

7.5.05
DATE IN

SUSPENSE

JONES
ENGINEER

7.6.05
LOGGED IN

DHC
TYPE

PSEM0518728461
APP NO.

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

District I
1623 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

APPLICATION TYPE
 Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

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

MARBOB ENERGY CORPORATION P O BOX 227 ^{DHC 3400-A} ARTESIA, NM 88211-0027
Operator Address

MILKY WAY FEE #1 A-9-22S-27E EDDY COUNTY, NM
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14049 Property Code 29890 API No. 30-015-32350 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	CARLSBAD STRAWN	TANSILL DAM ATOKA	CARLSBAD SOUTH, MORROW ^{P. No. Co.}
Pool Code	74040	85900	73960
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10129-10638' PERF	10757-10966' PERF	11149-11463' PERF
Method of Production (Flowing or Artificial Lift)	FLOWING	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. 500 PSI PRODUCING BHP	EST 500 PSI PRODUCING BHP	EST 500 PSI PRODUCING BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A	N/A	N/A
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	PRODUCING
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: JUNE 26, 2005 Rates: EST. 900 MCFD	Date: JUNE 15, 2004 Rates: EST. 6 MCFD	Date: JUNE 15, 2005 Rates: EST. 49 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 73 % Gas 73 %	Oil 3 % Gas 3 %	Oil 24 % Gas 24 %

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
 NMOC 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 07/01/05

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

E-MAIL ADDRESS engineering@marbob.com

2005 JUL 5 PM 1 51

Engineering Summary
Form C-107A
Application for Downhole Commingling
Marbob Energy Corporation
Milky Way Fee No. 1 (A-9-22S-27E)

Marbob Energy proposes to downhole commingle the Morrow, Atoka and Strawn zones. No crossflow will occur because this well will be produced into a low pressure pipeline at maximum drawdown.

The Morrow, Atoka and Strawn reserves are calculated as follows:

Morrow:

Reserve estimate Morrow + Atoka = 109 MMCF, in February 2005
 Production since February 2005 = 12.5 MMCF, yielding RUR = 96.5 MMCF
 Reserves = (96.5 MMCF)(.89 DHC allocation ratio) = 86 MMCF

Atoka:

See comments above on Morrow
 RUR Morrow + Atoka = 96.5 MMCF
 Reserves = (96.5 MMCF)(.11 DHC allocation ratio) = 10.5 MMCF

Strawn:

Strawn sold 900 MCF to sales 26 June 2005
 Qi = 900 MCFD Year 1, Qi = 180 MCFD Year 2
 Qel = 5 MCFD
 Decline 80%/year (best engineering estimate) 1st year, 50%/year thereafter
 Reserves = $\frac{365 (180 - 900)}{\ln (1 - .80)} + \frac{365 (5-180)}{\ln (1 - .5)}$ = 163.3 MMCF + 92.2 MMCF = 255.5 MMCF

The proposed allocation follows. These zones don't produce oil/condensate, therefore the allocation for oil will be the same as the gas allocation.

$$\text{Morrow Gas/Oil} \quad \frac{86 \text{ MMCF}}{86+10.5+ 255.5 \text{ MMCF}} = 24\%$$

$$\text{Atoka Gas/Oil} \quad \frac{10.5 \text{ MMCF}}{86+10.5+255.5 \text{ MMCF}} = 03\%$$

$$\text{Strawn Gas/Oil} \quad 100 - 24 - 3 = 73\%$$

DISTRICT I
P.O. Box 1060, Hobbs, NM 88241-1060

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2080, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-32350		Pool Code 73800	Pool Name CARLSBAD; ATOKA, SOUTH (GAS)
Property Code 29890	Property Name MILKY WAY FEE		Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION		Elevation 3085'

Surface Location

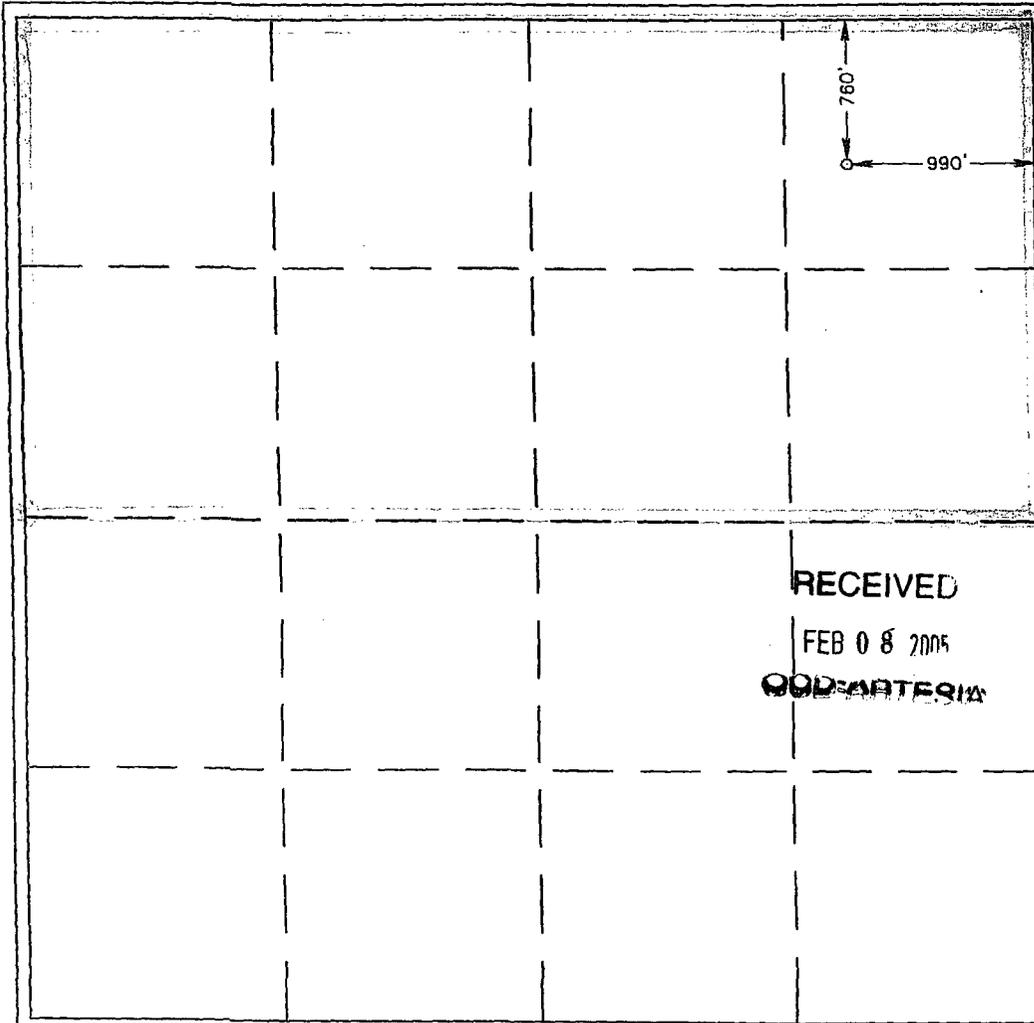
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	9	22-S	27-E		760	NORTH	990	EAST	EDDY

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 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



OPERATOR CERTIFICATION

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

[Signature]
Signature
DIANA J. CANNON
Printed Name
PRODUCTION ANALYST
Title
FEBRUARY 7, 2005
Date

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.

APRIL 10, 2002

Date Surveyed
Signature & Seal of Professional Surveyor

[Signature] 4/12/02
02.1100276

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

RECEIVED
FEB 08 2005
OCD-ARTESIA

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. 30-015-32350
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name MILKY WAY FEE
8. Well Number I
9. OGRID Number 14049
10. Pool name or Wildcat CARLSBAD SOUTH MORROW
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>
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 _____

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 A : 760 feet from the NORTH line and 990 feet from the EAST line
 Section 9 Township 22S Range 27E NMPM EDDY County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3085' GR

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
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

THE PROPOSED ALLOCATION IS: CARLSBAD SOUTH MORROW 73960 - OIL 24% - GAS 24%
 TANSILL DAM ATOKA 85900 - OIL 3% - GAS 3%
 CARLSBAD STRAWN 74040 - OIL 73% - GAS 73%

NEW ALLOCATIONS WILL BE SUBMITTED IF ACTUAL WELL PRODUCTION IS SIGNIFICANTLY DIFFERENT THAN THAT ABOVE

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 07/01/05

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): _____

District I
1623 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

Form C-107A
Revised June 10, 2003

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

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
MILKY WAY FEE #1 A-9-22S-27E EDDY COUNTY, NM
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 14049 Property Code 29890 API No. 30-015-32350 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	CARLSBAD STRAWN	TANSILL DAM ATOKA	CARLSBAD SOUTH, MORROW
Pool Code	74040	85900	73960
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10129-10638' PERF	10757-10966' PERF	11149-11463' PERF
Method of Production (Flowing or Artificial Lift)	FLOWING	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. 500 PSI PRODUCING BHP	EST 500 PSI PRODUCING BHP	EST 500 PSI PRODUCING BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A	N/A	N/A
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	PRODUCING
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: JUNE 26, 2005 Rates: EST. 900 MCFD	Date: JUNE 15, 2004 Rates: EST. 6 MCFD	Date: JUNE 15, 2005 Rates: EST. 49 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 73 % 73 %	Oil Gas 3 % 3 %	Oil Gas 24 % 24 %

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 07/01/05
TYPE OR PRINT NAME BRIAN COLLINS TELEPHONE NO. (505) 748-3303
E-MAIL ADDRESS engineering@marbob.com

2005 JUL 5 PM 1 51

Engineering Summary
Form C-107A
Application for Downhole Commingling
Marbob Energy Corporation
Milky Way Fee No. 1 (A-9-22S-27E)

Marbob Energy proposes to downhole commingle the Morrow, Atoka and Strawn zones. No crossflow will occur because this well will be produced into a low pressure pipeline at maximum drawdown.

The Morrow, Atoka and Strawn reserves are calculated as follows:

Morrow:

Reserve estimate Morrow + Atoka = 109 MMCF, in February 2005
 Production since February 2005 = 12.5 MMCF, yielding RUR = 96.5 MMCF
 Reserves = (96.5 MMCF)(.89 DHC allocation ratio) = 86 MMCF

Atoka:

See comments above on Morrow
 RUR Morrow + Atoka = 96.5 MMCF
 Reserves = (96.5 MMCF)(.11 DHC allocation ratio) = 10.5 MMCF

Strawn:

Strawn sold 900 MCF to sales 26 June 2005
 $Q_i = 900$ MCFD Year 1, $Q_i = 180$ MCFD Year 2
 $Q_{el} = 5$ MCFD
 Decline 80%/year (best engineering estimate) 1st year, 50%/year thereafter
 Reserves = $\frac{365(180 - 900)}{\ln(1 - .80)} + \frac{365(5 - 180)}{\ln(1 - .5)}$ = 163.3 MMCF + 92.2 MMCF = 255.5 MMCF

The proposed allocation follows. These zones don't produce oil/condensate, therefore the allocation for oil will be the same as the gas allocation.

$$\text{Morrow Gas/Oil} \quad \frac{86 \text{ MMCF}}{86 + 10.5 + 255.5 \text{ MMCF}} = 24\%$$

$$\text{Atoka Gas/Oil} \quad \frac{10.5 \text{ MMCF}}{86 + 10.5 + 255.5 \text{ MMCF}} = 03\%$$

$$\text{Strawn Gas/Oil} \quad 100 - 24 - 3 = 73\%$$

State of New Mexico

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 88, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. Box 2080, SANTA FE, N.M. 87504-2080

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-32350	Pool Code 73800	Pool Name CARLSBAD; ATOKA, SOUTH (GAS)
Property Code 29890	Property Name MILKY WAY FEE	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3085'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	9	22-S	27-E		760	NORTH	990	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	Joint or Infill	Consolidation Code	Order No.
320			

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

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>[Signature]</i> Signature</p> <p>DIANA J. CANNON Printed Name</p> <p>PRODUCTION ANALYST Title</p> <p>FEBRUARY 7, 2005 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>APRIL 10, 2002 Date Surveyed</p> <p>AWB Signature & Seal of Professional Surveyor</p> <p><i>[Signature]</i> 4/12/02 02.1100276</p>
	<p>RECEIVED FEB 08 2005 OCD-ARTESIA</p>
	<p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641</p>

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. 30-015-32350
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name MILKY WAY FEE
8. Well Number 1
9. OGRID Number 14049
10. Pool name or Wildcat CARLSBAD SOUTH MORROW
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3085' GR
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>
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 _____

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 A : 760 feet from the NORTH line and 990 feet from the EAST line
 Section 9 Township 22S Range 27E NMPM EDDY County NM

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

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

THE PROPOSED ALLOCATION IS: CARLSBAD SOUTH MORROW 73960 - OIL 24% - GAS 24%
 TANSILL DAM ATOKA 85900 - OIL 3% - GAS 3%
 CARLSBAD STRAWN 74040 - OIL 73% - GAS 73%

NEW ALLOCATIONS WILL BE SUBMITTED IF ACTUAL WELL PRODUCTION IS SIGNIFICANTLY DIFFERENT THAN THAT ABOVE

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 07/01/05

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): _____