

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 May 15, 2000

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 88211-0227

Operator Address
D State 26 J-25-17S-28E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 014049 Property Code 25375 API No. 30-015-31586 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Artesia Qn-GB-SA		Artesia Gloriet/Yeso
Pool Code	3230		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2835-3494' perforated		3953-4202' perforated
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)	50 psi producing BHP		100 psi producing BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36°		39°
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: Rates:	Date: 11/30/02 Rates: 28 bopd 27 mcfpd
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 29 % 48 %	Oil Gas % %	Oil Gas 71 % 52 %

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: Administrative Order DHC-2906

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 20 Jan 03

TYPE OR PRINT NAME Brian Collins TELEPHONE NO. (505) 748-3303

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

P.O. Box 1000 Rio Brazos Rd., Artec, 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 30-015-31586	Pool Code 96830	Pool Name ARTESIA GLORIETTA YESO
Property Code 25375	Property Name "D" STATE	Well Number 26
GRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3672

Surface Location

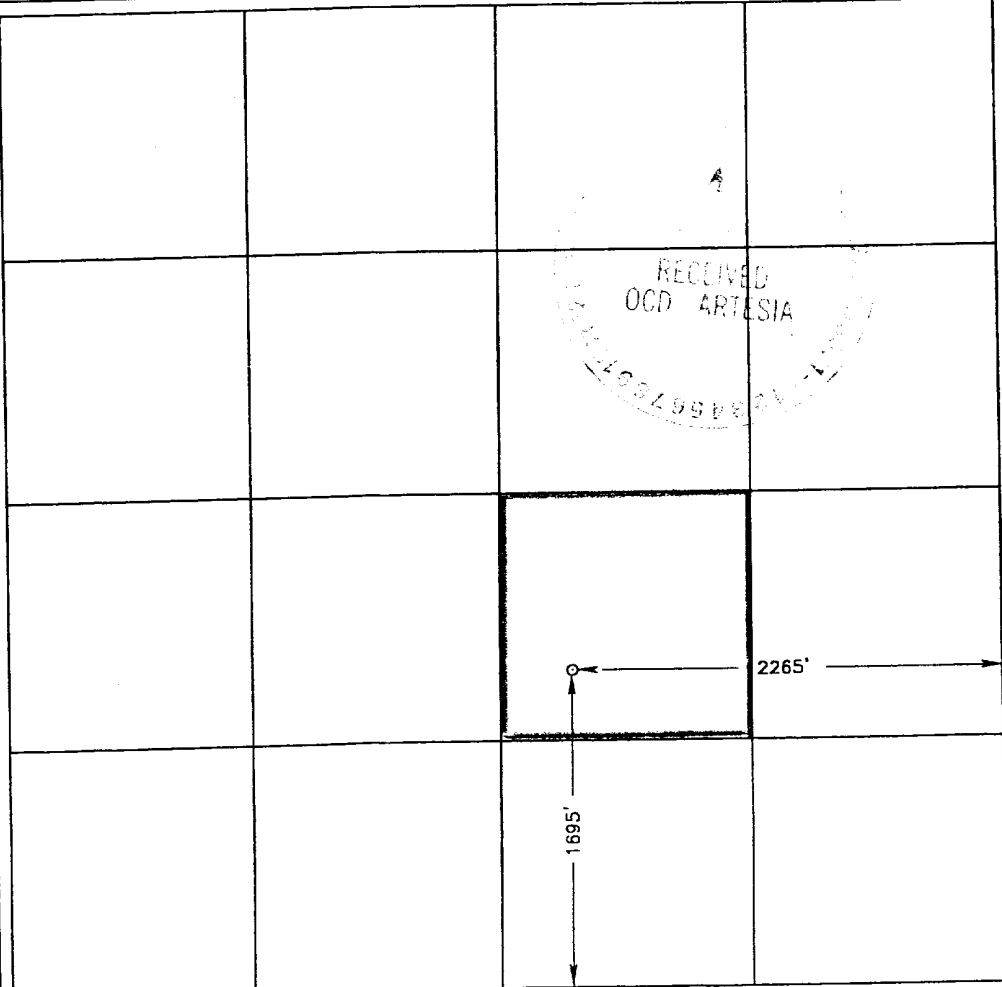

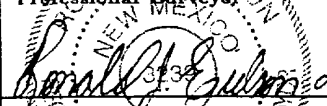
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	25	17-S	28-E		1695	SOUTH	2265	EAST	EDDY

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 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.  Signature ROBIN COCKRUM Printed Name PRODUCTION ANALYST Title 1/29/01 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. JANUARY 15, 2001 Date Surveyed AWB Signature & Seal of Professional Surveyor  Certificate No. RONALD L. EIDSON 3239 CARL EIDSON 12641	

Engineering Summary
Form C-107A
Application for Downhole Commingling

Marbob Energy Corporation
D State No. 24 (O-25-17S-28E)
D State No. 26 (J-25-17S-28E)

As shown on the attached production plots, the estimated per well EUR for the Yeso is 42 MBO/56 MMCF and for the San Andres is 17 MBO/51 MMCF. The proposed zonal allocation is:

Oil: Yeso = $\frac{42 \text{ MBO}}{42+17}$ = 71%

San Andres 1-.71 = 29%

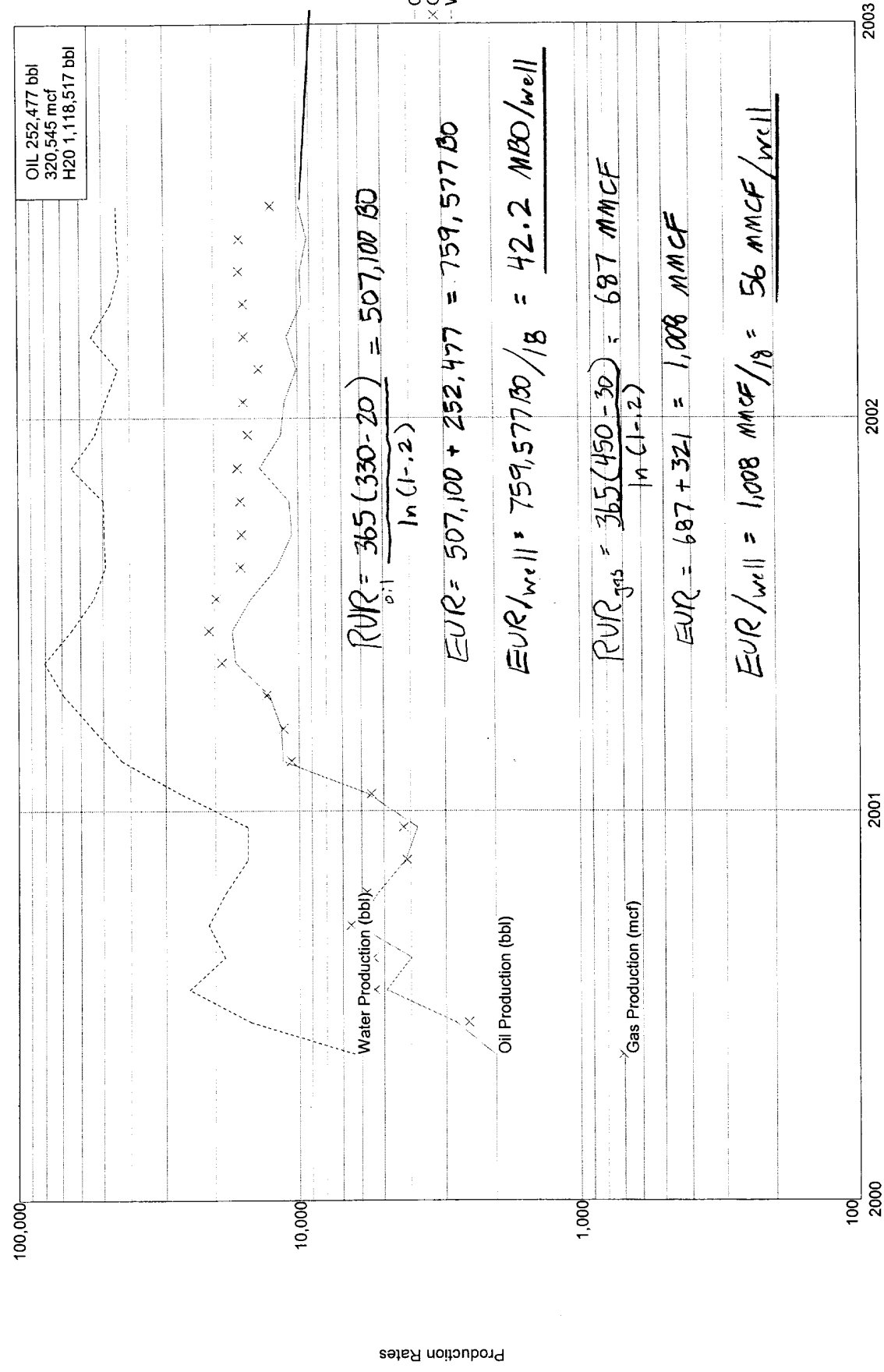
Gas: Yeso = $\frac{56 \text{ MMCF}}{56+51}$ = 52%

San Andres 1-.52 = 48%

18 wells Yeso Production

Lease Name: D STATE
 County, State: EDDY, Unknown
 Operator: MARBOB ENERGY CORPORATION
 Field: ARTESIA
 Reservoir: MULTIPLE
 Location:

D STATE - [MULTIPLE



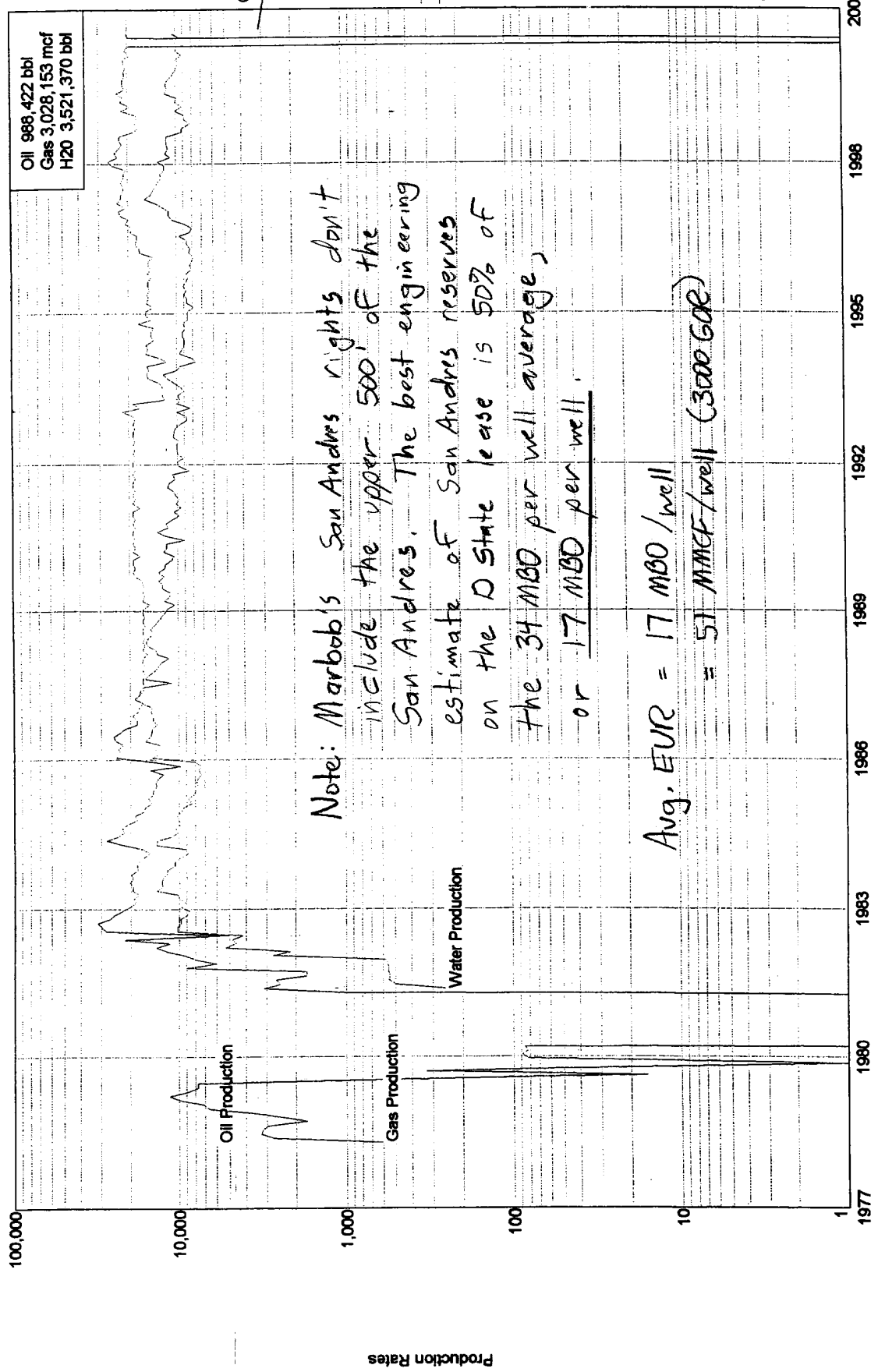
Production Rates

San Andres well
 Sec. 26, 27, 34 - 17s-28e
 Eddy, NM

Lease Name: MULTIPLE
 County, State: EDDY, Unknown
 Operator: MARBOB ENERGY CORPORATION
 Field: MULTIPLE
 Reservoir: QUEEN-GRAYBURG-SAN A
 Location:

Avg. EUR per well = 33.9 MBO
 San Andres
 Avg. GOR = 3000 (Avg 101.7 MMCF/w

MULTIPLE - MULTIPLE



Note: Marbob's San Andres rights don't include the upper 500' of the San Andres. The best engineering estimate of San Andres reserves on the D State lease is 50% of the 34 MBO per well average, or 17 MBO per well.

Avg. EUR = 17 MBO / well
 = 51 MMCF / well (3000 GOR)

depr = 13%/yr.

Oil Production
 Gas Production
 Water Production

$$RUR = \frac{-365(Q_1 - Q_2)}{\ln(1-d)}$$

$Q_1 = 110 \text{ bopd}$
 $Q_2 = 60 \text{ bopd}$
 $d = 13\% / \text{yr}$

$$RUR = \frac{-365(110 - 60)}{\ln(1 - .13)} = 131,048 \text{ bc}$$

EUR = 988,422 + 131,048 = 1,119,470 BBO

EUR/well =

$$\frac{1,119,470 \text{ BBO}}{33} = 33.923 \text{ BBO}$$