

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

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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

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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

13358

2004 SEP 28 PM 1 44

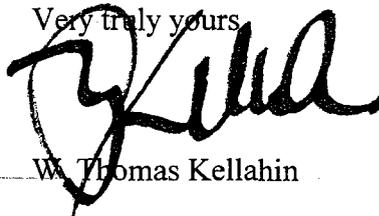
Re: Application of RB Operating Company
for approval of two unorthodox oil well locations
and simultaneous dedication,
East Loving-Brushy Canyon Pool,
Eddy County, New Mexico

- (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.

Very truly yours



W. 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 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"

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)

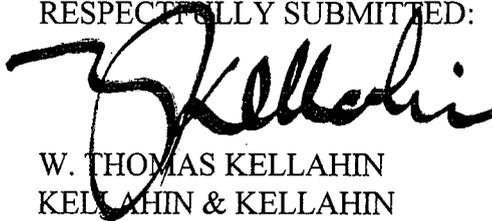
NOTIFICATION AND WAIVERS

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

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: (505) 982-4285
Fax: (505) 982-2047

State of New Mexico

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

Energy, Minerals and Natural Resources Department

Form C-102

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

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

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

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	Property Name CARRASCO 14		Well Number 4
OGRID No.	Operator Name R.B. OPERATING		Elevation 2977'

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 or Infill	Consolidation Code	Order No.

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

<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=474923.2 N X=586495.1 E</p> <p>LAT.=32°18'19.33" N LONG.=104°03'12.17" W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 3, 2004</p> <p>Date Surveyed: REV: 08/20/04 JR</p> <p>Signature & Seal of Professional Surveyor:</p> <p><i>Ronald J. Eidson</i> 8/20/04</p> <p>04.11.0997</p> <p>Certificate No. RONALD J. EIDSON 3239</p>



State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1025 N. FRENCH DR., HOBBS, NM 98240

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Property Code	Property Name CARRASCO 14	Well Number 4
OGRD No.	Operator Name R.B. OPERATING	Elevation 2977'

Surface Location

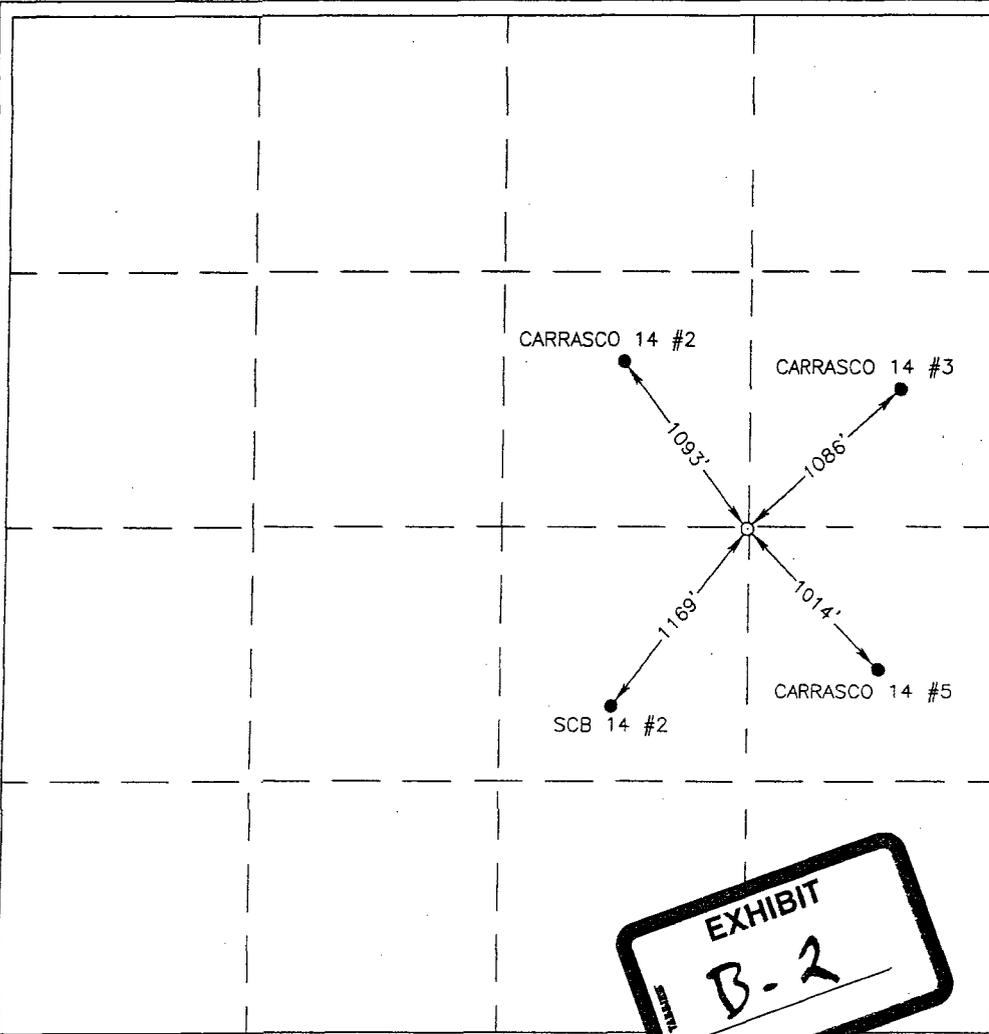
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	14	23-S	28-E		2630	SOUTH	1330	EAST	EDDY

Bottom Hole Location If Different From Surface

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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

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 supervision, and that the same is true and correct to the best of my belief.

AUGUST 3, 2004

Date Surveyed REV: 08/20/04 JR

Signature & Seal of Professional Surveyor

04.11.0997

Certificate No. RONALD J. EIDSON 3239



State of New Mexico

Energy, Minerals and Natural Resources Department

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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name SCB 23	Well Number 15
OGRD No.	Operator Name R.B. OPERATING	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
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 or Infill	Consolidation Code	Order No.

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<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=470865.0 N X=586666.3 E</p> <p>LAT.=32°17'39.17" N LONG.=104°03'10.30" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 2, 2004</p> <p>Date Surveyed _____ JR</p> <p>Signature & Seal of Professional Surveyor</p> <p>Certificate No. RONALD J. EDSON 3239</p>



State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1826 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1201 W. GRAND AVENUE, ARTESIA, NM 88210

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1000 Rio Brazos Rd., Artec, NM 87410

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H	23	23-S	28-E		1430'	NORTH	1150'	EAST	EDDY

Bottom Hole Location If Different From Surface

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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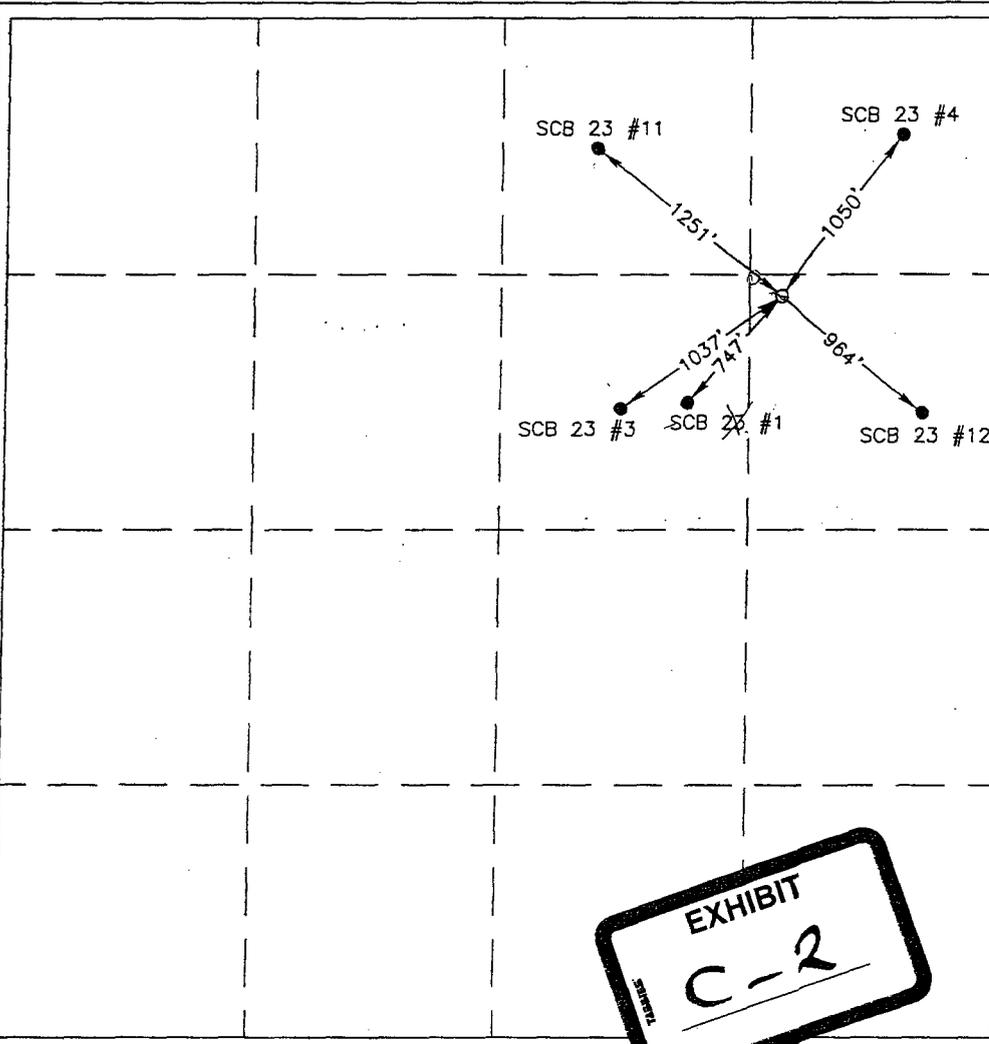


EXHIBIT
C-2

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

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SURVEYOR CERTIFICATION

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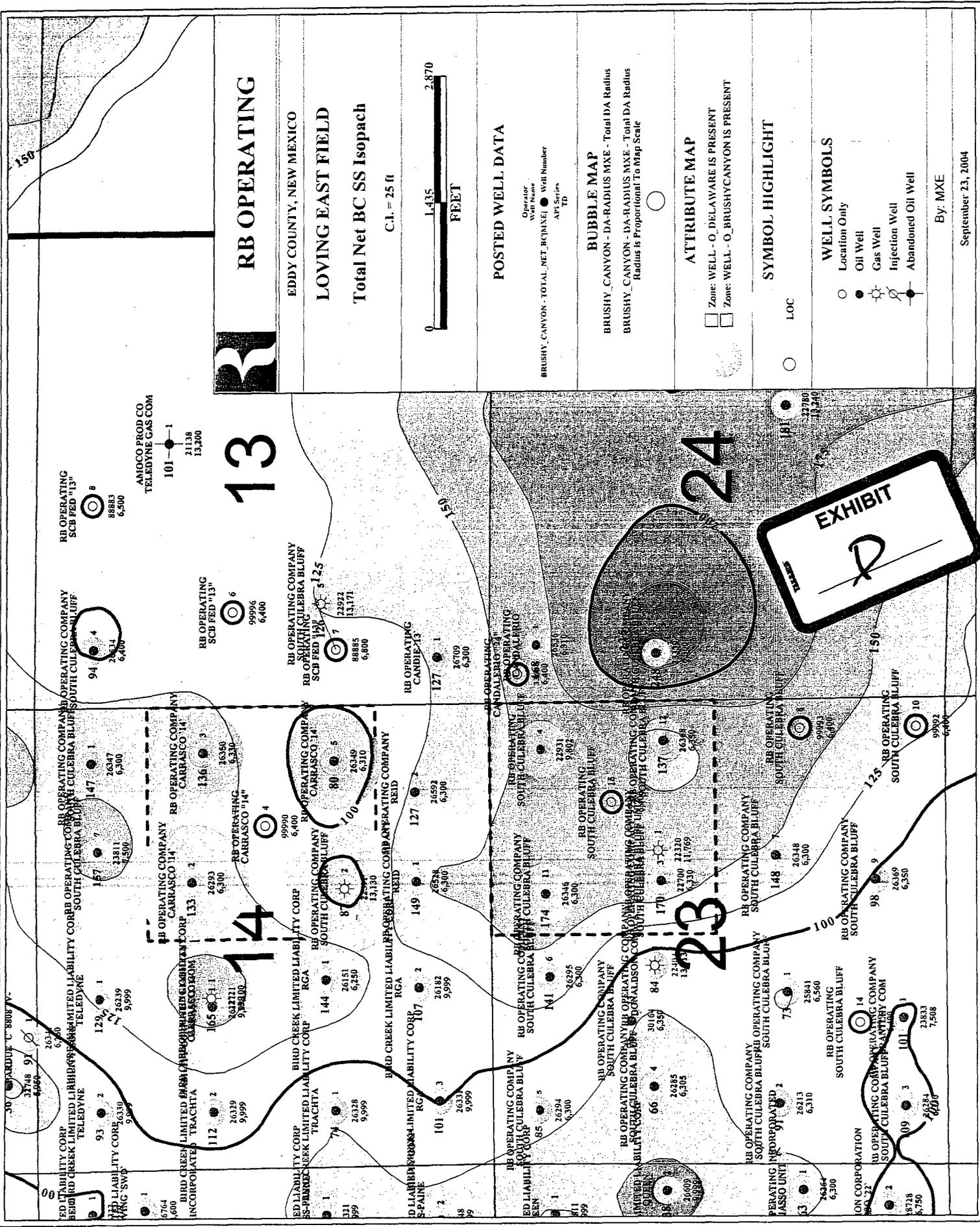
AUGUST 2, 2004

Date Surveyed _____ JR

Signature & Seal of Professional Surveyor

04.11.0896

Certificate No. RONALD J. EIDSON 3239



RB OPERATING

EDDY COUNTY, NEW MEXICO
LOVING EAST FIELD
 Total Net BC SS Isopach

C.I. = 25 ft



POSTED WELL DATA

Operator
 Well Name
 APN Section
 TD

BUBBLE MAP

BRUSHY_CANYON - DA-RADIUS MXE - Total DA Radius
 BRUSHY_CANYON - DA-RADIUS MXE - Total DA Radius
 Radius is Proportional To Map Scale

ATTRIBUTE MAP

Zone: WELL - O, DELAWARE IS PRESENT
 Zone: WELL - O, BRUSHY CANYON IS PRESENT

SYMBOL HIGHLIGHT

LOC

WELL SYMBOLS

- Location Only
- Oil Well
- ⊙ Gas Well
- ⊗ Injection Well
- ⊕ Abandoned Oil Well

By: MXE

September 23, 2004



RB OPERATING
 SCB FED "13"
 88883 6,400

AMOCO PROD CO
 TELEDYNE GAS COM
 101 - 1
 21138 13,200

RB OPERATING
 SCB FED "13"
 6
 99996 6,400

RB OPERATING COMPANY
 SOUTH CULEBRA BLUFF
 SCB FED "13"
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 29232 13,171
 88885 6,800

RB OPERATING
 CANDIE "13"
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 26709 6,500

RB OPERATING
 CANDLE "13"
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RB OPERATING
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RB OPERATING COMPANY
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RB OPERATING COMPANY
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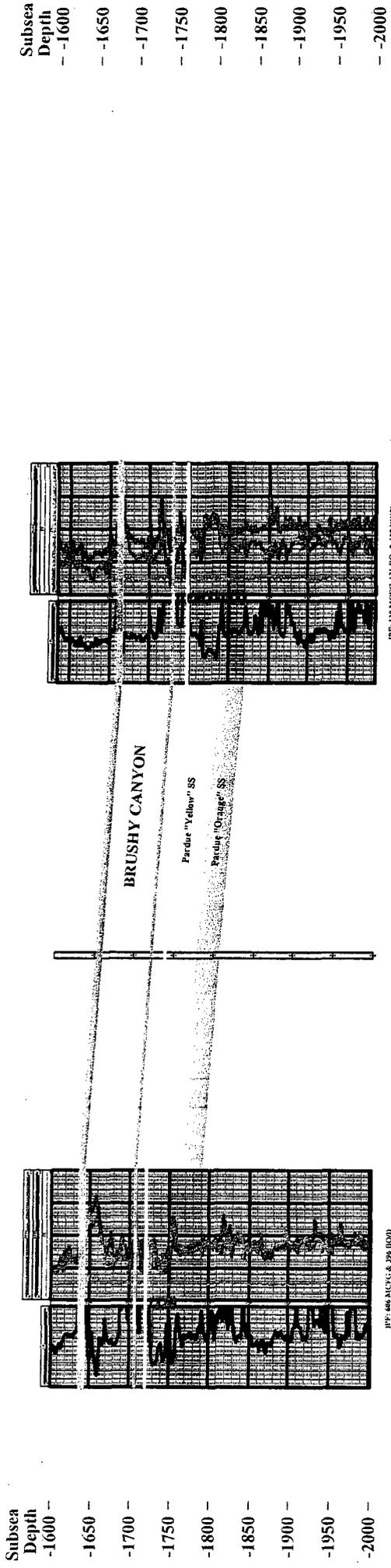
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 26709 6,500

RB OPERATING COMPANY
 SOUTH CULEBRA BLUFF
 127
 26709 6,500

NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location



RB OPERATING COMPANY
CARRASCO "14"

NW 26293

2

<-1,067FT>

RB OPERATING COMPANY
CARRASCO "14"

9990

4

<-1,091FT>

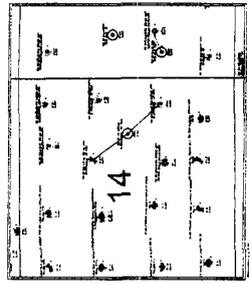
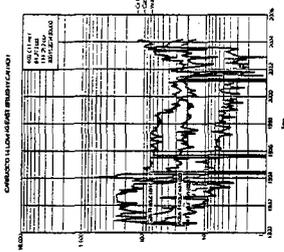
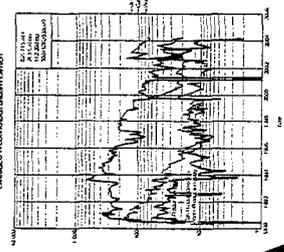
RB OPERATING COMPANY
CARRASCO "14"

26349

5

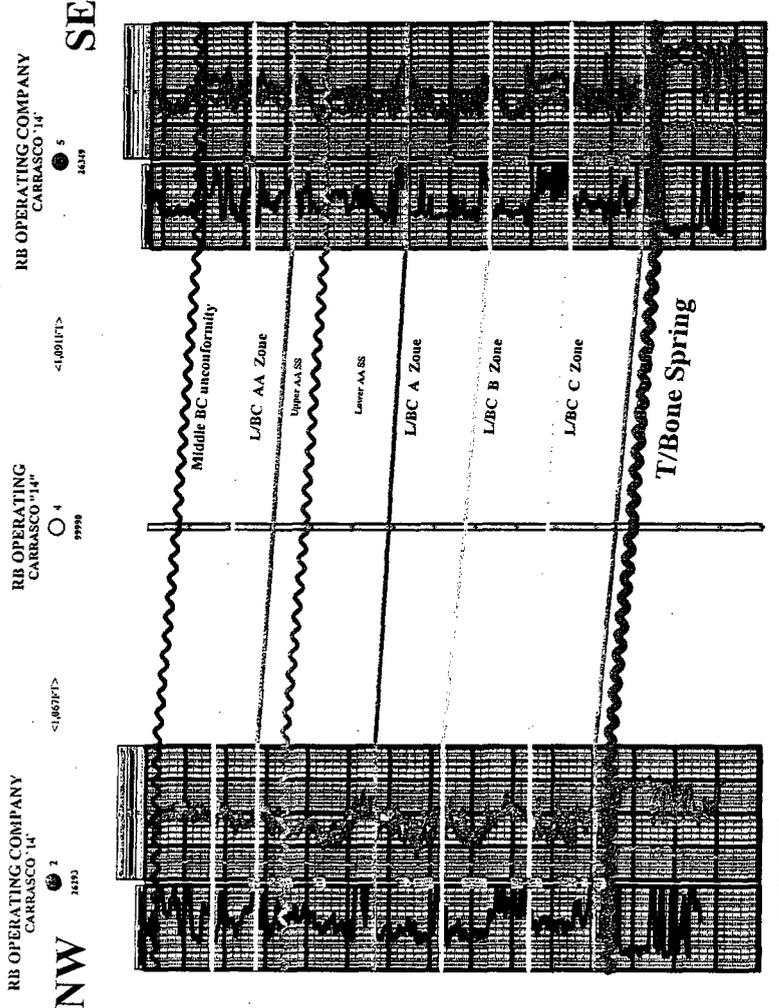
SE

WELL 2
WELL 4
WELL 5



NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location



RB OPERATING COMPANY
CARRASCO "14"
2
7485

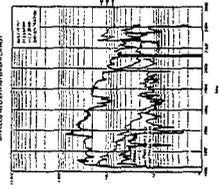
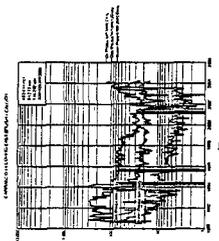
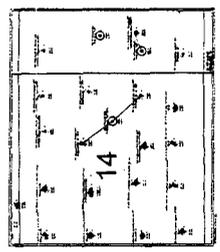
RB OPERATING COMPANY
CARRASCO "14"
4
9990

RB OPERATING COMPANY
CARRASCO "14"
5
2639

- Subsea Depth
- 2600
- 2650
- 2700
- 2750
- 2800
- 2850
- 2900
- 2950
- 3000
- 3050
- 3100
- 3150
- 3200
- 3250
- 3300
- 3350

PPF: 100 MFC/20, 100 & 100 BUD
CON
Re-Checked by "Peder"
PPF: 100 MFC/20, 100 BUD
(04/99)

PPF: 100 MFC/20, 100 BUD
CON
Re-Checked by "Peder"
PPF: 100 MFC/20, 100 BUD
(04/99)



NW-SE STRUCTURAL CROSS-SECTION

South Culebra Bluff "23" No. 15

NW

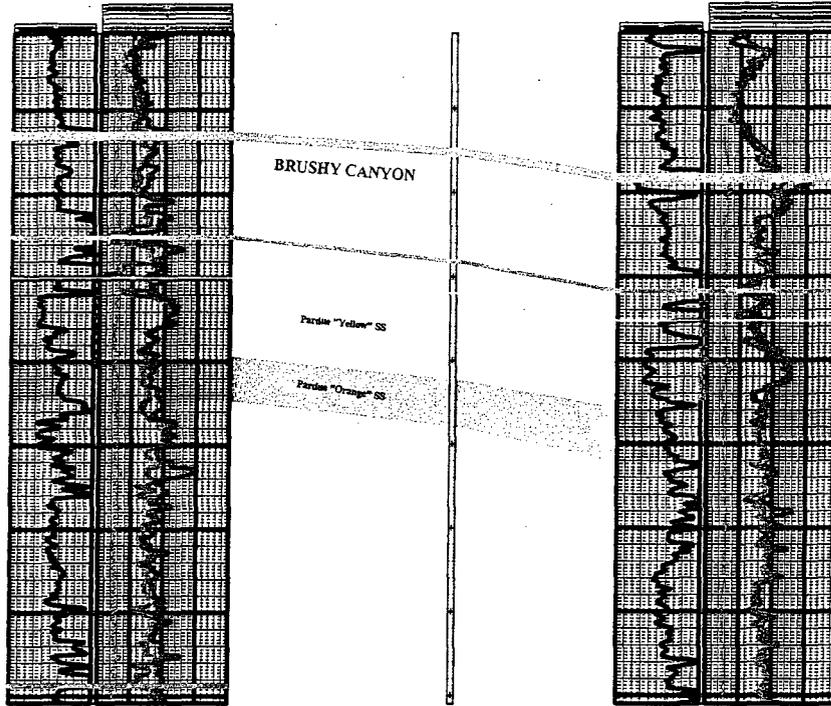
RB OPERATING COMPANY
SOUTH CULEBRA BLUFF
● 11
2434

RB OPERATING
SOUTH CULEBRA BLUFF
○ 15
4991

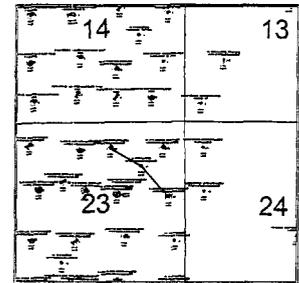
RB OPERATING COMPANY
SOUTH CULEBRA BLUFF
● 12
2434

SE

Subsea
Depth
-1600 -
-1650 -
-1700 -
-1750 -
-1800 -
-1850 -
-1900 -
-1950 -
-2000 -



Subsea
Depth
-1600
-1650
-1700
-1750
-1800
-1850
-1900
-1950
-2000



Re-Completed to Pardue
IPP: 30 MCFG, 29 BO, & 97 BW/D
(7/03)

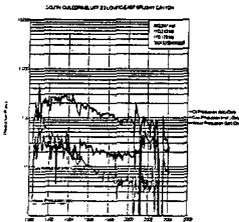
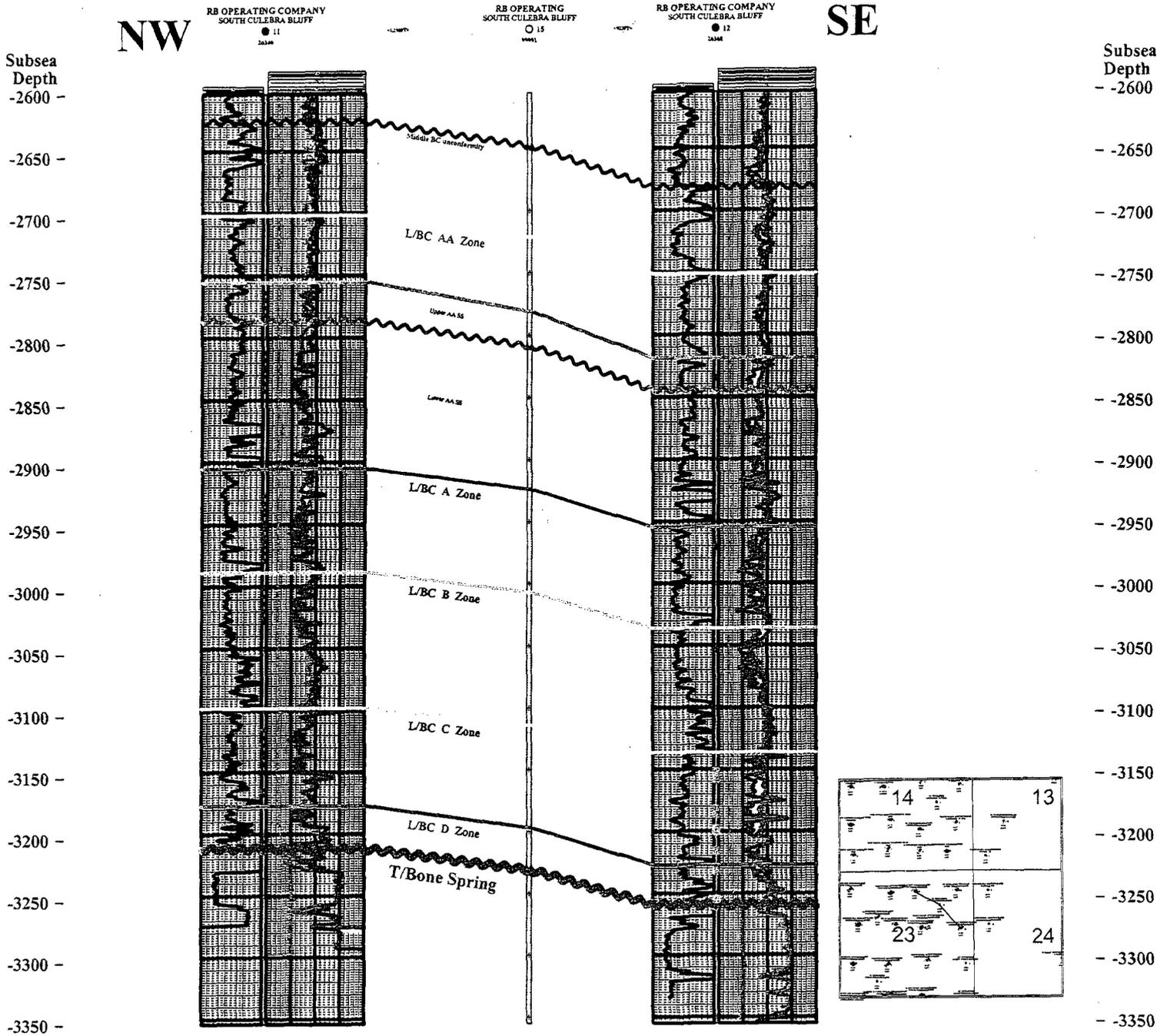


EXHIBIT
14

NW-SE STRUCTURAL CROSS-SECTION

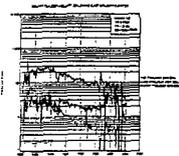
South Culebra Bluff "23" No. 15 Location



IPF: 204 MCFG, 140 BO, & 130 BW/D
(5/90)

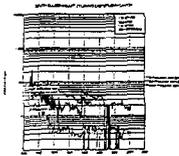
Re-Completed to "AA"
IPP: 30 MCFG, 6 BO, & 190 BW/D
(9/00)

Re-Completed to "Pardue"
IPP: 30 MCFG, 29 BO, & 97 BW/D
(7/03)



IPF: 93 MCFG, 90 BO, & 150 BW/D
(7/90)

Re-Completed to "AA", "A", & "B"
(7/04)



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

DELAWARE VOLUMETRIC ANALYSIS

PARAMETERS

Average Porosity, %	16.0
Connate Water Saturation, %	49.0
Initial Pressure, psia	2,615
Reservoir Temperature, deg. R	575
Formation Volume Factor	1.34

OIL IN PLACE, BBLs/A-F **472**
(7758 x por x (1-Sw) *1/Bo)

OIL IN PLACE, MBBLs **9,087**

Recovery Factor, % 11

ULTIMATE OIL RECOVERY, BBLs/A-F **52**

BULK RESERVOIR VOLUME

Productive Acres	163
Average Pay Thickness, ft.	118
Unit Productive Volume, A-F	19,234

ULTIMATE RECOVERABLE OIL, MBBLs **1,000**

OIL RESERVES RECOVERABLE BY EXISTING WELLS **MBO**

Carrasco 14#2	300
Carrasco 14#3	125
Carrasco 14#5	94
SCB #2B	229
TOTAL RESERVES BY EXISTING WELLS	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, %	17.0
Connate Water Saturation, %	48.0
Initial Pressure, psia	2,615
Reservoir Temperature, deg. R	575
Formation Volume Factor	1.34

OIL IN PLACE, BBLs/A-F **512**
(7758 x por x (1-Sw) *1/Bo)

OIL IN PLACE, MBBLs **12,856**

Recovery Factor, % 11

ULTIMATE OIL RECOVERY, BBLs/A-F **56**

BULK RESERVOIR VOLUME

Productive Acres	160
Average Pay Thickness, ft.	157
Unit Productive Volume, A-F	25,120

ULTIMATE RECOVERABLE OIL, MBBLs **1,414**

OIL RESERVES RECOVERABLE BY EXISTING WELLS **MBO**

SCB #4B	95
SCB 23#11	112
SCB #3B	124
SCB 23#12	48
TOTAL RESERVES BY EXISTING WELLS	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

6-1

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.

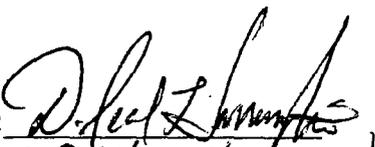
The Parties have executed this 22nd day of September, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

Chesapeake Permian, L. P.

By: _____
Name:
Title:

RB Operating Company

By: 
Name: D. NEAL HARRINGTON
Title: VP LAND

OVERRIDING ROYALTY INTEREST OWNERS

Robert H. Northington

Wells Fargo F. B. O. Donald Paape

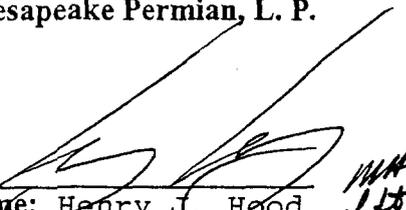
By: _____
Name:
Title:

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 28th day of July, 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. Hood

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:

Individual Acknowledgement

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____.

Notary Public in and for the State
of _____.

Corporatate Acknowledgement

STATE OF Oklahoma §

COUNTY OF Grady §

This instrument was acknowledged before me on the 28th day of July, 2004, by Henry J. Hood, Senior Vice Pres. - Land and legal of Chesapeake Operating, Inc. General partner of Chesapeake, a(n) Oklahoma corporation, on behalf of said corporation. Permian, LP



Jami R. Brody
Notary Public in and for the State of
Oklahoma.

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

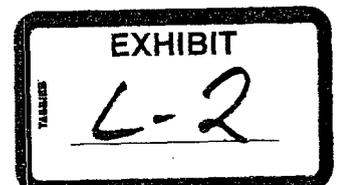
WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the South Culebra Bluff "23" #15 well within the proposed drilling unit.

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 22 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

Chesapeake Permian, L. P.

By: _____
Name:
Title:

RB Operating Company

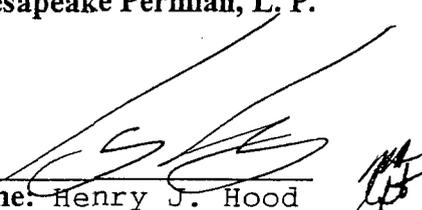
By: 
Name: D. NEAL HARRINGTON
Title: V P LAND

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 28th day of July, 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. Hood

Title: Senior Vice President - Land and Legal
of Chesapeake Operating, Inc.

General Partner of Chesapeake Permian, LP

RB Operating Company

By: _____

Name:

Title:

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

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 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



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

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 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	1.00000000	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.	0.50000000	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	1.00000000	1.00000000

* Overriding Royalty Interest

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

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



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

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

2004 SEP 28 PM 1 44

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
- [A] 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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____
 Signature *[Handwritten Signature]*

KELLAHIN & KELLAHIN
 Attorneys At Law
 P.O. Box 2265
 Santa Fe, NM 87504-2265

Date 9/27/04

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

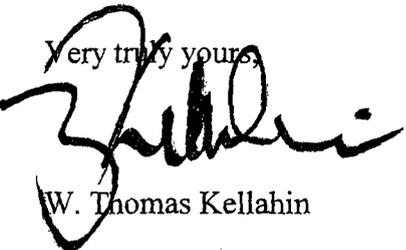
Re: Administrative Application of RB Operating Company
for approval of two unorthodox oil well locations
and simultaneous dedication,
East Loving-Brushy Canyon Pool,
Eddy County, New Mexico

- (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.

Very truly yours,



W. Thomas Kellahin

cc: RB Operating Company
Attn: Bobby Ebeier

2004 SEP 28 PM 1 44

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 APPLICATION

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"

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.

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 is 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.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
Telephone: (505) 982-4285
Fax: (505) 982-2047

State of New Mexico

Energy, Minerals and Natural Resources Department

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

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

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name CARRASCO 14	Well Number 4
OGRID No.	Operator Name R.B. OPERATING	Elevation 2977'

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 or Infill	Consolidation Code		Order No.				

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

<p>GEODETC COORDINATES NAD 27 NME</p> <p>Y=474923.2 N X=586495.1 E</p> <p>LAT.=32°18'19.33" N LONG.=104°03'12.17" W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 3, 2004</p> <p>Date Surveyed: REV: 08/20/04 JR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 8/20/04</p> <p>04.11.0997</p> <p>Certificate No. RONALD J. EIDSON 3239</p>



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OGRID No.	Operator Name R.B. OPERATING	Elevation 2977'

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Bottom Hole Location If Different From Surface

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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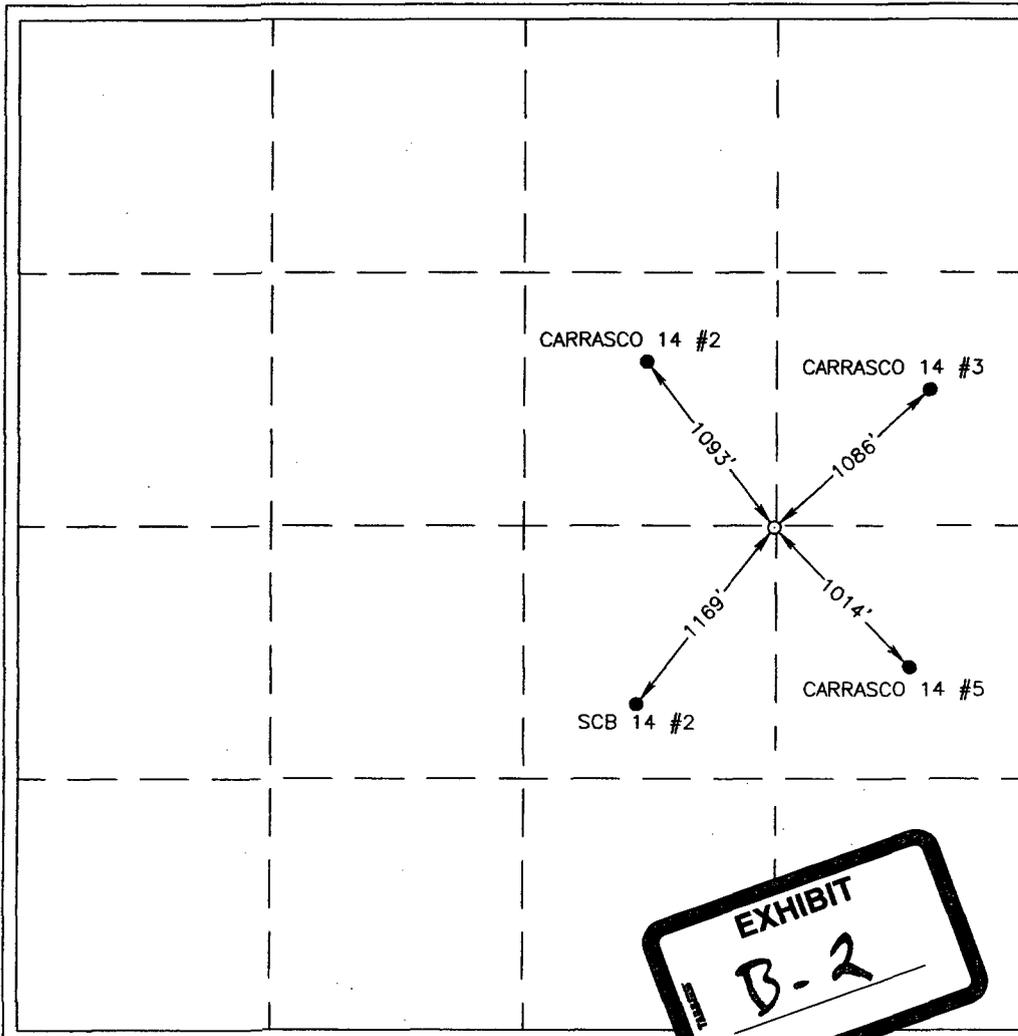


EXHIBIT
B-2

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

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 supervision, and that the same is true and correct to the best of my belief.

AUGUST 3, 2004

Date Surveyed REV: 08/20/04 JR

Signature & Seal of Professional Surveyor _____

04.11.0997

Certificate No. RONALD J. EIDSON 3239

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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name SCB 23	Well Number 15
OGRID No.	Operator Name R.B. OPERATING	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
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 or Infill	Consolidation Code	Order No.

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

<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=470865.0 N X=586666.3 E</p> <p>LAT.=32°17'39.17" N LONG.=104°03'10.30" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 2, 2004</p> <p>Date Surveyed _____ JR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald E. Eason</i> 8/11/04</p> <p>04.11.0896</p> <p>Certificate No. RONALD E. EASON 3239</p>



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Property Code	Property Name SCB 23	Well Number 15
OGRID No.	Operator Name R.B. OPERATING	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
H	23	23-S	28-E		1430'	NORTH	1150'	EAST	EDDY

Bottom Hole Location If Different From Surface

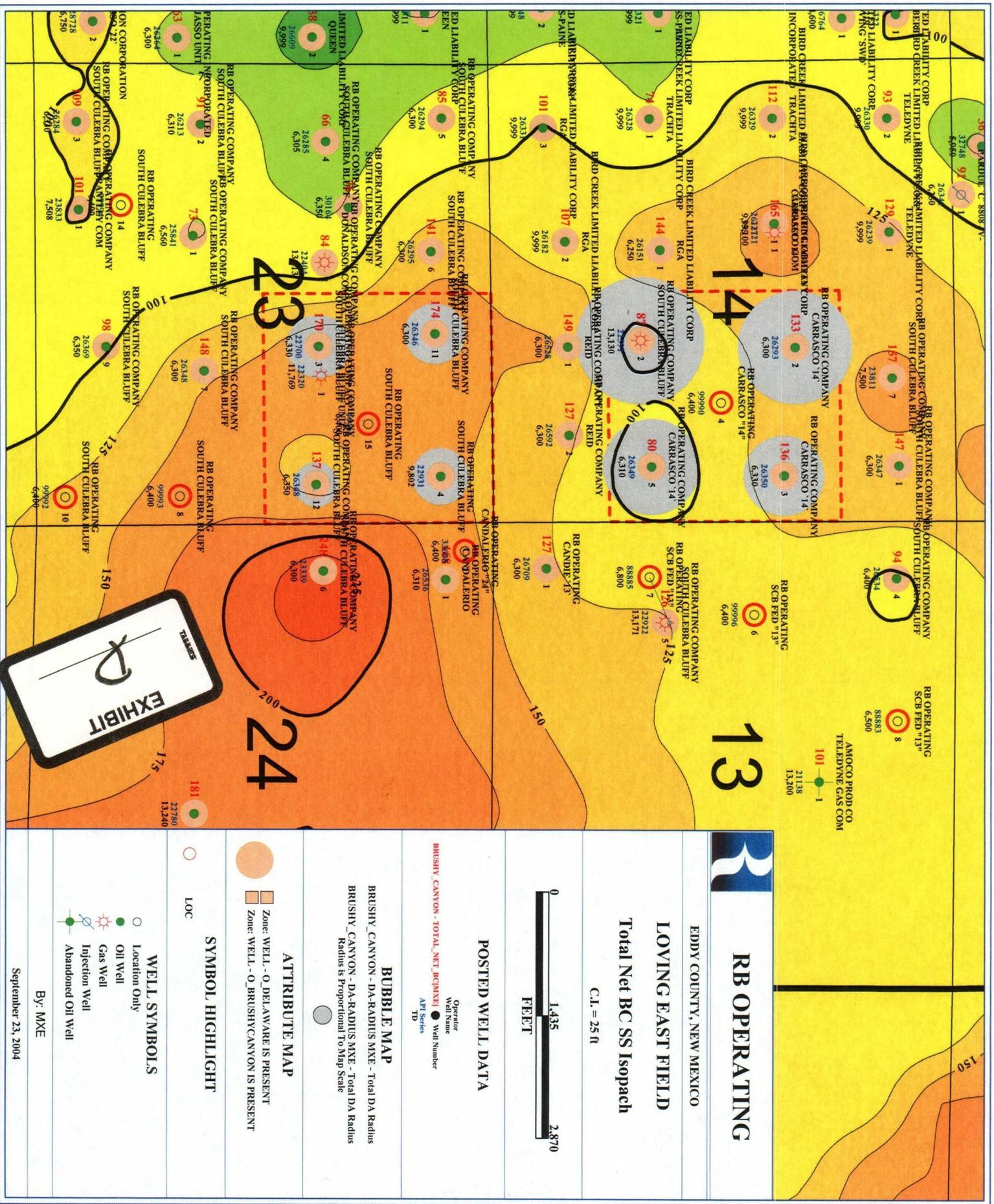
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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	<p>04.11.0896</p>
	<p>Certificate No. RONALD J. EIDSON 3239</p>

EXHIBIT
C-2



EXHIBIT

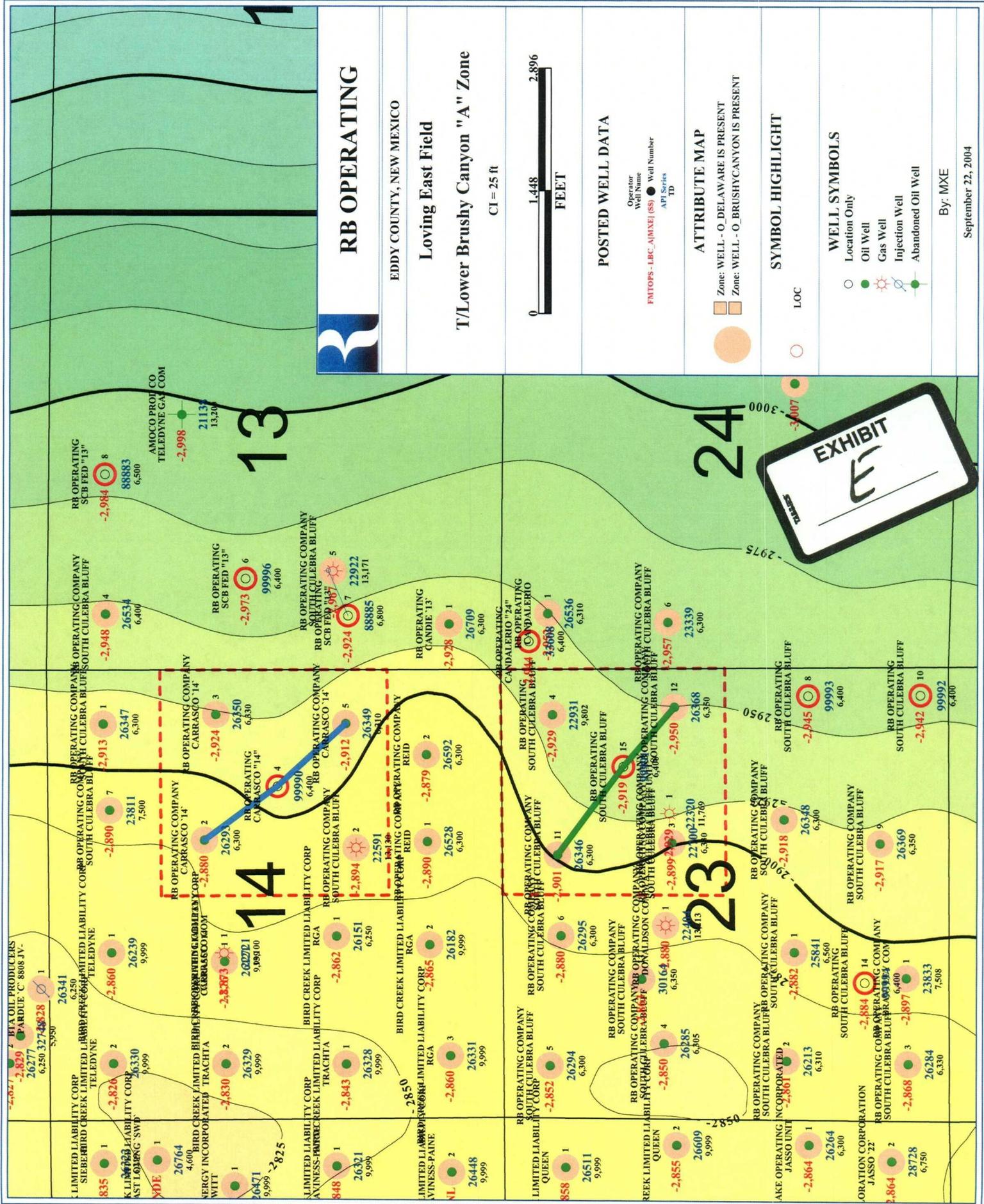
23

24

14

13

150



NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location

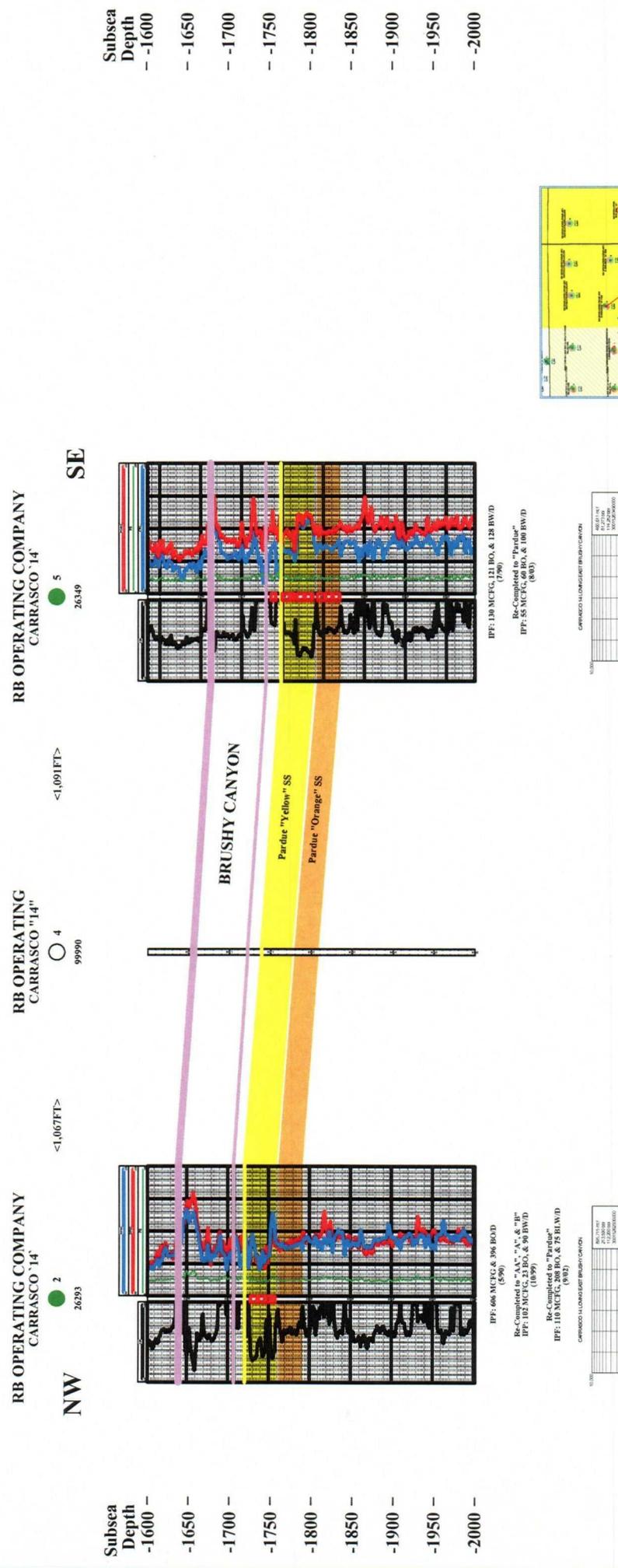
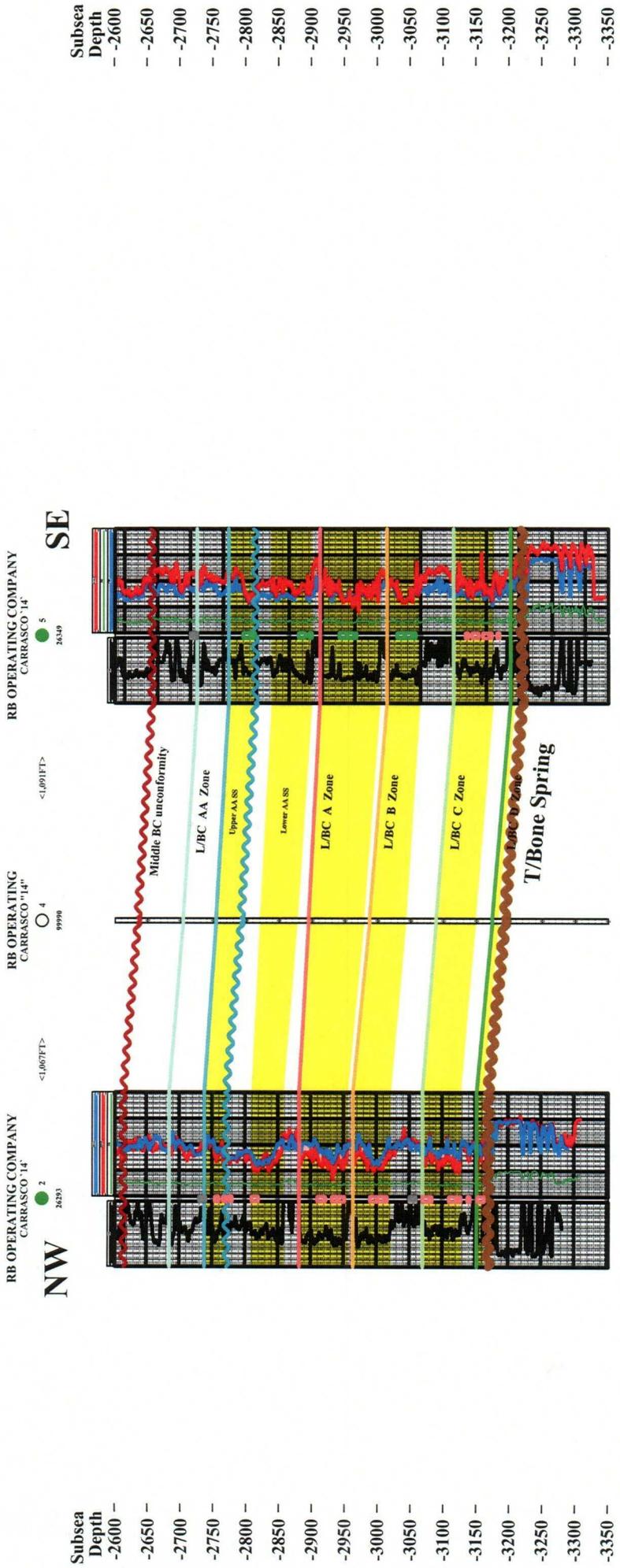


EXHIBIT
F

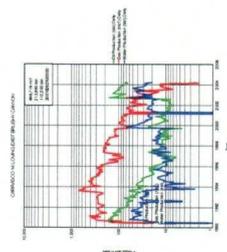
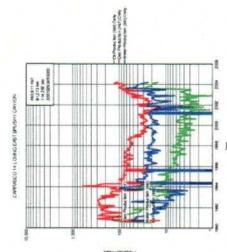
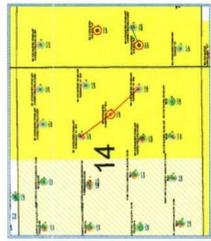
NW-SE STRUCTURAL CROSS-SECTION

Carrasco "14" No. 4 Location

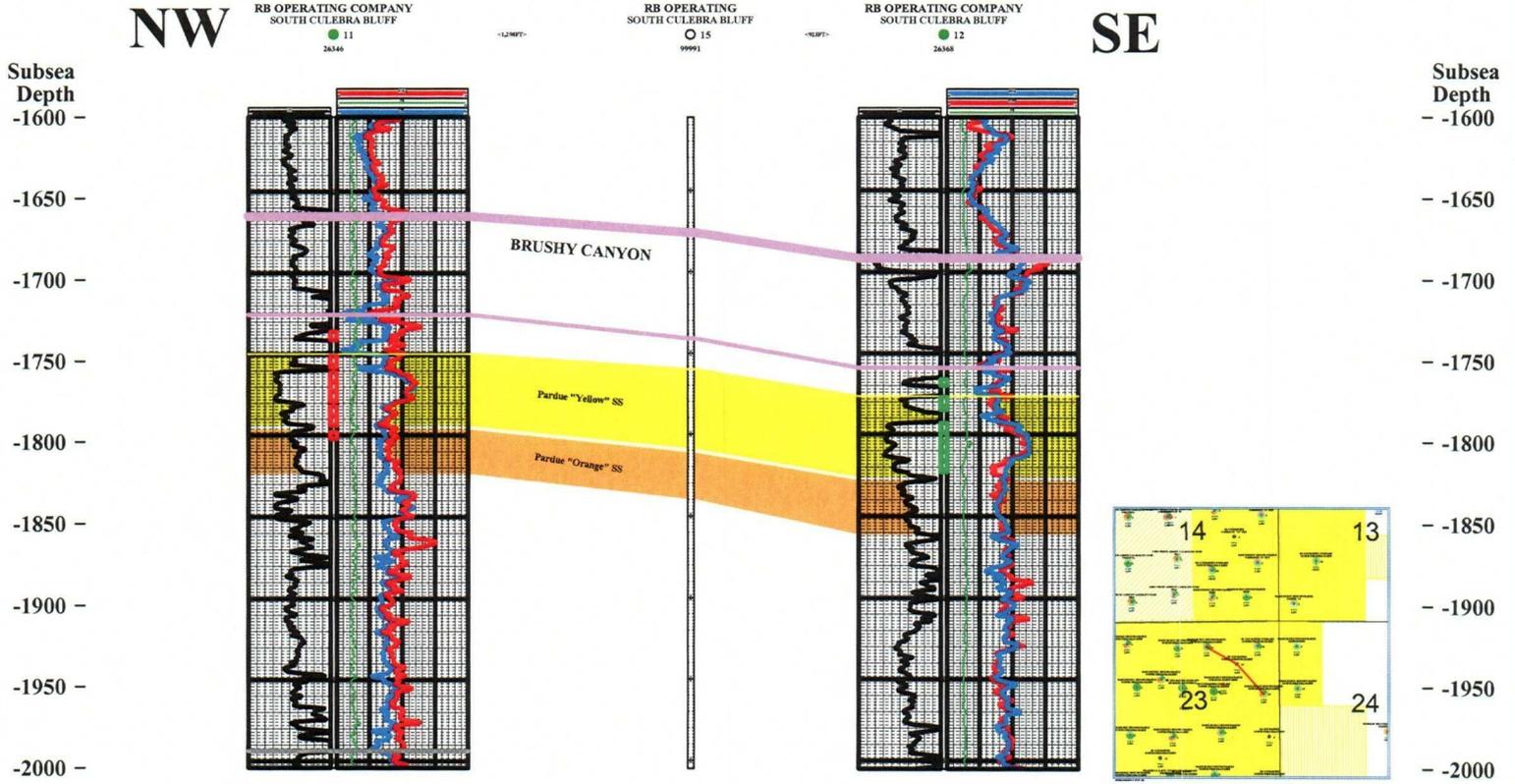


IPP: 110 NCTP, 111 BVA, & 112 BWD
 (1899)
 Has Completed to "Furber"
 IPP: 55 NCTP, 66 BVA, & 108 BWD
 (1899)

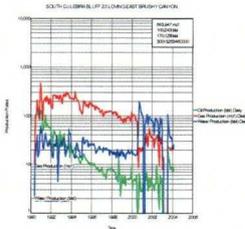
IPP: 66 NCTP & 108 BWD
 (1899)
 Has Completed to "A.V. & B."
 IPP: 101 BVA, 102 BVA, & 103 BWD
 (1899)
 Has Completed to "Furber"
 IPP: 110 NCTP, 111 BVA, & 112 BWD
 (1899)



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

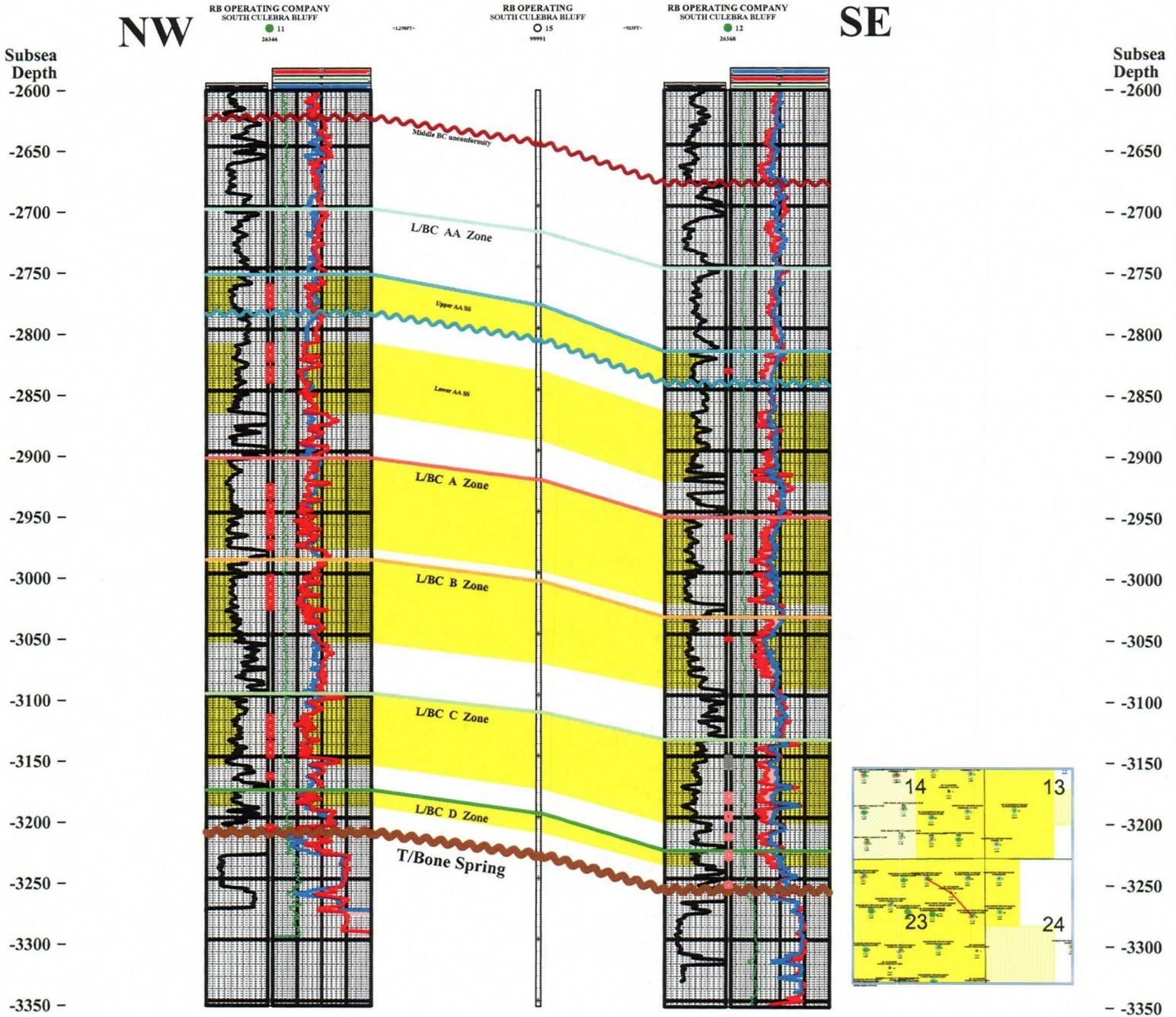


Re-Completed to Pardue
IPP: 30 MCFG, 29 BO, & 97 BW/D
(7/03)



NW-SE STRUCTURAL CROSS-SECTION

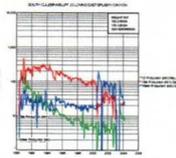
South Culebra Bluff "23" No. 15 Location



IPF: 204 MCFG, 140 BO, & 130 BW/D
(5/90)

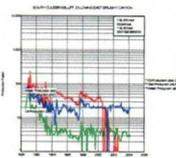
Re-Completed to "AA"
IPP: 30 MCFG, 6 BO, & 190 BW/D
(9/00)

Re-Completed to "Pardue"
IPP: 30 MCFG, 29 BO, & 97 BW/D
(7/03)



IPF: 93 MCFG, 90 BO, & 150 BW/D
(7/90)

Re-Completed to "AA", "A", & "B"
(7/04)



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

DELAWARE VOLUMETRIC ANALYSIS

PARAMETERS

Average Porosity, %	16.0
Connate Water Saturation, %	49.0
Initial Pressure, psia	2,615
Reservoir Temperature, deg. R	575
Formation Volume Factor	1.34

OIL IN PLACE, BBLs/A-F **472**
 (7758 x por x (1-Sw) *1/Bo)

OIL IN PLACE, MBBLs **9,087**

Recovery Factor, % 11

ULTIMATE OIL RECOVERY, BBLs/A-F **52**

BULK RESERVOIR VOLUME

Productive Acres	163
Average Pay Thickness, ft.	118
Unit Productive Volume, A-F	19,234

ULTIMATE RECOVERABLE OIL, MBBLs **1,000**

OIL RESERVES RECOVERABLE BY EXISTING WELLS **MBO**

Carrasco 14#2	300
Carrasco 14#3	125
Carrasco 14#5	94
SCB #2B	229

TOTAL RESERVES BY EXISTING WELLS **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, %	17.0
Connate Water Saturation, %	48.0
Initial Pressure, psia	2,615
Reservoir Temperature, deg. R	575
Formation Volume Factor	1.34

OIL IN PLACE, BBLS/A-F **512**
(7758 x por x (1-Sw) *1/Bo)

OIL IN PLACE, MBBLs **12,856**

Recovery Factor, % 11

ULTIMATE OIL RECOVERY, BBLS/A-F **56**

BULK RESERVOIR VOLUME

Productive Acres	160
Average Pay Thickness, ft.	157
Unit Productive Volume, A-F	25,120

ULTIMATE RECOVERABLE OIL, MBBLs **1,414**

OIL RESERVES RECOVERABLE BY EXISTING WELLS **MBO**

SCB #4B	95
SCB 23#11	112
SCB #3B	124
SCB 23#12	48

TOTAL RESERVES BY EXISTING WELLS **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

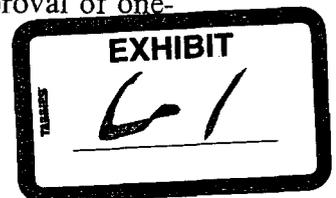
WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the Carrasco "14" #4 well within the proposed drilling unit.

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.

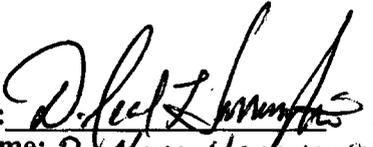
The Parties have executed this 22nd day of September, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

Chesapeake Permian, L. P.

By: _____
Name:
Title:

RB Operating Company

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

OVERRIDING ROYALTY INTEREST OWNERS

Robert H. Northington

Wells Fargo F. B. O. Donald Paape

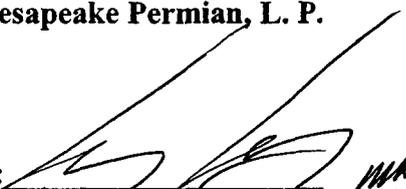
By: _____
Name:
Title:

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 28th day of July, 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. Hood *HH*

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:

Individual Acknowledgement

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____.

Notary Public in and for the State
of _____.

Corporatate Acknowledgement

STATE OF Oklahoma §
 §
COUNTY OF Grady §

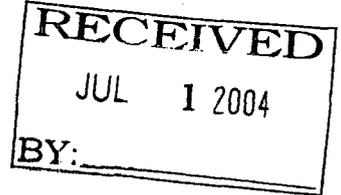
This instrument was acknowledged before me on the 28th day of July, 2004, by Henry J. Hood, Senior Vice Pres. - Land and Legal of Chesapeake Operating, Inc. General Partner of Chesapeake Permian, LP, a(n) Oklahoma corporation, on behalf of said corporation.



Jamie R. Brody
Notary Public in and for the State of
Oklahoma.

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 _____ 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

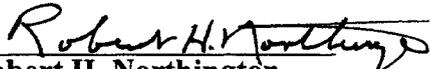
Chesapeake Permian, L. P.

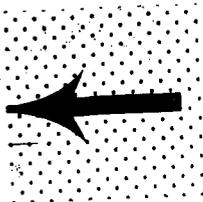
By: _____
Name: _____
Title: _____

RB Operating Company

By: _____
Name: _____
Title: _____

OVERRIDING ROYALTY INTEREST OWNERS


Robert H. Northington



**SIGN
HERE**

Wells Fargo F. B. O. Donald Paape

By: _____
Name: _____
Title: _____

ROYALTY OWNERS

Esther Lee Baker Trust

By: William M. Baker
Name: William M. Baker
Title: Co-Trustee

Candelario Carrasco, Jr.

Emma Carrasco

Celia C. Valdez

Bogle Oil, Inc.

By: _____
Name: _____
Title: _____

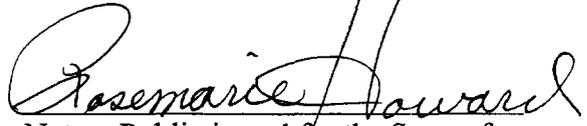
Richard Holesapple

Dea Holesapple

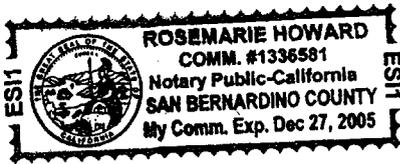
Trustee Acknowledgement

STATE OF California §
 San §
COUNTY OF Bernardino §

This instrument was acknowledged before me on the 29th day of
June, 2004, by William M. Baker, Trustee of the
Esther Lee Baker Trust, on behalf of said Trust.

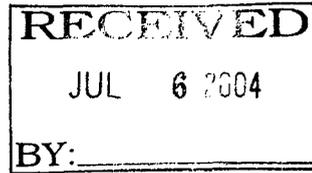


Notary Public in and for the State of
California



ROYALTY OWNERS

Esther Lee Baker Trust



By: _____
Name:
Title:

Candelario Carrasco, Jr.

Emma Carrasco

Celia C. Valdez

Bogle Oil, Inc.


By: _____
Name: BILE BOGLE
Title: PRESIDENT

Richard Holesapple

Dea Holesapple

Julee Margulies-Metz

Melinda Thompson
Melinda Thompson

Corina C. Urquidez

Danielle Levine-Baum

Greg Martinez, Jr.

Individual Acknowledgement

STATE OF Colorado §
COUNTY OF Jefferson §

This instrument was acknowledged before me on the 30th day of June, 2004, by Nicholina Crowther.



Nicholina Crowther
Notary Public in and for the State
of Colorado.

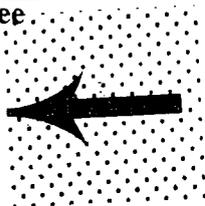
Judith Hamilton Fuhr

Emil Berger

Solomon N. Grover Trust Agreement dated 10/10/2000

By: Solomon N. Grover, Trustee

Concepcion Onsurez
Concepcion Onsurez



**SIGN
HERE**

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

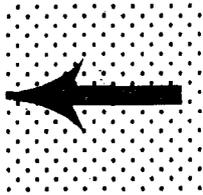
Julee Margulies-Metz

Melinda Thompson

Corina C. Urquidez

Danielle Levine-Baum


Greg Martinez, Jr.



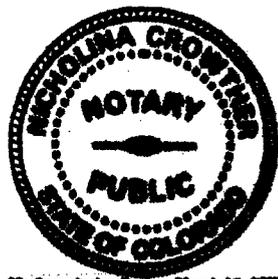
**SIGN
HERE**

Individual Acknowledgement

STATE OF Colorado

COUNTY OF Jefferson

This instrument was acknowledged before me on the 30th day of June, 2004, by Nicholina Crowther

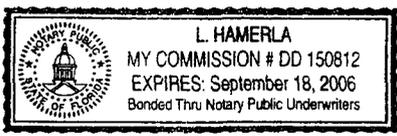


Nicholina Crowther
Notary Public in and for the State
of Colorado.

Individual Acknowledgement

STATE OF Florida §
COUNTY OF Broward §

This instrument was acknowledged before me on the 17th day of July, 2004, by Marc Kantor.



L. Hamerla
Notary Public in and for the State of Florida

Individual Acknowledgement

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____.

Notary Public in and for the State of _____.

Corporate Acknowledgement

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____ of _____, a _____ corporation, on behalf of said corporation.

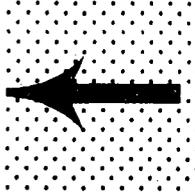
Notary Public in and for the State of _____.

ROYALTY OWNERS

Esther Lee Baker Trust

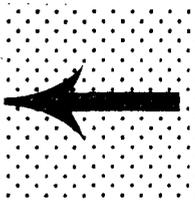
By: _____
Name:
Title:

Candelario Carrasco Jr.
Candelario Carrasco, Jr.



**SIGN
HERE**

Emma Carrasco
Emma Carrasco



**SIGN
HERE**

Celia C. Valdez

Bogle Oil, Inc.

By: _____
Name:
Title:

Richard Holesapple

Dea Holesapple

Individual Acknowledgement

STATE OF NM §

COUNTY OF Eddy §

This instrument was acknowledged before me on the 7 day of July, 2004, by Candelaria Carrasco
Emma Carrasco

Stephaine Dobson
Notary Public in and for the State
of New Mexico.

Individual Acknowledgement

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____.

Notary Public in and for the State
of _____.

Corporate Acknowledgement

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State of _____.

ROYALTY OWNERS

Esther Lee Baker Trust

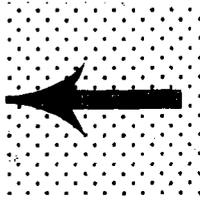
By: _____
Name:
Title:

Candelario Carrasco, Jr.

Emma Carrasco

Celia C. Valdez

Celia C. Valdez



**SIGN
HERE**

Bogle Oil, Inc.

By: _____
Name:
Title:

Richard Holesapple

Dea Holesapple

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

Marsha Kantor

Renee Ann Levine-Blonder

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

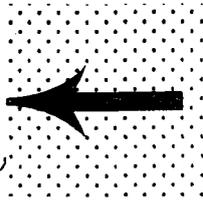
By: _____
Gloria G. Margulies, Trustee

Marc Kantor

Joe A. Clem

John E. Clem

Geraldine Clem Bolen
Geraldine Clem Bolen



**SIGN
HERE**

Janice Clem Pace

Judith Hamilton Fuhr
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

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

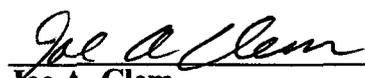
Marsha Kantor

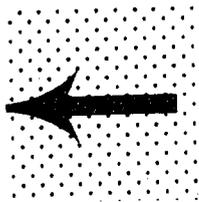
Renee Ann Levine-Blonder

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

By: Gloria G. Margulies, Trustee

Marc Kantor


Joe A. Clem



**SIGN
HERE**

John E. Clem

Geraldine Clem Bolen

Janice Clem Pace

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
Gloria G. Margulies, Trustee

Julee Margulies-Metz

Melinda Thompson

Corina C. Urquidez

Danielle Levine-Baum
Danielle Levine-Baum

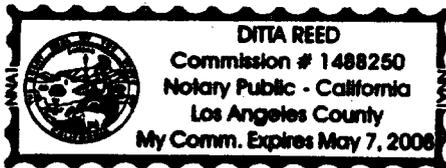
Greg Martinez, Jr.

Individual Acknowledgement

STATE OF California §

COUNTY OF Los Angeles §

This instrument was acknowledged before me on the 12th day of August, 2004, by Danielle Levine-Baum.



[Signature]
Notary Public in and for the State
of California.

X Marsha Kantor
Marsha Kantor

Renee Ann Levine-Blonder

**Darrin M. Margulies Trust 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 Bolen

Janice Clem Pace

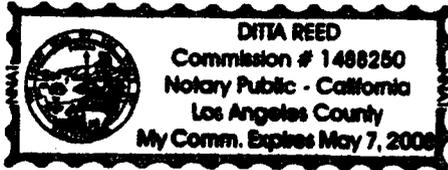
To: Robert Ebel
Rural Resources Corp
817. 810. 1985

FAX COPY - No Notary will be obtained

Individual Acknowledgement

STATE OF California §
 §
COUNTY OF Los Angeles §

This instrument was acknowledged before me on the 12th day of August, 2004, by Shayna Levine-Hoffman.



[Signature]
Notary Public in and for the State
of California.

Individual Acknowledgement

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____.

Notary Public in and for the State
of _____.

Corporate Acknowledgement

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State of _____.

Judith Hamilton Fuhr

Emil Berger

Solomon N. Grover Trust Agreement dated 10/10/2000

By: 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

ROYALTY OWNERS

Esther Lee Baker Trust

By: _____
Name:
Title:

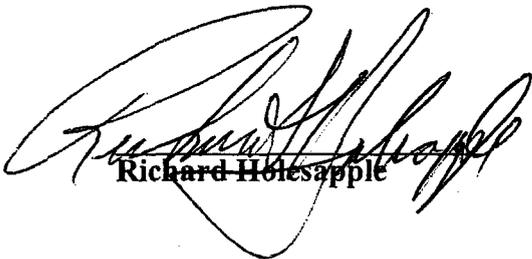
Candelario Carrasco, Jr.

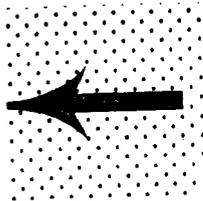
Emma Carrasco

Celia C. Valdez

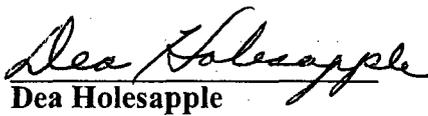
Bogle Oil, Inc.

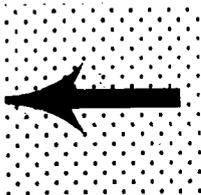
By: _____
Name:
Title:


Richard Holesapple



**SIGN
HERE**


Dea Holesapple



**SIGN
HERE**

Individual Acknowledgement

STATE OF Calif. §

COUNTY OF Los Angeles §

This instrument was acknowledged before me on the 6th day of August, 2004, by Richard Holesapple in his authorized capacity.



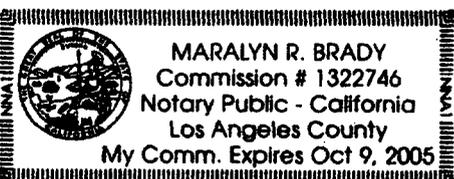
Maralyn R Brady
Notary Public in and for the State of Calif.

Individual Acknowledgement

STATE OF Calif. §

COUNTY OF Los Angeles §

This instrument was acknowledged before me on the 6th day of August, 2004, by Dea Holesapple in her authorized capacity.



Maralyn R Brady
Notary Public in and for the State of Calif.

Corporate Acknowledgement

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public in and for the State of _____

Marsha Kantor

Renee Ann Levine-Blonder

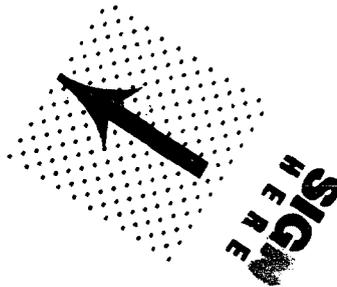
**Darrin M. Margulies Trust created under the
Grover Trust Agreement dated 10-15-86, as amended**

By: Gloria G. Margulies, Trustee

Marc Kantor

Joe A. Clem

John E. Clem



Geraldine Clem Bolen

The Estate of Janice Clem Pace, deceased

Janice Clem Pace by *Marc Kantor* Personal Representative
Janice Clem Pace, deceased

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

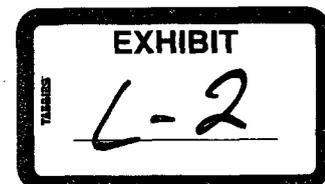
WHEREAS, the Parties are desirous of reducing to writing their mutual consent and approval to allow RB Operating Company the right to drill the South Culebra Bluff "23" #15 well within the proposed drilling unit.

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.

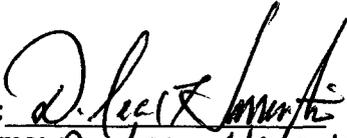
The Parties have executed this 22 day of September, 2004, however, shall not become effective upon the proper execution and approval of one-hundred percent (100%) of the Parties.

WORKING INTEREST OWNERS

Chesapeake Permian, L. P.

By: _____
Name:
Title:

RB Operating Company

By: 
Name: D. NEWK HARRINGTON
Title: U P LAND

Individual Acknowledgement

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____.

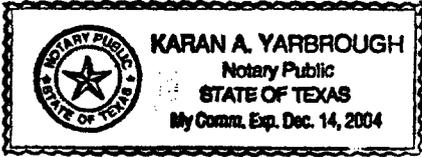
Notary Public in and for the State
of _____.

Corporate Acknowledgement

STATE OF Texas §
 §
COUNTY OF Tarrant §

This instrument was acknowledged before me on the 22nd day of September, 2004, by Neal Harrington, Vice President of RB Operating Company, a Delaware corporation, on behalf of said corporation.

Karan A. Yarbrough
Notary Public in and for the State of
Texas.



Trustee Acknowledgement

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2004, by _____, Trustee of the _____, on behalf of said Trust.

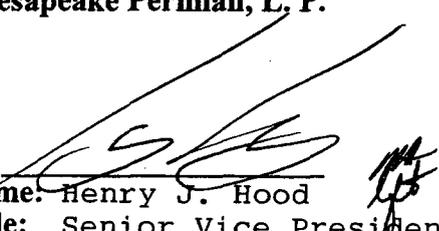
Notary Public in and for the State of
_____.

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 28th day of July, 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. Hood

Title: Senior Vice President - Land and Legal
of Chesapeake Operating, Inc.
General Partner of Chesapeake Permian, LP
RB Operating Company

By: _____

Name:

Title:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego } ss.

On July 21, 2004 before me, Tanasha Bables Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Maria Stennis
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

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 his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.
Tanasha Bables
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Communitization Agreement
Document Date: 7-21-04 Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: Maria Stennis

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



OVERRIDING ROYALTY INTEREST OWNER

Wells Fargo F. B. O. Donald Paape

By: _____
Name:
Title:

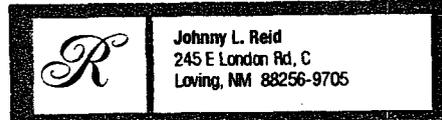
ROYALTY OWNERS

Stennis Family Trust

By: _____
Maria Stennis, Trustee

Johnny L. Reid

Johnny L. Reid



Jackie L. Reid

Jackie L. Reid

Individual Acknowledgement

STATE OF New Mexico §
 §
COUNTY OF Eddy §

This instrument was acknowledged before me on the 7th day of August, 2004, by Johnny L. Reid.

my Commission Expires
8-13-07

Melissa Walker

Notary Public in and for the State
of New Mexico.

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

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 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	0.50000000	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		0.00347222
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 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.	0.50000000	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



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)

