

District I
1625 N. French Drive, Hobbs, NM 88240

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

District III
1000 Rio Brazos Road, Azusa, 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

AUG 08 2007

OCD-ARTESIA

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

HANG 'EM HIGH FEDERAL #1 B-35-19S-25E EDDY COUNTY, NM

License Well No. Unit Letter-Section-Township-Range County

OGRID No. 14049 Property Code 35056 API No. 30-015-34294 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDESIGNATED CANYON	CEMETARY STRAWN	CEMETARY ATOKA NORTH
Pool Code		74650	74635
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7900-8547' PERF	8812-8833' PERF	9091-9169' 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	NEW ZONE	NEW ZONE
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 AUG 07 Rates: 955 MCFD	Date: 31 JULY 07 Rates: 5 MCFD	Date: 30 JULY 07 Rates: 40 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 95.5 % 95.5 %	Oil Gas 0.5 % 0.5 %	Oil Gas 4 % 4 %

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 08/07/07

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

E-MAIL ADDRESS engineering@marbob.com

Engineering Summary
Form C-107A
Application for Downhole Commingling
Marbob Energy Corporation
Hang 'em High Federal No. 1 (B-35-19S-25E)

Marbob Energy proposes to downhole commingle the Atoka, Strawn and Canyon zones. No crossflow will occur because this well will be produced into a pipeline at a flowing pressure significantly lower than the surface shut-in pressures of each zone.

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

Atoka:

The Atoka tested approximately 40 MCFD after being acidized. Best engineering estimate is that Atoka will come in at 40 MCFD and that all zones will decline at the same rate. The zonal allocation will be based on initial Atoka production rate. The best engineering estimate is that any oil produced will be produced in the same ratio as the gas production.

Strawn:

The Strawn tested an estimated 5 MCFD after being acidized (best estimate of gas flow rate from field personnel). Best engineering estimate is that Strawn will come in at 5 MCFD and that all zones will decline at the same rate. The zonal allocation will be based on initial Strawn production rate.

Canyon:

The Canyon tested approximately 955 MCFD after being acidized. Best engineering estimate is that Canyon will come in at 955 MCFD and that all zones will decline at the same rate. The zonal allocation will be based on initial Canyon production rate.

The proposed allocation follows. If actual tests are significantly different than shown in allocation below, a new allocation will be submitted.

Atoka Gas	$\frac{40 \text{ MCFD}}{40+5+955 \text{ MCFD}}$	= 4%
Oil		= 4%
Strawn Gas	$\frac{5 \text{ MCFD}}{40+5+955 \text{ MCFD}}$	= 0.5%
Oil		= 0.5%
Canyon Gas	$\frac{955 \text{ MCFD}}{40+5+955 \text{ MCFD}}$	= 95.5%
Oil		= 95.5%

State of New Mexico

DISTRICT I

1626 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Revised JUNE 10, 2003
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	74640	CEMETARY MORROW (GAS)
Property Code	Property Name	Well Number
	HANG'EM HIGH FEDERAL	1
OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3472'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	35	19-S	25-E		660	NORTH	1980	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>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=590160.3 N X=463243.4 E</p> <p>LAT.=32°37'20.63" N LONG.=104°27'09.79" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Amey Reid</i> Signature</p> <p>AMY REID Printed Name</p> <p>LAND DEPARTMENT Title</p> <p>JUNE 21, 2005 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 22, 2005 Date Surveyed</p> <p><i>Cary Edson</i> Signature & Seal of Professional Surveyor</p> <p>DEL</p> <p>05.11.0546</p> <p>Certificate No. CARY EDSON 12641</p>
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