KELLAHIN & KELLAHIN
Attorney at Law

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

TELEPHONE 505-982-4285
FACSIMILE 505-216-2780
TKELLAHIN@COMCAST.NET

January 26, 2010

HAND DELIVERED

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

Case 14432

Re: Application of Range Operating New Mexico, Inc. for surface commingling, common tank battery and off lease storage and measurement SCB 5B Battery Sales Point within parts of Sections 11, 12, 13, and 14 T23S, R28E, Eddy County, New Mexico.

Dear Mr. Fesmire:

On behalf of Range Operating New Mexico, Inc., please find our referenced application which we request be set for hearing on the March 4, 2010 docket.

Very truly yours,

W. Thomas Kellahin

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

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

RECEIVED OCD
2012 JAN 26 A 9:18

ADMINISTRATIVE APPLICATION OF RANGE OPERATING NEW MEXICO, INC. FOR A CENTRALIZED FACILITY WITH A COMMON TANK BATTERY INCLUDING SURFACE COMMINGLING OFF-LEASE MEASUREMENT AND STORAGE FOR ITS SCB 5 B BATTERY AND SALES POINT EDDY COUNTY, NEW MEXICO.

Case 14432

APPLICATION

Comes now Range Operating New Mexico, Inc. ("RONMI") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order granting exceptions to Rules 19.15.12.10.C NMAC and 19.15.23.9 NMAC and for approval of a centralized facility with a common tank battery including surface commingling and off-lease storage and measurement of oil production for its SCB 5 B Tank Battery and Sales Point located in Unit L of Section 13, T23S, R28E for a Project Area in the following described wells/leases:

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

2. The Project Area is identified as the "SCB 5B Battery/Sales Point Project" and consists of wells in the following described acreage all within Township 23 South Range 28 East:

    a. E/2, E/2NW/4 of Section 11;
    b. E/2SW/4, SW/4NW/4 of Section 12;
    c. NW/4, N/2SW/4 of Section 13; and
    d. NE/4 of Section 14

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

(a) E/2NW/4 and E/2 of Sec 11, T23S, R28E called the Amoco 11 Federal 8 Battery and the Amoco Federal 1B Battery containing the following wellbores:

Amoco 11 Federal Well No. 2, Unit O (API # 30-015-26540)
Amoco 11 Federal Well No. 4, Unit J (API # 30-015-26495)
Amoco 11 Federal Well No. 5, Unit G (API # 30-015-26527)
Amoco 11 Federal Well No. 6, Unit B (API # 30-015-26496)
Amoco 11 Federal Well No. 7, Unit P (API # 30-015-26512)
Amoco 11 Federal Well No. 8T, Unit A (API #30-015-33056)
Amoco 11 Federal Well No. 9, Unit B (API #30-015-33916)
Amoco 11 Federal Well No. 1, Unit I (API #30-015-22975)
Amoco 11 Federal Well No. 3, Unit H (API #30-015-23084)

(b) E/2SW/4, SW/4NW/4 of Sec 12, T23S, R28E called the Teledyne Battery containing the following wellbores:

Teledyne 12 Federal Well No. 1, Unit M (API # 30-015-33930)
Teledyne 12 Federal Well No. 2, Unit L (API # 30-015-33928)
Teledyne 12 Federal Well No. 3, Unit E (API# 30-015-33927)

(c) NE/4 of Sec 14, T23S, R28E, called the Carrasco 14-3 Battery containing the following wellbores:

Carrasco 14 Well No. 3, Unit H (API # 30-015-26331)

(d) NE/4 of Sec 14, T23S, R28E and the W/2 and N/2SE/4 of Sec 13, T23S, R28E, called the SCB 5B Battery and Sales Point containing the following wellbores:

South Culebra Bluff Unit Well No. 5, Unit L (API #30-015-22922)
South Culebra Bluff Unit Well No. 7, Unit B (API# 30-015-23811)
South Culebra Bluff 14 Well No. 1, Unit A (API #30-015-26347)
South Culebra Bluff 13 Well No. 4, Unit D (API # 30-015-26534)
SCB 13 Federal Well No. 6, Unit E (API # 30-015-33777)
SCB 13 Federal Well No. 8, Unit C (API # 30-015-33645)

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

5. RONMI desires to move the oil tanks from the Carrasco 14-3 Battery to the SCB 5B Battery in order to minimize any environmental exposures to the Pecos River. This action will require an exception from the "Off Lease Transport and Storage Rule" 19.15.23.9 NMAC.

6. RONMI also desires to use the SCB 5B Battery as the sales point for all production from the four Batteries being the Amoco 11 Federal 8/Amoco Federal 1B Battery; the Teledyne Battery; the Carrasco 14-3 Battery and the SCB 5B Battery. This action will require an exception for surface commingling for these batteries because of diverse ownership. See Rule 19.15.12.10.B NMAC

7. The green lines on the attached map represent the flow of all production from each wellhead to the respective lease battery. The red lines show the flow of produced gas from lease to lease until it reaches the sales meter locate at the SCB 5B Battery

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

9. Process Flow Through a Typical Battery

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

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

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

10. Effective April 1, 2003, See Order R-11972, Division Rule303.B (4) provided:

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

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

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

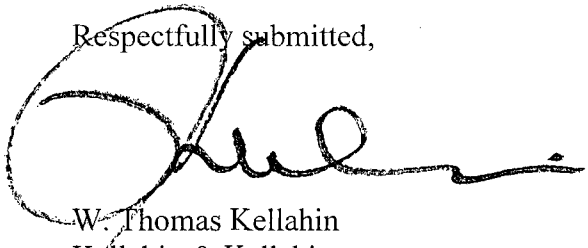
12. Any production for a designated gas pool will continue to be separately and continually metered in accordance with Division rules.

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

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

Accordingly, RONMI requests that the Division grant an exception to Division Rule 309-A and Rule 303-A to permit a centralized facility with a common tank battery including surface commingling, off-lease measurement and storage of storage of production from the East Loving Brushy Canyon Pool production from its wells and its lease in parts of Section 11, 12, 13 and 14, T23S, R28E which shall be stored and measured at its common tank battery, the "SCB 5B Tank Battery and Sales Point" located in Unit L of Section 13.

Respectfully submitted,



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

AMOCO 11 FEDERAL 8 BATTERY

AMOCO FEDERAL 1B BATTERY

TELEDYNE BATTERY

CARRASCO 14-3 BATTERY

SCB 5B BATTERY & SALES POINT

SCB 2B BATTERY

SCB 23-11 BATTERY

SCB 4B BATTERY

11 12 7 14 13

AMOCO 11 FEDERAL 9
AMOCO `11` FEDERAL 8
AMOCO `11` FEDERAL 6
AMOCO `11` FEDERAL 5
AMOCO FEDERAL 3
AMOCO `11` FEDERAL 1
AMOCO `11` FEDERAL 2
AMOCO `11` FEDERAL 7
AMOCO FEDERAL 2
ONSUREZ B 1B
ONSUREZ 2
PARDUE `D` 8808 JV- 2
PARDUE D 8808 JV-P 3
PARDUE `D`8808 JV-P 1
8808 JV-P PARDUE 1
PARDUE `B` 8808 3
PARDUE B 8808 JV-P 51
PARDUE `B`8808 JV-P 2
PARDUE B 8808 JVP 4
PARDUE `B` 8808 JV- 1
PARDUE `C` 8808 JV- 1
8808 JV-P PARDUE `C` 1-Y
PARDUE C 8808 JVP 4
PARDUE C 8808 JVP 3
PARDUE `C` 8808 JV- 1

LENTINI `12` FEDERAL 18
LENTINI `12` FEDERA 19
LENTINI `12` FEDERA 20
LENTINI `12` FEDERAL 21
MARKS 1
H F `12` FEDERAL 2
HF `12` FEDERAL COM 1
H F `12` FEDERAL 4
H F `12` FEDERAL 3
HF `7` FEDERAL 2
HF `7` FEDERAL COM 1
TELEDYNE 12 FEDERAL 3
TELEDYNE 12 FEDERAL 1

TELEDYNE 2
TELEDYNE 1
TRACHTA 2
CARRASCO `14` 1
CARRASCO COM 1
TRACHTA 1
RGA GUITAR COM 1
RGA 3
RGA 2
S CULEBRA BLUFF UNT REID 8
REID 2
SOUTH CULEBRA BLUFF 7B
SOUTH CULEBRA BLUFF 1
CARRASCO 6
CARRASCO 14 2
CARRASCO `14` FEE B 3
CARRASCO 14 4
SOUTH CULEBRA BLUFF `14` 4
CARRASCO `14` FEE 4
CARRASCO `14` FEE 5
SOUTH CULEBRA BLUFF B 2
SOUTH CULEBRA BLUFF 4
SCB 13 FEDERAL CULEBRA BLUFF UNIT 11
SCB 13 FEDERAL 8
SCB 13 FEDERAL 6
SOUTH CULEBRA BLUFF B 5
TELH F `13` COM:OM 1
CANDIE `13` 1
BANK 13 FEDERAL 1

EXHIBIT A
PENCAD 800-631-6989

GAS LINES CONNECTING BATTERIES

TANK BATTERIES B

INDIVIDUAL WELL FLOW LINES

RANGE OPERATING NM, INC.

E. LOVING AREA

OPERATIONAL FACILITIES

WELL GAS & FLOW LINES

EDDY CO., NM

Ratio Scale = 1 : 12,000

0 1,000 2,000

FEET

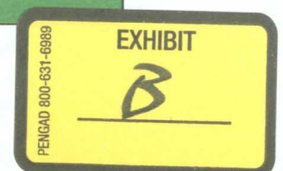
By: T. MAYFIELD-COWAN

January 20, 2010

PETRA 1/20/2010 5:21:38 PM

SCB 5B Sales Point
ID, Locations, Volumes

Lease Name & No.	Well No.	API # 30-015	FEDERAL LEASE #	OCD Lease Code #	Location	Unit-Sec-Twn-Rng	Pool	OCD Pool #	MCFPD	Gas Gravity	BTU Content @ 14.65	BTU Content @ 15.025	BOPD	Oil Gravity
Amoco 11 Federal	2	26540	NMNM 32636	300259	660' FSL & 1980' FEL	O-11-23S-28E	Loving; Brushy Canyon, East	40350	106				17	39.9
Amoco 11 Federal	4	26495	NMNM 32636	300259	1980' FSL & 1651' FEL	J-11-23S-28E	Loving; Brushy Canyon, East	40350	102				31	39.9
Amoco 11 Federal	5	26527	NMNM 32636	300259	1977' FNL & 1387' FEL	G-11-23S-28E	Loving; Brushy Canyon, East	40350	46				9	39.9
Amoco 11 Federal	6	26496	NMNM 32636	300259	860' FNL & 1651' FEL	B-11-23S-28E	Loving; Brushy Canyon, East	40350	28				8	39.9
Amoco 11 Federal	7	24512	NMNM 32636	300259	910' FSL & 860' FEL	P-11-23S-28E	Loving; Brushy Canyon, East	40350	91				16	39.9
Amoco 11 Federal	8T	33056	NMNM 32636	300259	545' FNL & 800' FEL	A-11-23S-28#	Loving; Brushy Canyon, East	40350	43				7	39.9
Amoco 11 Federal	9	33916	NMNM 32636	300259	2630' FSL & 1330' FEL	B-11-23S-28E	Loving; Brushy Canyon, East	40350	56				18	39.9
Amoco 11 Federal	1	22975	NMNM 32636	300259	1980' FSL & 990' FEL	I-11-23S-28E	Loving; Brushy Canyon, East	40350	18				4	39.9
Amoco 11 Federal	3	22084	NMNM 32636	300259	1980' FNL & 990' FEL	H-11-23S-28E	Loving; Brushy Canyon, East	40350	7				4	39.9
Carrasco 14	3	26350	n/a	300263	1980 FNL & 560 FEL	H-14-23S-28E	Loving; Brushy Canyon, East	40350	26				8	36.7
South Culebra Bluff Unit	5	22922	NMNM 32636	300271	1980' FSL & 1190' FWL	L-13-23S-28E	Loving; Brushy Canyon, East	40350	23				5	37.2
South Culebra Bluff Unit	7	23811	NMNM 32636	300271	660' FNL & 1740' FEL	B-14-23S-28E	Loving; Brushy Canyon, East	40350	59				12	37.2
South Culebra Bluff 13	4	26534	NMNM 32636	300268	664' FNL & 662' FWL	D-13-23S-28E	Loving; Brushy Canyon, East	40350	21				4	37.2
South Culebra Bluff 14	1	26347	NMNM 32636	300269	660' FNL & 660' FEL	A-14-23s-28E	Loving; Brushy Canyon, East	40350	44				9	37.2
SCB 13 Federal	6	33777	NMNM 32636	34324	2235' FNL & 990' FWL	E-13-23S-28E	Loving; Delaware, East	40370	35				6	37.2
SCB 13 Federal	8	33645	NMNM 32636	34324	660' FNL & 2310' FWL	C-13-23S-28E	Loving; Brushy Canyon, East	40350	20				2	37.2
Teledyne 12 Federal	1	33930	NMNM 32636	34607	990' FSL & 990' FWL	M-12-23S-28E	Herradura Bend; Delaware, East	30670	31				4	41.5
Teledyne 12 Federal	2	33928	NMNM 32636	34607	1980' FSL & 990' FWL	I-12-23S-28E	Herradura Bend; Delaware, East	30670	47				3	41.5
Teledyne 12 Federal	3	33927	NMNM 32636	34607	2160' FNL & 990' FWL	E-12-23S-28E	Herradura Bend; Delaware, East	30670	34				3	41.5
TOTAL									837	0.736	1.209	1.1788	122	



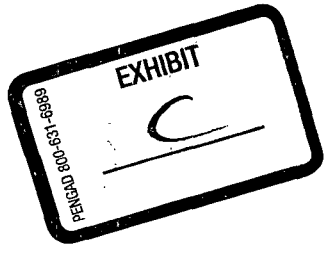
Range Operating New Mexico, Inc.
Request for Surface Commingling

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

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

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

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



SCB 5B Project Area
Interest Owners

Aaron Elliott Frutman
14 Keith Road
Wayland, MA 17780

Adam Eric Frutman
32 Fairview Dr.
Southboro, MA 17720

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

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

Bogle Oil, Inc.
PO Box 460
Dexter, NM 88230

BX4 LLC
c/o Beveral Coffman
274 E. Galveston St.
Albuquerque, NM 87112

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

Celia C. Valdez
4204 Thomason Road
Carlsbad, NM 88220

Charles Randall Hicks
4836 Vista Del Oso Court N.E.
Albuquerque, NM 87109-2558

Charmar LLC
4815 Vista Del Oso Court, N.E.
Albuquerque, NM 87109-2558

Chesapeake Permian LP
PO Box 960161
Oklahoma City, OK 73196-0161

Chesapeake Permian LP
PO Box 100725
Atlanta, GA 30384

Concepcion Onsurez
PO Box 393
Loving, NM 88256

Conrad Carrasco
7050 Ray Lane, Apt. B SW
Albuquerque, NM 87121

Dale Goldman
6781 Rothschild Circle
Lake Worth, FL 33467

Danielle Levine-Baum
4956 Sunnyslope Ave.
Sherman Oaks, CA 91423

Darrin M. Margulies Trust
Gloria G. Margulies as Trustee
Dated 10/15/86
5502 Murietta Avenue
Sherman Oaks, CA 91401

Donna H. Hamiga
4815 Vista Del Oso Court, N.E.
Albuquerque, NM 87109-2558

Draper Brantley Jr.
706 West Riverside Drive
Carlsbad, NM 88220-5222

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

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

George McBeath Tracy
10504 Lexington Ave., NE
Albuquerque, NM 87112

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

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

Joe A. Clem
PO Box 3016
Overgaard, AZ 85933-3016

Joe E. Clem
PO Box 3016
Overgaard, AZ 85933-3016

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

Juanell Fort PMB 52
4206 50th Street
Lubbock, TX 79413-3862

Kenneth Jay Reynolds
PO Box 10847
Midland, TX 79702

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

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

Marian Jane Gordon
PO Box 952
Carlsbad, NM 88221

Marian Tracy Lelevier
Deborah K. Basabe Temporary
Conservator
143 Prospect Street
Chula Vista, CA 91911

Marsha Kantor
75 Stone Run Rd.
Bedminster, NJ 79211

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

McLish Resources Partnership LP
633 17th Street, Ste. 1650
Denver, CO 80202-3660

Melinda Thompson
9131 Garrison St.
Westminster, CO 80021

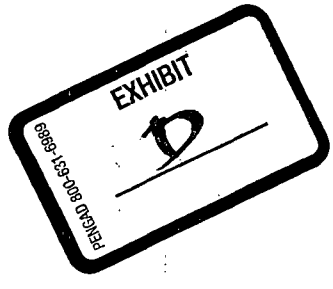
Merland, Inc.
Clairborne M. Power President
PO Box 548
Carlsbad, NM 88221-0548

Minerals Management Service
Mineral Revenue Management
PO Box 5810
Denver, CO 80217-5810

Mittie Beth Hayes
116 West Peach Lane
Carlsbad, NM 88220

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

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



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

Cynthia Fay Lee
506 Who Who Drive
Carlsbad, NM 88220-8847

Judith Hamilton Fuhr
68333 North Central Avenue
Phoeniz, AZ 85012-1488

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

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

Richard and Dea Holesapple
PO Box 1250
Carmichael, CA 95609

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

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

Solomon N. Grover as Trustee Of
Solomon N. Grover Trust Agmt.
Dated 10/10/2000
4321 Colfax Ave. Apt. 7
Studio City, CA 96104-2869

Susie Belle Bindel
1212 West Ural Drive
Carlsbad, NM 88220

Vikki H. Smith
9104 Haines Ave., N.E.
Albuquerque, NM 87112

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

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

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