

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

Operator Address  
FEDERAL CE GAS COM 2 LOT 3-1-T17S-R27E EDDY  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 14049 Property Code API No. 30-015-32613 Lease Type: ☒ Federal ☐ State ☐ Fee

| DATA ELEMENT   | UPPER ZONE            | INTERMEDIATE ZONE | LOWER ZONE                                  |
|--|-----------------------|-------------------|---|
| Pool Name  | CROW FLATS ATOKA?     |                   | CROW FLATS MORROW                           |
| Pool Code  | ?                     |                   | 75720                                       |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)  | 9152-9186' PERFORATED |                   | 9378-9519' PERFORATED                       |
| Method of Production<br>(Flowing or Artificial Lift)   | FLOWING               |                   | FLOWING                                     |
| Bottomhole Pressure<br>(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. 3815 PSI         |                   | EST. 3930 PSI                               |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)  | EST. 1050 BTU         |                   | EST. 1050 BTU                               |
| Producing, Shut-In or<br>New Zone  | NOT PERFORATED YET    |                   | TESTING WELL AFTER<br>FRAC JOB              |
| Date and Oil/Gas/Water Rates of<br>Last Production.<br>(Note: For new zones with no production history,<br>applicant shall be required to attach production<br>estimates and supporting data.) | Date: N/A<br>Rates:   | Date:<br>Rates:   | Date: 5 AUGUST 2003<br>Rates: EST. 200 MCFD |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other<br>than current or past production, supporting data or<br>explanation will be required.)                     | Oil Gas<br>67 % 67 %  | Oil Gas<br>% %    | Oil Gas<br>33 % 33 %                        |

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 7 Aug 03  
TYPE OR PRINT NAME BRIAN COLLINS TELEPHONE NO. ( 505 ) 748-3303  
E-MAIL ADDRESS engineering@marbob.com

DISTRICT I  
325 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
11 South First, Artesia, NM 88210  
DISTRICT III  
200 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
400 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

JUN 19 2003

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                     |   |                                      |
|---------------------|---|--------------------------------------|
| API Number          | Pool Code<br>75720                      | Pool Name<br>CROW FLATS-MORROW (GAS) |
| Property Code       | Property Name<br>FEDERAL CE GAS COM     | Well Number<br>2                     |
| OGRID No.<br>168489 | Operator Name<br>RICKS EXPLORATION INC. | Elevation<br>3561'                   |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| LOT 3         | 1       | 17-S     | 27-E  |         | 660'          | NORTH            | 1980'         | 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<br>321 | 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

|                    |   |
|--------------------|---|
| <p>EXHIBIT "A"</p> | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature<br/>Joe T. Janica</p> <p>Printed Name<br/>Agent</p> <p>Title<br/>11/27/02</p> <p>Date</p> <p><b>SURVEYOR CERTIFICATION</b></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>NOVEMBER 11, 2002</p> <p>Date Surveyed<br/>Signature &amp; Seal of Professional Surveyor<br/>W.D. No. 2864</p> <p>Certificate No. Gary L. Jones 7977</p> <p>JLP BASIN SURVEYS</p> |
|--------------------|---|

**Engineering Summary  
Downhole Commingling Application  
Federal CE Gas Com No. 2  
Lot 3, Section 1, T17S-R27E  
Eddy County, New Mexico**

The Federal CE Gas Com No. 2 looks poor in both the Morrow and Atoka zones. Marbob Energy believes that the Morrow and Atoka will have to be produced together for commercial production to occur. We expect the Morrow and Atoka to have similar reservoir pressures, gas compositions and long-term production characteristics.

We are testing the Morrow at about 200 MCFD after pumping a sand frac. We plan to test the Atoka Sand uphole and anticipate approximately 400 MCFD from the Atoka. The best engineering estimate is that the Morrow and Atoka will exhibit the same production decline rate, therefore the reserves for each zone will be proportional to the initial production rate for each zone. The proposed zonal allocation follows.

Morrow Initial Production = 200 MCFD

Atoka Initial Production = 400 MCFD

$$\text{Morrow Production Allocation} = \frac{200 \text{ MCFD}}{200 + 400 \text{ MCFD}} = .33 = 33\%$$

$$\text{Atoka Production Allocation} = 1 - .33 = .67 = 67\%$$

If the Atoka tests at a rate significantly different than that assumed above, a revised allocation will be submitted.

