

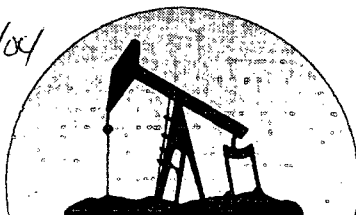
1800
3/1/04

Suspense
3/2/04

Amend
PLC-207

Ext: DE

PDL0406230992



marbob
energy corporation

RECEIVED

MAR 1 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

February 27, 2004

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87504

Re: Application for Surface Commingling

Gentlemen:

Marbob Energy Corporation respectfully requests approval to surface commingling production from our BM State Lease (B-8814) with production from our SB State Lease (B-7244), our TDF State Lease (B-7244), and our MJ State Lease (E-5461). The SB State Lease, TDF State Lease and MJ State Lease are currently surface commingling under Commingling Order PLC-207. The production would be commingled at the MJ State Tank Battery. Each lease would have separate production equipment equipped with meter to measure production prior to combining crude in a common storage tank. Gas production would not be commingled, because we set separate sales meters for each lease. We also have constructed a test facility so that the wells could be tested individually. A diagram of the proposed tank battery is enclosed for your review.

Marbob Energy Corporation requests approval due to the marginal production from these wells, as well as attempting to minimize further surface disturbance. No loss value will occur if production is commingled. All interest owners have been notified of this Application via certified mail. Please do not hesitate to contact us should you need further information or have any questions regarding this Application. Thank you for reviewing this Application.

Sincerely,

Dean Chumbley
Land Department

DC/mp
Enclosures

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave. 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-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Marbob Energy Corporation

OPERATOR ADDRESS: P.O. Box 227, Artesia, NM 88211-0227

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. PLC-207
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No ***No Notice Required to BLM***

(A) POOL COMMINGLING

Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | | Calculated Value of Commingled Production | Volumes |
|--------------------------|--|---|--|---|---------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. Red Lake; Glorieta Yeso, Northeast 96836

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

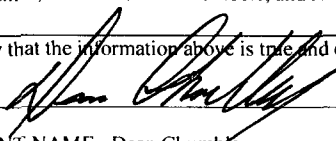
(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE:



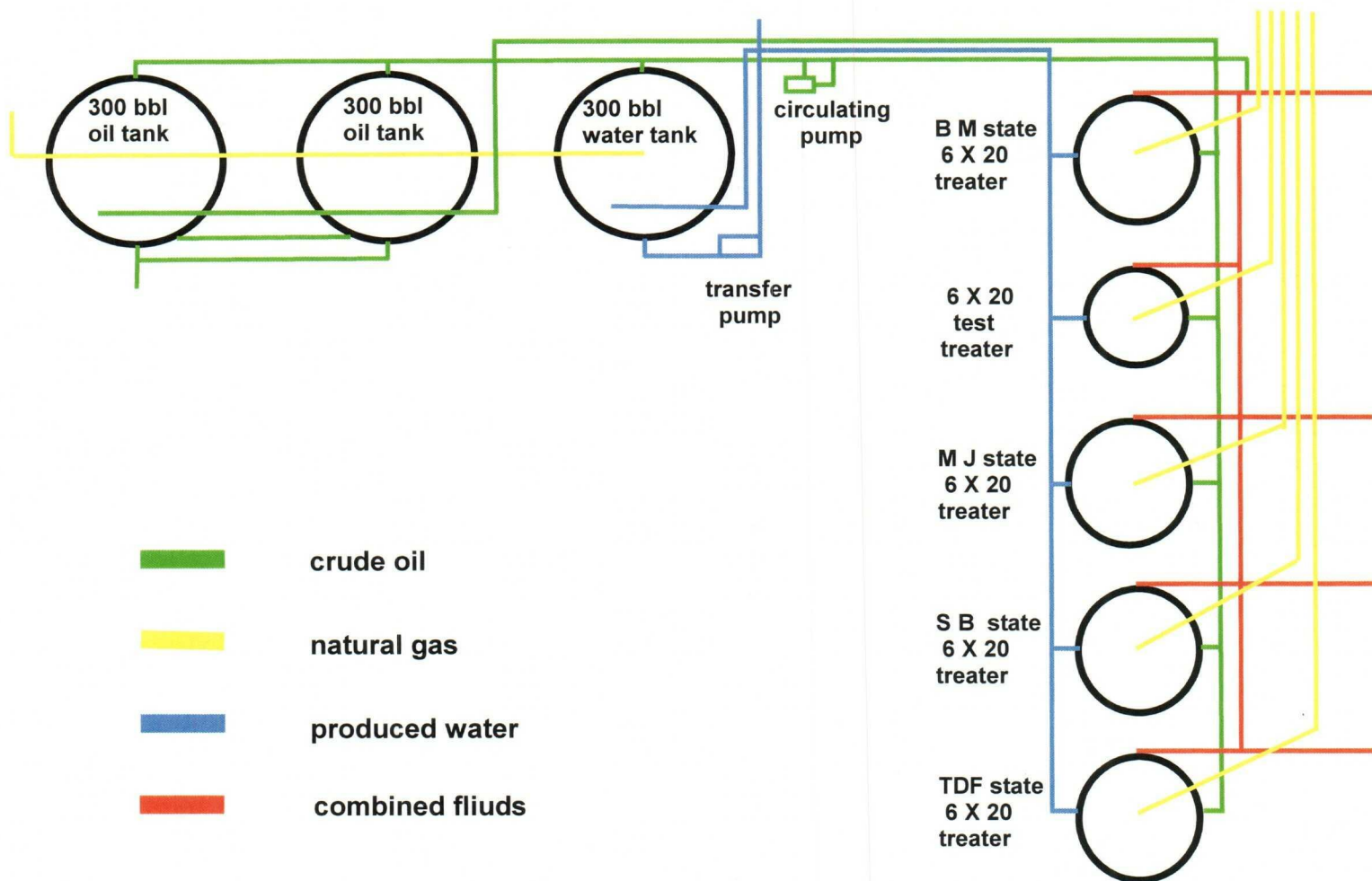
TITLE: Land Department

DATE: 02/27/04

TYPE OR PRINT NAME Dean Chumbley

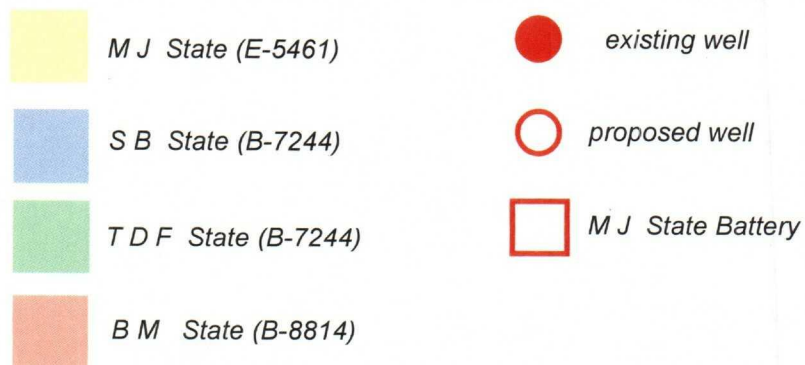
TELEPHONE NO.: 505-748-3303

E-MAIL ADDRESS: land@marbob.com



Tank Battery Diagram

M J State tank Battery
Section 2: T18s - R27e
Eddy County, New Mexico



Lease Names, Lease and Well Numbers and API Numbers

| | |
|------------------|---------------|
| MJ State | E-5461 |
| MJ State #1 | 30-015-32071 |
| MJ State #2 | 30-015-32179 |
| SB State | B-7244 |
| SB State #1 | 30-015-32218 |
| TDF State | B-7244 |
| TDF State #1 | 30-015-32900 |
| TDF State #2 | 30-015-32231 |
| BM State | B-8814 |

BM, MJ, SB, TDF Surface Commingling Notices:

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Joan Hudson Moore
11 Ocean Ridge
Laguna Niguel, CA 92677

Jonel Susan Grasso
11 Ocean Ridge
Laguna Niguel, CA 92677

Jane Ann Hudson Davis
6770 Wolf Creek Court
Rio Rancho, NM 87124

BP America Production Co.
P.O. Box 3092
Houston, TX 77253-3092

Dawn N. Stead, Trustee of the Dawn N. Stead Survivor's Trust
And the Harlan Stead, Deceased Trust U/D of Stead Family Trusts dated
11/19/87
2613 Lone Jack Road
Encinitas, CA 92024

Successor Trustee to Harlan Stead, Trustee of the Spurch Family Trust U/D/T
dated 12/16/87
22712 Erwin Street
Woodland Hills, CA 91367



February 27, 2004

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Marbob Energy Corporation
Application for Approval of Surface Commingling
Township 18 South, Range 27 East
Section 2: NW/4NW/4, SW/4NW/4, SE/4NW/4, NW4SW/4

Gentlemen:

Please be advised that Marbob Energy Corporation has requested approval for a surface commingling application. You have been identified as owning an interest in the above referenced lands, therefore, requiring notification of this application. Enclosed for your review, is a copy of the submitted application. Please be advised that any objections must be made in writing to the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87504 within twenty (20) days of receipt of this notice.

Please do not hesitate to contact us should you have any questions. Thank you for your attention to this matter.

Sincerely,

Dean Chumbley
Land Department

DC/mp
Enclosure

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|---|--|
| <p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> | <p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p> |
| <p>1. Article Addressed to:</p> <p style="text-align: center; padding: 10px;">Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148</p> <p style="text-align: center; padding: 10px;">BM, MJ, SB, TDF Surface Commingling Notice</p> | <p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p> <hr/> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> |
| <p>2. Article Number (<i>Transfer from service label</i>)</p> | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> |
| <p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p> | |
| <p>PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540</p> | |

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|---|--|
| <p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> | <p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p> |
| <p>1. Article Addressed to:</p> <p style="text-align: center; padding: 10px;">Jane Ann Hudson Davis 6770 Wolf Creek Court Rio Rancho, NM 87124</p> <p style="text-align: center; padding: 10px;">BM, MJ, SB, TDF Surface Commingling Notice</p> | <p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p> <hr/> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> |
| <p>2. Article Number (<i>Transfer from service label</i>)</p> | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> |
| <p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p> | |
| <p>PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540</p> | |

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|---|--|
| <p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> | <p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p> |
| <p>1. Article Addressed to:</p> <p style="text-align: center; padding: 10px;">Successor Trustee to Harlan Stead 22712 Erwin Street Woodland Hills, CA 91367</p> <p style="text-align: center; padding: 10px;">BM, MJ, SB, TDF Surface Commingling Notice</p> | <p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p> <hr/> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> |
| <p>2. Article Number (<i>Transfer from service label</i>)</p> | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> |
| <p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p> | |
| <p>PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540</p> | |

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dawn N. Stead, Trustee of the
Dawn N. Stead Survivor's Trust
2613 Lone Jack Road
Encinitas, CA 92024

BM, MJ, SB, TDF Surface
Commingling Notice

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jonel Susan Grasso
11 Ocean Ridge
Laguna Niguel, CA 92677

BM, MJ, SB, TDF Surface
Commingling Notice

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Joan Hudson Moore
11 Ocean Ridge
Laguna Niguel, CA 92677

BM, MJ, SB, TDF Surface
Commingling Notice

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BP America Production Co.
P.O. Box 3092
Houston, TX 77253-3092

BM, MJ, SB, TDF Surface
Commingling Notice

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY**A. Signature**

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)**C. Date of Delivery****D. Is delivery address different from item 1? ☐ Yes**

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

API Well Number :

OGRID Name :

Property Name :

Pool Name :

County :

Well Type :

Well Status :

Permit :

02

Section

Land

18

Township

Dir.

27

Range

Dir.

Company



Inspections

Well Master

Scheduler

Mech. Int. Tests

Well History

Data Action

Idle Detail

Env. Inspections

Admin Permits

Idle Management

Incidents

Hearing Orders

R

U

N

G

I

S

Pool Master

Surf Facilities

Close all
Functions
and Exit
RBDMS

Clear Criteria Fields

Make User Table for
Group Inspection, 'Sync'
or Schedule Prevent!



Apply Selection Criteria

| API WELL # | Well Name | Well # | CT | TS | Cs | UL | Sec | Twp | N/S | Rng | W/E | Feet | NS | Ft | EW | Last Insp | Ord |
|--------------------|---------------|--------|----|----|----|----|-----|-----|-----|-----|-----|------|----|------|----|-----------|-----|
| 30-015-31967-00-00 | BPO STATE COM | 001 | | | E | | 2 | 18 | S | 27 | E | 990 | N | 990 | W | 1/23/2004 | |
| 30-015-32070-00-00 | BB STATE COM | 001 | | | E | M | 2 | 18 | S | 27 | E | 660 | S | 990 | W | 1/23/2004 | |
| 30-015-32071-00-00 | MJ STATE | 001 | | | E | | 2 | 18 | S | 27 | E | 330 | N | 330 | W | 4/3/2003 | PL |
| 30-015-32179-00-00 | MJ STATE | 002 | | | E | 4 | 2 | 18 | S | 27 | E | 330 | N | 915 | W | 4/3/2003 | PL |
| 30-015-32218-00-00 | SB STATE | 001 | | | E | E | 2 | 18 | S | 27 | E | 1650 | N | 330 | W | 2/23/2004 | PL |
| 30-015-32231-00-00 | TDF STATE | 001 | | | E | F | 2 | 18 | S | 27 | E | 1960 | N | 1650 | W | 1/23/2004 | PL |
| 30-015-32899-00-00 | BM STATE | 001 | | | E | K | 2 | 18 | S | 27 | E | 2310 | S | 2310 | W | | |
| 30-015-32900-00-00 | TDF STATE | 002 | | | E | F | 2 | 18 | S | 27 | E | 1650 | N | 2305 | W | 1/23/2004 | |
| 30-015-32946-00-00 | SCBP STATE | 001 | | | E | J | 2 | 18 | S | 27 | E | 2210 | S | 1650 | E | | |
| 30-015-33158-00-00 | NMBP STATE | 001 | | | E | L | 2 | 18 | S | 27 | E | 2185 | S | 990 | W | | |



RECEIVED

MAR 22 2004

OIL CONSERVATION
DIVISION

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

March 19, 2004

Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227

Attention: Mr. Dean Chumbley

Re; Commingling Application
BM State Lease (B-8814-12) NE/4SW/4 Sec. 2-18S-27E
SB State Lease (B-7244-30) SW/4NW/4 Sec. 2-18S-27E
TDF State Lease (B-7244-30) SE/4NW/4 Sec. 2-18S-27E
MJ State Lease (E-5461-3) NW/4NW/4 Sec. 2-18S-27E
Red Lake; Queen-Grayburg-SA (Pool #51300)
Red Lake; Glorieta Yeso, Northeast (Pool #96836)
Eddy County, New Mexico

Dear Mr. Chumbley:

We are in receipt of your letter of February 27, 2004 requesting our approval to surface commingle the production from your BM State Lease (B-8814) with production from your SB State lease (B-7244) and TDF State lease (B-7244) with the production at the MJ State Tank Battery (E-5461).

It is our understanding that each lease will have separate production equipment to meter and measure production prior to commingling crude in a common storage tank.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

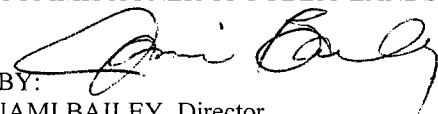
Please submit your \$30.00 filing fee.

Please contact Mr. Cody Morrow at 505/827-5729 regarding a possible right-of-way through the NW/4NW/4 of Section 2-18S-27E.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/pm

pc: Reader File,
OCD-Attention: David Catanach,
Cody Morrow