

9/23/04
District I
1625 N. French Drive, Hobbs, NM 88240

PLW 50427459679
DAC-3349

RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
1301 W. Grand Avenue, Artesia, NM 88211

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

SEP 23 2004

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
APPLICATION FOR DOWNHOLE COMMINGLING

MARBOB ENERGY CORPORATION P. O. BOX 227 ARTESIA, NM 88211-0227

Operator Address
NMBP STATE #1 L-2-T18S-R27E EDDY COUNTY, NM
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 14049 Property Code 33435 API No. 30-015-33158 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	RED LAKE Q-GB-SA		RED LAKE GLORIETA/YESO NE
Pool Code	51300		96836
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2041-2957' PERFORATED		3196-3604' 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)	EST. 50 PSI PRODUCING BHP		EST. 100 PSI PRODUCING BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38.5°		41.8°
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: Rates:	Date: AUGUST 31, 2004 24 BOPD Rates: 440 BWPD 41 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 71 % 68 %	Oil Gas % %	Oil Gas 29 % 32 %

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 09/21/04
TYPE OR PRINT NAME BRIAN COLLINS TELEPHONE NO. (505) 748-3303
engineering@marbob.com

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

Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33158	Pool Name RED LAKE; GLORIETA YESO, NORTHEAST	Pool Code 96836
Property Code 33435	Property Name NMBP STATE	Well No. 001
OGRID No. 14049	Operator Name MARBOB ENERGY CORP	Elevation 3549

Surface And Bottom Hole Location

UL or Lot L	Section 2	Township 18S	Range 27E	Lot Idn L	Feet From 2185	N/S Line S	Feet From 990	E/W Line W	County Eddy
Dedicated Acres 40		Joint or Infill		Consolidation Code		Order No.			

■			

OPERATOR CERTIFICATION

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

Electronically Signed By: Diana Cannon

Title: Production Analyst

Date: 12/29/2003

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.

Surveyed By: Ronald Eidson

Date of Survey: 07/18/2003

Certificate Number: 3239

Engineering Summary
Form C-107A
Application for Downhole Commingling

Marbob Energy Corporation
NMBP State No. 1 (Unit L, Sec. 2-T18S-R27E)

Marbob Energy proposes to downhole commingle the San Andres (Red Lake Q-GB-SA 51300) and the Yeso (Red Lake Glorieta Yeso, NE 96836) in the captioned well. This proposal is identical to the downhole comminglings that Devon Energy has done offsetting the captioned wells (Orders R-11363, DHC-2390, DHC-2685, DHC-2701).

No crossflow will occur because this well will be rod pumped in a pumped down condition. The MJ State No. 1, when completed in the Yeso, will be used as a "typical" Yeso well. The MJ State No. 2, when completed in the San Andres, will be used as a "typical" San Andres well. The proposed zonal allocation is described below.

Yeso: Production declines exponentially at 84%/yr. for one year, followed by 35%/yr. for oil and 32%/yr. for gas. (Best engineering estimate using the production history of nearby Devon wells.)

Qi	= 90 bopd	d=84%/yr.
Q1yr	= 14 bopd	d=35%/yr.
Qel	= 1.5 bopd	assumed

$$EUR = \frac{-365 (90-14)}{\ln (1-.84)} + \frac{-365 (14-1.5)}{\ln(1-.35)} = 25.7 \text{ MBO}$$

Qi	= 140 mcf/d	d=84%/yr.
Q1yr	= 22 mcf/d	d=32%/yr.
Qel	= 5 mcf/d	assumed

$$EUR = \frac{-365 (140-22)}{\ln (1-.84)} + \frac{-365 (22-5)}{\ln (1-.32)} = 39.6 \text{ MMCF}$$

San Andres: Production declines exponentially at 80%/yr. for one year, followed by 24%/yr. for oil and 20%/yr. for gas. (Best engineering estimate using the production history of nearby Devon wells.)

$$\begin{aligned} Q_i &= 145 \text{ bopd} & d &= 80\%/yr. \\ Q_{1yr} &= 29 \text{ bopd} & d &= 24\%/yr. \\ Q_{el} &= 1.5 \text{ bopd} & & \text{assumed} \end{aligned}$$

$$EUR = \frac{-365 (145-29)}{\ln (1-.80)} + \frac{-365 (29-1.5)}{\ln (1-.24)} = 62.9 \text{ MBO}$$

$$\begin{aligned} Q_i &= 180 \text{ mcf/d} & d &= 80\%/yr. \\ Q_{1yr} &= 36 \text{ mcf/d} & d &= 20\%/yr. \\ Q_{el} &= 5 \text{ mcf/d} & & \text{assumed} \end{aligned}$$

$$EUR = \frac{-365 (180-36)}{\ln (1-.80)} + \frac{-365 (36-5)}{\ln (1-.20)} = 83.4 \text{ MMCF}$$

$$\text{Yeso Oil} = \frac{25.7 \text{ MBO}}{25.7 + 62.9} = .29 = 29\%$$

$$\text{San Andres Oil} = 1-.29 = .71 = 71\%$$

$$\text{Yeso Gas} = \frac{39.6 \text{ MMCF}}{39.6 + 83.4} = .32 = 32\%$$

$$\text{San Andres Gas} = 1-.32 = .68 = 68\%$$

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. 30-015-33158
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name NMBP STATE
8. Well Number 1
9. OGRID Number 14049
10. Pool name or Wildcat RED LAKE GLORIETA/YESO, NE

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> 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 <u>L</u> : 2185 feet from the <u>SOUTH</u> line and <u>990</u> feet from the <u>WEST</u> line Section <u>2</u> Township <u>18S</u> Range <u>27E</u> NMPM <u>EDDY</u> County <u>NM</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3549' GR	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <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
DIVISION ORDER #R-11363 PRE-APPROVED POOLS

THE PROPOSED ALLOCATION IS: REDLAKE Q-GB-SA 51300 - OIL 71% - GAS 68%
REDLAKE GLORIETA/YESO NE 96836 - OIL 29% - GAS 32%

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 09/21/04

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): _____

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

Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33158	Pool Name RED LAKE; GLORIETA YESO, NORTHEAST	Pool Code 96836
Property Code 33435	Property Name NMBP STATE	Well No. 001
OGRID No. 14049	Operator Name MARBOB ENERGY CORP	Elevation 3549

Surface And Bottom Hole Location

UL or Lot L	Section 2	Township 18S	Range 27E	Lot Idn L	Feet From 2185	N/S Line S	Feet From 990	E/W Line W	County Eddy
Dedicated Acres 40		Joint or Infill		Consolidation Code		Order No.			

■			

OPERATOR CERTIFICATION

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

Electronically Signed By: Diana Cannon

Title: Production Analyst

Date: 12/29/2003

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.

Surveyed By: Ronald Eidson

Date of Survey: 07/18/2003

Certificate Number: 3239



marbob
energy corporation

September 21, 2004

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
NMBP State #1
Township 18 South, Range 27 East, NMPM
Section 2: Unit L
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 NMBP State #1 well located in Eddy County.

We are seeking approval to downhole commingle the San Andres and Yeso 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



MARBOB ENERGY CORPORATION

2208 W. MAIN

P.O. BOX 227

ARTESIA, NEW MEXICO 88211-0227

(505) 748-3303

029110

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



marbob
energy corporation

2208 W. MAIN

P.O. BOX 227

ARTESIA, NEW MEXICO 88211-0227

(505) 748-3303

029110

95-43/1122

FIRST NATIONAL BANK

P.O. DRAWER AA

ARTESIA, NM 88210

*****THIRTY DOLLARS AND NO/100*****

COMMISSIONER OF PUBLIC LANDS

P.O. BOX 1148

SANTA FE, NM 87504-1148

DATE	CHECK AMOUNT
09/22/04	\$30.00*

MARBOB ENERGY CORPORATION