

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

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

**APPLICATION OF RB OPERATING COMPANY
FOR A CENTRALIZED FACILITY WITH A
COMMON TANK BATTERY INCLUDING
SURFACE COMMINGLING AND OFF-LEASE
MEASUREMENT AND STORAGE,
EDDY COUNTY, NEW MEXICO**

**2005 APR 15 PM 1 33
CASE 13475**

PRE-HEARING STATEMENT

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

APPEARANCES OF THE PARTIES

APPLICANT

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

ATTORNEY

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

None

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

RB Operating Company ("RB Operating") applies to the New Mexico Oil Conservation Division for an order granting an exception to Rule 303.A and, in accordance with Rule 303.B and approving a centralized facility with a common tank battery including surface commingling and off-lease storage and measurement of oil production for its Brantley 24 Tank Battery for the following described wells/leases with diverse ownership with the SW/4 of Section 24, T23S, R28E:

| Location | Well name | API Number |
|----------|-----------|------------|
|----------|-----------|------------|

Section 24:

| | | |
|---------|-------------------------------------|----------------|
| Unit K: | South Culebra Bluff "24" Well No. 3 | 30-015-pending |
| Unit L: | South Culebra Bluff "24" Well No. 1 | 30-015-pending |
| Unit M: | South Culebra Bluff "24" Well No. 2 | 30-015-pending |
| Unit N: | South Culebra Bluff "24" Well No. 4 | 30-015-pending |

which shall be stored and measured at its centralized facility located in Unit L of Section 24. The applicant further seeks the adoption of an administrative procedure for the expansion of this facility including the addition of other wells and production from other pools.

1. RB Operating is the operator of the proposed above-described wells to be drilled for production from the East Loving Brushy Canyon Pool.

2. RB Operating also will operate a centralized facility with the common tank battery located in NW/4SW/4 (Unit L) of Section 24, T23S, R28E for the gathering of oil production from all these wells.

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

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

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

4. In addition, RB Operating seeks an administrative procedure for the expansion of this project in order to add additional wells and/or pools.

5.RB Operating seeks approval to establish a measurement and allocation method for this production.

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

7. As a result of different ownership among the spacing units for the wells within the SW/4 of Section 24, the owners of the proposed commingled production are not identical in terms of parties or interest.

8. In accordance with Division Rule 1207.A and Rule 303.B(d) applicant has sent a copy of this application and notice for hearing to be held on April 21, 2005 to all the proper parties entitled to said notice.

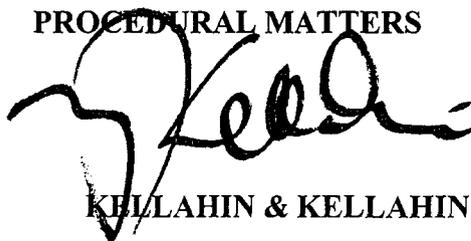
PROPOSED EVIDENCE

APPLICANT

| WITNESSES | EST. TIME | EST. EXHIBITS |
|-----------------------|------------------|----------------------|
| Bill Frey (PE) | 30-45 min | about 12 |

PROCEDURAL MATTERS

None



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