

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.
30-015-34294

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

HANG 'EM HIGH FEDERAL

8. Well Number 1

9. OGRID Number

14049

10. Pool name or Wildcat

CEMETARY

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO REOPEN 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 B 660 feet from the NORTH line and 1980 feet from the EAST line

Section 35 Township 19S Range 25E NMPM EDDY County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3472'

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 CEMETARY ATOKA NORTH - OIL 4% - GAS 4%

CEMETARY STRAWN - OIL 0.5% - GAS 0.5%

UNDESIGNATED CANYON - OIL 95.5% - GAS 95.5%

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 08/07/07

Type or print name BRIAN COLLINS

E-mail address:

engineering@marbob.com

Telephone No.

505-748-3303

For State Use Only

FOR RECORDS ONLY

APPROVED BY: _____ TITLE _____ DATE AUG 17 2007

Conditions of Approval (if any)

District I
1825 N French Drive Hobbs NM 88240

District II
1302 W Grand Avenue Artesia NM 88210

District III
1000 Kim 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

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

Lease

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