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Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

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January 26, 2010

HAND DELIVERED

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

Case 14431

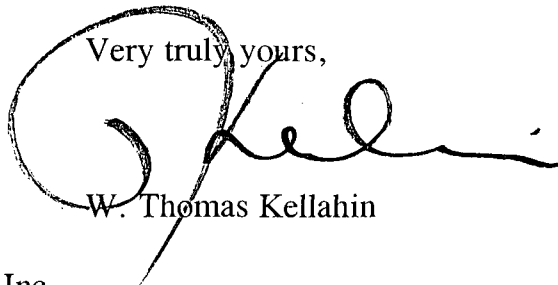
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Re: Application of Range Operating New Mexico, Inc. to amend Order R-12344 to include additional wells and acreage for surface commingling, common tank battery and off lease storage and measurement SCB 3B Battery Sales Point within parts of Sections 13, 14, 23, and 24 T23S, R28E, Eddy County, New Mexico.

Dear Mr. Fesmire:

On behalf of Range Operating New Mexico, Inc., please find enclose referenced application which we request be set for hearing on the March 4, 1020 docket.

Very truly yours,



W. Thomas Kellahin

cc: Range Operating New Mexico, Inc.
Attn: Deanna M. Poindexter

**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 CONSIDERING:**

**APPLICATION OF RANGE OPERATING NEW MEXICO, INC.
TO AMENDED DIVISION ORDER R-12344 AND TO AUTHORIZE
THE EXPANSION OF THIS CENTRALIZED FACILITY
WITH ADDITIONAL ACREAGE AND WELLS INCLUDING
COMMON TANK BATTERIES, SURFACE COMMINGLING
OFF-LEASE MEASUREMENT AND STORAGE FOR ITS
SCB 3 B BATTERY AND SALES POINT
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14431

APPLICATION

Comes now Range Operating New Mexico, Inc. ("RONMI") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division to amend Order R-12344 and to authorize the expansion of this centralized facility with additional wells and acreage, and in support states:

(1) Order R-12344 granting exceptions to Rules 19.15.12.10.C NMAC and 19.15.23.9 NMAC and approved this centralized facility with a common tank battery for surface commingling of gas production for its SCB 3 B Tank Battery and Sales Point located in Unit G of Section 23, T23S, R28E for a Project Area in the following described wells/leases:

1. RONMI is the operator of the below-described wells producing from the East Loving Brushy Canyon Pool. See Exhibit "A" locator map

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EDDY COUNTY, NEW MEXICO.**

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APPLICATION

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(1) Order R-12344 granting exceptions to Rules 19.15.12.10.C NMAC and 19.15.23.9 NMAC and approved this centralized facility with a common tank battery for surface commingling of gas production for its SCB 3 B Tank Battery and Sales Point located in Unit G of Section 23, T23S, R28E for a Project Area in the following described wells/leases:

1. RONMI is the operator of the below-described wells producing from the East Loving Brushy Canyon Pool. See locator map attached as Exhibit "A"

2. The Project Area is identified as the "SCB 3B Battery/Sales Point Project" and consists of wells in the following described acreage all within Township 23 South Range 28 East:

- a. SW/4SW/4 of Section 13;
- b. SW/4NE/4, SE/4NW/4, N/2SE/4 of Section 14;
- c. N/2 of Section 23; and
- d. W/2NW/4 of Section 24

3. This centralized facility with the common tank batteries for the gathering of gas production from all these wells for the following Project Area: (see Wellbore Tabulation attached as Exhibit "B")

(a) S/2SW/4 of Sec 13 containing the following wellbore:
Candie No.1, Unit M (API #30-015-26709)

(b) SW/4NE/4, SE/4NW/4, and N/2SE/4 of Sec 14 called the SCB 2B Battery containing the following wellbores:

Carrasco No. 14-2, Unit G (API #30-015-26293)
Carrasco No. 14-4, Unit J (API# 30-015-33986)
Carrasco No. 14-5, Unit I (API #30-015-26349)
Carrasco Com No. 1, Unit F (API# 30-015-22721)
South Culebra Bluff Unit Well No. 2 , Unit J (API #30-015-22591)

(c) N/2 of Sec 23, T23S, R28E called the SCB 23-11, SCB 4B and SCB 3B batteries and SCB 3B sales point containing the following wellbores:

Candelario No. 24-2, Unit D (API #30-015-33608)
Donaldson Com A No. 1, Unit F (API# 30-015-22404)
South Culebra Bluff Unit Well No. 4, Unit E (API #30-015-26285)
South Culebra Bluff Unit Well No. 5, Unit D (API# 30-015-26294)
South Culebra Bluff 23 Well No.6 , Unit C (API #30-015-26295)
South Culebra Bluff 23 Well No. 11, Unit B (API # 30-015-26346)
South Culebra Bluff 23 Well No.12, Unit H (API #30-015-26368)
South Culebra Bluff 23 Well No.13, Unit F (API #30-015-30164)
South Culebra Bluff Unit Well No. 1, Unit G (API # 30-015-22320)
South Culebra Bluff Unit Well No. 2 , Unit J (API #30-015-22591)
South Culebra Bluff Unit Well No. 4, Unit A (API # 30-015-22931)

(d) W/2NW/4 of Sec 24 called the SCB 6B Battery containing the following wellbore:

South Culebra Bluff Unit Well No. 6, Unit E (API # 30-015-23339)

4. There is common ownership among the group of wellbores within each of the four Battery areas, but the ownership is diverse between these four batteries.

5. RONMI desires to use the SCB 3B Battery as the sales point for all production from the four Batteries. This action will require an exception for surface commingling for these batteries because of diverse ownership. See Rule 19.15.12.10.B NMAC

7. The green lines on the attached map represent the flow of all production from each wellhead to the respective lease battery. The red lines show the flow of produced gas from lease to lease until it reaches the sales meter locate at the SCB 3B Battery

8. Each well is tested individually for allocation purposes and all gas is metered prior to leaving the respective lease battery.

9. Process Flow Through a Typical Battery

(a) A typical proposed battery will consist of a pool separator, a pool heater treater, a test separator, a test heater treater, two oil sales tanks, an oil test tank, a water tank, gas meters, and associated piping and valves between vessels. Oil, water, and gas production will enter into the battery through individual well flow lines. The production stream from each well will be directed either through a pool line or through a test line by virtue of a production header.

(b) Each day, one well will be tested for a 24-hour period through the test line that measures oil, water, and gas. Oil will be metered in a test tank, while water will be metered through a turbine meter, and gas through a meter run with an orifice plate. All other wells (that are not in test on that day) will be directed through the pool line to separate oil and gas for sales, and water for disposal. Both the pool line and the test line will consist of a separator and a heater treater. The separator will process the production stream by separating the gas from the oil and water. The separated gas will be metered through a gas meter run, with the oil and water sent to the heater treater. The heater treater separates the oil from the water. The separated oil is sent to an oil tank (pool line) or the test tank (test line), while the water is sent to the water tank for disposal. Any remaining gas from the heater treater is also sent through the gas meter run to be measured.

(c) Oil and gas production volumes will be allocated to each individual well based on the well tests that were recorded each month, in proportion to the monthly oil and gas sales that were attributed to the battery. The accuracy of this system will ensure that all interest owners will be accurately compensated for the sale of oil and gas.

10. Effective April 1, 2003, See Order R-11972, Division Rule 303.B (4) provided:

“Specific Requirements and Provisions for Commingling of leases, Pool or Leases and Pools with Diverse Ownership.

(a) Measurement and Allocation Methods. Where there is diversity of ownership between two or more leases, two or more pools, or between different pools and leases, the surface commingling of production there from shall be permitted only if production from each of such pools or leases is accurately metered, or determined by other methods specifically approved by the Division, prior to such commingling."

11. RONMI seeks approval to establish a measurement and allocation method for this production as described in Exhibit "C" attached.

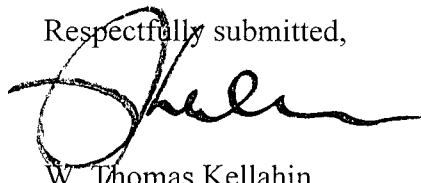
12. Any production for a designated gas pool will continue to be separately and continually metered in accordance with Division rules.

13. As a result of different ownership among these four tank batteries, the owners of the proposed commingling production are not identical in terms of the parties or interest.

14. In accordance with Division Rule 1207.A and Rule 303.B (d) applicant has sent a copy of this application and notice to all the proper parties entitled to said notice. See Exhibit "D"

Accordingly, RONMI requests that the Division amended Order R-12344 and grant an exception to Division Rule 309-A and Rule 303-A to permit a centralized facility with a common tank battery including surface commingling, off-lease measurement and storage of storage of production from the East Loving Brushy Canyon Pool production from its wells and its lease in parts of Section 13, 14, 23 and 24, T23S, R28E which shall be stored and measured at its common tank battery, the "SCB 3B Tank Battery and Sales Point" located in Unit G of Section 23.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin
Kellahin & Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501

SCB 3B Sales Point
ID, Locations, Volumes

Lease Name & No.	Well No.	API # 30-015	Federal Lease #	OCU Lease Code #	Location	Unit-Sec-Twn-Rng	Pool	OCD Pool #	MCFPD	Gravity	BTU Content @ 14.65	BTU Content @ 15.025	BOPD	Oil Gravity
Candelario 24	2	33608 ✓	n/a	34247	330' FNL & 330' FWL	D-23-23S-28E 24	Loving; Brushy Canyon, East	40350	17				7	36.8
Candle	1	26709 ✓	n/a	300262	660' FSL & 560' FWL	M-13-23S-28E	Loving; Brushy Canyon, East	40350	15				6	36.8
Carrasco 14	2	26293 ✓	n/a	300263	1806 FNL & 2103 FEL	G-14-23S-28E	Loving; Brushy Canyon, East	40350	91				12	36.7
Carrasco 14	4	33986 ✓	n/a	300263	2630 FSL & 1330 FEL	J-14-23S-28E	Loving; Brushy Canyon, East	40350	69				6	36.7
Carrasco 14	5	26349 ✓	n/a	300263	1994' FSL & 624' FEL	I-14-23S-28E	Loving; Brushy Canyon, East	40350	26				4	36.7
Carrasco Com	1	22721 ✓	n/a	300264	1980 FNL & 1980' FWL	F-14-23S-28E	Loving; Brushy Canyon, East	40350	27				0	n/a
Donaldson Com A	1	22404 ✓	n/a	300265	1930' FNL & 2303' FWL	F-23-23S-28E	Loving; Brushy Canyon, East	40350	13				14	41.5
South Culebra Bluff 23	4	26285 ✓	n/a	300270	1980 FNL & 894' fwl	E-23-23S-28E	Loving; Brushy Canyon, East	40350	43				5	41.5
South Culebra Bluff 23	5	26294 ✓	n/a	300270	540' FNL & 611' FWL	D-23-23S-28E	Loving; Brushy Canyon, East	40350	77				17	41.5
South Culebra Bluff 23	6	26295 ✓	n/a	300270	678' FNL & 2170' FWL	C-23-23S-28E	Loving; Brushy Canyon, East	40350	31				18	42.1
South Culebra Bluff 23	11	26346 ✓	n/a	300270	660' FNL & 2140' FEL	B-23-23S-28E	Loving; Brushy Canyon, East	40350	8				6	42.1
South Culebra Bluff 23	12	26368 ✓	n/a	300270	2140' FNL & 400' FEL	H-23-23s-28E	Loving; Brushy Canyon, East	40350	2				5	41.5
South Culebra Bluff 23	13	30164 ✓	n/a	300270	1650' FNL & 1650' FWL	F-23-23S-28E	Loving; Brushy Canyon, East	40350	32				5	41.5
South Culebra Buff Unit	1	22320 ✓	n/a	300271	1980' FNL & 1650' FEL	G-23-23S-28E	Loving; Brushy Canyon, East	40350	13				5	41.5
South Culebra Buff Unit	2	22591 ✓	n/a	300271	1722' FSL & 2032' FEL	J-14-23S-28E	Loving; Brushy Canyon, East	40350	64				12	36.7
South Culebra Bluff Unit	3	22700 ✓	n/a	300271	2050' FNL & 1950' FEL	G-23-23S-28E	Loving; Brushy Canyon, East	40350	28				9	42.5
South Culebra Bluff Unit	4	22931 ✓	n/a	300271	660' FNL & 560' FEL	A-23-23S-28E	Loving; Brushy Canyon, East	40350	13				6	42.5
South Culebra Bluff Unit	6	23339	n/a	300271	1980' FNL & 660' FWL	E-24-23S-28E	Loving; Brushy Canyon, East	40350	48				9	42.5
TOTAL									617	0.7752	1.2767	1.2448	146	



**Range Operating New Mexico, Inc.
Request for Surface Commingling**

Summary

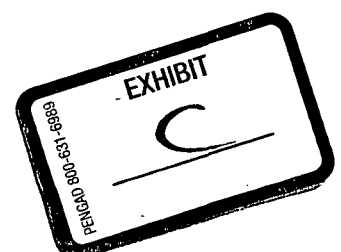
According to 19.15.5.303 NMAC, segregation of production from different pools or leases is required. Exceptions to 19.15.5.303 may be permitted for surface commingling, downhole commingling, and off-lease storage and/or measurement pursuant to Subsections B, C, and D of 19.15.5.303 NMAC, respectively. To prevent waste, to promote conservation and to protect correlative rights, the division shall have the authority to grant exceptions to permit the surface commingling of oil, gas or oil and gas in common facilities from two or more pools, two or more leases or combination of pools and leases provided that certain conditions are met. Range Operating New Mexico, Inc., ("RONMI") is requesting a hearing to permit commingling of oil and gas production from leases with diverse ownership, and from pools with diverse ownership. Notice has been given to all interest owners in accordance with Subsection A of 19.15.14.1207 NMAC.

Process Flow Through a Typical Battery

A typical proposed battery will consist of a pool separator, a pool heater treater, a test separator, a test heater treater, two oil tanks, a water tank, gas meters, and associated piping and valves between vessels. Oil, water, and gas production will enter into the battery through individual well flow lines. The production stream from each well will be directed either through a pool line or through a test line by virtue of a production header.

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Oil and gas production volumes will be allocated to each individual well based on the well tests that were recorded each month, in proportion to the monthly oil and gas sales that were attributed to the battery. The accuracy of this system will ensure that all interest owners will be accurately compensated for the sale of oil and gas.



**SCB 3B PROJECT AREA
INTEREST OWNERS**

Chesapeake Exploration LP
P. O. Box 960161
Oklahoma City, OK 73196-0161

Lucille Paape
Spec Acct Per 3/23/06 Ltr Agmt.
14911 Wunderlich Drive #1807
Houston, TX 77069

Matthew Kantor Trust
U/T/A DTD 4/24/02
William Kantor Trustee
4524 St. James Dr.
Plano, TX 75024

Andrew Kantor Trust
U/T/A DTD 4/24/02
William Kantor Trustee
4524 St. James Dr.
Plano, TX 75024

BX4 LLC
c/o Beverly Coffman
274 E. Galveston St.
Gilbert, AZ 85295-4991

Candelario Carrasco Jr. and
Emma Carrasco
Box 26
Loving, NM 88256

Robert H. Northington
1370 Sagebrook Drive
Fairview, TX 75069-1252

Bogle Oil, Inc.
P. O. Box 460
Dexter, NM 88220

Richard and Dea Holesapple
P. O. Box 1250
Carmichael, CA 95609

Adam Eric Frutman
32 Fairview Dr.
Southboro, MA 17720

Benjamin A. Kantor Trust
U/T/A DTD 4/24/02
William Kantor Trustee
4524 St. James Dr.
Plano, TX 75024

Rebecca Kantor Trust
U/T/A DTD 4/24/02
William Kantor Trustee
4524 St. James Dr.
Plano, TX 75024

Aaron Elliot Frutman
14 Keith Drive
Wayland, MA 17780

Conrad Carrasco
7050 Ray Lane

El Rojo LLC
c/o Mark V. Pace Admin. Member
P. O. Box 514
Chandler, AZ 85244

Darrin M. Margulies Trust
Gloria G. Margulies Trust
Dated 10/15/1986
5502 Murietta Avenue
Sherman Oaks, CA 91401

John E. Clem
1285 Daniel Rd.
Weatherford, TX 76087-5540

Emil Berger
12211 Idaho Avenue #104
Los Angeles, CA 90025-3681

William Kantor, M.D.
4524 St. James Dr.
Plano, TX 75024

Julee Margulies-Metz
1530 N. Curson Avenue
Los Angeles, CA 90046

Danielle Levine-Baum
4956 Sunnyslope Avenue
Sherman Oaks, CA 91423

Leslie B. Einstein Turstee
Leslie B. Einstein Trust Dtd 8/4/99
17017 Avenida De Santa Ynez
Pacific Palisad, CA 90272

Shayna Levine-Hoffman
22405 Kearny Street
Calabasas, CA 91302-5852

Celia C. Valdez
4204 Thomason Road
Carlsbad, NM 88220

Concepcion Onsurez
P. O. Box 303
Loving, NM 88256

Melinda Thompson
9131 Garrison St.
Westminster, CO 88021

Greg Martinez, Jr.
6868 Silverleaf Ave.
Fireston, CO 80504-5632

Corina C. Urquidez Trustee
Uriquidez Family Living Trust
6204 N. 88th Ln.
Glendale, AZ 85305-2415

Edith Heidel Emrich
15306 Shannondale Drive
Audubon, PA 19403

Barbara Lee Backman, Inc.
Attn: Stephen F. Backman Pres.
P. O. Box 537
Colbert, WA 99005

John Guitar III
1234 Leggett Drive
Abilene, TX 79605

Presley Hudson Guitar
P. O. Box 5383
Abilene, TX 79608-5383

Jane Alexander Rhodes
P. O. Box 58
Abilene, TX 79604

Earl B. Guitar Jr. & Margaret
Ann Guitar Revocable Trust
P. O. Box 748
Abilene, TX 79604

Virginia Nevill Hoff Mgmt Trust
c/o Virginia Nevill Hoff TTEE
2601 Lakewood Circle
Tuscaloosa, AL 35405

James Minor Alexander
P. O. Box 58
Abilene, TX 79604

Leslie David Guitar
P. O. Box 2228
Brownwood, TX 76804

Phillip E. Guitar
P. O. Box 2213
Abilene, TX 79608-5383

Repps Bedford Guitar, Jr.
P. O. Box 7252
Abilene, TX 79608

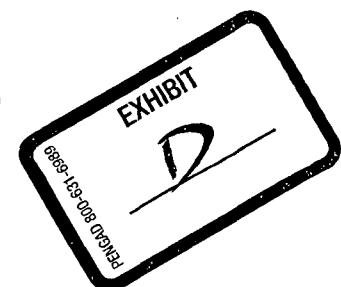
Mary Guitar Polk Estate
James Polk Trustee/Executor
P. O. Box 7366
Abilene, TX 79608-7366

Guy Witherspoon III
P. O. Box 100403
Ft. Worth, TX 76185

Ruth G. Murchison Trust
Ruth G. Murchison, Trustee
P. O. Box 712
Red Bluff, CA 96080-0712

Kelly Wood Leach
312 Great View Circle
Birmingham, AL 35226-2320

Wende Witherspoon Morgan
1720 Southwicke
Flower Mound, TX 75022



Apt B SW
Albuquerque, NM 87121

Wells Fargo FBO Donald Paape
Bank by Mail
P. O. Box 5629
A/C 375920956
Portland, OR 97228-5629

Marsha Kantor
75 Stone Run Rd.
Bedminster, NJ 79211

Renee Ann Levine-Blonder
21234 Providencia Street
Woodland Hills, CA 91364

Joe A. Clem,
P. O. Box 3016
Overgaard, AZ 85933-3016

Judith Hamilton Fuhr
6833 North Central Avenue
Phoenix, AZ 85012-1488

Solomon N. Grover as Trustee
Of Solomon N. Grover Trust
Agreement Dated 10/10/2000
4321 Colfax Ave., Apt. 7
Studio City, CA 91604-2869

Dale Goldman
6781 Rothschild Circle
Lake Worth, FL 33467

Gloria G. Margulies as Trustee
Wife's Trust Crtd Under the DA &
Gloria G. Margulies Trust
5502 Murietta Avenue
Sherman Oaks, CA 91401

William M. and Francine L. Baker
William M. Baker and Francine L. Baker
Family Trust Dtd 6/27/91
488 W. 5th Street
Claremont, CA 91711

Jack G. Woods, Jr.
P. O. Box 341342
Austin, TX 78734-0023

Melton Trachta
131 W. Rosewood
San Antonio, TX 78212

Kathleen Trachta
8919 Mount Bartlett Dr.
Austin, TX 78759-7152

Teledyne Industries, Inc.
Teledyne Minerals Division
P. O. Box 840738
Dallas, TX 75284-0738

Gregory S. Trachta
Rite Schindler-Trachta
5721 Misty Hill Cove
Austin, TX 7859

Kathryn Louise Jeffery
1980 Hayden St.
Camarillo, CA 93010

Carolyn Shields Morgan
(F/K/A Carolyn G. Trachta)
9517 Bent Road Northeast
Albuquerque, NM 87109-6393

Geroal Michael Prichard
346 Avenida Nogales
San Jose, CA 95123

Cottonwood Partnership LLP
P. O. Box 21470
Tulsa, OK 74121

Johnny L. Reid & Jackie L. Reid
245 E. London Rd.
Loving, NM 88256

Guitar Land & Cattle Co. LP
P. O. Box 2213
Abilene, TX 79604

Gayle N. Nicolay Revocable Trust
c/o Gayle N. Nicolay Trustee
5528 Tahoe Lane
Fairway, KS 66205

Caren G. Lucas
P. O. Box 1485
Santa Rosa Beach, FL 32459-5202

Whitten Guitar Witherspoon
7524 Pear Tree Lane
Fort Worth, TX 76133

Laura Jean Hofer Adm. Trust
Paul B. Gofer III Trustee
11248 S. Turner Ave.
Ontario, CA 91761

Jack G. Woods
P. O. Box 1159
Abilene, TX 79604

Catherine Gall Parker
3721 Pallos Verdas Drive
Dallas, TX 75229

The Gall Family Trust
Laura Woods Gall, Trustee
11409 Snow White Drive
Dallas, TX 75229-2760

John Guitar Witherspoon, Jr.
7404 Lemonwood
Fort Worth, TX 76133

Brett Guitar Witherspoon, Jr.
7404 Lemonwood
Fort Worth, TX 76133

Cleva K. Estes
221 E. London Rd.
Loving, NM 88256

Stennis Family Trust
Maria Stennis, Trustee
201 Michelle Drive
Santa Fe, NM 87501

Range Operating New Mexico, Inc.
100 Throckmorton St., St. 1200
Fort Worth, TX 76102