Stogner, Michael

From: Thomas Kellahin [kellahin@earthlink.net]

Sent: Wednesday, September 29, 2004 8:56 AM

To: Michael E. Stogner

Subject: Procedure for Extreme NSL

I would appreciate your direction for processing an extreme NSL. I think I recall that you wanted these set for hearing but I am not sure. Yesterday afternoon, I filed the attached application both administratively and for the October 21 hearing. Which one should I withdraw. Regards, Tom

This email has been scanned by the MessageLabs Email Security System. For more information please visit http://www.messagelabs.com/email

KELLAHIN & KELLAHIN Attorney at Law

W. Thomas Kellahin Recognized Specialist in the Area of Natural Resources-oil and gas law-New Mexico Board of Legal Specialization

P.O. Box 2265 Santa Fe, New Mexico 87504 117 North Guadalupe Santa Fe, New Mexico 87501

Telephone 505-982-4285 Facsimile 505-982-2047 kellahin@earthlink.net

September 28, 2004

HAND DELIVERED

Mr. Mark E. Fesmire, Director Oil Conservation Division 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

Application of RB Operating Company Re: for approval of two unorthodox oil well locations and simultaneous dedication. East Loving-Brushy Canyon Pool, Eddy County, New Mexico

- (1) Carrasco "14" Well No. 4 2630 feet FSL and 1330 feet FEL (Unit J) Section 14, T23S, R28E
- (2) South Culebra Bluff "23" Well No. 15 1430 feet FNL and 1150 feet FEL (Unit H) Section 23, T23S, R28E

Dear Mr. Fesmire:

On behalf of RB Operating Company, please find enclosed our referenced application that we request to sent for hearing on the next available docket currently schedule for October 21, 2004.

mas Kellahin

RB Operating Company cc: Attn: Bobby Ebeier

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF RB OPERATING COMPANY FOR TWO UNORTHODOX OIL WELL LOCATIONS AND TWO SIMULTANEOUS DEDICATIONS, EDDY COUNTY, NEW MEXICO.

APPLICATION

13358

RB OPERATING COMPANY ("RB") by its attorneys, Kellahin & Kellahin, seeks an order authorizing the drilling and production of its Carrasco "14" Well No. 4 at an unorthodox well location 2630 feet FSL and 1330 feet FEL (Unit J) Section 14, T23S, R28E and its South Culebra Bluff "23" Well No. 15 at an unorthodox well location 1430 feet FNL and 1150 feet FEL (Unit H) Section 23, T23S, R28E and to simultaneously dedicate each to be a different standard 40-acre oil spacing unit for production from the East Loving-Brushy Canyon Pool, Eddy County New Mexico.

In support of its application RB states:

- 1. RB proposes to drill the following two wells each at an unorthodox oil well location and to simultaneously dedicate each to a different standard 40-acre spacing unit as follows:
 - a. Its Carrasco "14" Well No. 4 to be drilled at an unorthodox oil well location 2630 feet FSL and 1330 feet FEL (Unit J) Section 14, T23S, R28E and to simultaneously dedicate it along with the South Culebra Bluff Well No. 2, (API 30-015-22591) a producing oil well located 1722 feet FSL and 2032 feet FEL (Unit J) Section 14, T23S, R28E. See locator map attached as Exhibit "A" and C-102s attached as Exhibit "B"
 - b. its South Culebra Bluff "23" Well No. 15 to be drilled at an unorthodox oil well location 1430 feet FNL and 1150 feet FEL (Unit H) Section 23, T23S, R28E and to simultaneously dedicate it along with the South Culebra Bluff "23" Well No. 12 (API 30-015-26368) a producing oil well located 2140 feet FNL and 400 feet FEL (Unit H) Section 23, T23S, R28E. See locator map attached as Exhibit "A" and C-102s attached as Exhibit "C"

NMOCD Application RB Operating Company -Page 2-

- 2. These spacing units are subject to the East Loving-Brushy Canyon Pool including, among other things, 40-acre oil spacing with wells located not closer than 330 feet to the side boundaries and a special limiting gas/oil ratio of 8,000 cubic feet of gas per barrel of oil produced.
- 3. As a result of development in accordance with Division rules, each of these two governmental quarter-section contains 4 oil wells that may have by passed recoverable oil that now can be recovered by adding a new well at the approximate center of each quarter section. In order to test this probability, RB proposes to drill these two infill wells. See locator map attached as Exhibit "A"
- 4. RB, based upon geologic data, believes that its proposed unorthodox well locations will provide better opportunities to access potential production in the Brushy Canyon interval of the Delaware formation that cannot be produced by the other wells within this spacing unit or adjacent spacing units.
 - a. Isopach of Brushy Canyon interval "Total Net BC SS" See Exhibit "D"
 - b.T/Lower Brushy Canyon "A" Zone Structure Map. See Exhibit "E"
 - c. For the Carrasco "14" Well No. 4
 - i. NW-SE Structural Cross-Section Upper Brushy Canyon. See Exhibit "F"
 - ii. NW-SE Structural Cross-Section Lower Brushy Canyon See Exhibit "G"
 - c. For the South Culebra Bluff "23" Well No 15
 - i. NW-SE Structural Cross-Section Upper Brushy Canyon See Exhibit "H"
 - ii. NW-SE Structural Cross-Section Lower Brushy Canyon See Exhibit "I"

NMOCD Application RB Operating Company -Page 3-

5. Volumetric Analysis for Carrasco 14 Well No. 4.

(S/2NE/4 and N/2SE/4 of Section 14)

- a. Based upon volumetric analysis this 160-acre tract contains a estimated 1,000 MBO to be recovered
- b. The four existing off-setting wells are estimated to ultimately recover about 748 MBO
- c. Leaving an estimated 252 MBO to be recovered by any infill wells
- d. The proposed infill well is estimated to recover 120 MBO at an initial rate of about 150 barrels of oil per day

See Exhibit "J"

- 6. Volumetric Analysis for South Culebra Bluff "23" Well No. 15. (NE/4 Section 23)
 - a. Based upon volumetric analysis this 160-acre tract contains a estimated 1,414 MBO to be recovered
 - b. The four existing off-setting wells are estimated to ultimately recover about 379 MBO
 - c. Leaving an estimated 1,035 MBO to be recovered by any infill wells
 - d. The proposed infill well is estimated to recover 70 MBO at an initial rate of about 100 barrels of oil per day

See Exhibit "K"

- 7. The 4 existing wells in the S/2NE/4 and N/2SE/4 of Section 14 have a combined total allowable of 568 barrels of oil per day (142 x 4) with the original well in this 40-acre spacing unit (Unit J) currently producing about 32 barrels of oil per day (South Culebra Bluff Well No. 2)
- 8. The 4 existing wells in the NE/4 of Section 23 have a combined total allowable of 568 barrels of oil per day (142 x 4) with the original well in this 40-acre spacing unit (Unit H) currently producing about 6 barrels of oil per day (South Culebra "23" Well No. 12)

NOTIFICATION AND WAIVERS

9. RB, for administrative convenience, has selected to place each infill well within an existing spacing unit and requests approval for simultaneous dedication.

NMOCD Application RB Operating Company -Page 4-

- 10. RB and Chesapeake Permian, L. P. are the only working interest owners affected and RB has contacted all royalty and overriding royalty interest owners affected and has obtained the consent of all owners.
- 11. RB has entered into an agreement with all these affected owners for the sharing of production for these 2 infill wells by creating a voluntary "Proposed Drilling Unit" consisting of 10-acres from each of the 40-acre spacing units in the quarter section. See map attached as Exhibit "A" Attached and the two agreements attached as Exhibit "L-1" and Exhibit "L-2"
- 12. In accordance with the Division's notice rules, copies of the application and notice of hearing will be sent to all the interest owners affected. See Exhibit "M" and Exhibit "N" attached

WHEREFORE, RB, as applicant, requests that, after notice and hearing, the Division enter its order approving these requested unorthodox well locations and simultaneous dedications.

RESPECTFULLY SUBMITTED:

W. THOMAS KELLAHIN KELLAHIN & KELLAHIN

P. O. Box 2265

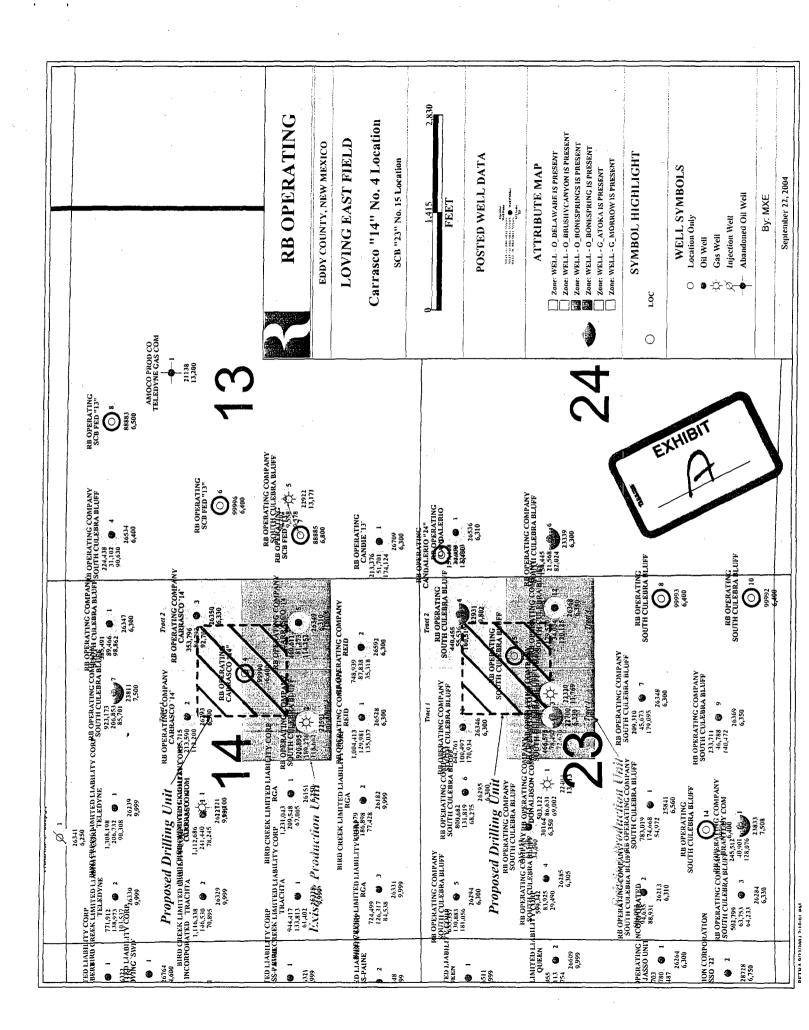
Santa Fe, New Mexico 87504

Telephone:

(5.05) 982-4285

Fax:

(505) 982-2047



DISTRICT I 1625 N. PRENCE DR., HORRS, NM 88240

Energy, Minerals and Natural Resources Department

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe. New Mexico 87505

Form C-102 Revised JUNE 10, 2003 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos	Rd., Aztec, l	N¥ 87410		Danta	ic, itew is	icalco 07000			•
DISTRICT IV	dr. santa fr.	, NM 87505	WELL LO	CATION	☐ AMENDED REPOR				
API	Number			Pool Code					
Property	Code				Property Naz CARRASCO			Well Number	
OGRID N	0.		Operator Name R.B. OPERATING					Elevation 2977'	
					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	14	23-S	28-E		2630	SOUTH	1330	EAST	EDDY
			Bottom	Hole Lo	cation If Diffe	erent From Sur	face		
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 o	r Infill Co	nsolidation (Code Or	der 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

OR A NON-STANDARD UNIT HAS BEEN ATROVED BY TH	
GEODETIC COORDINATES NAD 27 NME Y=474923.2 N X=586495.1 E	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
LAT.=32.18'19.33" N LONG.=104'03'12.17" W	Signature Printed Name
	Title Date
	SURVEYOR ATICATION 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 supervison, and that the same is true and correct to the best of my belief. AUGUST 3, 2004
790,	Date Surveyed REV: 08/20/04 JR Signature & Seal of Professional Surveyor Ban A ludron: 8/20/04
	Certificate No RONALD F. EIDSON 3239

DISTRICT I 1825 N. FRENCE DR., HOBBS, NW 88240

Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2977

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

DISTRICT IV
1226 S. ST. PRANCE DR., SANTA FE, NM 87505

API Number

Property Code

Property Name

CARRASCO 14

OGRID No.

Operator Name

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

Well Number

4

OGRID No.

Operator Name

Elevation

R.B. OPERATING Surface Location

1	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Ì	J	14	23-S	28-E		2630	SOUTH	1:330	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
1						·	* -		
Dedicated Acres	Joint o	r Infill Co	nsolidation (Code Ore	der No.				
				- 1					

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.
	Signature
CARRASCO 14 #2 CARRASCO 14 #3	Printed Name Title
085.	Date SURVEYOR CERTIFICATION
1014.	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 supervison, and that the same is true and correct to the best of my belief.
CARRASCO 14 #5	AUGUST 3, 2004 Date Surveyed REV: 08/20/04 JR Signature & Seal of Professional Surveyor
EXHIBIT	04.11.0997
EXHIBIT B-2	Certificate No. RONALD J. EIDSON 3239

DISTRICT I 1625 N. FRENCE DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NW 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

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

DISTRICT IV	DR., SANTA PE.	NM 87505	WELL LO	CATION	AND ACRE	AGE DEDICATI	ON PLAT	. AMEND	ED REPORT
API	API Number			Pool Code			Pool Name		
Property	Code				Property Nam SCB 23		Well Nur		
OGRID N	lo.		Operator Name R.B. OPERATING					Elevation 2989'	
					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	23	23-S	28-E		1430'	NORTH	1150'	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	Joint of	r Infill Con	nsolidation (Code Ore	ier 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

GEODETIC COORDINATES NAD 27 NME Y=470865.0 N X=586666.3 E LAT.=32*17'39.17" N	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
LONG.=104°03'10.30" W	Signature
	Printed Name EXHIBIT
	Title
	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 supervison, and that the same is true and correct to the best of my belief.
	AUGUST 2, 2004 Date Surveyed JR Signature & Seal of The Professional Surveyor Company
	6 mild Collism 8/11/04
	Certificate No. RONALD. 1 ELECTION 3239

DISTRICT I 1826 N. FRENCE DR., HOSBS, NY 86240

Energy, Minerals and Natural Resources Department

DISTRICT II LEGS W. GRAND AVENUE, ARTESIA, NW 88216

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR.

Form C-102 Revised JUNE 10, 2003 Submit to Appropriate District Office State Lease - 4 Copies Pee Lease - 3 Copies

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

DISTRICT IV

Santa Fe, New Mexico 87505

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87	WELL LOCATION AND	ACREAGE DEDICATION	PLAT
API Number	Pool Code		Pool Name
Property Code	-	erty Name B 23	Well Number
OGRID No.	•	ator Name PERATING	Elevation 2989'

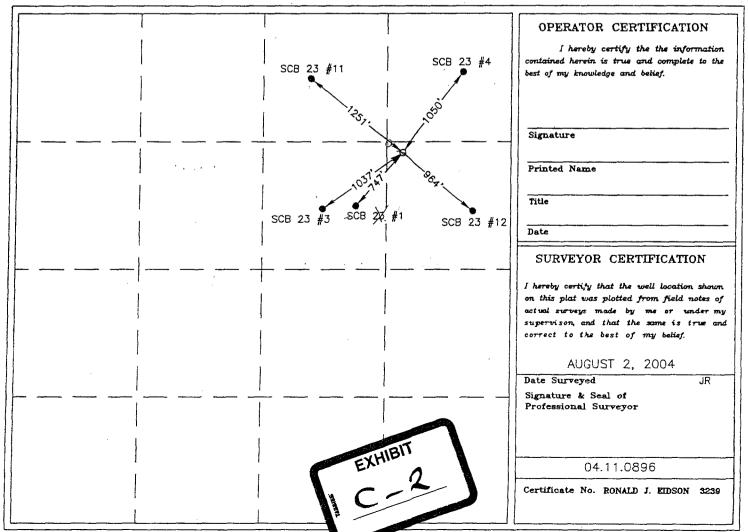
Surface Location

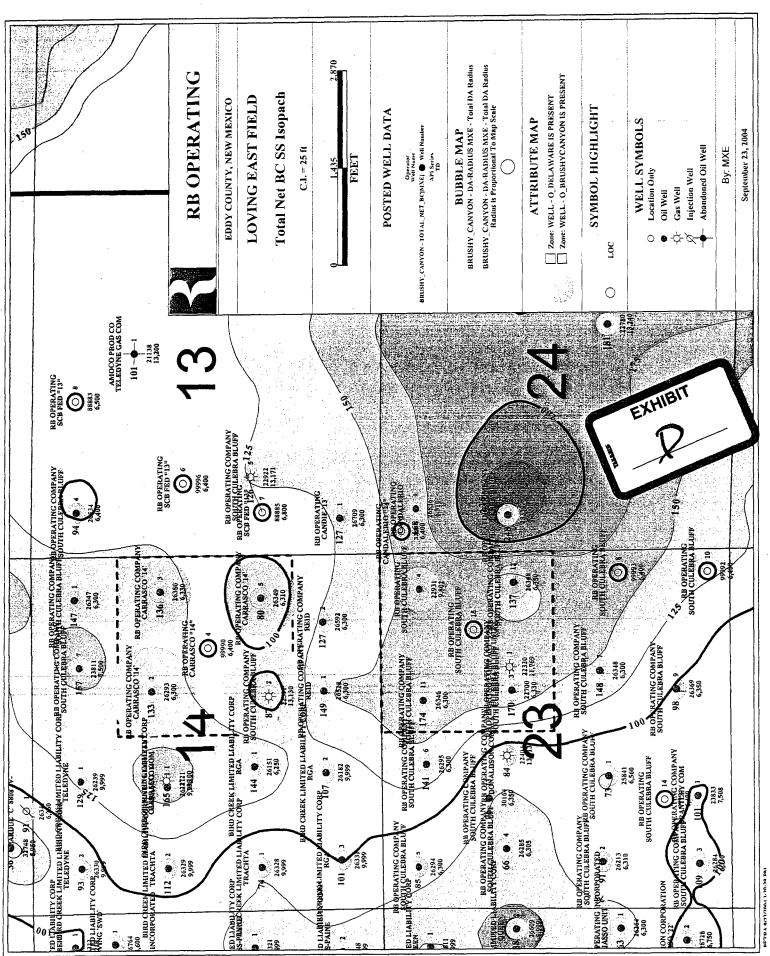
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	23	23-S	28-E		1430'	NORTH	1150'	EAST	EDDY

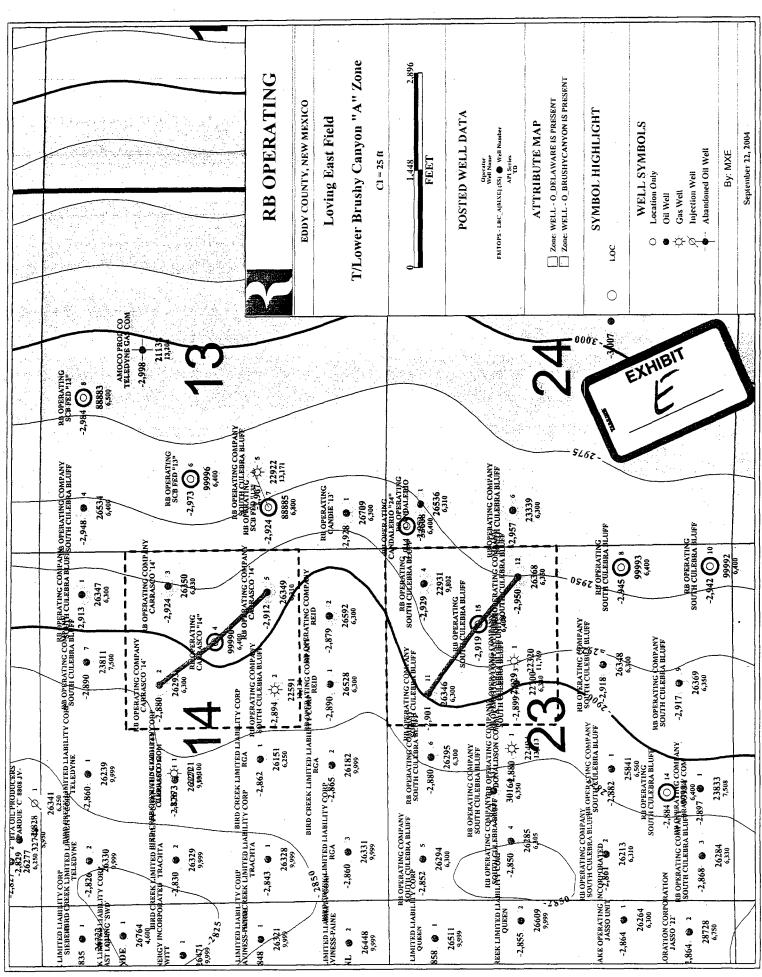
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre	Joint o	r Infill Co	nsolidation (Code Ore	der No.	L			

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







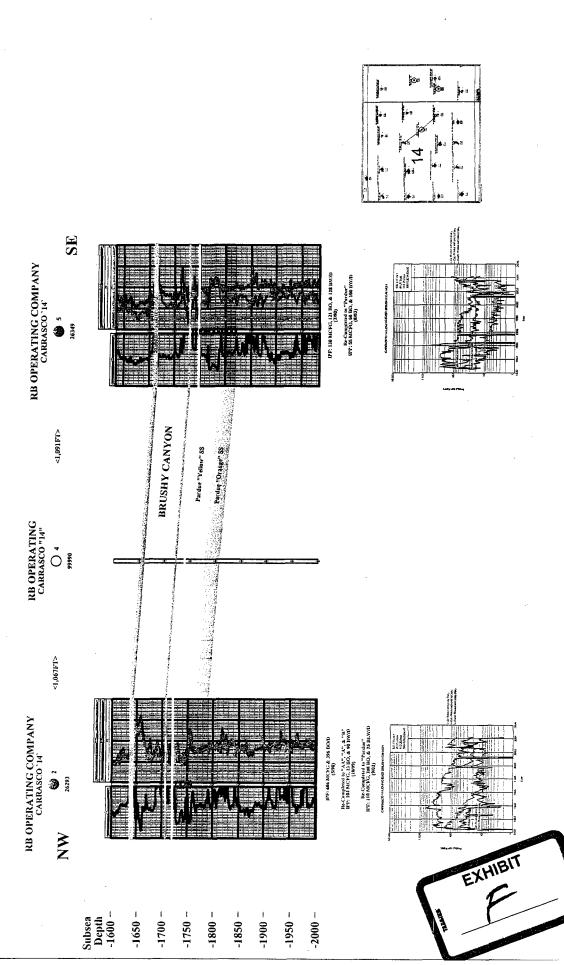
BETTE A GITTING 1 3.47.19 PAI

NW-SE STRUCTURAL CROSS-SECTION Carrasco "14" No. 4 Location

Subsea Depth ---1600

- -1650 - -1700 - -1800 - -1850 - -1900 - -1950 - -2000

--1750

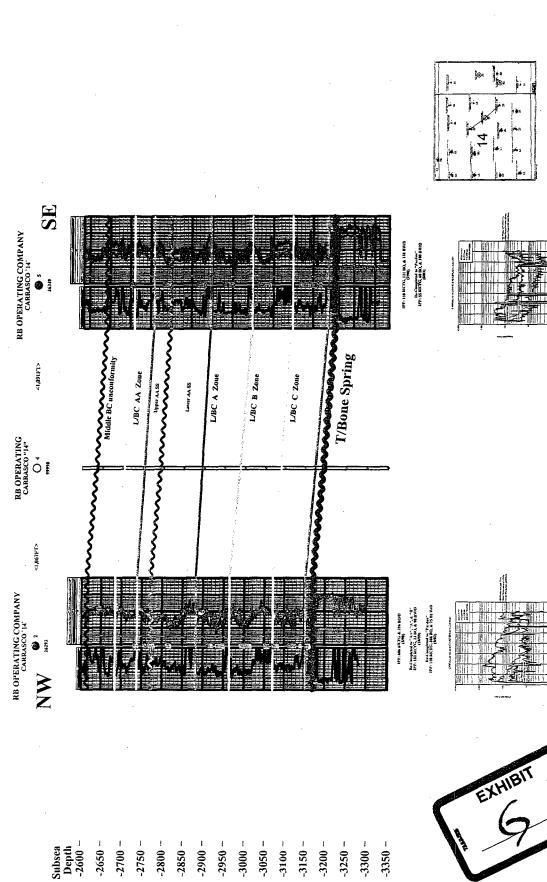


NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location

Subsea Depth ---2600

--2650 - -2700 - -2750 - -2800 - -2850 - -2900 ---2950 - -3000 - -3050 - -3100 - -3150

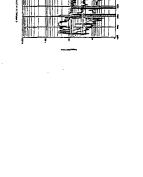


- -3300

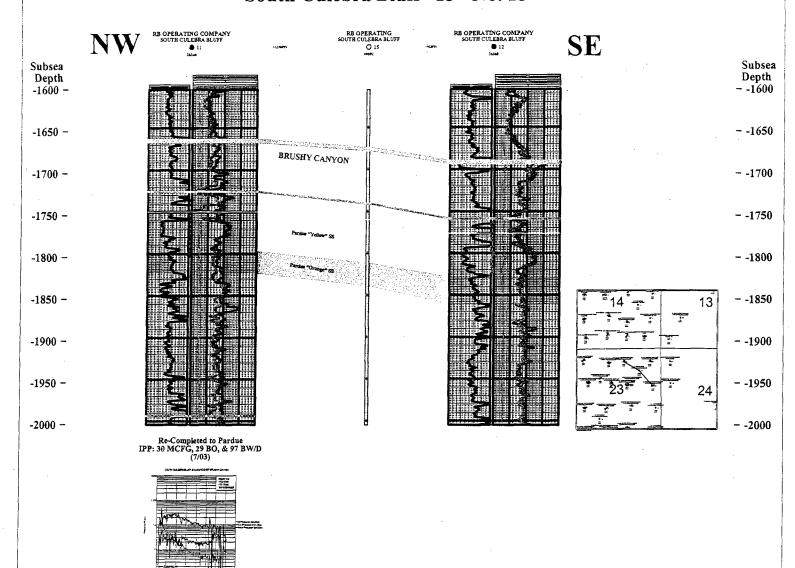
- -3350

- -3250

- -3200



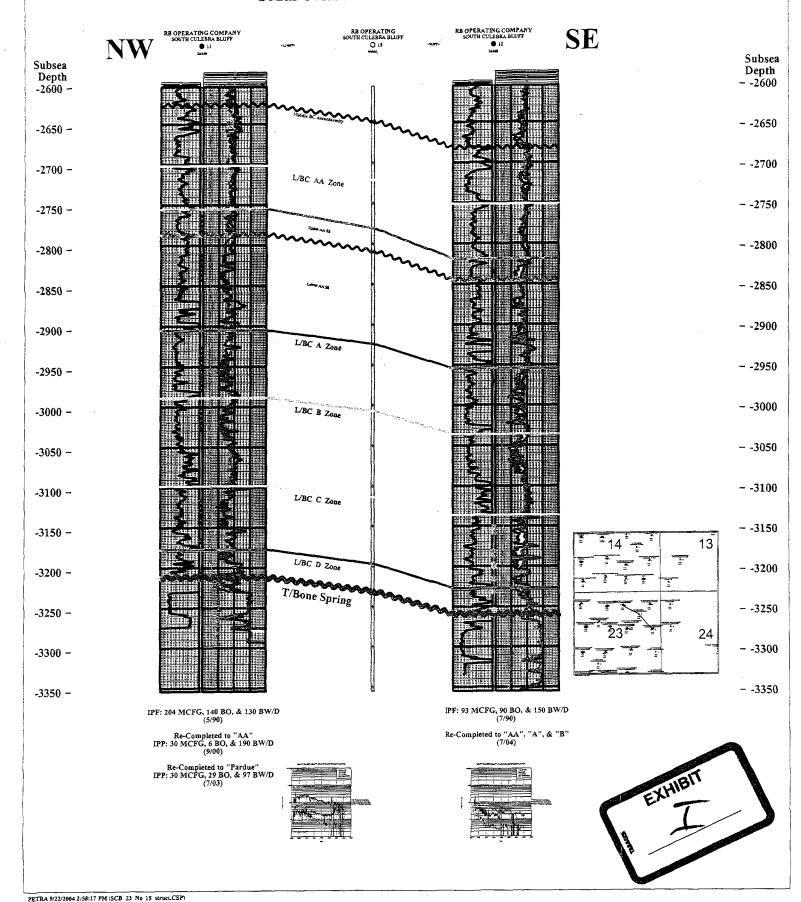
NW-SE STRUCTURAL CROSS-SECTION South Culebra Bluff "23" No. 15





NW-SE STRUCTURAL CROSS-SECTION

South Culebra Bluff "23" No. 15 Location



LOVING EAST FIELD PROPOSED CARRASCO 14#4 EDDY COUNTY, NEW MEXICO

DELAWARE VOLUMETRIC ANALYSIS

PARAMETERS

Average Porosity, % Connate Water Saturation, % Initial Pressure, psia Reservoir Temperature, deg. R Formation Volume Factor	16.0 49.0 2,615 575 1.34
OIL IN PLACE, BBLS/A-F (7758 x por x (1-Sw) *1/Bo)	472
OIL IN PLACE, MBBLS	9,087
Recovery Factor, %	11
ULTIMATE OIL RECOVERY, BBLS/A-F	52
BULK RESERVOIR VOLUME	
Productive Acres Average Pay Thickness, ft. Unit Productive Volume, A-F	163 118 19,234
ULTIMATE RECOVERABLE OIL, MBBLS	1,000
OIL RESERVES RECOVERABLE BY EXISTING WELLS Carrasco 14#2 Carrasco 14#3 Carrasco 14#5 SCB #2B TOTAL RESERVES BY EXISTING WELLS	MBO 300 125 94 229 748
OIL RESERVES NOT RECOVERABLE BY EXISTING WELLS IN TRACT	252



LOVING EAST FIELD PROPOSED SCB 23#15 EDDY COUNTY, NEW MEXICO

DELAWARE VOLUMETRIC ANALYSIS

PARAMETERS	
Average Porosity, % Connate Water Saturation, % Initial Pressure, psia Reservoir Temperature, deg. R Formation Volume Factor	17.0 48.0 2,615 575 1.34
OIL IN PLACE, BBLS/A-F (7758 x por x (1-Sw) *1/Bo)	512
OIL IN PLACE, MBBLS	12,856
Recovery Factor, %	11
ULTIMATE OIL RECOVERY, BBLS/A-F	56
BULK RESERVOIR VOLUME	
Productive Acres Average Pay Thickness, ft. Unit Productive Volume, A-F	160 157 25,120
ULTIMATE RECOVERABLE OIL, MBBLS	1,414
OIL RESERVES RECOVERABLE BY EXISTING WELLS SCB #4B SCB 23#11 SCB #3B SCB 23#12 TOTAL RESERVES BY EXISTING WELLS	MBO 95 112 124 48 379
OIL RESERVES NOT RECOVERABLE BY EXISTING WELLS	1,035

IN TRACT



COOPERATIVE AGREEMENT

(Carrasco "14" #4 Well, Eddy County, NM)

This Agreement is between the parties set out on the Exhibit "A" attached hereto, hereinafter being referred to as "the Parties".

WHEREAS, The Parties own royalty, working interests and other leasehold interests in the existing production units of the Carrasco "14" #2 Well (Tract 1), Carrasco "14" #3 Well (Tract 2), South Culebra Bluff #2B Well (Tract 3) and the Carrasco "14" #5 Well (Tract 4) located in Section 14, T23S, R28E, Eddy County, NM; and

WHEREAS, RB Operating Company is desirous of drilling the Carrasco "14" #4 well located between the four wells set out above. Because this well is considered an "increased density well", it can not be drilled without the prior approval of the New Mexico Oil Conservation Division; and

WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the Carrasco "14" #4 well within the proposed drilling unit.

Now, Therefore, for the adequate, mutual and reciprocal considerations hereinafter set forth, the Parties hereby agree as follows:

1. The lands covered by this Agreement the ("Proposed Drilling Unit") are depicted on the Plat attached to this Agreement as Exhibit "C," and are described as follows:

All of the SW/4 SE/4 NE/4, SE/4 SW/4 NE/4, NW/4 NE/4 SE/4 & NE/4 NW/4 SE/4 of Section 14, T23S, R28E, Eddy County, NM containing forty (40) acres, more or less.

- 2. The ownership of the royalty, working interests and other leasehold interests in the Proposed Drilling Unit is set out on the Exhibit "B" attached hereto. This Agreement shall not have any affect on the respective ownership of the royalty, working interests and other leasehold interests in the existing wells in Tracts 1 thru 4 set out on the Exhibit "C" attached hereto.
- 3. The Parties hereby mutually approve the drilling of the Carrasco "14" #4 well within the proposed drilling unit.
- 4. RB Operating will make a diligent effort to obtain the approval to drill the Carrasco "14" #4 well from the New Mexico Oil Conservation Division.
- 5. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of the existing Operating Agreement.
- 6. In the event the Carrasco "14" #4 well has not been spudded by July 1, 2005, this agreement shall expire.
- 7. This agreement shall not amend any existing agreements covering the Proposed Drilling Unit, including, but not limited to, the Operating Agreement, Oil and Gas Leases, Division Orders, etc.
- 8. This Agreement shall become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

EXHIBIT

L-/

- 9. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
- 10. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.

The Parties have executed this 12 No day of 54 tember, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

Chesapeake Permian, L. P.

By:	
Name:	
Title:	

RB Operating Company

By: NEAL HARRINGTON Title: V P LAND

OVERRIDING ROYALTY INTEREST OWNERS

Robert H. Northington	
Wells Fargo F. B. O. Donald I	'aape

By:___ Name: Title:

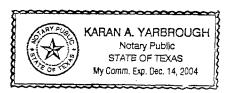
Individual Acknowledgement

STATE	OF		§							
COUNT	Y OF		§							
This	instrument	was	acknowledged	before	me	on	the		day	of
		, 20	04, by							
			• *							
				e	•					
				Nota of	ry Pub	lic in	and fo	r the State	· ·	
									•	

Corporate Acknowledgement

STATE OF Jeva & SCOUNTY OF Janant &

This instrument was acknowledged before me on the school day of September, 2004, by D. Neal Harrington, Nie President of PB Operation, Company, a Delauteur corporation, on behalf of said corporation.



Notary Public in and for the State of

 This Agreement shall be binding on the Parties and shall extend to and be binding of their respective heirs, executors, administrators, successors, and assigns.
10. This Agreement may be executed in any number of counterparts, no one of which need to be executed by all parties, or may be ratified or consented to by separate instrument, i writing, specifically referring to it, and shall be binding on all Parties who have execute a counterpart, ratification or consent with the same force and effect as if all Parties has signed the same document.
The Parties have executed this 28th day of puly, 2004, however
shall not become effective upon the proper execution and approval of one-hundred percen
(100%) of the Parties.
WORKING INTEREST OWNERS
Chesapeake Permian, L. P.
By:
Name: Henry J. Hood Jf. Title: Senior Vice President - Land and Legal
of Chesapeake Operating, Inc.
General Partner of Chesapeake Permian, LP
RB Operating Company
D
By: Name:
Title:
OVERRIDING ROYALTY INTEREST OWNERS
Robert H. Northington
Wells Fargo F. B. O. Donald Paape
By:
Name:
Title:

Individual Acknowledgement

STATE OF	§			
COUNTY OF	§		•	
This instrument was	acknowledged b	efore me on	the	day of
, 200	4, by		· ·	
			,	
			•	
	·	Notary Public in of	and for the State	
			······································	
	·			
	Corporatate Ackn	owledgement		
STATE OF DELLA S				
STATE OF <u>CANUALUM</u> § COUNTY OF <u>Gradu</u> §				
J	acknowledged be	fore me on	the 38 th	day of
hesapeake operating Inc. Meral Partner of Chesapeake	acknowledged be 1, by <u>Henry</u> , a(<u>a) Oklahoma</u>	_ corporation, on 1	nior Vice YresL behalf of said corp	oration.
Permian, LP	William Book		_	
	COORDON SERVICE NAME OF SERVICE SERVIC	Inn P	Bridge	
	S COORSON SERVICE S COORSON SERVICE SE	Notary Public in a Oklahama	and for the State o	f

COMMUNITIZATION AGREEMENT

(South Culebra Bluff "23" #15 Well, Eddy County, NM)

This Agreement is between the parties set out on the Exhibit "A" attached hereto, hereinafter being referred to as "the Parties".

WHEREAS, The Parties own royalty, working interests and other leasehold interests in the existing production units of the South Culebra Bluff "23" #11 Well (Tract 1), South Culebra Bluff #4B Well (Tract 2), South Culebra Bluff #3B Well (Tract 3) and the South Culebra Bluff "23" #12 Well (Tract 4) located in Section 23, T23S, R28E, Eddy County, NM; and

WHEREAS, RB Operating Company is desirous of drilling the South Culebra Bluff "23" #15 well located between the four wells set out above. Because this well is considered an "increased density well", it can not be drilled without the prior approval of the New Mexico Oil Conservation Division; and

WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the South Culebra Bluff "23" #15 well within the proposed drilling unit.

Now, THEREFORE, for the adequate, mutual and reciprocal considerations hereinafter set forth, the Parties hereby agree as follows:

1. The lands covered by this Agreement (the "Proposed Drilling Unit") are depicted on the plat attached to this Agreement as Exhibit "C," and are described as follows:

All of the SW/4 NE/4 NE/4, SE/4 NW/4 NE/4, NW/4 SE/4 NE/4 & NE/4 SW/4 NE/4 of Section 23, T23S, R28E, Eddy County, NM containing forty (40) acres, more or less, limited in depth as to the Delaware Mountain Group at a depth of 2,630 feet to 6,249 feet as found in the South Culebra Bluff #4B well located 560' FEL & 660' FNL of Section 23, T23S, R28E, Eddy County, NM (hereinafter referred to as the "Communitized Lands").

- 2. The Parties hereby mutually approve the drilling of the South Culebra Bluff "23" #15 well within the Proposed Drilling Unit, and agree to communitize and pool their respective mineral and leasehold interests in the Communitized Lands for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this Agreement.
- 3. The Parties agree as to the ownership of the royalty, working interests and other leasehold interests in the Proposed Drilling Unit is as set out on the Exhibit "B" attached hereto. This Agreement shall not have any affect on the respective ownership of the royalty, working interests and other leasehold interests in the existing wells in Tracts 1 thru 4 set out on the Exhibit "C" attached hereto.
- 4. This Agreement shall not be construed as a cross conveyance, but as a stipulation of ownership between the Parties in and to the oil and gas produced from the well. It shall remain in force and effect for so long as oil and/or gas is being produced from the Communitized Lands.
- 5. RB Operating will make a diligent effort to obtain the approval to drill the South Culebra Bluff "23" #15 well from the New Mexico Oil Conservation Division.

EXHIBIT L-2

- 6. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of the existing Operating Agreement.
- 7. In the event the South Culebra Bluff "23" #15 well has not been spudded by July 1, 2005, this agreement shall expire.
- 8. This agreement shall not amend any existing agreements covering the Proposed Drilling Unit, including, but not limited to, the Operating Agreement, Oil and Gas Leases, Division Orders, etc.
- 9. This Agreement shall become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.
- 10. The covenants in this Agreement shall be construed to be covenants running with the land with respect to the communitized interests of the Parties and their successors in interests until this Agreement terminates. Any grant, transfer, or conveyance of any land or interest subject to this Agreement, whether voluntary or not, shall be and is conditioned on the assumption of all obligations of this Agreement by the grantee, transferee, or other successor in interest.
- 11. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
- 12. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.

The Parties have executed this <u>v</u> day of <u>September</u>, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

Chesapeake Permian, L. P.

By:		
Name:		
Title:		

RB Operating Company

By: A LECK Must.
Name: D. NENC HARRINGTON
Title: 11 2

- 6. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of the existing Operating Agreement.
- 7. In the event the South Culebra Bluff "23" #15 well has not been spudded by July 1, 2005, this agreement shall expire.
- 8. This agreement shall not amend any existing agreements covering the Proposed Drilling Unit, including, but not limited to, the Operating Agreement, Oil and Gas Leases, Division Orders, etc.
- 9. This Agreement shall become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.
- 10. The covenants in this Agreement shall be construed to be covenants running with the land with respect to the communitized interests of the Parties and their successors in interests until this Agreement terminates. Any grant, transfer, or conveyance of any land or interest subject to this Agreement, whether voluntary or not, shall be and is conditioned on the assumption of all obligations of this Agreement by the grantee, transferee, or other successor in interest.
- 11. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
- 12. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.

The Parties have executed this <u>18</u> day of <u>111</u>, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

By: /	
Name: Henry J. Hood	
Title: Senior Vice President - Land and Legal	
of Chesapeake Operating, Inc.	
General Partner of Chesapeake Permian,	LP
RB Operating Company	
~ · · · · · · · · · · · · · · · · · · ·	

By:	
Name:	
Title:	

Chesapeake Permian, L. P.

Exhibit "A"

Carrasco "14" #2 Well (Tract 1), Carrasco "14" #3 Well (Tract 2), South Culebra Bluff #2B Well (Tract 3) & Carrasco "14" #5 Well (Tract 4)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40798611
RB Operating Company	0.50000000	0.40507311
Esther Lee Baker Trust		0.03437500
Candelario Carrasco, Jr. and Emma Carrasco		0.02343750
Robert H. Northington *	·	0.00036309
Wells Fargo F. B. O. Donald Paape *		0.00254991
Celia C. Valdez		0.00585938
Bogle Oil, Inc.		0.01953125
Richard and Dea Holesapple		0.00390625
Marsha Kantor		0.00347222
Renee Ann Levine-Blonder		0.00187500
Darrin M. Margulies Trust created under the Grover Trust Agreement dated 10-15-86	, as amended	0.00187500
Marc Kantor		0.00347223
Joe A. Clem		0.00585937
John E. Clem		0.00585937
Geraldine Clem Bolen		0.00390626
Janice Clem Pace		0.00390625
Judith Hamilton Fuhr		0.00390625
Emil Berger		0.01388889
Solomon N. Grover Trust Agreement dated 10/10/2000		0.00937500
Concepcion Onsurez		0.00585937
Shayna Levine-Hoffman		0.00187500
Dale Goldman		0.00347222
William Kantor, M.D.		0.00347222
Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreement dated	d 10-31-2000	0.00937500
Julee Margulies-Metz		0.00187500
Melinda Thompson		0.00292969
Corina C. Urquidez		0.00585937
Danielle Levine-Baum		0.00187500
Greg Martinez, Jr.		0.00292969
Totals	1.00000000	1.00000000



^{*} Overriding Royalty Interest

Exhibit "B"

Carrasco "14" #4 Well (Proposed Drilling Unit)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40798611
RB Operating Company	0.5000000	0.40507311
Esther Lee Baker Trust		0.03437500
Candelario Carrasco, Jr. and Emma Carrasco		0.02343750
Robert H. Northington *		0.00036309
Wells Fargo F. B. O. Donald Paape *		0.00254991
Celia C. Valdez		0.00585938
Bogle Oil, Inc.		0.01953125
Richard and Dea Holesapple		0.00390625
Marsha Kantor		0.00347222
Renee Ann Levine-Blonder		0.00187500
Darrin M. Margulies Trust created under the Grover Trust Agreement dated 10-15-8	36, as amended	0.00187500
Marc Kantor		0.00347223
Joe A. Clem		0.00585937
John E. Clem		0.00585937
Geraldine Clem Bolen		0.00390626
Janice Clem Pace		0.00390625
Judith Hamilton Fuhr		0.00390625
Emil Berger		0.01388889
Solomon N. Grover Trust Agreement dated 10/10/2000		0.00937500
Concepcion Onsurez		0.00585937
Shayna Levine-Hoffman		0.00187500
Dale Goldman		0.00347222
William Kantor, M.D.		0.00347222
Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreement date	ed 10-31-2000	0.00937500
Julee Margulies-Metz		0.00187500
Melinda Thompson		0.00292969
Corina C. Urquidez		0.00585937
Danielle Levine-Baum		0.00187500
Greg Martinez, Jr.		0.00292969
Totals	1.00000000	1.00000000

^{*} Overriding Royalty Interest



Exhibit "A"

South Culebra Bluff "23" #11 Well (Tract 1) & South Culebra Bluff #3B Well (Tract 3)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40625000
RB Operating Company	0.50000000	0.40371094
Wells Fargo F. B. O. Donald Paape *		0.00253906
Johnny L. Reid and Jackie L. Reid		0.18750000
Totals	1.00000000	1.00000000

South Culebra Bluff #4B Well (Tract 2) & South Culebra Bluff "23" #12 Well (Tract 4)

Owner Name	Working Interest	Net Revenue Interest	
Chesapeake Permian, L. P.	0.5000000	0.40625000	
RB Operating Company	0.5000000	0.40371094	
Wells Fargo F. B. O. Donald Paape *		0.00253906	
Stennis Family Trust		0.18750000	
Totals	1.00000000	1.00000000	



^{*} Overriding Royalty Interest

Exhibit "B"

South Culebra Bluff "23" #15 Well (Proposed Drilling Unit)

Owner Name	Working Interest	Net Revenue Interest	
Chesapeake Permian, L. P.	0.50000000	0.40625000	
RB Operating Company	0.50000000	0.40371094	
Wells Fargo F. B. O. Donald Paape *		0.00253906	
Stennis Family Trust **		0.09375000	
Johnny L. Reid and Jackie L. Reid ***		0.09375000	
Totals	1.00000000	1.00000000	



^{*} Overriding Royalty Interest

^{**} Surface Owner (E/2 NE/4 of Section 23)

^{***} Surface Owner (W/2 NE/4 of Section 23)

Santarial Aldres 87504-2265

NSL PSEMUL2732973

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	
1	THIS CHECKLIST IS	MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULE WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE	S AND REGULATIONS
Appli	[DHC-Do		nmingling] ment]
[1]	TYPE OF A [A]	APPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD	2004 SEP
	Chec [B]	CkOne Only for [B] or [C]' Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	28 PM
٠	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD PII BOR PPR	-
	[D]	Other: Specify	
[2]	NOTIFICAT	TION REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROC ATION INDICATED ABOVE.	ESS THE TYPE
	ral is accurate a	TION: I hereby certify that the information submitted with this application for and complete to the best of my knowledge. I also understand that no action vertical information and notifications are submitted to the Division. The same of the property of	vill be taken on this
Print or	Type Name	Signature KELLAHIN & KELLAHIN Attorneys At Law P.O. Box 2265	Date

KELLAHIN & KELLAHIN

W. Thomas Kellahin Recognized Specialist in the Area of Natural Resources-oil and gas law-New Mexico Board of Legal Specialization

P.O. Box 2265 Santa Fe, New Mexico 87504 117 North Guadalupe Santa Fe. New Mexico 87501

Attorney at Law

Telephone 505-982-4285 Facsimile 505-982-2047 kellahin@earthlink.net

September 28, 2004

HAND DELIVERED

Mr. Mark E. Fesmire, Director Oil Conservation Division 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

Administrative Application of RB Operating Company Re: for approval of two unorthodox oil well locations and simultaneous dedication, East Loving-Brushy Canyon Pool, Eddy County, New Mexico

- (1) Carrasco "14" Well No. 4 2630 feet FSL and 1330 feet FEL (Unit J) Section 14, T23S, R28E
- (2) South Culebra Bluff "23" Well No. 15 1430 feet FNL and 1150 feet FEL (Unit H) Section 23, T23S, R28E

Dear Mr. Fesmire:

On behalf of RB Operating Company, please find enclosed our referenced administrative application.

Thomas Kellahin

cc:

RB Operating Company Attn: Bobby Ebeier

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE ADMINISTRATIVE APPLICATION OF RB OPERATING COMPANY FOR TWO UNORTHODOX OIL WELL LOCATIONS AND TWO SIMULTANEOUS DEDICATIONS, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE A P P L I C A T I O N

RB OPERATING COMPANY ("RB") by its attorneys, Kellahin & Kellahin, seeks an order authorizing the drilling and production of its Carrasco "14" Well No. 4 at an unorthodox well location 2630 feet FSL and 1330 feet FEL (Unit J) Section 14, T23S, R28E and its South Culebra Bluff "23" Well No. 15 at an unorthodox well location 1430 feet FNL and 1150 feet FEL (Unit H) Section 23, T23S, R28E and to simultaneously dedicate each to be a different standard 40-acre oil spacing unit for production from the East Loving-Brushy Canyon Pool.

In support of its application RB states:

- 1. RB proposes to drill the following two wells each at an unorthodox oil well location and to simultaneously dedicate each to a different standard 40-acre spacing unit as follows:
 - a. Its Carrasco "14" Well No. 4 to be drilled at an unorthodox oil well location 2630 feet FSL and 1330 feet FEL (Unit J) Section 14, T23S, R28E and to simultaneously dedicate it along with the South Culebra Bluff Well No. 2, (API 30-015-22591) a producing oil well located 1722 feet FSL and 2032 feet FEL (Unit J) Section 14, T23S, R28E. See locator map attached as Exhibit "A" and C-102s attached as Exhibit "B"
 - b. its South Culebra Bluff "23" Well No. 15 to be drilled at an unorthodox oil well location 1430 feet FNL and 1150 feet FEL (Unit H) Section 23, T23S, R28E and to simultaneously dedicate it along with the South Culebra Bluff "23" Well No. 12 (API 30-015-26368) a producing oil well located 2140 feet FNL and 400 feet FEL (Unit H) Section 23, T23S, R28E. See locator map attached as Exhibit "A" and C-102s attached as Exhibit "C"

NMOCD Administrative Application RB Operating Company -Page 2-

- 2. These spacing units are subject to the East Loving-Brushy Canyon Pool including, among other things, 40-acre oil spacing with wells located not closer than 330 feet to the side boundaries and a special limiting gas/oil ratio of 8,000 cubic feet of gas per barrel of oil produced.
- 3. As a result of development in accordance with Division rules, each of these two governmental quarter-section contains 4 oil wells that may have by passed recoverable oil that now can be recovered by adding a new well at the approximate center of each quarter section. In order to test this probability, RB proposes to drill these two infill wells. See locator map attached as Exhibit "A"
- 4. RB, based upon geologic data, believes that its proposed unorthodox well locations will provide better opportunities to access potential production in the Brushy Canyon interval of the Delaware formation that cannot be produced by the other wells within this spacing unit or adjacent spacing units.
 - a. Isopach of Brushy Canyon interval "Total Net BC SS" See Exhibit "D"
 - b.T/Lower Brushy Canyon "A" Zone Structure Map. See Exhibit "E"
 - c. For the Carrasco "14" Well No. 4
 - i. NW-SE Structural Cross-Section Upper Brushy Canyon. See Exhibit "F"
 - ii. NW-SE Structural Cross-Section Lower Brushy Canyon See Exhibit "G"
 - c. For the South Culebra Bluff "23" Well No 15
 - i. NW-SE Structural Cross-Section Upper Brushy Canyon See Exhibit "H"
 - ii. NW-SE Structural Cross-Section Lower Brushy Canyon See Exhibit "I"

NMOCD Administrative Application RB Operating Company -Page 3-

- 5. Volumetric Analysis for Carrasco 14 Well No. 4.
 - (S/2NE/4 and N/2SE/4 of Section 14)
 - a. Based upon volumetric analysis this 160-acre tract contains a estimated 1,000 MBO to be recovered
 - b. The four existing off-setting wells are estimated to ultimately recover about 748 MBO
 - c. Leaving an estimated 252 MBO to be recovered by any infill wells
 - d. The proposed infill well is estimated to recover 120 MBO at an initial rate of about 150 barrels of oil per day

See Exhibit "J"

- 6. Volumetric Analysis for South Culebra Bluff "23" Well No. 15. (NE/4 Section 23)
 - a. Based upon volumetric analysis this 160-acre tract contains a estimated 1.414 MBO to be recovered
 - b. The four existing off-setting wells are estimated to ultimately recover about 379 MBO
 - c. Leaving an estimated 1,035 MBO to be recovered by any infill wells
 - d. The proposed infill well is estimated to recover 70 MBO at an initial rate of about 100 barrels of oil per day

See Exhibit "K"

- 7. The 4 existing wells in the S/2NE/4 and N/2SE/4 of Section 14 have a combined total allowable of 568 barrels of oil per day (142 x 4) with the original well in this 40-acre spacing unit (Unit J) currently producing about 32 barrels of oil per day (South Culebra Bluff Well No. 2)
- 8. The 4 existing wells in the NE/4 of Section 23 have a combined total allowable of 568 barrels of oil per day (142 x 4) with the original well in this 40-acre spacing unit (Unit H) currently producing about 6 barrels of oil per day (South Culebra "23" Well No. 12)

NOTIFICATION AND WAIVERS

9. RB, for administrative convenience, has selected to place each infill well within an existing spacing unit and requests approval for simultaneous dedication.

NMOCD Administrative Application RB Operating Company -Page 4-

- 10. RB and Chesapeake Permian, L. P. are the only working interest owners affected and RB has contacted all royalty and overriding royalty interest owners affected and has obtained the consent of all owners.
- 11. RB has entered into an agreement with all these affected owners for the sharing of production for these 2 infill wells by creating a voluntary "Proposed Drilling Unit" consisting of 10-acres from each of the 40-acre spacing units in the quarter section. See map attached as Exhibit "A" Attached and the two agreements attached as Exhibit "L-1" and Exhibit "L-2"
- 12. No further notice in required because attached are copies of the signature pages for each of the two agreements showing that all interest owners have agreed to this proposal. See Exhibit "M" and Exhibit "N" attached

WHEREFORE, RB, as applicant, requests that the Division enter its order approving these requested unorthodox well locations and simultaneous dedications.

PECTFULLY SUBMITTED:

W. THOMAS KELLAHIN KELLAHIN & KELLAHIN

P. O. Box 2265

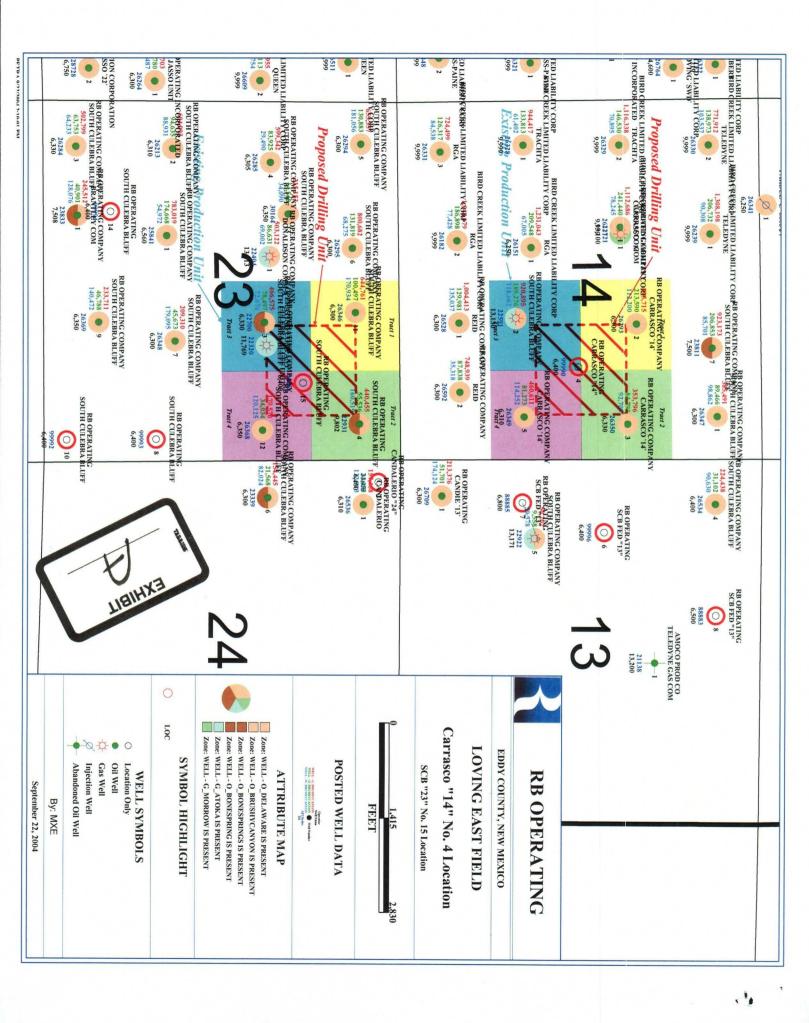
Santa Fe, New Mexico 87504

Telephone:

(505) 982-4285

Fax:

(505) 982-2047



DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

Fo.

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

2977'

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NW 86210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505	WELL LOCATION AND	ACREAGE DEDICATION	PLAT	□ AMENDED REPORT
API Number	Pool Code		Pool Name	
Property Code	Pro	perty Name		Well Number
	CARI	RASCO 14		4
OGRID No.	Оре	erator Name		Elevation

R.B. OPERATING Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	14	23-S	28-E		2630	SOUTH	1330	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	Joint o	or Infill Co	nsolidation	Code Ore	der 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

GEODETIC COORDINATES NAD 27 NME Y=474923.2 N X=586495.1 E LAT.=32*18*19.33" N	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
LAI.=32 18 19.33 N LONG.=104°03'12.17" W	Printed Name EXHIBIT Title Date SURVEYOR AFICATION 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 supervison, and that the same is true and
5630,	AUGUST 3, 2004 Date Surveyed REW 08/20/04 JR Signature & Seal of Professional Surveyor 04.11.0997 Certificate No. RONALD 5. EIDSON 3239

DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 68210

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

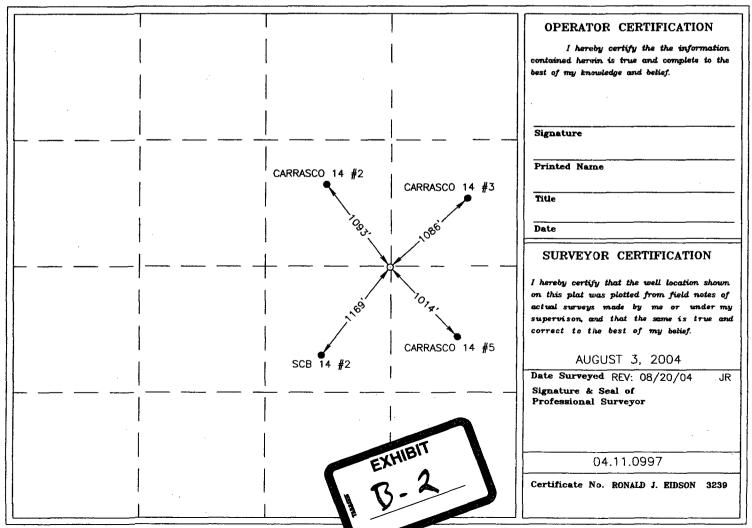
DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT ☐ AMENDED REPORT 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505 Pool Code Pool Name API Number Property Name Well Number Property Code CARRASCO 14 4 Operator Name OGRID No. Elevation R.B. OPERATING 2977 Surface Location Feet from the North/South line UL or lot No. Section Township Range Lot idn Feet from the East/West line County 2630 SOUTH **EAST** J 23 - S28-E 1330 **EDDY** 14

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
									
Dedicated Acres	Joint o	r Infill Co	nsolidation (Code Or	der No.				
		1							

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



DISTRICT I 1625 N. PRENCE DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

DISTRICT II 1301 V. Grand Avenue, Artesia, NM 68210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

Certificate No. RONALD 1 REPSON 3239

DISTRICT III 1000 Rio Brazos	Rd., Aztec, N	ĭM 87410					FRANCIS DR. exico 87505		Fee Leas	e - 3 Copi
DISTRICT IV	DR., SANTA FR.	NW 87505	WELL LO	CATION	AND	ACREA	GE DEDICATI	ON PLAT	□ AMEND	ED REPOR
	Number			Pool Code				Pool Name		
Property	Code		<u> </u>		-	perty Nam	e		Well Nur	
OGRID N	io.					CB 23	•		1 5 Elevation	
Julia					-	PERAT			298	
					Surfa	ce Loca	tion			
UL or lot No.	Section	Township	Range	Lot Idn	1	om the	North/South line	Feet from the	East/West line	County
<u> </u>	23	23-S	28-E		J	30'	NORTH	1150'	EAST	EDDY
UL or lot No.	Section	Township	Bottom Range	Hole Lo		If Diffe	rent From Sur	face Feet from the	East/West line	County
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Dedicated Acre	s Joint	or Infill Co	nsolidation	Code Or	der No.					
NO ALL	OWABLE 1						NTIL ALL INTEI APPROVED BY		EEN CONSOLID	ATED
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	1		Y=4708	65.0 N		1]		contained herei	n is true and compl vledge and belief.	-
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L			NG.=104°(10.30	<i>w</i>	_		Signature		
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	į					Ì	•	SURVEYO	OR CERAY	TION
				 		- 		11	, that the well locat	
				!				11	as plotted from field made by me or	-
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				1				Gonald	Louison	8/11/04
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DISTRICT I 1626 M. FRENCH DR., HOBBS, NM 88240

Snergy, Minerals and Natural Resources Department

DISTRICT II 1201 W. CRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Form C-102 Revised JUNE 10, 2003 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505	WELL LOCATION AND	ACREAGE DEDICATION	PLAT
API Number	Pool Code		Pool Name
Property Code	·	Derty Name	Well Number
OGRID No.	Oper	rator Name PERATING	Elevation 2989'

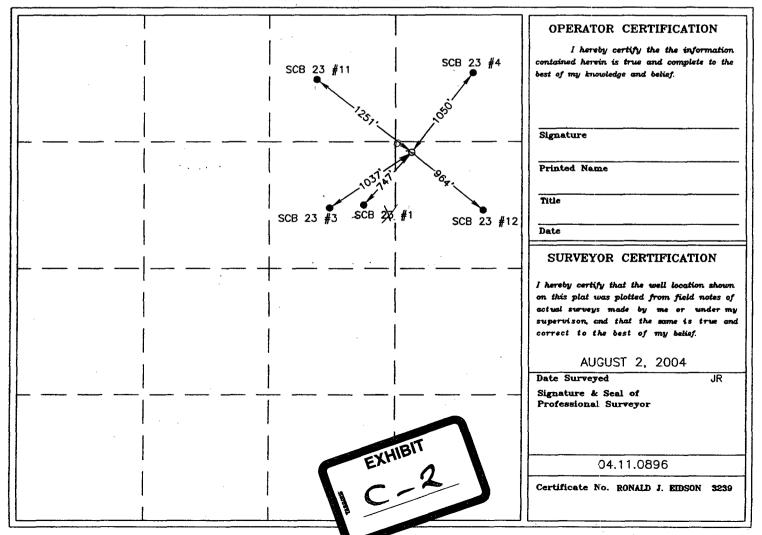
Surface Location

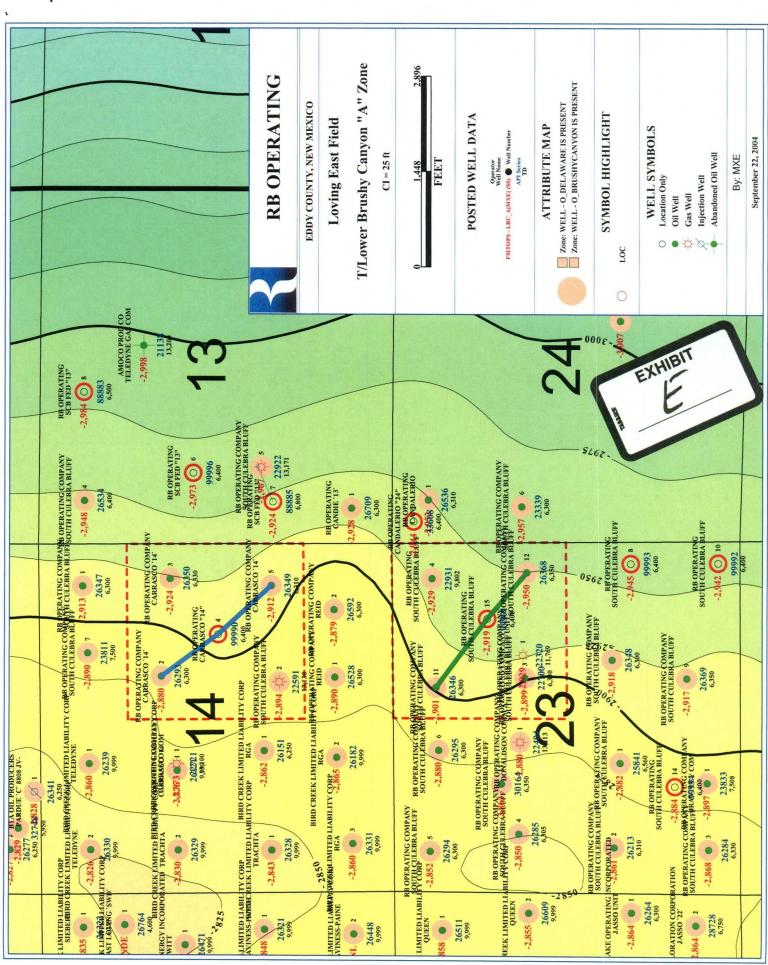
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	23	23-S	28-E		1430'	NORTH	1150'	EAST	EDDY

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	Joint o	r Infill Co	nsolidation	Code Ore	der No.		<u> </u>	<u> </u>	

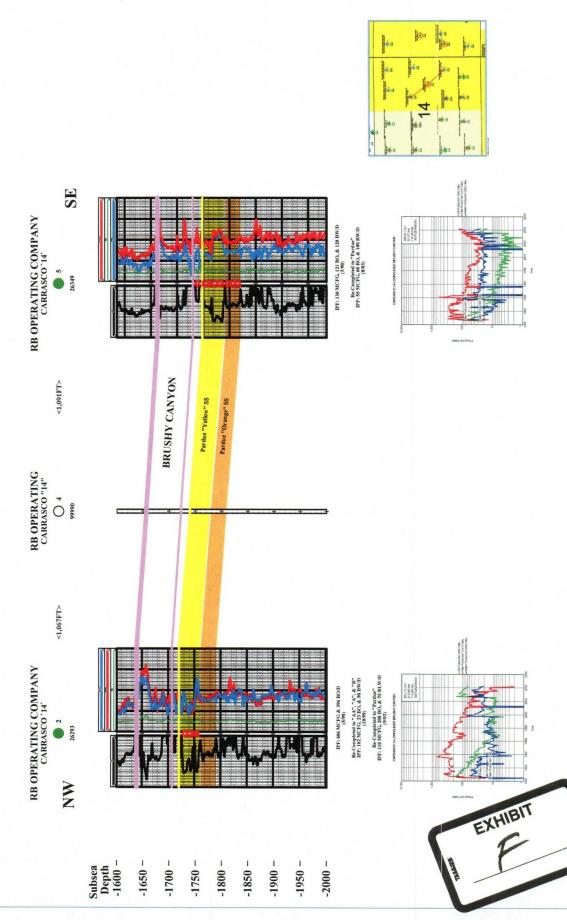
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION





NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location



Subsea
Depth
- -1600
- -1650
- -1700
- -1750
- -1800
- -1850
- -1950

NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location

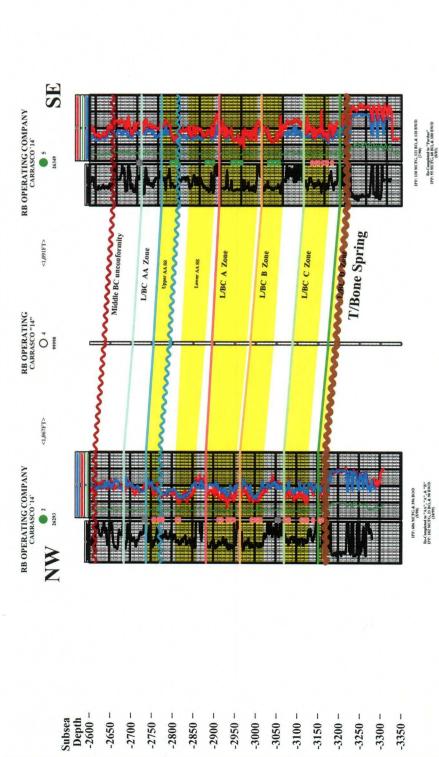
Subsea Depth - -2600

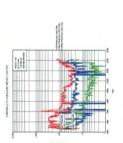
- -2650 - -2700 - -2800

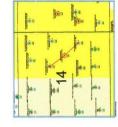
- -2750

- -2900 - -2950 - -3000 - -3050 - -3100 - -3150 - -3200 - -3250 - -3300

- -2850





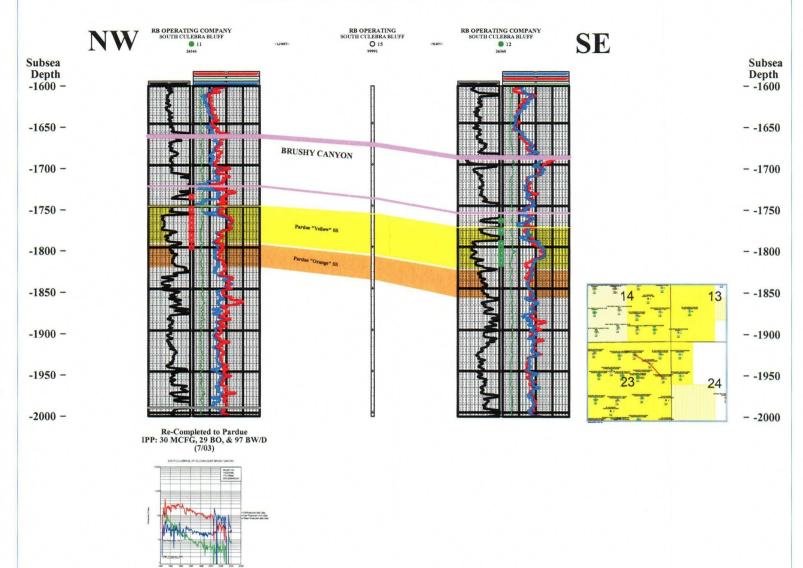


- -3350



Re-Completed to "Pardue" IPF: 110 MCFC, 208 BO, & 75 BLW/D (9/02)

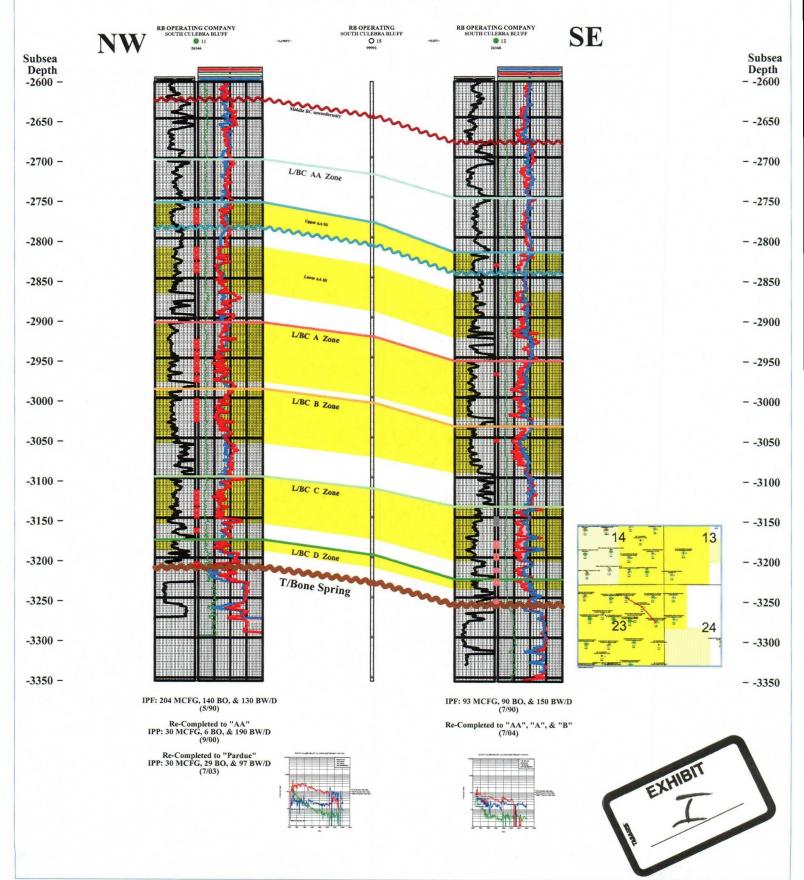
NW-SE STRUCTURAL CROSS-SECTION South Culebra Bluff "23" No. 15





NW-SE STRUCTURAL CROSS-SECTION

South Culebra Bluff "23" No. 15 Location



LOVING EAST FIELD PROPOSED CARRASCO 14#4 EDDY COUNTY, NEW MEXICO

DELAWARE VOLUMETRIC ANALYSIS

PARAMETERS

Average Porosity, % Connate Water Saturation, % Initial Pressure, psia Reservoir Temperature, deg. R Formation Volume Factor	16.0 49.0 2,615 575 1.34
OIL IN PLACE, BBLS/A-F (7758 x por x (1-Sw) *1/Bo)	472
OIL IN PLACE, MBBLS	9,087
Recovery Factor, %	11
ULTIMATE OIL RECOVERY, BBLS/A-F	52
BULK RESERVOIR VOLUME	
Productive Acres Average Pay Thickness, ft. Unit Productive Volume, A-F	163 118 19,234
ULTIMATE RECOVERABLE OIL, MBBLS	1,000
OIL RESERVES RECOVERABLE BY EXISTING WELLS Carrasco 14#2 Carrasco 14#3 Carrasco 14#5 SCB #2B TOTAL RESERVES BY EXISTING WELLS	MBO 300 125 94 229 748
OIL RESERVES NOT RECOVERABLE BY EXISTING WELLS IN TRACT	252



LOVING EAST FIELD PROPOSED SCB 23#15 EDDY COUNTY, NEW MEXICO

DELAWARE VOLUMETRIC ANALYSIS

PARAMETERS

Average Porosity, % Connate Water Saturation, % Initial Pressure, psia Reservoir Temperature, deg. R Formation Volume Factor	17.0 48.0 2,615 575 1.34
OIL IN PLACE, BBLS/A-F (7758 x por x (1-Sw) *1/Bo)	512
OIL IN PLACE, MBBLS	12,856
Recovery Factor, %	11
ULTIMATE OIL RECOVERY, BBLS/A-F	56
BULK RESERVOIR VOLUME	
Productive Acres Average Pay Thickness, ft. Unit Productive Volume, A-F	160 157 25,120
ULTIMATE RECOVERABLE OIL, MBBLS	1,414
OIL RESERVES RECOVERABLE BY EXISTING WELLS SCB #4B SCB 23#11 SCB #3B SCB 23#12 TOTAL RESERVES BY EXISTING WELLS	MBO 95 112 124 48 379
OIL RESERVES NOT RECOVERABLE BY EXISTING WELLS IN TRACT	1,035



COOPERATIVE AGREEMENT

(Carrasco "14" #4 Well, Eddy County, NM)

This Agreement is between the parties set out on the Exhibit "A" attached hereto, hereinafter being referred to as "the Parties".

WHEREAS, The Parties own royalty, working interests and other leasehold interests in the existing production units of the Carrasco "14" #2 Well (Tract 1), Carrasco "14" #3 Well (Tract 2), South Culebra Bluff #2B Well (Tract 3) and the Carrasco "14" #5 Well (Tract 4) located in Section 14, T23S, R28E, Eddy County, NM; and

WHEREAS, RB Operating Company is desirous of drilling the Carrasco "14" #4 well located between the four wells set out above. Because this well is considered an "increased density well", it can not be drilled without the prior approval of the New Mexico Oil Conservation Division; and

WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the Carrasco "14" #4 well within the proposed drilling unit.

Now, THEREFORE, for the adequate, mutual and reciprocal considerations hereinafter set forth, the Parties hereby agree as follows:

1. The lands covered by this Agreement the ("Proposed Drilling Unit") are depicted on the Plat attached to this Agreement as Exhibit "C," and are described as follows:

All of the SW/4 SE/4 NE/4, SE/4 SW/4 NE/4, NW/4 NE/4 SE/4 & NE/4 NW/4 SE/4 of Section 14, T23S, R28E, Eddy County, NM containing forty (40) acres, more or less.

- 2. The ownership of the royalty, working interests and other leasehold interests in the Proposed Drilling Unit is set out on the Exhibit "B" attached hereto. This Agreement shall not have any affect on the respective ownership of the royalty, working interests and other leasehold interests in the existing wells in Tracts 1 thru 4 set out on the Exhibit "C" attached hereto.
- 3. The Parties hereby mutually approve the drilling of the Carrasco "14" #4 well within the proposed drilling unit.
- 4. RB Operating will make a diligent effort to obtain the approval to drill the Carrasco "14" #4 well from the New Mexico Oil Conservation Division.
- 5. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of the existing Operating Agreement.
- 6. In the event the Carrasco "14" #4 well has not been spudded by July 1, 2005, this agreement shall expire.
- 7. This agreement shall not amend any existing agreements covering the Proposed Drilling Unit, including, but not limited to, the Operating Agreement, Oil and Gas Leases, Division Orders, etc.
- 8. This Agreement shall become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

- 9. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
- 10. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.

The Parties have executed this 12 nd day of September, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

_			
3v:			
By:			
By: Name:	 	 	
By: Name: Fitle:	 	 	

Chesapeake Permian, L. P.

RB Operating Company

Name: D. NEAL HARRINGTON
Title: V. P. LAND

OVERRIDING ROYALTY INTEREST OWNERS

Robert H. No	rthington
Wells Fargo I	F. B. O. Donald Paape
By:	· ·

Title:

STATE	OF		§ § &						
COUNT	Y OF		§ §						
This	instrument	was	acknowledged	before	me	on the		day	of
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	OF <u>Jexa</u> Y OF Jana	. L	§						
COUNT	Y OF Savia		§						
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RBO	peratin Ca	onpan	y, a Deleux	u corr	oratio	n, on behal	f of said corpo	oratio	n.
, of	U	7	7	A		-	1		
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KARAN A. YARBROUGH Notary Public STATE OF TEXAS My Comm. Exp. Dec. 14, 2004

9. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
10. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.
The Parties have executed this 28^{4} day of, 2004, however,
shall not become effective upon the proper execution and approval of one-hundred percent
(100%) of the Parties.
WORKING INTEREST OWNERS
Chesapeake Permian, L. P.
By: Name: Henry J. Heod Title: Senior Vice President - Land and Legal of Chesapeake Operating, Inc. General Partner of Chesapeake Permian, LP RB Operating Company By: Name: Title: OVERRIDING ROYALTY INTEREST OWNERS
Robert H. Northington
Wells Fargo F. B. O. Donald Paape
By: Name:
Title:

STATE (OF		§ §							
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	termi	an, Lt	"Hallander"					*		

their respective heirs, executors, administrators, successors, and assig	
10. This Agreement may be executed in any number of counterparts, no to be executed by all parties, or may be ratified or consented to by se writing, specifically referring to it, and shall be binding on all Parties a counterpart, ratification or consent with the same force and effect signed the same document.	parate instrument, in who have executed
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shall not become effective upon the proper execution and approval of o	one-hundred percent
(100%) of the Parties.	RECEIVE
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WORKING INTEREST OWNERS	BY:
Chesapeake Permian, L. P.	
By: Name: Title:	,
	٠.
RB Operating Company	
By:	
Name: Title:	
	**
OVERRIDING ROYALTY INTEREST OWNERS	
Robert H. Northington	
Wells Fargo F. B. O. Donald Paape	
By:	
Name: Title:	

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COUNTY OF Burnet	§ § §						
This instrument was						day	of
SHANNON MARIE WOOTA Notary Public, State of Texas My Commission Expires JULY 22, 2007	NN S		Public in		e W S the State	A N	<u>~</u>
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	acknowledged					day	of of
·	, a	corpo	ration, on	behalf o	f said corp	oration	a.
•							
		Notary	Public in	and for	the State o	$\overline{\mathbf{f}}$	

ROYALTY OWNERS

Esther Lee Baker Trust By: // Bon M. Baker Name: Willkam M. Baker Co-Trustee Candelario Carrasco, Jr. Emma Carrasco Celia C. Valdez Bogle Oil, Inc. By:___ Name: Title: Richard Holesapple

Dea Holesapple

Trustee Acknowledgement

STATE OF <u>California</u> §	
COUNTY OF Bernardino §	
This instrument was acknowledg	ged before me on the 29th day of
, 2004, by	Villiam M. Baker , Trustee of the
Esther Lee Baker Trust	, on behalf of said Trust.
ROSEMARIE HOWARD COMM. #1336581 m Notary Public-California 9	Notary Public in and for the State of California

ROYALTY OWNERS

Esther Lee Baker I rust		
	REC	EIVED
	JUL	6 200 4
By:	BY:	
Name: Title:	<u> </u>	
ride:		
Candelario Carrasco, Jr.		
Emma Carrasco		
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•		
Celia C. Valdez		
Bogle Oil, Inc.		
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		-
Name BILL BOGLE		
Title: PRESIDENT		
Richard Holesapple		
Dag Holosannia		

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Julee Margulies-Metz	
Melinda Thompson	
Corina C. Urquidez	
Danielle Levine-Baum	
Greg Martinez, Jr.	
Individual Acl	knowledgement
STATE OF COLORACIO § COUNTY OF SHEETSONS	
This instrument was acknowledged , 2004, by	before me on the 2011 day of
A MOTARY IS	Notary Public in and for the State of (1) (1) (2)

Judith Hamilton Fuhr
Emil Berger
Solomon N. Grover Trust Agreement dated 10/10/2000
By: Solomon N. Grover, Trustee.
on crocion house
Concepcion Onsurez
Shayna Levine-Hoffman
Dale Goldman
William Kantor, M.D.
Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreement dated 10-31-2000
By: Gloria G. Margulies, Trustee

STATE OF <u>N.m.</u>	§		
COUNTY OF Eddy			
This instrument		before me on the	<u>l^{jh}</u> day of
		Manue Defanged Notary Public in and for of New Messes	
		My Commission Expires	11/10/2005
	Individual Ac	knowledgement	
STATE OF			
	was acknowledged, 2004, by	before me on the	day of
		Notary Public in and for	the State
		of	•
·	Corporate Ac	knowledgement	
STATE OF	§ § §		
		before me on the	
		corporation, on behalf c	*
•			
		Notary Public in and for	the State of

Julee Margulies-Metz				*
			•	
Melinda Thompson			·	
Corina C. Urquidez				
Danielle Levine-Baum				
		= <u>S</u>		
Greg Martinez, Jr.		-Ω		
A - 1	Individual A	cknowledgement		
STATE OF COLORO	LUŞ 8			

COUNTY OF CHOYSONS

This instrument was acknowledged before me on the 30^{TT} day of day of 2004, by COCOUNDER



Notary Public in and for the State of COLOGOLO.

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Marsha Kantor	
Renee Ann Levine-Blonder	
Darrin M. Margulies Trust Grover Trust Agreement da	created under the ated 10-15-86, as amended
By: Gloria G. Margulies, Tr	ustee
Muc Kanter Marc Kantor	
Joe A. Clem	-
John E. Clem	
Geraldine Clem Bolen	<u>.</u>

Janice Clem Pace

	Individual Acknowledgement	
May.	A Co.	
STATE OF HOU	20 8 A	
COUNTY OF SHO	was	
This instrument	was acknowledged before me on the AM day of	
E	L. HAMERLA IY COMMISSION # DD 150812 EXPIRES: September 18, 2006 Sinded Thru Notary Public Underwriters Notary Public in and for the State of	
	Individual Acknowledgement	
STATE OF	8	
COUNTY OF		
COUNTY OF This instrument	was acknowledged before me on the day of	
	was acknowledged before me on the day of	
	was acknowledged before me on the day of	
	was acknowledged before me on the day of Notary Public in and for the State	
This instrument	was acknowledged before me on the day of Notary Public in and for the State of Corporate Acknowledgement	
This instrument STATE OF	was acknowledged before me on the day of Notary Public in and for the State of Corporate Acknowledgement	
This instrument STATE OF COUNTY OF	was acknowledged before me on the day of Notary Public in and for the State of Corporate Acknowledgement	
This instrument STATE OF COUNTY OF This instrument	was acknowledged before me on the day of	

. . .

Marsha Kantor	
Renee Ann Levine-Blonder	
Darrin M. Margulies Trust Grover Trust Agreement da	created under the ted 10-15-86, as amended
By: Gloria G. Margulies, Tr	ustee
Marc Kantor	
Joe A. Clem John E. Clem	= 9 = 9 = 2
Geraldine Clem Bolen	

Janice Clem Pace

STATE OF MILES	<u>~</u> §		
STATE OF Muco	<u>/</u> §		
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		Notary Indiany Property of My Comm. Expires July 15, 200	ell.
	Individual Ac	knowledgement	
STATE OF	· \$		
COUNTY OF			
This instrument	was acknowledged, 2004, by	before me on the	day of
		Notary Public in and for the State of	
	Corporate Ac	knowledgement	
STATE OF	§ §		
This instrument		before me on the	day of
		corporation, on behalf of said corpo	
		Notary Public in and for the State of	

ROYALTY OWNERS

Esther Lee Baker Trust

Dea Holesapple

By: Name: Title:	******	
Candelaris Canasa	2	
Candelario Carrasco, Jr.		- 11
Sama Carrasco Carran		
Celia C. Valdez		
Bogle Oil, Inc.		
By: Name: Title:		
Richard Holesapple		

STATE OF <u>NM</u>	§						
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ROYALTY OWNERS

Esther Lee Daker Trust		
D.		
By: Name:		
Title:		
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Canadianio Canasco, Jr.		
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Emma Carrasco		
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Pelia C. Valda		mZ
Celia C. Valdez		
Roglo Oil Too		
Bogle Oil, Inc.		
		
By: Name:		
Title:		
Richard Holesapple		
u Hoicsaphie		

Dea Holesapple

STATE OF New M	γ 8 8 γ 8 γ 8		
This instrument	was acknowledged	before me on the Sit	day of
		Notary Public in and for the State of New My X1 CO	DDYCount
	my	Commission Expi 4-18-07	R 1 S
	Corporatate Ac	eknowledgement	
STATE OF			
This instrument	, 2004, by	before me on the corporation, on behalf of said co	day of of
•	, a		
		Notary Public in and for the State	OI

Judith Hamilton Fuhr	
Emil Berger	
Solomon N. Grover Trust Agreement dated 10/10/2000	
By: Solomon N. Grover, Trustee	
Concepcion Onsurez	
Shayna Levine-Hoffman	
Dale Goldman	
William Kantor, M.D.	
Wife's Trust created under the David L. & Gloria G. Mar Trust Agreement dated 10-31-2000	gulies
By: Gloria G. Margulies, Trustee	

STATE OF FLOPIDA	§					
STATE OF FLOPIDA COUNTY OF PALMBEACH	\$ \$					
This instrument was	acknowledged 04, by <u>Pale · J</u>			7th.	day	of
S. S	JAIME GILL. Notary Public, State of Florid y comm. expires Oct.12, 20 No. DD 257685		lic in and for	Clime (<u> </u>	
·	Individual Ac	knowledgemen	t			
STATE OF	§ §	÷				
COUNTY OF	§ §					
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	Corporate Acl	knowledgement				
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STATE OF	§ §					
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	_, a	corporation	n, on behalf	ot said corp	oration	1.
•		Notary Publ	ic in and for	the State o	<u>f</u> .	

Julee Margulies-Metz
Melinda Thompson
Carina C. Urquidez thruste of Urquidez family twingthe Corina C. Urquidez Pate '6-12-20
Danielle Levine-Baum
Greg Martinez, Jr.
, Individual Acknowledgement
STATE OF Man cupa § COUNTY OF Man cupa §
This instrument was acknowledged before me on the
OFFICIAL SEAL JODI L. MAYNARD Notary Public in and for the State of Arizona MARICOPA COUNTY My Comm. Expires July 24, 2007 MY Comm. Expires July 24, 2007

Marsha Kantor	
Renee Ann Levine-Blonder	
Darrin M. Margulies Trust created under the Grover Trust Agreement dated 10-15-86, as an	nended

Marc Kantor

Joe A. Clem

John E. Clem

Geraldine Clem Bolen

Janice Clem Pace

STATE OF <u>CALIFORNIA</u> COUNTY OF <u>Ventura</u>	§						
COUNTY OF Ventura	§ §						
This instrument was 7014, 20	acknowledged 004, by	before Rence	me on Ann Le	the	13 Blonde	day	of
DESCRAN A DOLDS Commission # 1457: Notary Public - Califo Ventura County My Comm. Septes Dec 2	576	Notar	bowl y Public in Pacyur	and for	the State		
	Individual Ac	knowledge	ement	•			
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Marsha Kantor			
Renee Ann Levine-Blonder			
Darrin M. Margulies Trust cr Grover Trust Agreement date	eated under the ed 10-15-86, as amend	ed	
By: Gloria G. Margulies, Trus	tee		
Marc Kantor			
Joe A. Clem			
John E. Clem			
Heraldine Clen Bolon			
Geraldine Clem Bolen			

Janice Clem Pace

	Individual Acknowledgement
STATE OF AZ COUNTY OF MA	, Control of the Cont
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	Notary Public in and for the State of
	Individual Acknowledgement
STATE OF	§
STATE OF	
COUNTY OF	was acknowledged before me on the day of, 2004, by
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COUNTY OF	\ \\$\ \text{was acknowledged before me on the day of }
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Notary Public in and for the State of

Judith Hamilton Fuhr

Emil Berger
Solomon N. Grover Trust Agreement dated 10/10/2000
By:
Concepcion Onsurez
Shayna Levine-Hoffman
Dale Goldman
Villiam Kantor, M.D.
Vife's Trust created under the David L. & Gloria G. Margulies Trust Agreement dated 10-31-2000
By:

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STATE OF ARIZON	<i>1A</i> §		
STATE OF ARIZON COUNTY OF MARIO	CopA §		
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		Notary Public in and for the State of ARIZDNA. OFFICIAL GEAL GINA M. GEISER NOTARY PUBLIC- ARZONA MARICOPA COUNTY My Comm. Expires 04/30//05	
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Judith Hamilton Fuhr	
Emil Berger	
Solomon N. Grover Trust Agreement dated 10/10/2000	
By: Solomon N. Grover, Trustee	
Concepcion Onsurez	
Shayna Levine-Hoffman	
Dale Goldman William Kantor, M.D.	

Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreement dated 10-31-2000

By: Gloria G. Margulies, Trustee

Note: FAX copy - No origiNAL with Notary Acquired.

Judith Hamilton Fuhr	•		
Emil Berger			
Solomon N. Grover Trust Ag	greement dated 10/10/2000)	
By: Solomon N. Grover, Trus	stee		
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Concepcion Onsurez	·.		
Shayna Levine-Hoffman			
Dale Goldman			
<u>:</u>			
William Kantor, M.D.			
Wife's Trust created under the Trust Agreement dated 10-31	he David L. & Gloria G. N 1-2000	Aargulies	
By: Gloria G. Margulies, Trus	·		
Gloria G. Margulies, Trus	stee		

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V	
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Floria G. Margul	lies, Trustee			
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E. Clem	<u> </u>			
ldine Clem Bole	n			
ldine Clem Bole	<u>n</u>			

Janice Clem Pace

Individual Acknowledgement
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This instrument was acknowledged before me on the AM day of
MARELYN CHAPMAN NOTARY PUBLIC - APRICAN MARROPA COUNTY My Comm. Expires June 24, 2008
Corporatate Acknowledgement
STATE OF
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, a corporation, on behalf of said corporation.

Notary Public in and for the State of

Judith Hamilton Fuhr	-
Emil Berger	<u>-</u> .
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By: Solomon N. Grover, Tru	ıstee
Concepcion Onsurez	
Shayna Levine-Hoffman	
Dale Goldman	
William Kantor, M.D.	

Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreement dated 10-31-2000

y: Slova & Mergelik Gloria G. Margulies, Trastee

Trustee Acknowledgement

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COUNTY OF Los Angeles §	
This instrument was acknowle	edged before me on the 12th day of
<u>August</u> , 2004, by (Floria G. Marquijes, Trustee of the
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+ Cloria 6. marguel	the David L., on behalf of said Trust. is Trust agree next Latel 10/31/200
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Commission # 1488260 Notary Public - California	Watch
Los Angeles County My Comm. Expires May 7, 2008	Notary Public in and for the State of

Marsha Kantor
Renee Ann Levine-Blonder
Darrin M. Margulies Trust created under the Grover Trust Agreement dated 10-15-86, as amended
By: Slou a Marguelus Gloria G. Margulies, Trustee
Marc Kantor
Joe A. Clem
John E. Clem
Geraldine Clem Bolen

Janice Clem Pace

Trustee Acknowledgement

	STATE OF California §		
	COUNTY OF Los Angeles §		
		before me on the 12th day of	
	August, 2004, by Glor	ia G. Margulies, Trustee of the	
Witar	Darrin M. Margulier Trust	created, on behalf of said Trust.	
100	under the Graver Trust of	agreement deted 10/15/86, as	/
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	Commission # 1488250 Notary Public - Collifornia Los Angeles County	Notary Public in and for the State of	
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Julee Margulies-Metz				
Melinda Thompson				
Corina C. Urquidez				•
Danielle Levine-Baum	Ban			
Greg Martinez, Jr.	-			
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	s acknowledged	before me Levine-Bau	on the \sqrt{a}	Lth day of
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Notary Public in and for the State of California

X Marsha Kantor

Rence Ann Levine-Blonder

Darrin M. Margulies Thust created under the Grover Trust Agreement dated 10-15-86, as amended

By: Gloria G. Margulies, Trustee

Marc Kantor

Joe A. Clem

John E. Clem

Geraldine Clem Boler

Janice Clem Pace

To: lahart Ebect Roman Rismunes Corp 817. 810. 1985

FAX Copy - No working will be obtained

Judith Hamilton Fuhr	
Emil Berger	
Solomon N. Grover Trust Agreement dated 10/10/2000)
Solomon N. Grover, Trustee	
Concepcion Onsurez	
Shayna Levine-Harman	
Dale Goldman	
William Kantor, M.D.	
Wife's Trust created under the David L. & Gloria G. N Trust Agreement dated 10-31-2000	Aargulies
By:	

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Juleo Margulies-Metz

Melinda Thompson

Corina C. Urquidez

Danielle Levine-Baum

Greg Martinez, Jr.

Individual Acknowledgement

STATE OF 6 1: Form \$ \$ COUNTY OF 6 5 \$ \$

This instrument was acknowledged before me on the 13th day of Annual Ann

K. BERG
COMM. # 1336475
NOTARY PUBLIC-CALIFORNIA O
LOS ANGELES COUNTY O
COMM. EXP. JAN. 24, 2006

Notary Public in and for the State

Judith Hamilton Fuhr
Emil Berger
Solomon N. Grover Trust Agreement dated 10/10/2000
le MH T too
By: Solomon 91. Hove Trustee Solomon N. Grover, Trustee
Solomon N. Grover, Trustee
Concepcion Onsurez
Shayna Levine-Hoffman
Dale Goldman
William Kantor, M.D.
Wife's Trust created under the David L. & Gloria G. Margulies
Trust Agreement dated 10-31-2000
By:
Gloria G. Margulies, Trustee

Trustee Acknowledgement

STATE OF CONFORMIA	§
	§
COUNTY OF LOS ANGELES	§
-	

This instrument was acknowledged before me on the 12 day of AUGUST, 2004, by SOLDMON N. GROVER, Trustee of the Solomon N. Grover Trust Agree ment data toppoon, on behalf of said Trust.

KELLY PACHECO
Commission # 1392447
Notary Public - California
Los Angeles County
My Comm. Expires Dec 31, 2006

Votary Public in and for the State of

ROYALTY OWNERS

Esther Lee Baker Trust		
Ry		
By:Name:	,	
Title:	,	
Candelario Carrasco, Jr.		
Emma Carrasco		
Celia C. Valdez		
Peole Oil Inc		
Bogle Oil, Inc.		
By:		
Name:		
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Richard Holesapple		
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in his authorized Cape	
MARALYN R. BRADY Commission # 1322746 Notary Public - California Los Angeles County My Comm. Expires Oct 9, 2005	Macalyn Lody Notary Public in and for the State of Lawy.
Individual Ac	knowledgement
STATE OF Calif. §	
COUNTY OF Largeles §	
This instrument was acknowledged	
in her authorized caps	acity.
MARALYN R. BRADY	B. PR.
Commission # 1322746 \$\frac{1}{2}\$ Notary Public - California \$\frac{1}{2}\$	Notary Public in and for the State
Los Angeles County My Comm. Expires Oct 9, 2005 My Comm. Expires Oct 9, 2005	of Caly.
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	Notary Public in and for the State of

IVI	sha Kantor	
Re	ee Ann Levine-Blonder	
_		
Da Gr	rin M. Margulies Trust created under the ver Trust Agreement dated 10-15-86, as amended	
Ву	Gloria G. Margulies, Trustee	
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B/L.	c Kantor	
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COMMUNITIZATION AGREEMENT

(South Culebra Bluff "23" #15 Well, Eddy County, NM)

This Agreement is between the parties set out on the Exhibit "A" attached hereto, hereinafter being referred to as "the Parties".

WHEREAS, The Parties own royalty, working interests and other leasehold interests in the existing production units of the South Culebra Bluff "23" #11 Well (Tract 1), South Culebra Bluff #4B Well (Tract 2), South Culebra Bluff #3B Well (Tract 3) and the South Culebra Bluff "23" #12 Well (Tract 4) located in Section 23, T23S, R28E, Eddy County, NM; and

WHEREAS, RB Operating Company is desirous of drilling the South Culebra Bluff "23" #15 well located between the four wells set out above. Because this well is considered an "increased density well", it can not be drilled without the prior approval of the New Mexico Oil Conservation Division; and

WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the South Culebra Bluff "23" #15 well within the proposed drilling unit.

Now, THEREFORE, for the adequate, mutual and reciprocal considerations hereinafter set forth, the Parties hereby agree as follows:

1. The lands covered by this Agreement (the "Proposed Drilling Unit") are depicted on the plat attached to this Agreement as Exhibit "C," and are described as follows:

All of the SW/4 NE/4 NE/4, SE/4 NW/4 NE/4, NW/4 SE/4 NE/4 & NE/4 SW/4 NE/4 of Section 23, T23S, R28E, Eddy County, NM containing forty (40) acres, more or less, limited in depth as to the Delaware Mountain Group at a depth of 2,630 feet to 6,249 feet as found in the South Culebra Bluff #4B well located 560' FEL & 660' FNL of Section 23, T23S, R28E, Eddy County, NM (hereinafter referred to as the "Communitized Lands").

- 2. The Parties hereby mutually approve the drilling of the South Culebra Bluff "23" #15 well within the Proposed Drilling Unit, and agree to communitize and pool their respective mineral and leasehold interests in the Communitized Lands for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this Agreement.
- 3. The Parties agree as to the ownership of the royalty, working interests and other leasehold interests in the Proposed Drilling Unit is as set out on the Exhibit "B" attached hereto. This Agreement shall not have any affect on the respective ownership of the royalty, working interests and other leasehold interests in the existing wells in Tracts 1 thru 4 set out on the Exhibit "C" attached hereto.
- 4. This Agreement shall not be construed as a cross conveyance, but as a stipulation of ownership between the Parties in and to the oil and gas produced from the well. It shall remain in force and effect for so long as oil and/or gas is being produced from the Communitized Lands.
- 5. RB Operating will make a diligent effort to obtain the approval to drill the South Culebra Bluff "23" #15 well from the New Mexico Oil Conservation Division.



- 6. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of the existing Operating Agreement.
- 7. In the event the South Culebra Bluff "23" #15 well has not been spudded by July 1, 2005, this agreement shall expire.
- 8. This agreement shall not amend any existing agreements covering the Proposed Drilling Unit, including, but not limited to, the Operating Agreement, Oil and Gas Leases, Division Orders, etc.
- 9. This Agreement shall become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.
- 10. The covenants in this Agreement shall be construed to be covenants running with the land with respect to the communitized interests of the Parties and their successors in interests until this Agreement terminates. Any grant, transfer, or conveyance of any land or interest subject to this Agreement, whether voluntary or not, shall be and is conditioned on the assumption of all obligations of this Agreement by the grantee, transferee, or other successor in interest.
- 11. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
- 12. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.

The Parties have executed this <u>22</u> day of <u>September</u>, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

Chesapeake Permian, L. P.

By:	
Name:	
Title:	

RB Operating Company

By: A 121 X MW/TE Name: D. NEW HARRINGTON Title: 11 2

STATE OF §	,						
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Notary Public STATE OF TEXAS			Lexac				
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- 6. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of the existing Operating Agreement.
- 7. In the event the South Culebra Bluff "23" #15 well has not been spudded by July 1, 2005, this agreement shall expire.
- 8. This agreement shall not amend any existing agreements covering the Proposed Drilling Unit, including, but not limited to, the Operating Agreement, Oil and Gas Leases, Division Orders, etc.
- 9. This Agreement shall become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.
- 10. The covenants in this Agreement shall be construed to be covenants running with the land with respect to the communitized interests of the Parties and their successors in interests until this Agreement terminates. Any grant, transfer, or conveyance of any land or interest subject to this Agreement, whether voluntary or not, shall be and is conditioned on the assumption of all obligations of this Agreement by the grantee, transferee, or other successor in interest.
- 11. This Agreement shall be binding on the Parties and shall extend to and be binding on their respective heirs, executors, administrators, successors, and assigns.
- 12. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to it, and shall be binding on all Parties who have executed a counterpart, ratification or consent with the same force and effect as if all Parties had signed the same document.

WORKING INTEREST OWNERS

Chesapeake Permian, L, P.
By: //
Name: Henry J. Hood
Title: Senior Vice President - Land and Legal of Chesapeake Operating, Inc.
General Partner of Chesapeake Permian, LP RB Operating Company

By:	
Name:	
Title:	

STATE OF					
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Co	orporate Acknowled	lgement			
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	Not	arv Public in a	and for the Sta	nte of	

OVERRIDING ROYALTY INTEREST OWNER

Wells Fargo F. B. O. Donald Paape	·
	•
By: Name: Title:	
ROYALTY OWNERS	
Stennis Family Trust	
By: Mustee Fustee Maria Stennis, Trustee	
Johnny L. Reid	
Jackie L. Reid	
Individual Acknowledgement	
STATE OF §	
STATE OF	
This instrument was acknowledged before me on the, 2004, by	
SEE ATTACHMENT FOR Notary Public in and	for the State

OFFICIAL NOTARIZATION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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State of California)
Son Diego	ss.
County of CON DEGO	J
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personally appeared Maria Ste	Nagine and time of Officer (e.g., Same Doe, Notary Public)
personally appeared 11001	Name(s) of Signer(s)
	personally known to me
	Sproved to me on the basis of satisfactory evidence
	/
	to be the person(s) whose name(s is are
OFFICIAL SEAL	subscribed to the within instrument and acknowledged to me that he/she/they executed
TANASHA BABLES	to be the person(s) whose name(s is are subscribed to the within instrument and acknowledged to me that he she they executed the same in he/her/their authorized capacity(ies), and that by he/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
NOTARY PUBLIC-CALIFORNIAS COMM. NO. 1469492	capacity(ies), and that by this/her)their
SAN DIEGO COUNTY MY COMM, EXP. FEB. 10, 2008	signature(e) on the instrument the person(s), or the entity upon behalf of which the person(s)
MT CUMM, EAF-FEB. 10, 2000	acted, executed the instrument.
	WITNESS my hand and official seal.
	KUKI SHOLL SZIDUN
	Signature of Notary Public
© OPTIC	DNAL
Though the information below is not required by law, it may prove fraudulent removal and reattachmen.	valuable to persons relying on the document and could prevent t of this form to another document.
State of California County of San Diego On July 21, 2004 before me, Official Seal Tanasha Bables Notary Public-California Community My Comm. No. 146/9492 San Diego County My Comm. EXP. FEB. 10, 2008 Though the information below is not required by law, it may prove fraudulent removal and reattachment Description of Attached Document Title or Type of Document: Community Document Date: 7-21-04 Signer(s) Other Than Named Above:	Number of Pages:
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Title or Type of Document: Communit	120,40 Agreemen
Document Date: 7-21-00	Number of Bassa:
Document Date.	Number of Pages:
Signer(s) Other Than Named Above:	
Capacity(ies) Claimed by Signer Signer's Name:	
Capacity(les) Claimed by Signer	_
Signer's Name: Navia Ser	<u></u>
	RIGHT THUMBPRINT OF SIGNER
Corporate Officer - Title(c):	Top of thumb here
☐ Partner — ☐ Limited ☐ General	
☐ Attorney-in-Fact	
☐ Trustee	
☐ Other:	.
Signer Is Representing:	RIGHT THUMBPRINT OF SIGNER Top of thumb here
(6) 	NO 100 110 110 110 110 110 110 110 110 11
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## **OVERRIDING ROYALTY INTEREST OWNER**

Wells Fargo F. B. O. Donald	Paape			
By: Name: Title:				·
	ROYALTY	OWNERS		
Stennis Family Trust				,
By: Maria Stennis, Trustee				
Johnny L. Reid		R	Johnny L. Reid 245 E London Rd, C Loving, NM 88256-9705	
Jackie L. Reid Jackie L. Reid				
	Individual Ack	nowledgement		
STATE OF Yew Mexico	§ § §			
This instrument was	acknowledged 04, by <u>Joluum</u>	before me	on the 7th day	y of
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8 13-	7	Mulusy Notary Publi of Yell	ic in and for the State  Mexico.	

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COUNTY OF Eddy	§ §						
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Yny Com	mosion Cupins:						
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	, a	corpora	tion, on b	ehalf of	said corp	oration	n.
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This instrument was	acknowledged			-		•	of
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		Notary P	ublic in a	nd for tl	ne State o	f	

#### Exhibit "A"

# Carrasco "14" #2 Well (Tract 1), Carrasco "14" #3 Well (Tract 2), South Culebra Bluff #2B Well (Tract 3) & Carrasco "14" #5 Well (Tract 4)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40798611
RB Operating Company	0.5000000	0.40507311
Esther Lee Baker Trust	•	0.03437500
Candelario Carrasco, Jr. and Emma Carrasco	•	0.02343750
Robert H. Northington *		0.00036309
Wells Fargo F. B. O. Donald Paape *		0.00254991
Celia C. Valdez	•	0.00585938
Bogle Oil, Inc.		0.01953125
Richard and Dea Holesapple		0.00390625
Marsha Kantor		0.00347222
Renee Ann Levine-Blonder		0.00187500
Darrin M. Margulies Trust created under the Grover Trust Agreement dated 10	-15-86, as amended	0.00187500
Marc Kantor		0.00347223
Joe A. Clem		0.00585937
John E. Clem		0.00585937
Geraldine Clem Bolen		0.00390626
Janice Clem Pace		0.00390625
Judith Hamilton Fuhr		0.00390625
Emil Berger		0.01388889
Solomon N. Grover Trust Agreement dated 10/10/2000	•	0.00937500
Concepcion Onsurez		0.00585937
Shayna Levine-Hoffman		0.00187500
Dale Goldman		0.00347222
William Kantor, M.D.		0.00347222
Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreemer	nt dated 10-31-2000	0.00937500
Julee Margulies-Metz		0.00187500
Melinda Thompson		0.00292969
Corina C. Urquidez		0.00585937
Danielle Levine-Baum		0.00187500
Greg Martinez, Jr.		0.00292969
Totals	1.0000000	1.0000000



^{*} Overriding Royalty Interest

#### Exhibit "B"

Carrasco "14" #4 Well (Proposed Drilling Unit)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40798611
RB Operating Company	0.50000000	0.40507311
Esther Lee Baker Trust		0.03437500
Candelario Carrasco, Jr. and Emma Carrasco		0.02343750
Robert H. Northington *		0.00036309
Wells Fargo F. B. O. Donald Paape *		0.00254991
Celia C. Valdez		0.00585938
Bogle Oil, Inc.		0.01953125
Richard and Dea Holesapple		0.00390625
Marsha Kantor		0.00347222
Renee Ann Levine-Blonder		0.00187500
Darrin M. Margulies Trust created under the Grover Trust Agreement dated 10-15-86	, as amended	0.00187500
Marc Kantor		0.00347223
Joe A. Clem		0.00585937
John E. Clem		0.00585937
Geraldine Clem Bolen		0.00390626
Janice Clem Pace		0.00390625
Judith Hamilton Fuhr		0.00390625
Emil Berger		0.01388889
Solomon N. Grover Trust Agreement dated 10/10/2000		0.00937500
Concepcion Onsurez		0.00585937
Shayna Levine-Hoffman		0.00187500
Dale Goldman		0.00347222
William Kantor, M.D.		0.00347222
Wife's Trust created under the David L. & Gloria G. Margulies Trust Agreement date	d 10-31-2000	0.00937500
Julee Margulies-Metz		0.00187500
Melinda Thompson		0.00292969
Corina C. Urquidez		0.00585937
Danielle Levine-Baum		0.00187500
Greg Martinez, Jr.		0.00292969
Totals	1.00000000	1.0000000

^{*} Overriding Royalty Interest



Attached to and made a part of that certain Communitization Agreement by and between RB Operating Company, et al.

#### Exhibit "A"

## South Culebra Bluff "23" #11 Well (Tract 1) & South Culebra Bluff #3B Well (Tract 3)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40625000
RB Operating Company	0.50000000	0.40371094
Wells Fargo F. B. O. Donald Paape *		0.00253906
Johnny L. Reid and Jackie L. Reid		0.18750000
Totals	1.0000000	1.00000000

# South Culebra Bluff #4B Well (Tract 2) & South Culebra Bluff "23" #12 Well (Tract 4)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40625000
RB Operating Company	0.50000000	0.40371094
Wells Fargo F. B. O. Donald Paape *		0.00253906
Stennis Family Trust		0.18750000
Totals	1.00000000	1.00000000



^{*} Overriding Royalty Interest

ached to and made a part of that certain Communitization Agreement by and between RB Operating Company, et al.

#### Exhibit "B"

## South Culebra Bluff "23" #15 Well (Proposed Drilling Unit)

Owner Name	Working Interest	Net Revenue Interest
Chesapeake Permian, L. P.	0.50000000	0.40625000
RB Operating Company	0.50000000	0.40371094
Wells Fargo F. B. O. Donald Paape *	•	0.00253906
Stennis Family Trust **		0.09375000
Johnny L. Reid and Jackie L. Reid ***		0.09375000
Totals	1.0000000	1.0000000



^{*} Overriding Royalty Interest

^{**} Surface Owner (E/2 NE/4 of Section 23)

^{***} Surface Owner (W/2 NE/4 of Section 23)