

DATE IN 1/16/07	SUSPENSE	W. Jones ENGINEER	LOGGED IN 1/16/07	TYPE DHC	APP NO. PDS0701649824
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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 _____	

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

2007 JAN 16 2005 APPLICATION FOR DOWNHOLE COMMINGLING

MARBOB ENERGY CORPORATION P O BOX 227 ARTESIA, NM 88211-0027
Operator Address

FPR STATE COM #1 P-36-19S-29E EDDY COUNTY, NM
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14049 Property Code 35630 API No. 30-015-34278 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDER EAST		UPPER HAG
Pool Name	BURTON FLAT STRAWN G-2		BURTON FLAT ATOKA G-2
Pool Code	73360 73460		73160 76461
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10661-10841' PERF		11086-11519' PERF
Method of Production (Flowing or Artificial Lift)	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
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A		N/A
Producing, Shut-In or 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: Rates:	Date: Rates:	Date: Rates:
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 100 % 95 %	Oil Gas % %	Oil Gas 0 % 5 %

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: R-11363 PRE-APPROVED POOL

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 01/10/07

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
FPR State Com No. 1 (P-36-19S-29E)

Marbob Energy proposes to downhole commingle the Atoka and Strawn zones. No crossflow will occur because this well will be produced into a low pressure pipeline at maximum drawdown.

The Atoka and Strawn reserves are calculated as follows:

Strawn:

Best engineering estimate is that Strawn will come in at 475 MCFD and that the Strawn and Atoka will decline at the same rate. The zonal allocation will be based on initial production rate. The best engineering estimate is that 100% of any oil produced will come from the Strawn.

Atoka:

Best engineering estimate is that Atoka will come in at 25 MCFD and that the Atoka and Strawn will decline at the same rate. The zonal allocation will be based on initial 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	$\frac{25 \text{ MCFD}}{475 + 25 \text{ MCFD}}$	= 5%
Oil		= 0%
Strawn Gas	$\frac{475 \text{ MCFD}}{475 + 25 \text{ MCFD}}$	= 95%
Oil		= 100%

DISTRICT I
1825 N. FRENCH DR., HOBBS, NM 80240

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

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 30-015-34278	Pool Code 73160	Pool Name BURTON FLAT; ATOKA (GAS)
Property Code 35630	Property Name FPR STATE COM	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3326'

Surface Location

UL or lot No. P	Section 36	Township 19-S	Range 29-E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 660	East/West line EAST	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 320	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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=586277.2 N X=596828.1 E</p> <p>LAT.=32°36'41.02" N LONG.=104°01'17.30" 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>Diana J. Briggs</i> Signature DIANA J. BRIGGS Printed Name PRODUCTION ANALYST Title MAY 12, 2006 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>AUGUST 20, 2004 Date Surveyed JR Signature & Seal of Professional Surveyor <i>Gary E. Edson 8/30/04</i> 04.11.1085 Certificate No. GARY EIDSON 12841</p>
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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.
30-015-34278

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
FPR STATE COM

8. Well Number 1

9. OGRID Number
14049

10. Pool name or Wildcat
BURTON FLAT, EAST

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 P : 660 feet from the SOUTH line and 660 feet from the EAST line
Section 36 Township 19S Range 29E NMPM EDDY County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3326' GR

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 _____

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: DOWNHOLE COMMINGLING ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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

THE PROPOSED ALLOCATION IS: BURTON FLAT ATOKA 73160 - OIL 0% - GAS 5%
BURTON FLAT STRAWN 73360 - OIL 100% - GAS 95%

NEW ALLOCATIONS WILL BE SUBMITTED IF ACTUAL WELL PRODUCTION IS SIGNIFICANTLY DIFFERENT THAN THAT ABOVE.

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 01/10/07

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): _____



January 10, 2007

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
FPR State Com #1
Township 19 South, Range 29 East, NMPM
Sec. 36: Unit P
Eddy County, New Mexico

Dear Ms. Bailey:

Enclosed is the \$30.00 application fee and copy of the Form C-107A Application for Downhole Commingling that we submitted to the NMOCD for the FPR State Com #1 well located in Eddy County.

We are seeking approval to downhole commingle the Strawn and Atoka 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

Post Office Box 227 • Artesia, New Mexico 88211-0227 • (505) 748-3303 • Fax (505) 746-2523

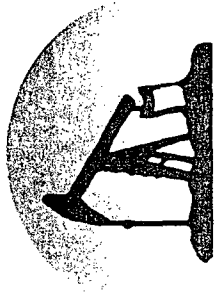
INVOICE NO.
1/11/07

044615



PAY TO
THE ORDER
OF
NEW MEXICO STATE
OIL, GAS & MINERALS
DIVISION
PO BOX 1148
SANTA FE, NM 87504-1148

INVOICE DATE	INVOICE NO	DESCRIPTION	INVOICE TOTAL	ADJUSTMENTS	DISCOUNT	NET AMOUNT
1/11/07		C-107A DOWNHOLE COMMINGLING APPLICATION FPR STATE COM #1				30.00




MARBOB ENERGY CORPORATION

2208 W. MAIN
P.O. BOX 227
ARTESIA, NEW MEXICO 88211-0227
(505) 748-3303

044615

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

044615		95-43/1122					
 <p>2208 W. MAIN P.O. BOX 227 ARTESIA, NEW MEXICO 88211-0227 (505) 748-3303</p>		<p>FIRST NATIONAL BANK P.O. DRAWER AA ARTESIA, NM 88210</p>					
<p>*****THIRTY DOLLARS AND NO CENTS*****</p>		<table border="1"> <tr> <th>DATE</th> <th>CHECK AMOUNT</th> </tr> <tr> <td>1/11/07</td> <td>*****30.00*****</td> </tr> </table>		DATE	CHECK AMOUNT	1/11/07	*****30.00*****
DATE	CHECK AMOUNT						
1/11/07	*****30.00*****						
<p>PAY TO THE ORDER OF</p>		<p>NEW MEXICO STATE LAND OFFICE OIL, GAS & MINERALS DIVISION PO BOX 1148 SANTA FE, NM 87504-1148</p>					
<p>MARBOb energy corporation</p>		<p>MARBOb ENERGY CORPORATION</p>					
<p><i>Ray Miller</i></p>		<p><i>Ray Miller</i></p>					

044615 1122004390 46512710