

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF HEARING:**

**APPLICATION OF RB OPERATING COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION
WELL AND SIMULTANEOUS DEDICATION,
EDDY COUNTY, NEW MEXICO**

CASE 13472

2005 APR 15 PM 1 33

PRE-HEARING STATEMENT

RB Operating Company submits this pre-hearing statement as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

RB Operating Company
777 Main St. Suite 800
Fort Worth, Texas 76102
Attn: Bobby Ebeier
817-810-1907
Fax 817-870-2316

ATTORNEY

Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504
505-982-4285
fax: 505-982-2047

OPPONENTS

None

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

1. RB proposes to drill its South Culebra Bluff "23" Well No. 17 at an unorthodox oil well location 2440 feet FSL and 1500 feet FWL (Unit K) Section 23, T23S, R28E and to simultaneously dedicate it along with the South Culebra Bluff "23" Well No. 1 (**API 30-015-25841**) a producing oil well located 1830 feet FSL and 1980 feet FWL (Unit K) Section 23, T23S, R28E.
2. This spacing unit is 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. This proposed infill well is to be located at the intersection of four adjoining 40-acre oil spacing units that contain existing Brushy Canyon wells.
4. As a result of development in accordance with Division rules, each of these four governmental quarter-section contains a oil well that may have by passed recoverable oil that now can be recovered by adding a new well at the approximate center of the intersection these 4 quarter-quarter section. In order to test this probability, RB proposes to drill this infill well.
5. RB, based upon geologic data, believes that its proposed unorthodox well location 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.
6. Based upon Volumetric Analysis for these two wells, RB estimates that additional recovered by well be recovered that will not be recovered the existing wells.
7. The 4 existing wells in the S/2NW/4 and N/2SW/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 K) currently producing about 28 barrels of oil per day (South Culebra "23" Well No. 1) and with the total current production from all four wells being 59 BOPD.
8. RB, for administrative convenience, has selected to place the infill well within an existing spacing unit and requests approval for simultaneous dedication.
9. 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.
10. RB has obtained fully executed voluntary agreements from all interest owners affected. Affected owners are all the owners in each of the 40-acre proration units surrounding the proposed well. All acreage involved and affected by this application is privately owners and all tracts are exactly 40-acre in size.

11. This agreement with all these affected owners provide for the sharing of production for this infill well by creating a voluntary "Proposed Drilling Unit" consisting of 10-acres from each of the 40-acre spacing units in the quarter section.
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.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Martin Emery, geologist	15 min	about 8
Dwayne Bryant (PE)	15 min	about 8
Bobby Ebeier (landman)	15 min	about 8

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN



W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
Phone 505-982-4285
Fax 505-982-2047
E-mail: kellahin@earthlink.net