

District I  
1625 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

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

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDESIGNATED WOLFCAMP OIL		FADEAWAY RIDGE UPPER PENN
Pool Code			97439
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8751-9080' PERF'D	RECEIVED JUN 17 2005 OOD-ARTECOM	9564-9713' PERF'D
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
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. 3650 PSI STATIC BHP		EST. 3978 PSI STATIC BHP
Oil Gravity or Gas BTU (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. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates:	Date: Rates:	Date: 5/31/05 5 BOPD Rates: 140 MCFD 5 BWPD
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 50 % 10 %	Oil Gas % %	Oil Gas 50 % 90 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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			

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

OIL CONSERVATION DIVISION JUL 14 2003  
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

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

Surface Location

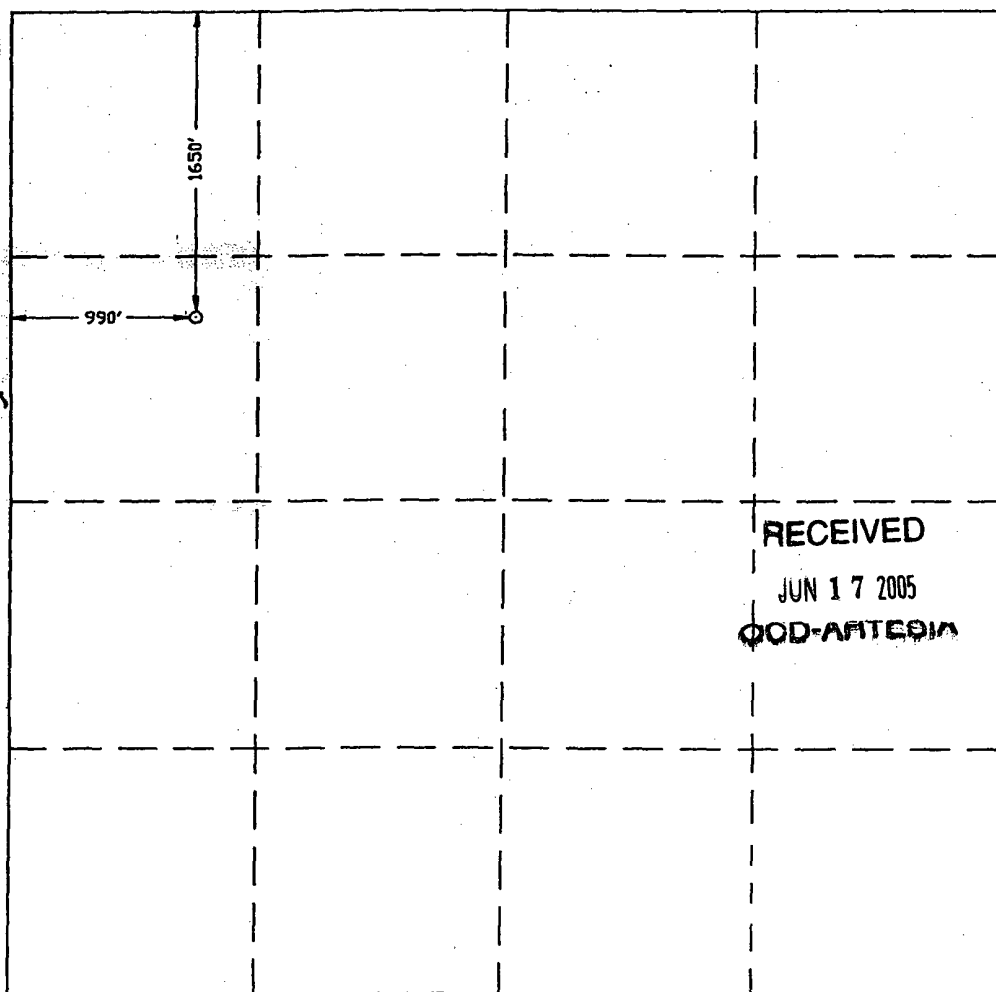
UL or lot No. E	Section 15	Township 19-S	Range 28-E	Lot Idn	Feet from the 1650'	North/South line NORTH	Feet from the 990'	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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 that 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

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

Signature & Seal of

Professional Surveyor

A.W.B

*Ronald J. Edson*  
3239  
03.11.00725

Certificate No. RONALD J. EDSON  
GARY EDSON

3239  
12641

RECEIVED

JUN 17 2005

OOD-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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. 30-015-32998
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator MARBOB ENERGY CORPORATION		6. State Oil & Gas Lease No. 648-145
3. Address of Operator P O BOX 227 ARTESIA NM 88211-0227		7. Lease Name or Unit Agreement Name HINT 15 STATE
4. Well Location Unit Letter <u>E</u> : <u>1650</u> feet from the <u>NORTH</u> line and <u>990</u> feet from the <u>WEST</u> line Section <u>15</u> Township <u>19S</u> Range <u>28E</u> NMPM <u>EDDY</u> County <u>NM</u>		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>3503' GR</u>		9. OGRID Number 14049
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat FADEAWAY RIDGE/UPPER PENN
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: <u>DOWNHOLE COMMINGLING</u> <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

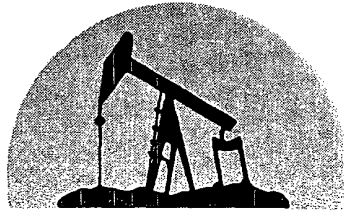
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Collins TITLE ENGINEER DATE 06/16/05

Type or print name BRIAN COLLINS  
**For State Use Only**

E-mail address: engineering@marbob.com Telephone No. 505-748-3303

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 COMINGLING (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

*Raye Miller*

⑈034387⑈ ⑆112200439⑆

⑈ 46512710⑈