

D STATE # 24

\$30.00



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

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

018927

018927

95-43/1122



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

FIRST NATIONAL BANK
P.O. DRAWER AA
ARTESIA, NM 88210

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

DATE	CHECK AMOUNT
01/17/03	\$30.00

PAY TO
THE ORDER
OF

COMMISSIONER OF PUBLIC LANDS
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

MARBOB ENERGY CORPORATION

M. L. Vico

District I
1625 N. French Drive, Hobbs, NM 88240

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 88210

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Marbob Energy Corporation Address P. O. Box 227, Artesia, NM 88211-0227
Lease D State Well No. 24 Unit Letter-Section-Township-Range O-25-17S-28E County Eddy
OGRID No. 014049 Property Code 25375 API No. 30-015-31390 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Artesia Qn-GB-SA		Artesia Glorieta/Yeso
Pool Code	3230		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2895-3565' perforated		4037-4281' 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: 45 bopd 30 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 29 % Gas 48 %	Oil % Gas %	Oil 71 % Gas 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

NMOCDC 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

OCT 17 2000

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

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 II
P.O. Drawer 80, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96830	Pool Name ARTESIA GLORIETTA YESO
Property Code 25375	Property Name "D" STATE	Well Number 24
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3675

Surface Location

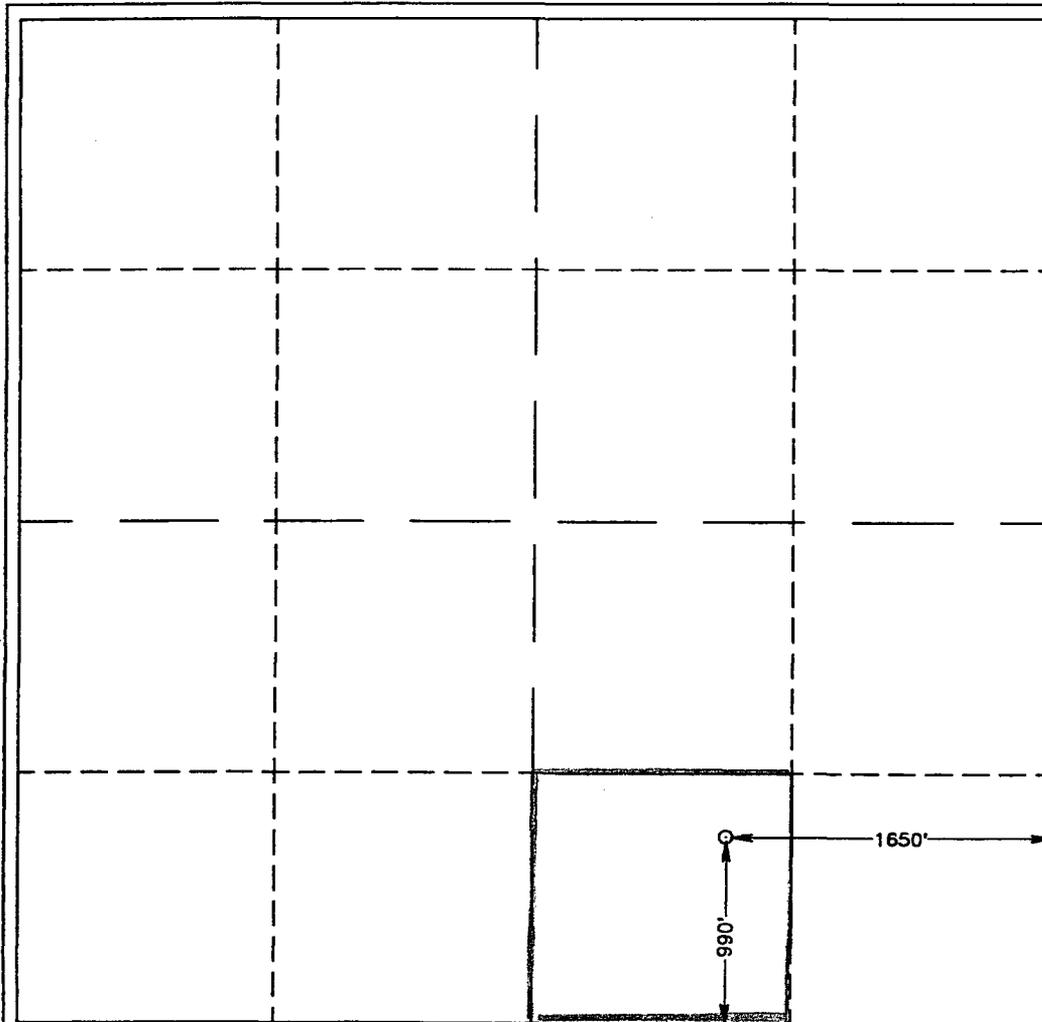
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	25	17 S	28 E		990	SOUTH	1650	EAST	EDDY

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.

Robin Cockrum
Signature

ROBIN COCKRUM
Printed Name

PRODUCTION ANALYST
Title

10/18/00
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.

OCTOBER 10, 2000
Date Surveyed JLP

Ronald J. Eidson
Signature & Seal of Professional Surveyor

W.O. Num. 00-11-1207

Certificate No. RONALD J. EIDSON, 3239
GARY G. 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%

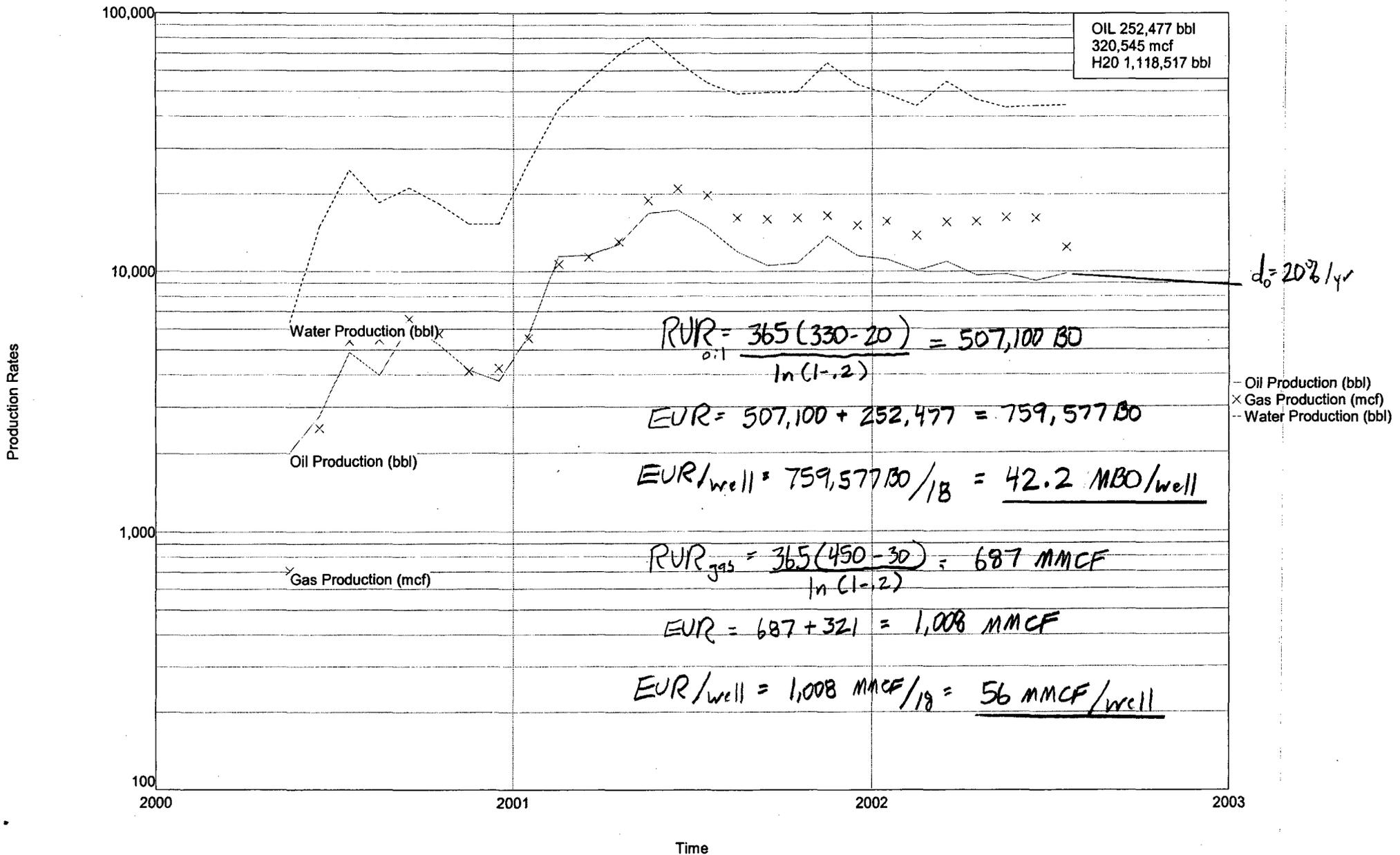
Gas: Yeso = $\frac{56 \text{ MMCF}}{56+51}$ = 52%

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



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

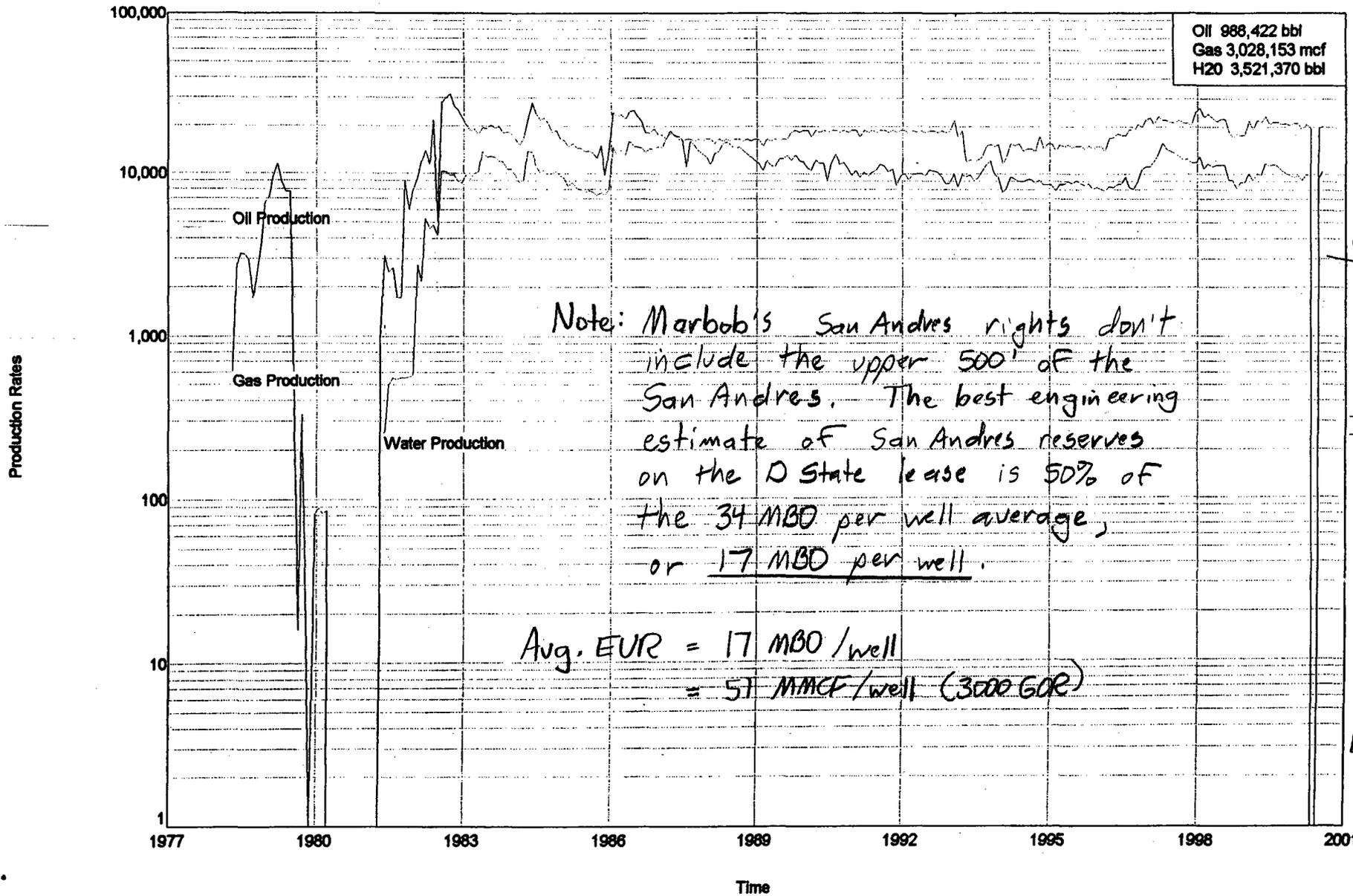
Lease Name: MULTIPLE
 County, State: EDDY, Unknown
 Operator: MARBOB ENERGY CORPORATION
 Field: MULTIPLE
 Reservoir: QUEEN-GRAYBURG-SAN A
 Location:

Avg. EUR per well = 33.9 MBO

San Andres

Avg. GOR = 3000 (Avg 101.7 MMCF/w)

MULTIPLE - MULTIPLE



Oil 988,422 bbl
 Gas 3,028,153 mcf
 H2O 3,521,370 bbl

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
 = 57 MMCF / well (3000 GOR)

dexp = 13%/yr.

Oil Production
 Gas Production
 Water Production

$$RUR = \frac{-365(Q_i - Q_0)}{\ln(1-d)}$$

$Q_i = 110 \text{ bopd}$
 $Q_0 = 60 \text{ bopd (33w)}$
 $d = 13\%/yr$

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

$$EUR = 988,422 + 131,048 = 1,119,470 \text{ BO}$$

$$EUR/well = \frac{1,119,470 \text{ BO}}{33} = 33.923 \text{ BO}$$