 330 | 26.0 |
| 5/20/2005 | 75         | 145   | 249  |     |    |                      | 5   | 10    | 161  |      |                      |       | 2                                      | 5     | 181  | 217 | 335 | 25.0 |
| 5/21/2005 | 77         | 174   | 241  |     |    |                      | 10  | 8     | 160  |      |                      |       | 3                                      | 0     | 194  | 175 | 340 | 95.0 |
| 5/22/2005 | 75         | 127   | 248  |     |    |                      | 8   | 7     | 159  |      |                      |       | 0                                      | 2     | 182  | 98  | 330 | 25.0 |
| 5/23/2005 | 80         | 149   | 249  |     |    |                      | 5   | 8     | 157  |      |                      |       | 2                                      | 5     | 186  | 215 | 350 | 24.0 |
| 5/24/2005 | 86         | 177   | 248  |     |    |                      | 8   | 7     | 155  |      |                      |       | 0                                      | 2     | 197  | 179 | 360 | 27.0 |
| 5/25/2005 | 83         | 141   | 247  |     |    |                      | 5   | 5     | 153  |      |                      |       | 0                                      | 1     | 179  | 0   | 360 | 27.0 |
| 5/26/2005 | 83         | 150   | 249  |     |    |                      | 5   | 5     | 151  | 145  | 25.0                 |       | 0                                      | 2     | 181  | 181 | 360 | 24.0 |
| 5/27/2005 | 80         | 160   | 244  |     |    |                      | 7   | 8     | 148  | 146  | 27.0                 |       | 2                                      | 3     | 180  | 180 | 360 | 25.0 |
| 5/28/2005 | 80         | 117   | 243  |     |    |                      | 5   | 5     | 148  | 149  | 27.0                 |       | 2                                      | 0     | 184  | 212 | 360 | 26.0 |
| 5/29/2005 | 83         | 158   | 242  |     |    |                      | 5   | 5     | 147  | 155  | 23.0                 |       | 2                                      | 2     | 175  | 142 | 360 | 22.0 |
| 5/30/2005 | 80         | 169   | 242  |     |    |                      | 5   | 7     | 147  |      |                      |       | 0                                      | 0     | 166  | 189 | 340 | 23.0 |
| 5/31/2005 | 80         | 161   | 243  |     |    |                      | 5   | 5     | 147  |      |                      |       | 0                                      | 2     | 171  | 151 |     | 26.0 |
| TOTALS    | 2575       | 4995  | 7741 |     |    |                      | 80  | 365   | 2217 |      |                      |       | 37                                     | 54    | 5697 |     |     |      |

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**Engineering Summary**  
**Form C-107A**  
**Application for Downhole Commingling**  
**Marbob Energy Corporation**  
**Hint 15 State #1 (E-15-19S-28E)**

Marbob proposes to downhole commingle the Upper Penn and Wolfcamp zones to lengthen the economic life of the well and maximize the economic benefit to the State of New Mexico. There are other wells in the Millman/Palmillo area that are downhole commingled in the Upper Penn and Wolfcamp. The well is on rod pump and will be produced in a pumped down condition, hence no crossflow will occur.

The best engineering estimate is that the production from the Upper Penn and Wolfcamp will decline at the same rate, therefore the allocation between zones will be based on the daily production from each zone.

The Upper Penn produces 5 bopd/140 mcf. The best engineering estimate of Wolfcamp production based on a post-treatment swab test is 5 bopd/15 mcf. The zonal allocation is as follows:

Upper Penn:  $\frac{5 \text{ bopd}}{5+5 \text{ bopd}} = .50 = 50\% \text{ oil}$

$$\frac{140 \text{ mcf}}{140+15 \text{ mcf}} = .90 = 90\% \text{ gas}$$

Wolfcamp:  $1-.50 = .50 = 50\% \text{ oil}$   
 $1-.90 = .10 = 10\% \text{ gas}$

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0718

DISTRICT III  
1000 Rio Brazos Rd., Artec, NM 87410

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

JUL 14 2003

|                            |  |   |
|----------------------------|--|---|
| API Number<br>30-015-32998 | Pool Code<br>97439                         | Pool Name<br>FADEAWAY RIDGE; UPPER PENN |
| Property Code<br>32868     | Property Name<br>HINT 15 STATE             | Well Number<br>1                        |
| OGRID No.<br>14049         | Operator Name<br>MARBOB ENERGY CORPORATION | Elevation<br>3503'                      |

Surface Location

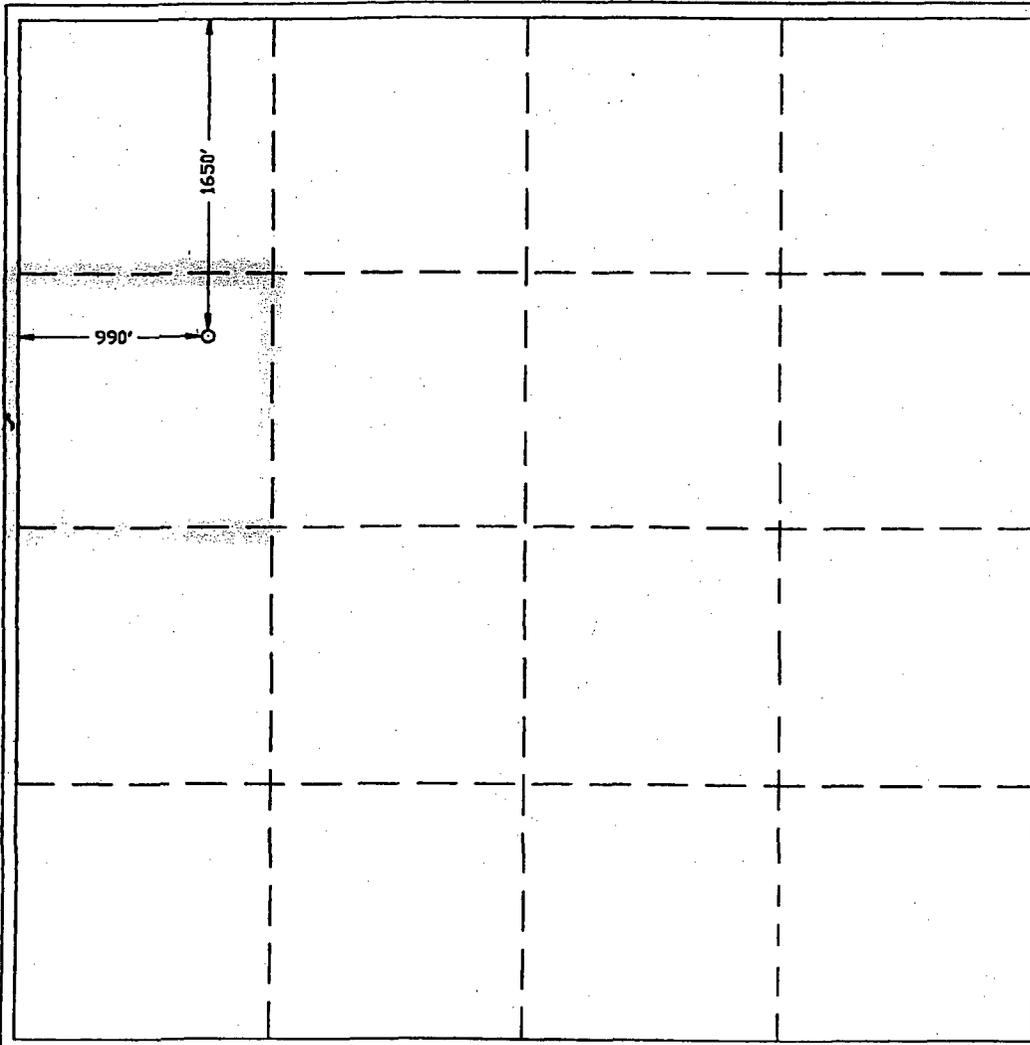
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E             | 15      | 19-S     | 28-E  |         | 1650'         | NORTH            | 990'          | WEST           | 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 | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 40              |                 |                    |           |

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 hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Diana J. Briggs*  
Signature

DIANA J. BRIGGS  
Printed Name

PRODUCTION ANALYST  
Title

MARCH 28, 2005  
Date

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**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.

July 10, 2003  
Date Surveyed

*Ronald J. Eidson*  
Signature & Seal of Professional Surveyor

RONALD J. EIDSON A.W.B.  
Professional Surveyor

3239  
03.11.00725

Certificate No. 3239  
RONALD J. EIDSON  
GARY EIDSON 12641

Submit 3 Copies To Appropriate District Office  
 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

Form C-103  
 May 27, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

|   |
|---|
| WELL API NO.<br>30-015-32998  |
| 5. Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No.<br>648-145   |
| 7. Lease Name or Unit Agreement Name<br>HINT 15 STATE   |
| 8. Well Number 1  |
| 9. OGRID Number<br>14049  |
| 10. Pool name or Wildcat<br>FADEAWAY RIDGE/UPPER PENN   |

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
MARBOB ENERGY CORPORATION

3. Address of Operator P O BOX 227  
ARTESIA NM 88211-0227

4. Well Location  
 Unit Letter E : 1650 feet from the NORTH line and 990 feet from the WEST line  
 Section 15 Township 19S Range 28E NMPM EDDY County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3503' GR

Pit or Below-grade Tank Application  or Closure

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

|   |   |  |  |
|---|---|--|--|
| <b>NOTICE OF INTENTION TO:</b>                                  |   | <b>SUBSEQUENT REPORT OF:</b>                     |  |
| PERFORM REMEDIAL WORK <input type="checkbox"/>                  | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/>           | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/>                    | CHANGE PLANS <input type="checkbox"/>     | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/>         |
| PULL OR ALTER CASING <input type="checkbox"/>                   | MULTIPLE COMPL <input type="checkbox"/>   | CASING/CEMENT JOB <input type="checkbox"/>       |  |
| OTHER: DOWNHOLE COMMINGLING <input checked="" type="checkbox"/> |   | OTHER: <input type="checkbox"/>                  |  |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SEE ATTACHED C-107A - APPLICATION FOR DOWNHOLE COMMINGLING

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE *Brian Collins* TITLE ENGINEER DATE 06/16/05

Type or print name BRIAN COLLINS E-mail address: engineering@marbob.com Telephone No. 505-748-3303  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of Approval (if any): \_\_\_\_\_



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**marbob**  
energy corporation

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June 16, 2005

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  
Hint 15 State #1  
Township 19 South, Range 28 East, NMPM  
Section 15: Unit E  
Eddy County, New Mexico

Dear Ms. Bailey:

Enclosed is the \$30.00 application fee and copy of Form C-107A Application for Downhole Commingling that we submitted to the NMOCD for the Hint 15 State #1 well located in Eddy County.

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

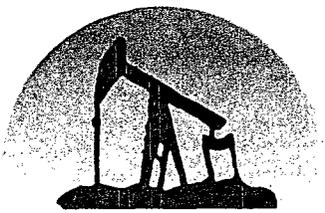
If you have any questions, please call me at 505-748-3303.

Sincerely,

Brian Collins  
Petroleum Engineer

BC/dlw  
enclosures

| INVOICE DATE | INVOICE NO. | DESCRIPTION  | INVOICE TOTAL | ADJUSTMENTS | DISCOUNT | NET AMOUNT |
|--------------|-------------|--|---------------|-------------|----------|------------|
| 5/16/05      |             | APPLICATION FEE/DOWNHOLE<br>COMMINGLING<br>(HINT 15 ST #1) | \$30.00       |             |          | \$30.00    |



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

034387

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

034387

95-43/1122

FIRST NATIONAL BANK  
 P.O. DRAWER AA  
 ARTESIA, NM 88210

\*\*\*\*\*THIRTY DOLLARS AND 00/100\*\*\*\*\*

TO COMMISSIONER OF PUBLIC LANDS  
 ORDER P.O. BOX 1148  
 SANTA FE, NM 87504-1148

| DATE     | CHECK AMOUNT |
|----------|--------------|
| 06/16/05 | \$30.00      |

MARBOB ENERGY CORPORATION

*Ray Miller*

⑈034387⑈ ⑆112200439⑆ ⑈ 46512710⑈

ABOVE THIS LINE FOR DIVISION USE ONLY

3478

**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 \_\_\_\_\_