

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Month - Year
FEB 21 2007
OCD - ARTESIA, NM

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator **MARBOB ENERGY CORPORATION**

3a. Address
P O BOX 227, ARTESIA, NM 88211-0227

3b. Phone No. (include area code)
505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**SEC. 19-T21S-R26E, UNIT P
555 FSL 1017 FEL, SE/4SE/4**

5. Lease Serial No.
NMNM97116

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
LITTLE FEDERAL #1

9. API Well No.
30-015-33960

10. Field and Pool, or Exploratory Area
HAPPY VALLEY

11. County or Parish, State
EDDY COUNTY, NM


12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other DOWNHOLE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	COMMINGLING
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SEE ATTACHED NM FORM C-107 "APPLICATION FOR DOWNHOLE COMMINGLING"

**THE PROPOSED ALLOCATION IS: HAPPY VALLEY MORROW 78060 - OIL 2% - GAS 2%
HAPPY VALLEY ATOKA 78055 - OIL 42% - GAS 42%
HAPPY VALLEY STRAWN NE 78075 - OIL 14% - GAS 14%
UNDESIGNATED CANYON - OIL 42% - GAS 42%**

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) BRIAN COLLINS		Title PETROLEUM ENGINEER
Signature 		Date 02/19/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office _____		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

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

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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 88211-0227
Operator Address
LITTLE FEDERAL #1 P-29-T21S-R26 EDDY COUNTY
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 14049 Property Code 34633 API No. 30-015-33960 Lease Type: ☒ Federal ____ State ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Undes. Canyon	Happy Valley Strawn Happy Valley Atoka	Happy Valley Morrow
Pool Code		78075 78055	78060
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9546-9726' Perf	9888-10132' Perf 10619-10890' Perf	11013-11270' Perf
Method of Production (Flowing or Artificial Lift)	Flow	Flow Flow	Flow
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)	N/A	N/A N/A	N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1050	1050 1050	1050
Producing, Shut-In or New Zone	Producing	Producing 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: 2/08/07 Rates: 100 MCFD	02/07/07 (Strn) Date: 02/07/07 (Atka) Rates: 35 MCFD (Strn) 100 MCFD (Atka)	Date: 02/07 Rates: 5 MCFD estimated
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 42 % 42 %	Oil Gas 14 % 14 % 42 % 42 %	Oil Gas 2 % 2 %

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 Petroleum Engineer DATE 02/19/07
TYPE OR PRINT NAME Brian Collins TELEPHONE NO. (505) 748-3303
E-MAIL ADDRESS engineering@marbob.com

DISTRICT I
1425 N. FRANKLIN DR., ROSA, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, 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 Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 78060	Pool Name HAPPY VALLEY; MORROW
Property Code	Property Name LITTLE ROUNDY ROUND FEDERAL	Well Number 1
OGRIID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3274'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
16	29	21-S	26-E		555	SOUTH	1017	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 324.34	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

LOT 4 40.67 AC LOT 5	LOT 3 GEODETIC COORDINATES NAD 27 NME Y=525639.5 N X=507507.3 E LAT.=32°26'42.34" N LONG.=104°18'32.39" W 40.62 AC LOT 6	LOT 2 39.77 AC LOT 7	LOT 1 39.69 AC LOT 8
40.75 AC LOT 12	40.70 AC LOT 11	39.88 AC LOT 10	39.80 AC LOT 9
40.90 AC LOT 13	40.97 AC LOT 14	40.21 AC LOT 15	39.98 AC LOT 16 40.09 AC
40.90 AC	40.97 AC	40.32 AC	3279.5' 3274.2' 600' 1017' 3271.3' 3268.4'

OPERATOR CERTIFICATION

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

Melanie J. Parker
Signature
Melanie J. Parker
Printed Name
Land Department
Title
January 5, 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.

DECEMBER 16, 2004

Date Surveyed
Signature of GARY EDSON
Professional Surveyor
NEW MEXICO
GARY EDSON 12/23/04
04.11.1725
Certificate No. GARY EDSON 12641

Engineering Summary Form C-107A Application for Downhole Commingling

Marbob Energy Corporation
Little Federal No. 1 (Unit P, Sec. 29-T21S-R26E)

Marbob Energy proposes to downhole commingle the Morrow (Happy Valley Morrow 78060), Atoka (Happy Valley Atoka 78055), Strawn (Happy Valley Strawn NE 78075) and Canyon (Undesignated) in the captioned well. The best engineering estimate is that zonal reserves will approximate post treatment well tests.

Morrow The Morrow wasn't individually tested on recent workover. The best engineering estimate is that the 95% Atoka/5% Morrow ratio submitted on the original DHC application still applies. The Atoka recently tested approximately 100 MCFD (120 psi on 12/64" choke), therefore, the Morrow production is estimated to be 5 MCFD.

Atoka The Atoka was tested during a recent workover at approximately 100 MCFD (120 psi on 12/64" choke).

Strawn The Strawn was tested during a recent workover at approximately 35 MCFD (90 psi on 1/8" choke).

Canyon The Canyon was tested during a recent workover at approximately 100 MCFD (120 psi on 12/64" choke).

The proposed zonal allocation follows below. The best engineering estimate is that each zone will produce condensate in the same ratio as gas.

Morrow 5 MCFD rate $\frac{5}{5+100+35+100} = .02 = 2\%$

Atoka 100 MCFD rate $\frac{100}{5+100+35+100} = .42 = 42\%$

Strawn 35 MCFD rate $\frac{35}{5+100+35+100} = .14 = 14\%$

Canyon 100 MCFD rate $\frac{100}{5+100+35+100} = .42 = 42\%$