

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOCD-ARTESIA 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

OCT 15 2008

2. Name of Operator MARBOB ENERGY CORPORATION

3a. Address P O BOX 227
ARTESIA, NM 88211-02273b. Phone No. (include area code)
575-748-33034. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SEC. 19-T17S-R31, UNIT K
1980 FSL 1930 FWL, NE/4SW/45. Lease Serial No.
NMLC031844

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

JUNCTION FEDERAL COM #1

9. API Well No.
30-015-33533

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 DOWNHOLE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	COMMINGLING
	<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 UPPER PENN - OIL 83% - GAS 83%
HENSHAW WOLFCAMP SE 96520 - OIL 17% - GAS 17%NEW ALLOCATIONS WILL BE SUBMITTED IF ACTUAL WELL PRODUCTION IS SIGNIFIGANTLY
DIFFERENT THAN THAT ABOVE.

ACCEPTED FOR RECORD

OCT 15 2008

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

BRIAN COLLINS

Title PETROLEUM ENGINEER

Signature

Date

26 Sept 08

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

APPROVED

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

Office

Date

OCT 12 2008

JAMES A. AMOS
SUPERVISOR-EPS

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

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
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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.

BRIAN COLLINS
 Print or Type Name

Signature

PETROLEUM ENGINEER
 Title

Date

bcollins@marbob.com
 e-mail Address

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 June 10, 2003

Oil Conservation Division1220 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

JUNCTION FEDERAL COM #1

K-19-T17S-R31E

EDDY COUNTY, NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 14049 Property Code 34151 API No. 30-015-33533 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	HENSHAW; WOLFCAMP SE		UNDES. UPPER PENN
Pool Code	96520		
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9161-9427' PERFS		9572-10052' PERFS
Method of Production (Flowing or Artificial Lift)	FLOW		FLOW
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 3810 PSI BHP		EST 3980 PSI BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	EST 42° API		EST 42° API
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: N/A Rates: N/A	Date: Rates:	Date: 9/18/08 Rates: 25 BOPD 50 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas 83 83 07

Engineering Summary
Form C-107A
Application for Downhole Commingling

Marbob Energy Corporation
Junction Federal Com No. 1 (Unit K-Sec. 19-T17S-R31E)

Marbob Energy proposes to downhole commingle the Upper Penn (Undesignated Upper Penn) and Wolfcamp (Henshaw Wolfcamp) in the captioned well. The Upper Penn was acid treated and tested approximately 25 BOPD/50 MCFD. The Wolfcamp has not been tested yet. The best engineering estimate is that the Wolfcamp will test 5 BOPD/10 MCFD and decline at the same rate as the Upper Penn. The oil and gas composition should be almost the same since the Wolfcamp lies on top of the Upper Penn. The proposed zonal allocation is shown below.

Upper Penn Best engineering estimate is that zonal reserves will approximate post treatment well tests.

$\frac{50 \text{ MCFD}}{10+50 \text{ MCFD}}$	=83.3%	Say 83% Gas and Oil
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<u>Wolfcamp</u>	1 - .83	=17%	Say 17% Gas and Oil
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DISTRICT I

P.O. Box 1988, Hobbs, NM 88241-1988

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

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 74560	Pool Name CEDAR LAKE-MORROW (GAS)
Property Code	JUNCTION FEDERAL COM JUNCTION FEDERAL COM	Well Number 1
OGRID No. 9338	Operator Name GREAT WESTERN DRILLING COMPANY	Elevation 3609'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	19	17-S	31-E		1980	SOUTH	1930	WEST	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.
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

	<p>GEODETIC COORDINATES</p> <p>NAD 27 NMEZ</p> <p>Y = 661574.8 N</p> <p>X = 630043.5 E</p> <p>LAT. = 32°49'04.95"N</p> <p>LONG. = 103°54'36.11"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i></p> <p>Signature Joe T. Janica</p> <p>Printed Name Agent</p> <p>Title 04/20/04</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>April 15, 2004</p> <p>Date Surveyed AWB</p> <p>Signature Professional Surveyor</p> <p><i>Cary Edson</i></p> <p>04.11.0435</p> <p>Certificate No. CARY EDSON 12641</p>	

EXHIBIT "A"