

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 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 88211-0227  
Operator Address  
AAO FEDERAL #7 G-1-T18S-R27E EDDY COUNTY  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 14049 Property Code 29793 API No. 30-015-33473 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)	2133-3296' PERF'D		3577-3856' PERF'D
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT	RECEIVED	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	MAR 17 2005 OCD-ARTESIA	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: JANUARY 2005 60 BOPD Rates: 80 MCFD 250 BHPD
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 03/15/05  
TYPE OR PRINT NAME BRIAN COLLINS TELEPHONE NO. ( 505 ) 748-3303  
E-MAIL ADDRESS engineering@marbob.com

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

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

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

OIL CONSERVATION DIVISION

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

JUL 23 2003

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96836	Pool Name RED LAKE; GLORIETA-YESO, NE
Property Code 29793	Property Name AAO FEDERAL	Well Number 7
GRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3645'

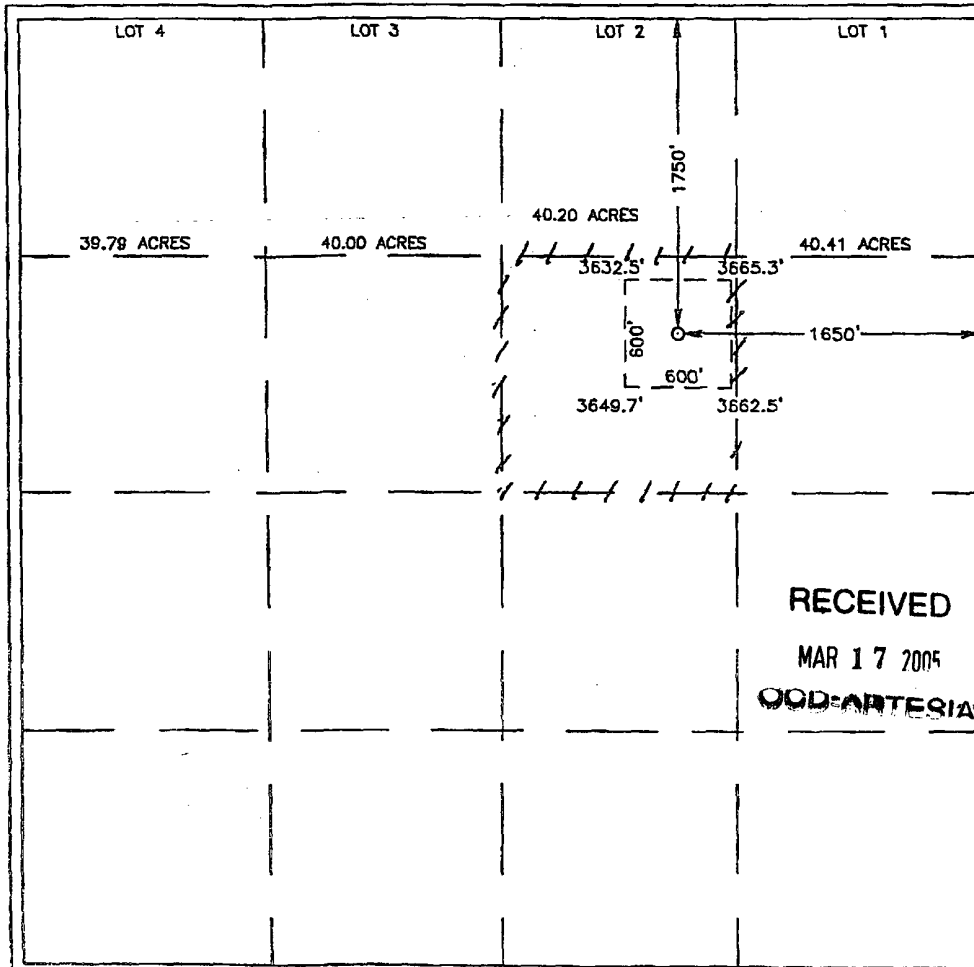
Surface Location

UL or lot No. G	Section 1	Township 18 S	Range 27 E	Lot Idn	Feet from the 1750	North/South line NORTH	Feet from the 1650	East/West line EAST	County EDDY
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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.						

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.

*Melanie J. Parker*  
Signature

Melanie J. Parker  
Printed Name

Land Department  
Title

04/26/04  
Date

04/26/04  
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.

JULY 18, 2003

Date Surveyed J. EIDSON LMP

Signature & Seal of

Professional Surveyor

RONALD V. EIDSON

03.11.0654

03.11.0654

03.11.0654

03.11.0654

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03.11.0654

**Engineering Summary**  
**Form C-107A**  
**Application for Downhole Commingling**

**Marbob Energy Corporation**  
**AAO Federal No. 7 (Unit G, Sec. 1-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.)

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

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

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

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

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

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

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

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

LEASES

June 2002)

MONTH:

June 2002

RCO 26 A

R ELK HORN GPM TP LP <sup>Gas</sup>PREV <sup>Gas</sup>EST TOTAL OIL WTR

124	—	21.9	94	92	17474	30	—	1
130	—	24.5	96	90	17570	30	—	2
126	—	24.1	95	90	17666	32	—	3
130	—	24.7	96	103	17771	32	—	4
130	—	23.1	95	94	17862	28	—	5
126	—	25	94	93	17952	28	—	6
126	—	25	94	92	18043	26	—	7
126	—	25.3	95	93	18150	32	—	8
124		24.2	151	115	18302	85	—	9
124		25.1	189	203	18443	106	—	10
124		25.2	220	229	18414	140	—	11
120		25.9	233	234	18511	110	—	12
140		25.5	236	240	18193	98	—	13
124		27.5	238	249	18422	118	—	14
128		25.1	258	351	19686	127	—	15
130		24.7	266	264	19948	172	—	16
135		25.1	265	274	20234	182	—	17
135		26.0	264	265	20478	175	—	18
135		25.3	263	255	20752	177	—	19
135		27.0	257	229	20999	161	—	20
126		25.0	247	202	21236	174	—	21
135		25.5	250	241	21493	175	—	22
130		26.0	276	273	21781	174	540	23
130		26.0	282	272	22053	173	—	24

MJ St. #2 San Andres IP  $\approx 175 - 30 = 145$  BOPD  
 $\approx 275 - 95 = 180$  MCFD

MJ St. #1 Yesso IP  $\approx 90$  BOPD  
 $\approx 140$  MCFD (January 2002)

Yesso Only (MJ St. #1)

Yesso (MJ-1) + S. Andres (MJ St. #2)

31

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. 30-015-33473
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name AAO Federal
8. Well Number 7
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 <input type="checkbox"/>	
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>G</u> : <u>1750</u> feet from the <u>NORTH</u> line and <u>1650</u> feet from the <u>EAST</u> line Section <u>1</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.) 3645' 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-GR-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 03/15/05

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): \_\_\_\_\_



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**marbob**  
energy corporation

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March 15, 2005

Bureau of Land Management  
2909 W. 2<sup>nd</sup> St.  
Roswell, NM 88201

Attn: Mr. Armando Lopez

Re: Downhole Commingling Application  
AAO Federal #7, Unit G, Sec. 1-T18S-R27E  
Eddy County, New Mexico

RECEIVED

MAR 17 2005

OFFICE OF ARTESIA

Dear Mr. Lopez:

Enclosed is a copy of the downhole commingling application submitted to the NMOCD for the captioned well.

Please contact me at 505-748-3303 if you have any questions.

Sincerely,

Brian Collins  
Petroleum Engineer

BC/dlw  
enclosure