

8/7/06 DATE IN	SUSPENSE	WILL JONES ENGINEER	8/8/06 LOGGED IN	DHC TYPE	APP NO. PTD50622031914
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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  
1225 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Lordsburg, NM 87000

District IV  
1220 S. St. Francis Drive, 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

MICHALADA FEDERAL #1

H-3-22S-25E

EDDY COUNTY, NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 14049 Property Code 35162 API No. 30-015-34381 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE <u>UNDES</u>	INTERMEDIATE ZONE	LOWER ZONE <u>UNDES</u>
Pool Name	REVELATION ATOKA <u>G 02</u>		REVELATION MORROW <u>G 02</u>
Pool Code	97205 ✓		83760 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9733-10251' PERF'D		10382-10442 PERF'D
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: COMPLETION UNDERWAY Rates: N/A	Date: Rates:	Date: AUGUST 1, 2006 Rates: EST 110 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 67      %    67      %	Oil      Gas %           %	Oil      Gas 33      %    33      %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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 08/04/06

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**  
**Michilada Federal No. 1 (H-3-22S-25E)**

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

The Morrow tested approximately 110 MCFD (130 psig, 12/64" choke) after being acidized. The best engineering estimate is that the Atoka will test twice the volume as the Morrow (220 MCFD) and that the Morrow and Atoka will decline at the same rate. The allocation will be based on initial test rates.

The proposed allocation follows. These zones don't produce oil/condensate, therefore the allocation for oil will be the same as the gas allocation.

$$\text{Morrow Gas/Oil} \quad \frac{110 \text{ MCFD}}{110 + 220 \text{ MCFD}} = 33\%$$

$$\text{Atoka Gas/Oil} \quad 1 - .33 = 67\%$$

# State of New Mexico

Energy, Minerals and Natural Resources Department

## DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

## 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

# OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-

Revised JUNE 10, 2

Submit to Appropriate District Of.

State Lease - 4 Coj

Fee Lease - 3 Coj

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 83760	Pool Name REVELATION; MORROW
Property Code	Property Name MICHALADA FEDERAL	Well Number 1
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3610'

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	22-S	25-E		1980	NORTH	660	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	Joint or Infill	Consolidation Code	Order No.
321.08			

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

LOT 6	LOT 5	LOT 4	LOT 3
41.59 AC LOT 7	41.78 AC LOT 8		
42.10 AC LOT 10	42.28 AC LOT 9		
43.73 AC LOT 11	43.45 AC LOT 12		
42.91 AC	42.63 AC		

1980'

3666.9' 3614.7'

600' 660'

3605.7' 3591.7'

GEODETIC COORDINATES  
NAD 27 NME

Y=517512.3 N  
X=486508.4 E

LAT.=32°25'21.89" N  
LONG.=104°22'37.41" W

### OPERATOR CERTIFICATION

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

*[Signature]*  
Signature

AMY REID  
Printed Name

LAND DEPARTMENT  
Title

AUGUST 19, 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.

AUGUST 4, 2005

Date Surveyed

*[Signature]*  
Signature & Seal

Professional Surveyor

GARY E. JOHNSON  
NEW MEXICO  
05.11.12  
12841

Certificate No. GARY E. JOHNSON 12841

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**

**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well  
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator **MARBOB ENERGY CORPORATION**

3a. Address  
**P. O. BOX 227, ARTESIA, NM 88211-0227**

3b. Phone No. (include area code)  
**505-748-3303**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**SEC. 3-T22S-R25E, UNIT H  
1980 FNL 660 FEL, SE/4NE/4**

5. Lease Serial No.

**NMNM-104646**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

**MICHILADA FEDERAL #1**

9. API Well No.

**30-015-34381**

10. Field and Pool, or Exploratory Area

**REVELATION MORROW**

11. County or Parish, State

**EDDY COUNTY, NM**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

**SEE ATTACHED C-107A APPLICATION FOR DOWNHOLE COMMINGLING**

**THE PROPOSED ALLOCATION IS: REVELATION MORROW 83760 - OIL 33% - GAS 33%  
REVELATION ATOKA 97205 - OIL 67% - GAS 67%**

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

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**BRIAN COLLINS**

Title **ENGINEER**

Signature



Date

**08/04/2006**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)