

PNRM 0400856074

C-103 Received 12-15-2003  
DHC No. Assigned 1-7-2004

| Order Number  | API Number   | Operator   | County   |           |                 |                 |  |
|---|--------------|--|----------|-----------|-----------------|-----------------|--|
| HOB-0067  | 30-025-36422 | Amerada Hess Corp.                                       | Lea      |           |                 |                 |  |
| Order Date  | Well Name    | Number   | Location |           |                 |                 |  |
|   | B. M. Marcus | 003  | B<br>UL  | 20<br>Sec | 20S<br>T (+Dir) | 38E<br>R (+Dir) |  |
|   |              | Oil %  | Gas %    |           |                 |                 |  |
| Pool 1  | 06660        | Blinebry Oil & Gas (Oil)                                 | 31%      | 44%       |                 |                 |  |
| Pool 2  | 87080        | Warren Tubb (Gas) <small>(oil well in gas part.)</small> | 66%      | 36%       |                 |                 |  |
| Pool 3  | 57000        | Skaggs Drinkard  | 3%       | 20%       |                 |                 |  |
| Pool 4  |              |  |          |           |                 |                 |  |
| Comments:<br>Work completed effective _____<br>Work cancelled effective _____<br>Supplement _____ |              |  |          |           |                 |                 |  |

1-8-2004  
Posted  
RBM

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-36422

OPERATOR: Amerada Hess Corp.

HOB-0067

PROPERTY NAME: B. M. Marcus

WNULSTR: 3-B, 20-20-38

SECTION I:

06660

POOL NO. 1 Blinebry Oil + Gas (Oil) ALLOWABLE AMOUNT 107 428 MCF 4000

87080

POOL NO. 2 Warren Tubbi (Gas) 999 9999 MCF

57000

POOL NO. 3 Skaggs Drinkard 142 1420 MCF 10000

POOL NO. 4 \_\_\_\_\_ MCF

POOL TOTALS 249 1848

SECTION II:

Oil

Gas

ABLI40000

POOL NO. 1 Blinebry Oil + Gas (Oil) 31% 44%

GLWAR50000

POOL NO. 2 Warren Tubbi (Gas) 66% X 249 = 164.34 36%

ASKA50000

POOL NO. 3 Skaggs Drinkard 3% 20%

ASKA

POOL NO. 4 \_\_\_\_\_

OIL

GAS

SECTION III:

$107 \div 66\% = 162.13 (163)$

SECTION IV:

$163 \times 31\% = 50.53 (51)$

$163 \times 66\% = 107.58 (107)$

$163 \times 3\% = 4.89 (5)$

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  
 Revised May 08, 2003

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

|   |
|---|
| WELL API NO.<br>30-025-36422  |
| 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No.  |
| 7. Lease Name or Unit Agreement Name<br>B M Marcus  |
| 8. Well Number<br>3   |
| 9. OGRID Number<br>000495   |
| 10. Pool name or Wildcat Skaggs Drinkard, Blinebry Oil & Gas, Warren; Tubb                          |

**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  
 Amerada Hess Corporation

3. Address of Operator  
 P.O. Box 840 Seminole, Texas 79360

4. Well Location  
 Unit Letter B : 660 feet from the North line and 1980 feet from the East line  
 Section 20 Township 20S Range 38E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
 3553'

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"/>                     | REMEDIAL WORK <input type="checkbox"/>              |
| PLUG AND ABANDON <input type="checkbox"/>                          | ALTERING CASING <input type="checkbox"/>            |
| TEMPORARILY ABANDON <input type="checkbox"/>                       | COMMENCE DRILLING OPNS. <input type="checkbox"/>    |
| CHANGE PLANS <input type="checkbox"/>                              | PLUG AND ABANDONMENT <input type="checkbox"/>       |
| PULL OR ALTER CASING <input type="checkbox"/>                      | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| MULTIPLE COMPLETION <input type="checkbox"/>                       | OTHER: <input type="checkbox"/>                     |
| OTHER: Downhole Commingle well <input checked="" 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.

*Per R-11363*

Plan to MIRU pulling unit. NU BOP. TIH w/gauge ring on 2 7/8" tbg to top of float collar @ +/-7044'. TOH. Circulate clean. RU wireline. Run CBL log from PBDT to 3000'. RIH w/4" csg guns loaded w/3 spf and perf csg in following intervals: Skaggs Drinkard (57000) from 6715'-6940', Warren; Tubb (87080 or 63280 based on gravity) from 6520'-6686.3', and Blinebry (06660) from 5904'-6092'. TIH w/prod eqpt and begin producing well as downhole commingled.

Working, royalty and overriding royalty interests are identical in all commingled zones.  
 Commingling will not reduce the value of production.  
 Well is located on private land.  
 Allocation based on well tests and fixed percents.

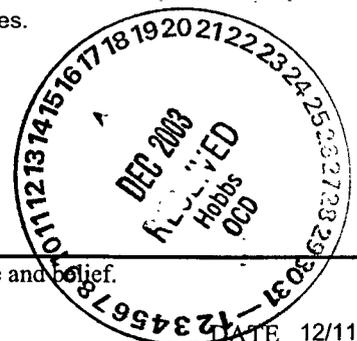
Attachment: reservoir data to support commingling percentages.

**DHC Order No. HOB-0067**

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

SIGNATURE Carol J. Moore TITLE Senior Advisor DATE 12/11/2003

Type or print name Carol J. Moore cmoore@hess.com Telephone No. (432)758-6738



APPROVED BY Carol J. Moore TITLE Senior Advisor DATE 1-13-2004

Conditions of approval, if any:

ALLOCATION OF PRODUCTION FOR MARCUS #3 WELL  
 (Allocation by zone for Drinkard, Tubb, and Blinebry zones based on offset reserves)

| <b>SKAGGS DRINKARD (57000)</b> |           |            |
|--------------------------------|-----------|------------|
| WELL NAME                      | RESERVES  |            |
|                                | MBO       | MMCF       |
| B.M. MARCUS #2                 | 9         | 138        |
| F. TURNER JR B #2              | 2         | 60         |
| M.J. RALEY #2                  | 9         | 58         |
| F. TURNER A #7                 | 2         | 36         |
| TOTAL FOR ZONE                 | 22        | 292        |
| AVERAGE                        | 6         | 73         |
| <b>ALLOCATION PERCENTAGE</b>   | <b>3%</b> | <b>20%</b> |

(GAS)

| <b>WARREN TUBB (87080 / <del>63200</del>) nm</b> |            |            |
|--|------------|------------|
| WELL NAME  | RESERVES   |            |
|  | MBO        | MMCF       |
| B.M. MARCUS #2                                   | 118        | 157        |
| CONOCO BURGER B-20 #1 (SW OFFSET)                | 60         | 66         |
| CONOCO BURGER B-20 #2 (S OFFSET)                 | 255        | 242        |
| CONOCO BURGER B-20 #3 (SE OFFSET)                | 14         | 57         |
| TOTAL FOR ZONE                                   | 447        | 522        |
| AVERAGE  | 112        | 131        |
| <b>ALLOCATION PERCENTAGE</b>                     | <b>66%</b> | <b>36%</b> |

| <b>BLINEBRY OIL AND GAS (6660)</b> |            |            |
|------------------------------------|------------|------------|
| WELL NAME                          | RESERVES   |            |
|                                    | MBO        | MMCF       |
| B.M. MARCUS #2                     | 47         | 189        |
| CONOCO BURGER B-20 #1 (SW OFFSET)  | 43         | 108        |
| CONOCO BURGER B-20 #2 (S OFFSET)   | 98         | 233        |
| CONOCO BURGER B-20 #3 (SE OFFSET)  | 23         | 112        |
| TOTAL FOR ZONE                     | 211        | 642        |
| AVERAGE                            | 53         | 161        |
| <b>ALLOCATION PERCENTAGE</b>       | <b>31%</b> | <b>44%</b> |

|                       |     |      |
|-----------------------|-----|------|
| TOTAL FOR ALL ZONES   | 680 | 1456 |
| AVERAGE FOR ALL ZONES | 170 | 364  |

1-9-04

