

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

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised June 10, 2003

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

MULE 24 FEDERAL 2 G-24-24S-25E EDDY COUNTY, NM

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14049 Property Code 73960 API No. 30-015-21203 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDESIGNATED STRAWN		UNDESIGNATED ATOKA
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10952-11100' PERF		11309-11458' PERF
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:  Rates:	Date:  Rates:	Date: 5 MAR 07  Rates: 210 MCFD NO FLUID
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 100 % 54 %	Oil Gas % %	Oil Gas 0 % 46 %

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 03/15/07

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**  
**Mule 24 Federal No. 2 (G-24-24S-25E)**

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

The Atoka and Strawn reserves are calculated as follows:

**Strawn:**

Best engineering estimate is that Strawn will come in at 250 MCFD and that the Strawn and Atoka will decline at the same rate. The zonal allocation will be based on initial production rate. The best engineering estimate is that 100% of any oil produced will come from the Strawn.

**Atoka:**

The Atoka tested at 210 MCFD (380 psig on 10/64" choke) after being acidized. Best engineering estimate is that the Atoka and Strawn will decline at the same rate. The zonal allocation will be based on initial production rate.

The proposed allocation follows. If actual tests are significantly different than shown in allocation below, a new allocation will be submitted.

Atoka Gas	$\frac{210 \text{ MCFD}}{250 + 210 \text{ MCFD}}$	= 46%
Oil		= 0%
Strawn Gas	$\frac{250 \text{ MCFD}}{250 + 210 \text{ MCFD}}$	= 54%
Oil		= 100%

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number	'Pool Code 96070	'Pool Name Wildcat, Morrow, South
'Property Code	'Property Name Mule 24 Federal	'Well Number 2
'OGRID No. 14049	'Operator Name Marbob Energy Corporation	'Elevation 3863'

## 10 Surface Location

'T. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	24	24S	25E		1980'	North	1656'	East	Eddy

## 11 Bottom Hole Location If Different From Surface

'T. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	24S	25E		1980'	North	660'	East	Eddy

"Dedicated Acres	"Joint or Infill	"Consolidation Code	"Order No.
320			

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.

16		<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.
		Signature: <u>Nancy T. Bratcher</u> Date: _____ Printed Name: <u>Nancy T. Bratcher</u>
		<b>18 SURVEYOR CERTIFICATION</b> 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.
		Date of Survey: _____ Signature and Seal of Professional Surveyor: _____ Certificate Number: _____

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WELL API NO.  
30-015-21203

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

MULE 24 FEDERAL

8. Well Number 2

9. OGRID Number  
14049

10. Pool name or Wildcat

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 ☐ 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 G : 1980 feet from the NORTH line and 1656 feet from the FEL line  
Section 24 Township 24S Range 25E NMPM EDDY County NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3856' GR

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: DOWNHOLE COMMINGLING ☒

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 DOWN HOLE COMMINGLING

THE PROPOSED ALLOCATION IS: UNDESIGNATED ATOKA - OIL 0% - GAS 46%  
UNDESIGNATED STRAWN - OIL 100% - GAS 54%

NEW ALLOCATIONS WILL BE SUBMITTED IF ACTUAL WELL PRODUCTION IS SIGNAIFCANTLY 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 NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Collins TITLE ENGINEER DATE 3/15/2007

Type or print name BRIAN COLLINS

E-mail address: engineering@marbob.com Telephone No. 505-748-3303

For State Use Only

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any):

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Month - Year  
MAR 19 2007  
OCD - ARTESIA, NM

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. 24-T24S-R25E, UNIT G  
1980 FNL 1656 FEL, NW/4NE/4**

5. Lease Serial No.

**NMNM31636**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

**MULE 24 FEDERAL #2**

9. API Well No.

**30-015-21203**

10. Field and Pool, or Exploratory Area

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 checked="" type="checkbox"/> Other <b>DOWNHOLE</b>	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>COMMINGLING</b>	
	<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: UNDESIGNATED ATOKA - OIL 0% - GAS 46%  
UNDESIGNATED STRAWN - OIL 100% - GAS 54%**

**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

**03/15/2007**

**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)