

District I
1025 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

RECEIVED
JUN 20 2003
OIL CONSERVATION
DIVISION

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
	NORTH WINCHESTER		
Pool Name	UNDESIGNATED/WOLFCAMP OIL		FADEAWAY RIDGE UPPER PENN
Pool Code	65633		97439
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8751-9080' PERF'D		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: 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? 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 06/16/05

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

E-MAIL ADDRESS engineering@marbob.com

Upper Penn Production
Hint 15 St. 1

FRANK

OD FEDERAL										HINT 15 STATE COM #1						HINT 15 STATE COM #2					
DATE	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			
							Oil	Water	Gas												
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: $1-.50 = .50 = 50\% \text{ oil}$

$1-.90 = .10 = 10\% \text{ gas}$

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0718

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

OIL CONSERVATION DIVISION

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

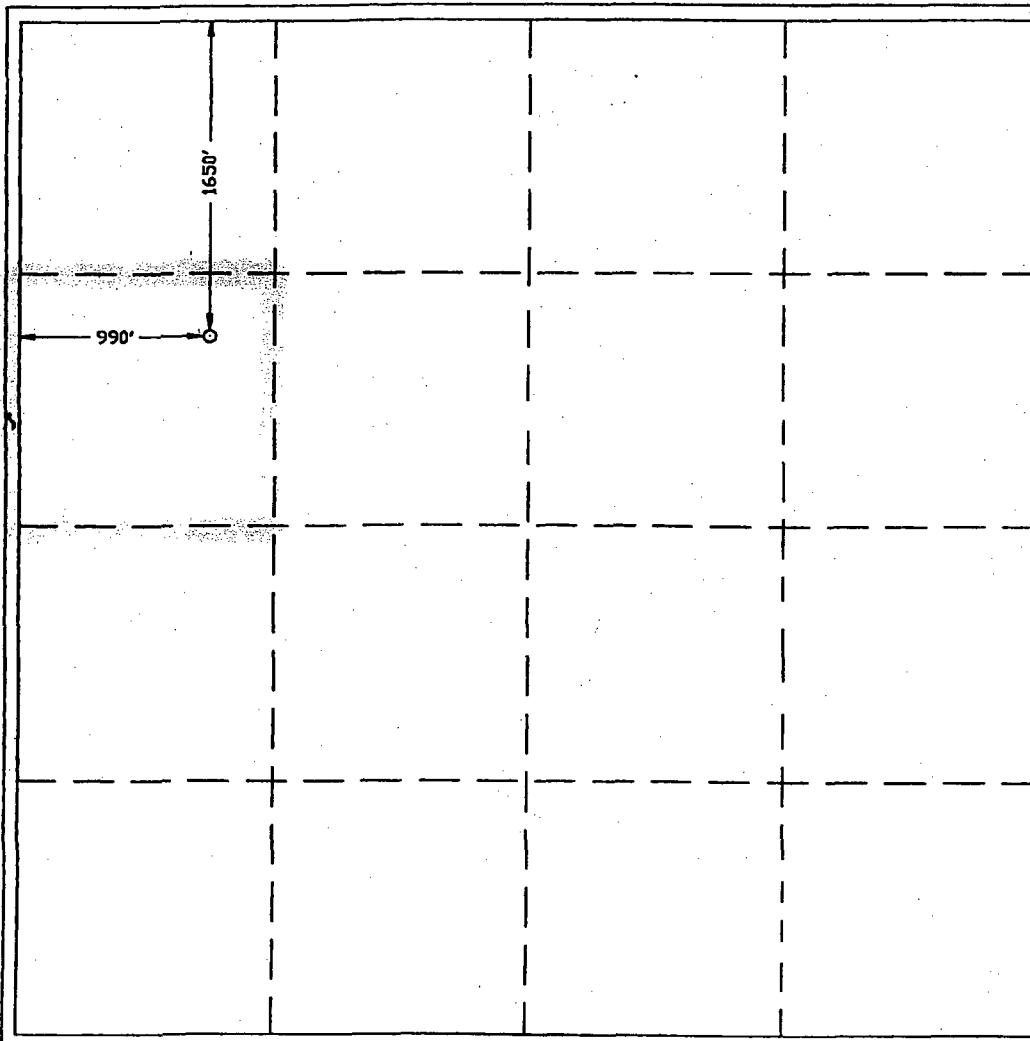
UL or lot No. E	Section 15	Township 19-S	Range 28-E	Lot Idn	Feet from the 1650'	North/South line NORTH	Feet from the 990'	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

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 the 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

Ronald J. Eidson
Signature & Seal of
Professional Surveyor

3239
03.11.00725

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

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

WELL API NO. 30-015-32998
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 648-145
7. Lease Name or Unit Agreement Name HINT 15 STATE
8. Well Number 1
9. OGRID Number 14049
10. Pool name or Wildcat FADEAWAY RIDGE/UPPER PENN

Pit or Below-grade Tank Application ☐ or Closure ☐

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 _____

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
MARBOB ENERGY CORPORATION

3. Address of Operator P O BOX 227
ARTESIA NM 88211-0227

4. Well Location
Unit Letter E : 1650 feet from the NORTH line and 990 feet from the WEST line
Section 15 Township 19S Range 28E NMPM EDDY County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3503' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	P AND A <input type="checkbox"/>
MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: DOWNHOLE COMMINGLING <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

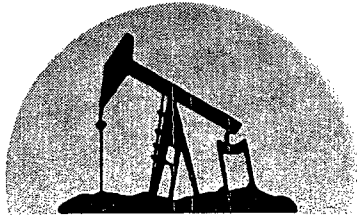
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

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): _____



marbob
energy corporation

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.

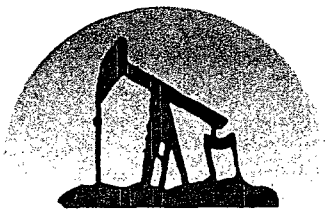
If you have any questions, please call me at 505-748-3303.

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

PLEASE DETACH BEFORE DEPOSITING. RETAIN TOP PORTION FOR YOUR RECORDS.

034387



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

Ray Miller

⑈034387⑈ ⑆112200439⑆ ⑈46512710⑈

6-20-05 | SUSPENSE | ENGINEER Jones | 6-21-05 | LOGGED IN | TYPE DHC | APP NO. PSEM0517236143

3478
ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address