

6-16-04 DATE IN	SUSPENSE	ENGINEER Jones	LOGGED IN 6-17-04	TYPE SUP	PSEM 0416941400 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Case 13313

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

RECEIVED

JUN 16 2004

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____

- [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,
↳ Pending Receipt
- [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

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

Date

6/16/04

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

June 16, 2004

HAND DELIVERED

RECEIVED

Mr. William Jones
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

JUN 16 2004

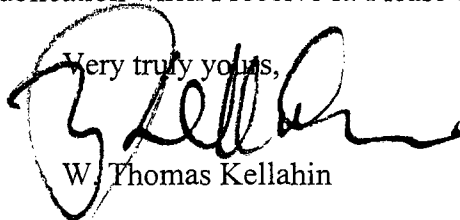
**Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505**

Re: Salt Water Disposal Administrative Application:
RB Operating Company
Candelario Well No. 1. (SWD)
660 feet FNL and FWL of Section 24, T23S, r28E
Eddy County, New Mexico

Dear Mr. Jones:

On behalf of RB Operating Company, please find enclosed duplicate originals of their application for approval to convert the referenced well to a SWD well. I will forward to you proof of publication when I receive it. Please call me if you have any questions.

Very truly yours,



W. Thomas Kellahin

cc: NMOCD-Artesia
RB Operating Company
Attn: Mike McGinnis

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: RB Operating Company
ADDRESS: 777 Main St., Suite 800
CONTACT PARTY: Mike McGinnis PHONE: 817-870-2601
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Michael K. McGinnis TITLE: District Engineer
SIGNATURE: *MMcGinnis* DATE: 6-10-04
E-MAIL ADDRESS: mmcginnis@rangeresources.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:
- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
 - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
 - (3) A description of the tubing to be used including its size, lining material, and setting depth.
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.
- Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.
- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
- (1) The name of the injection formation and, if applicable, the field or pool name.
 - (2) The injection interval and whether it is perforated or open-hole.
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well.
 - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
 - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

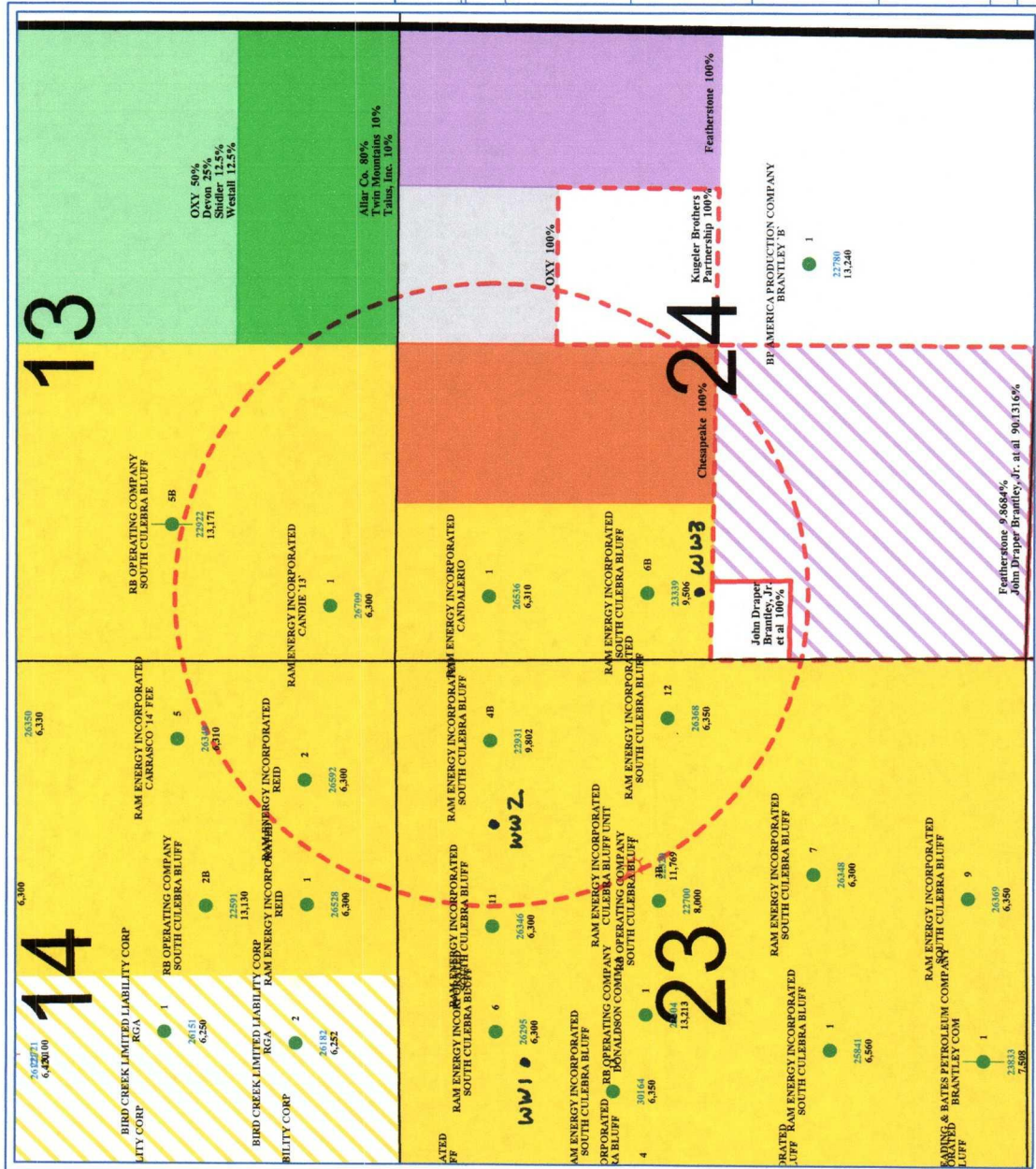
All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.



RB OPERATING CO.

EDDY COUNTY, NEW MEXICO

Candelario No. 1 SWD

AREA OF REVIEW

Detail Map

Ratio Scale = 1 : 18,000

0 1,500

FEET

POSTED WELL DATA

Operator Well Name

Well Number

API Number

TD

WELL SYMBOLS

Oil Well

Gas Well

Abandoned Oil Well

Suspended Oil Well

By: MXE

June 9, 2004

INJECTION WELL DATA SHEET

OPERATOR: RB Operating Company

WELL NAME & NUMBER: Candelario #1 SWD

WELL LOCATION: 660' FNL & 660' FWL

UNIT LETTER D SECTION 24 TOWNSHIP 23S RANGE 28E

WELLBORE SCHEMATICWELL CONSTRUCTION DATA
Surface Casing

Attached

Hole Size: 12-1/4" Casing Size: 8-5/8"

Cemented with: 350 sx. or ft³

Top of Cement: Surface Method Determined: Circ.

Intermediate Casing

Hole Size: Casing Size:

Cemented with: sx. or ft³

Top of Cement: Method Determined:

Production Casing

Hole Size: 7-7/8" Casing Size: 5-1/2"

Cemented with: 1700 sx. or ft³

Top of Cement: Surface Method Determined: Circ.

Total Depth:

Injection Interval

4304' feet to 4656'

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEETTubing Size: 2-7/8" Lining Material: Internal Plastic CoatedType of Packer: Arrowset IPacker Setting Depth: 4200'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? Yes No X

If no, for what purpose was the well originally drilled? _____

Producer from the Brushy Canyon _____

2. Name of the Injection Formation: Cherry Canyon

3. Name of Field or Pool (if applicable): East Loving - Delaware

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. _____

See Schematic-attached

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: _____

No known zone above the proposed interval, Brushy Canyon - 4766'.

III. WELL DATA

- A. See attached Injection Well Data sheet and schematics.
- B. (1). Dispose of produced water into the Cherry Canyon member of the Delaware formation in the East Loving Delaware Pool. This interval was approved by the Oil Conservation Division for disposal in the South Culebra Bluff Well No. 6 under Administrative order No. SWD-413 in April of 1991. That well was not converted to a disposal well but has remained as a producer.
 - (2). The interval will be perforated from 4304' to 4656' overall.
 - (3). The well was drilled for oil and gas production.
 - (4). Details of perforated intervals and CIBP placement are shown in the attached schematics and Attachment B.
 - (5). The Brushy Canyon occurs at a depth of approximately 4766'.

VII. Data on Proposed Operation

- (1). The proposed average daily and maximum injection rate is 2000 bwpd and 4000 bwpd, respectively.
- (2). The system will be a closed system.
- (3). The proposed average and maximum injection pressure is 1000 psi and 1900 psi respectively.
- (4). The source of the water for disposal is the Brushy Canyon member of the Delaware formation. A water analysis is attached. Water from the Brushy Canyon formation is currently being disposed of in the Bird Creek Resources, Inc East Loving SWD Well No. 1 in the Cherry Canyon formation. This well is located in unit A, section 15, T23S, R28E.
- (5). The Cherry Canyon is not produced within 2 miles of the proposed disposal well; therefore, a chemical analysis is not available. However, the characteristics should be similar to the Brushy Canyon due to the proximity of the two zones.

VIII. Geologic Data

The proposed disposal interval for the Candelario No. 1 is the Cherry Canyon Formation of the Delaware Mountain Group. The top of the Cherry Canyon in the Candelario No. 1 is at 3499 ft. The contact with the underlying Brushy Canyon Formation is at 4766 ft. The proposed injection interval in the Candelario No. 1 is 4304 to 4656 ft overall. The lithology of the proposed disposal interval is

fine- to very fine-grained sandstone that exhibits log porosities from 13 to 25%. The overall injection interval is bounded above and below by shale. The Cherry Canyon is not productive of oil and gas within the area of review.

Freshwater sandstones of recent alluvium and the Ogalalla Formation exist from near surface to approximately 500 ft in the vicinity of the Candelario No. 1 well. The lithology from approximately 500 ft to 2637 ft (top of the Delaware Mountain Group) in the Candelario No. 1 is interbedded salt and anhydrite.

IX. Proposed Stimulation Program

The perforations will be acidized as needed, volume to be determined, and if injection rates or pressures are not as anticipated, a hydraulic fracture stimulation may be performed.

X. Open-Hole Logs

The open-hole well logs were previously filed with the Division by RB Operating.

XI. Fresh Water Analysis

See Attached.

XII. No Evidence of Hydrologic Connection

Review of the existing geologic and engineering data do not indicate hydrologic connection between the proposed disposal interval and shallow, freshwater aquifers. No available data suggest connection between the two zones by conductive faults. The thick evaporate section between 500 and 2637 ft affords an impervious seal separating the freshwater zones and the disposal zone.



RB Operating Company

Well: Candelario "24" #1SWD - Proposed

Field: Loving East

County: Eddy

State: New Mexico

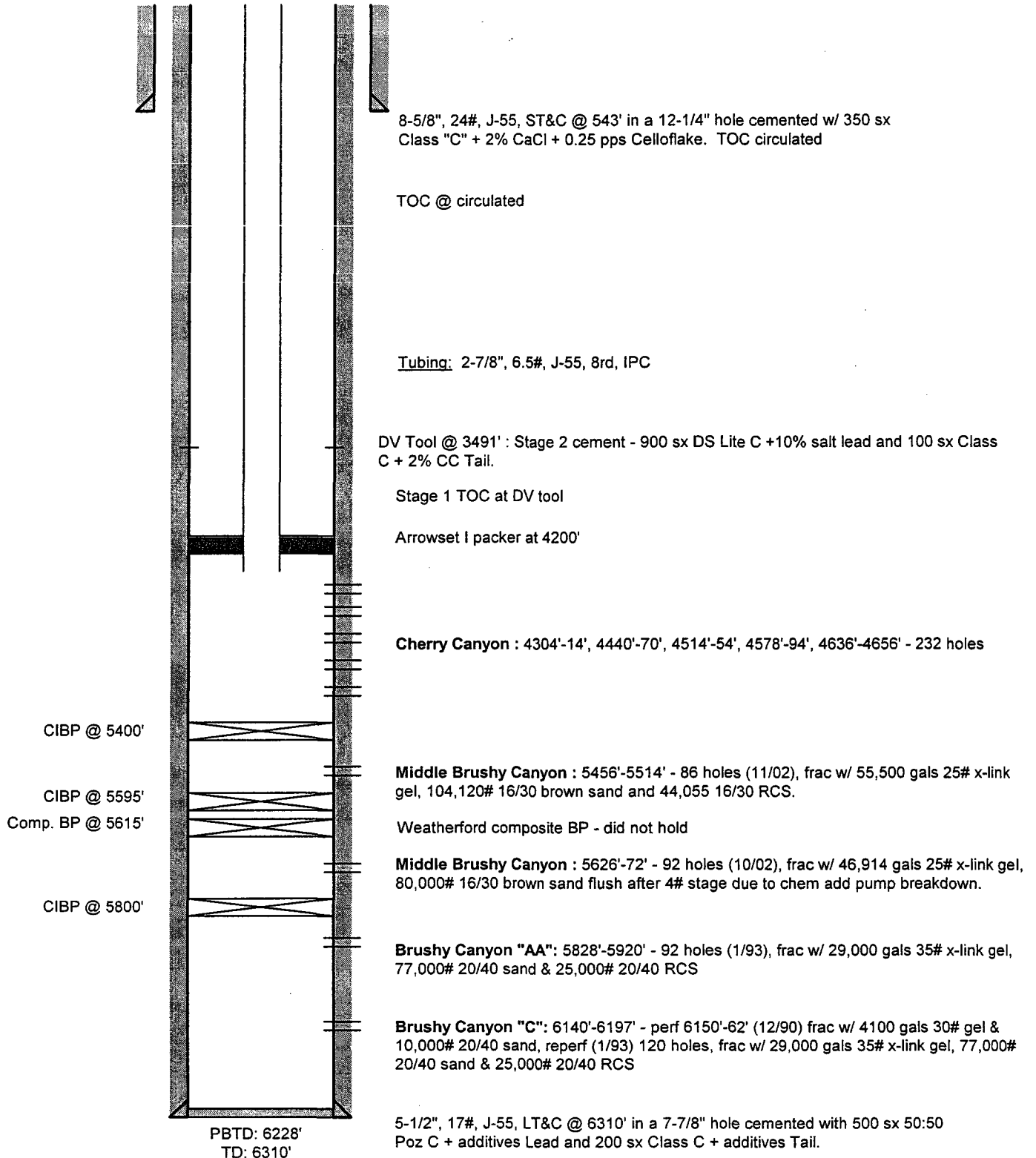
Location: Section 24, T23S, R28E

API: 30-015-26536

KB: 15'

Spud Date: 11/7/90

Comp. Date: 12/14/90





RB Operating Company

Well: Candelario "24" #1- Existing

Field: Loving East

County: Eddy

State: New Mexico

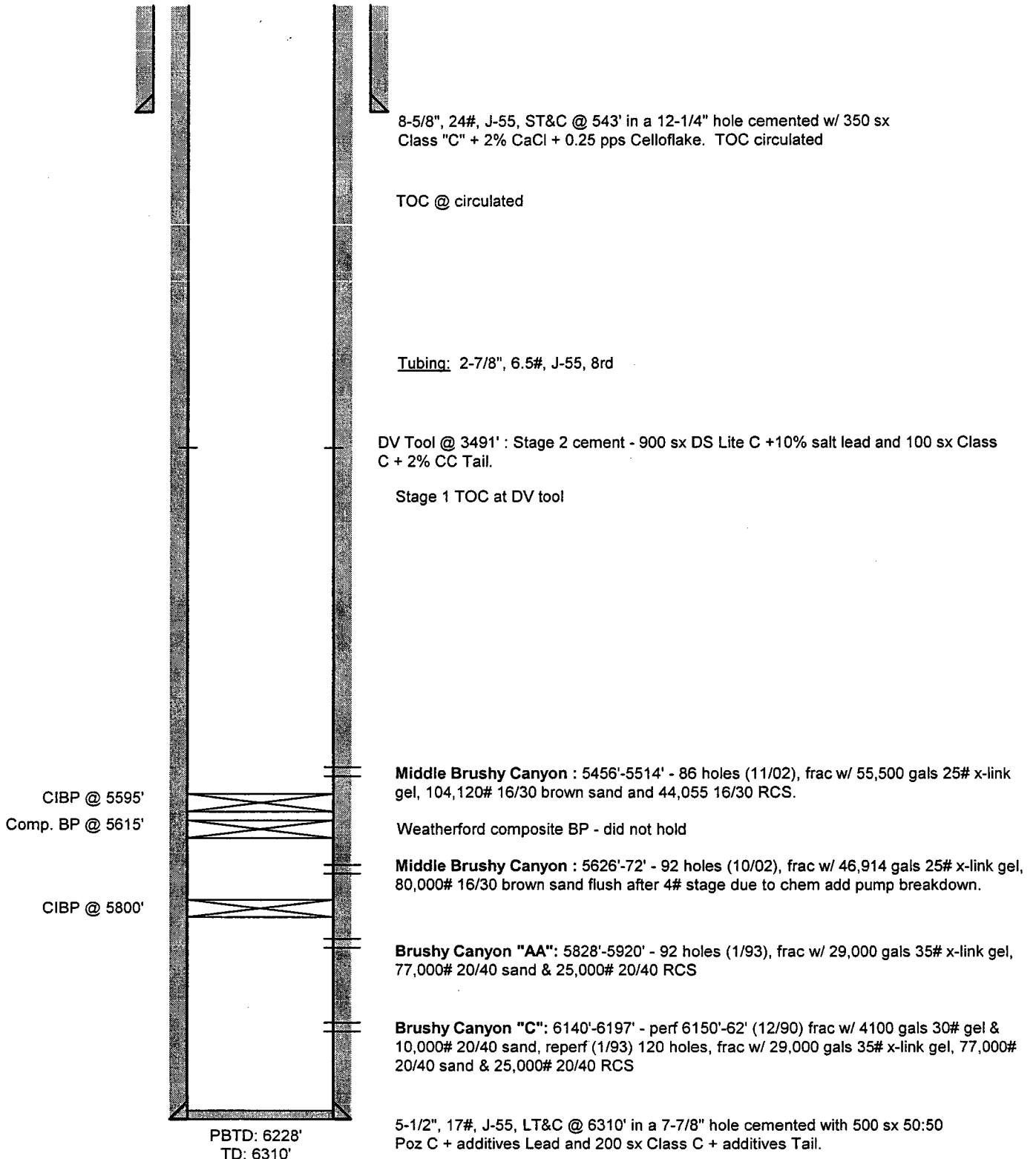
Location: Section 24, T23S, R28E

API: 30-015-26536

KB: 15'

Spud Date: 11/7/90

Comp. Date: 12/14/90



C-108 - Attachment B - 5/19/04
Candelario 24-1 SWD
Area of Review

Operator	Lease	Well #	Location	Date Drilled	TD	Perfs	Casing-Cement	Status	API No. 30-015
RB Operating Company	Candelario	1	660' FNL & 660' FWL Sec 24, T23S, R28E	11/7/1990	6310'	5456'-6197'	8-5/8" @ 543' w/ 350 sx - TOC-Surf-circ 50 sx 5-1/2" @ 6310' w/ 700 sx stage 1 - TOC-DV tool DV tool @ 3491' 1000 sx 2nd stage-TOC-Surf-circ 95 sx	SI E. Loving (Delaware) Brushy Canyon	26536
RB Operating Company	South Culebra Bluff	6B	1980' FNL & 660' FWL Sec 24, T23S, R28E	7/11/1980	9506'	6174'-6249' CIBP @ 6323' 7693'-7734'	13-3/8" @ 485' w/ 600 sx - TOC-Surf-circ 35 sx 7-5/8" @ 7006' w/ 3055 sx - TOC-3900'-CBL 4-1/2" liner @ 6801'-9498' w/ 450 sx CIBP @ 6323' w/ 35' cement	Active E. Loving (Delaware) Brushy Canyon	23339
RB Operating Company	South Culebra Bluff	23-12	2140' FNL & 400' FEL Sec 23, T23S, R28E	6/9/1990	6350'	6180'-6257'	8-5/8" @ 579' w/ 350 sx - TOC-Surf 5-1/2" @ 6350' w/ 585 sx stage 1 - TOC-3760'-CBL DV tool @ 3534' w/ 1200 sx 2nd stage-TOC-Surf-calc	Active E. Loving (Delaware) Brushy Canyon	26368
RB Operating Company	South Culebra Bluff	4B	660' FNL & 560' FEL Sec 23, T23S, R28E	8/9/1979	9802'	9706'-44' CIBP @ 9520' 7055'-9490' 6362'-6778'	13-3/8" @ 440' w/ 550 sx - TOC-Surf-circ 125 sx 7-5/8" @ 618' w/ 6200 sx - TOC-700' Temp log 4-1/2" liner @ 5795'-9800' w/ 475 sx Ran bond log on 7-5/8" csg on 12/2/02 to depth of 3700'. showed good bond to that depth.	Active E. Loving (Delaware) Brushy Canyon	22931
RB Operating Company	South Culebra Bluff	1	1980' FNL & 1650' FEL Sec 23, T23S, R28E	11/1/1977	11879'	11745'-876'	13-3/8" @ 418' w/ 500 sx - TOC-Surf-circ 160 sx 9-5/8" @ 6355' w/ 1065 sx stage 1 - TOC-Surf-circ 25 sx DV tool @ 2875' w/ 1640 sx 2nd stage-TOC-40'-top out w/ 1" and 30 sx. 7" @ 11745' w/ 1100 sx stage 1 - TOC-5710'-CBL DV tool @ 6609' w/ 505 sx 2nd stage - TOC-5710'-CBL	Active S. Culebra Bluff Atoka Atoka	22320
RB Operating Company	Reid	2	888' FSL & 925' FEL Sec 14, T23S, R28E	1/24/1991	6300'	6144'-6268'	8-5/8" @ 509' w/ 310 sx - TOC-Surf-calc 5-1/2" @ 6300' w/ 550 sx stage 1 - TOC-DV tool-circ 100 sx DV tool @ 3933' 1150 sx 2nd stage-TOC-Surf	Active E. Loving (Delaware) Brushy Canyon	26592
RB Operating Company	Candle '13'	1	560' FWL & 660' FSL Sec 13, T23S, R28E	4/13/1991	6300'	6147'-6160' 6108'-6155' 5804'-5871' CIBP @ 5738' 5516'-69' CIBP @ 5490' 5306'-5394' CIBP @ 5347' 5308'-5326' CIBP @ 5290' 4767'-4830'	8-5/8" @ 582' w/ 350 sx - TOC-Surf-circ 64 sx 5-1/2" @ 6300' w/ 675 sx stage 1 - TOC-DV tool-calc DV tool @ 3513' 820 sx 2nd stage-TOC-Surf-circ 26 bbis	Active E. Loving (Delaware) Brushy Canyon	26709

Calculations: Annular volume for 5-1/2" casing in 7-7/8" hole = depth x 0.1733 ft³/ft / 0.5 SF - cement volume = sacks x 1.32 ft³/sx
Annular volume for 8-5/8" casing in 12-1/4" hole = depth x 0.4127 ft³/ft / 0.5 SF



North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 228-8121

Lab Team Leader - Sheila Hernandez

(915) 485-7240

Water Analysis Report by Baker Petrolite

Company:	RBO OPERATING INC	Sales RDT:	33517
Region:	PERMIAN BASIN	Account Manager:	CURRY FRUIT (505) 910-9388
Area:	LOVING, NM	Sample #:	35599
Lease/Platform:	SCB UNIT	Analysis ID #:	43324
Entity (or well #):	6 B	Analysis Cost:	\$40.00
Formation:	UNKNOWN - BRUSHY CANYON		
Sample Point:	WATER TANK		

Summary		Analysis of Sample 35598 @ 75 °F					
Sampling Date:	5/20/04	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	5/21/04	Chloride:	187000.0	5274.68	Sodium:	78232.3	3402.81
Analyst:	CURRY FRUIT	Bicarbonate:	368.0	0.	Magnesium:	4858.0	389.64
TDS (mg/l or g/m3):	300080.3	Carbonate:	0.0	0.	Calcium:	29604.0	1477.25
Density (g/cm3, tonne/m3):	1.2	Sulfate:	5.0	0.1	Strontium:		
Anion/Cation Ratio:	1	Phosphate:			Barium:		
		Borate:			Iron:	25.0	0.9
		Silicate:			Potassium:		
Carbon Dioxide:	275 PPM	Hydrogen Sulfide:		<5 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		5.8	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		5.5	Lead:		
					Manganese:		
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.30	19.88	-2.00	0.00	-1.93	0.00	0.00	0.00	0.00	0.00	5.01
100	0	0.38	24.97	-2.09	0.00	-1.95	0.00	0.00	0.00	0.00	0.00	5.81
120	0	0.46	28.70	-2.16	0.00	-1.94	0.00	0.00	0.00	0.00	0.00	6.64
140	0	0.55	34.43	-2.22	0.00	-1.91	0.00	0.00	0.00	0.00	0.00	7.17

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.



North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 229-8121

Lab Team Leader - Sheila Hernandez

(915) 495-7240

Water Analysis Report by Baker Petrolite

Company:	RBO OPERATING INC	Sales RDT:	33517
Region:	PERMIAN BASIN	Account Manager:	CURRY FRUIT (505) 910-9388
Area:	LOVING, NM	Sample #:	35600
Lease/Platform:	SCB UNIT	Analysis ID #:	43325
Entity (or well #):	23 -1/2	Analysis Cost:	\$40.00
Formation:	UNKNOWN - BRUSHY CANYON		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 35600 @ 75 °F					
		Anions	mg/l	meq/l	Cations	mg/l	meq/l
Sampling Date:	5/20/04	Chloride:	161000.0	4541.22	Sodium:	57889.3	2957.37
Analysis Date:	5/21/04	Bicarbonate:	37.0	0.61	Magnesium:	4250.0	349.82
Analyst:	CURRY FRUIT	Carbonate:			Calcium:	24720.0	1233.63
TDS (mg/l or g/m3):	258058.3	Sulfate:	15.0	0.31	Strontium:		
Density (g/cm3, tonnes/m3):	1.2	Phosphate:			Barium:		
Anion/Cation Ratio:	1	Borate:			Iron:	45.0	1.53
		Silicate:			Potassium:		
Carbon Dioxide:	600 PPM	Hydrogen Sulfide:		<5 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		5.5	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		5.5	Lead:		
					Manganese:		
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.88	0.00	-1.64	0.00	-1.58	0.00	0.00	0.00	0.00	0.00	0.56
100	0	-0.78	0.00	-1.71	0.00	-1.60	0.00	0.00	0.00	0.00	0.00	0.66
120	0	-0.70	0.00	-1.77	0.00	-1.58	0.00	0.00	0.00	0.00	0.00	0.76
140	0	-0.62	0.00	-1.82	0.00	-1.54	0.00	0.00	0.00	0.00	0.00	0.85

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.

PRODUCT WARRANTY, DISCLAIMER AND LIMITATION OF LIABILITY ARE FOUND ON THE BACK OF THIS SHEET



North Permian Basin Region
P.O. Box 740
Sundown, TX 79672-0740
(806) 229-6121
Lab Team Leader - Sheila Hernandez
(915) 495-7240

Water Analysis Report by Baker Petrolite

Company:	R. B. OPERATING INCORPORATED	Sales RDT:	33517
Region:	PERMIAN BASIN	Account Manager:	CURRY FRUIT (505) 910-9366
Area:	HOBBS, NM	Sample #:	35632
Lease/Platform:	SCB UNIT	Analysis ID #:	43582
Entity (or well #):	WATER WELL 1 Reid House	Analysis Cost:	\$7.00
Formation:	UNKNOWN - FRESH WATER		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 35632 @ 75 °F					
Sampling Date:	6/1/04	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	6/2/04	Chloride:	3216.0	90.71	Sodium:	316.3	13.78
Analyst:	CURRY FRUIT	Bicarbonate:	62.0	1.02	Magnesium:	417.0	34.3
TDS (mg/l or g/m3):	4998.3	Carbonate:	0.0	0.	Calcium:	908.0	46.31
Density (g/cm3, tonne/m3):	1	Sulfate:	79.0	1.64	Strontium:		
Anion/Cation Ratio:	1.0000001	Phosphate:			Barium:		
		Borate:			Iron:	0.0	0.
		Silicate:			Potassium:		
Carbon Dioxide:	0.0 PPM	Hydrogen Sulfide:		0.0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		7.1	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		7.1	Lead:		
					Manganese:		
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.03	0.00	-1.32	0.00	-1.38	0.00	0.00	0.00	0.00	0.00	0.06
100	0	0.08	0.70	-1.33	0.00	-1.33	0.00	0.00	0.00	0.00	0.00	0.07
120	0	0.20	1.74	-1.32	0.00	-1.24	0.00	0.00	0.00	0.00	0.00	0.09
140	0	0.32	2.78	-1.30	0.00	-1.13	0.00	0.00	0.00	0.00	0.00	0.11

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.



North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(805) 229-8121
Lab Team Leader - Sheila Hernandez
(915) 495-7240

Water Analysis Report by Baker Petrolite

Company:	R. B. OPERATING INCORPORATED	Sales RDT:	33517
Region:	PERMIAN BASIN	Account Manager:	CURRY FRUIT (505) 910-9388
Area:	HOBBS, NM	Sample #:	35631
Lease/Platform:	SCB UNIT	Analysis ID #:	43583
Entity (or well #):	WATER WELL 2 WIND MILL NORTH	Analysis Cost:	\$7.00
Formation:	UNKNOWN OF RB VARD		
Sample Point:	WELLHEAD FRESH WATER		

Summary		Analysis of Sample 35631 @ 75 °F					
Sampling Date:	6/1/04	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	6/2/04	Chloride:	4579.0	122.16	Sodium:	1148.7	49.84
Analyst:	CURRY FRUIT	Bicarbonate:	62.0	1.02	Magnesium:	383.0	31.51
TDS (mg/l or g/m3):	7283	Carbonate:	0.0	0.	Calcium:	1018.0	50.8
Density (g/cm3, tonne/m3):	1	Sulfate:	95.0	1.88	Strontium:		
Anion/Cation Ratio:	1.0000001	Phosphate:			Barium:		
		Borate:			Iron:	0.3	0.01
		Silicate:			Potassium:		
Carbon Dioxide:	0.0 PPM	Hydrogen Sulfide:		0.0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		7	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		7	Lead:		
					Manganese:		
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	-0.13	0.00	-1.25	0.00	-1.32	0.00	0.00	0.00	0.00	0.00	0.07
100	0	-0.02	0.00	-1.26	0.00	-1.26	0.00	0.00	0.00	0.00	0.00	0.09
120	0	0.10	0.70	-1.25	0.00	-1.18	0.00	0.00	0.00	0.00	0.00	0.11
140	0	0.22	2.09	-1.24	0.00	-1.07	0.00	0.00	0.00	0.00	0.00	0.14

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.



North Permian Basin Region
P.O. Box 740

Snyder, TX 79372-0740

(808) 229-8121

Lab Team Leader - Shelia Hernandez

(915) 485-7240

Water Analysis Report by Baker Petrolite

Company:	R. B. OPERATING INCORPORATED	Sales RDT:	33517
Region:	PERMIAN BASIN	Account Manager:	CURRY FRUIT (505) 910-9388
Area:	HOBBS, NM	Sample #:	35630
Lease/Platform:	SCB UNIT	Analysis ID #:	43584
Entity (or well #):	WATER WELL 3 NEAR SCB #3B	Analysis Cost:	\$7.00
Formation:	UNKNOWN FRESH WATER		
Sample Point:	WELLHEAD		

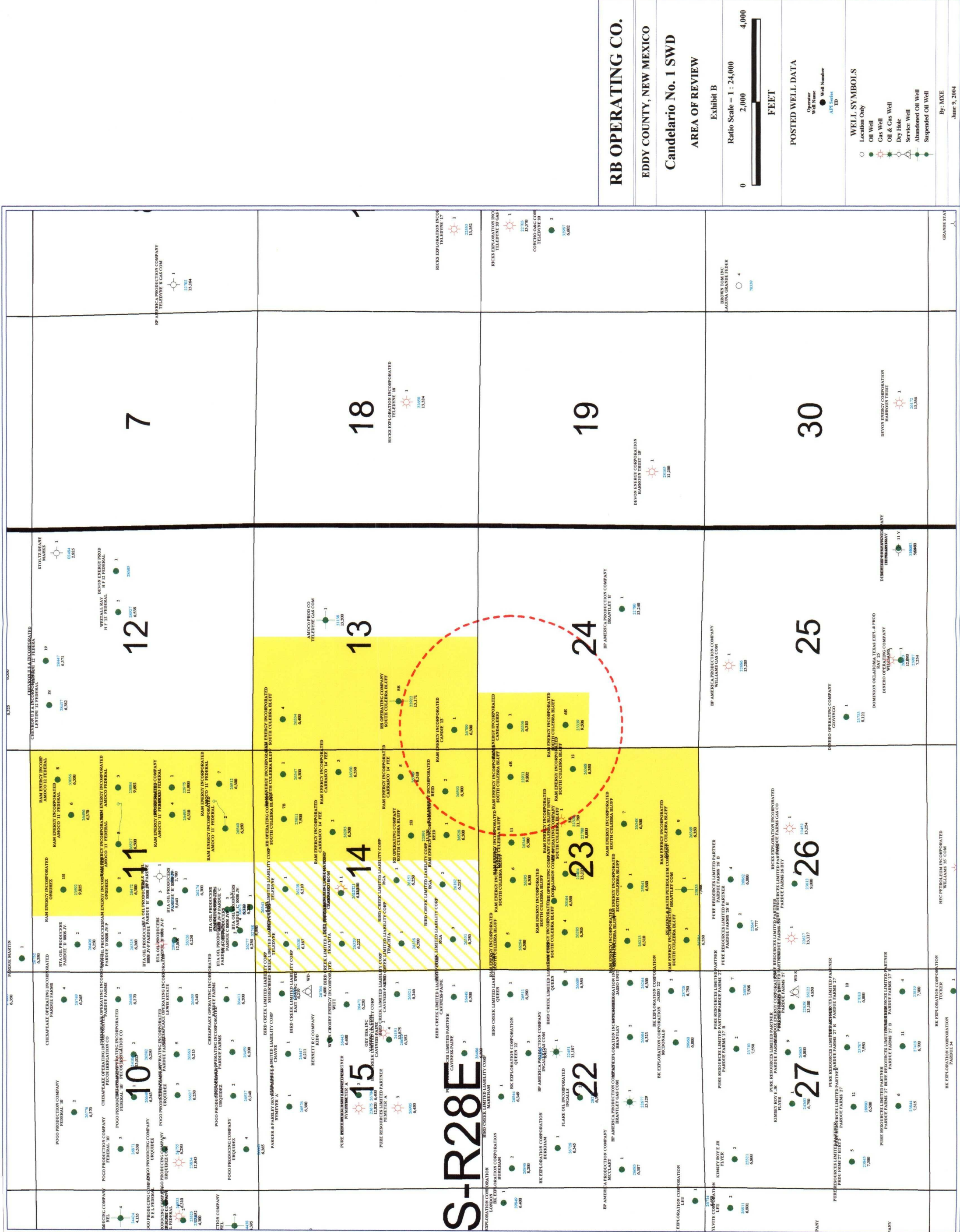
Summary		Analysis of Sample 15899 @ 75 °F					
Sampling Date:	6/1/04	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	6/2/04	Chloride:	5642.0	102.73	Sodium:	609.1	26.49
Analyst:	CURRY PRUIT	Bicarbonate:	62.0	1.02	Magnesium:	434.0	35.7
TDS (mg/l or g/m3):	5683.1	Carbonate:	0.0	0.	Calcium:	866.0	43.21
Density (g/cm3, tonne/m3):	1	Sulfate:	80.0	1.67	Strontium:		
Anion/Cation Ratio:	0.9999999	Phosphate:			Barium:		
		Borate:			Iron:	0.0	0.
		Silicate:			Potassium:		
Carbon Dioxide:	0.0 PPM	Hydrogen Sulfide:		0.0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		7.2	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		7.2	Lead:		
					Manganese:		
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.03	0.35	-1.35	0.00	-1.41	0.00	0.00	0.00	0.00	0.00	0.04
100	0	0.14	1.05	-1.35	0.00	-1.35	0.00	0.00	0.00	0.00	0.00	0.06
120	0	0.25	1.74	-1.35	0.00	-1.27	0.00	0.00	0.00	0.00	0.00	0.07
140	0	0.37	2.79	-1.35	0.00	-1.16	0.00	0.00	0.00	0.00	0.00	0.09

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.



RB OPERATING CO.

EDDY COUNTY, NEW MEXICO

Candelario No. 1 SWD

AREA OF REVIEW

Exhibit B

Ratio Scale = 1 : 24,000



FEET

POSTED WELL DATA

Operator Well Number
● Well Number
API Series ID

WELL SYMBOLS
Location Only
Oil Well
Gas Well
Oil & Gas Well
Dry Hole
Service Well
Abandoned Oil Well
Suspended Oil Well

By: MKE
June 9, 2004

**Parties that were noticed of RB Operating Company's
Application For Authority To Inject
into the Candaelerio SWD #1 well, Eddy County, NM
(see attached letters)**

Chesapeake Permian, L. P.
Attn: Mr. Jim Ball, Landman
P. O. Box 18496
Oklahoma City, OK 73154

Mr. Claiborne M. Power
P. O. Box 548
Carlsbad, NM 88220

Occidental Permian LTD
Attn: Mr. Mark Moshell
6 Desta Drive, Suite 6000
Midland, Texas 79705

Kugeler Brothers Partnership
4100 S. Bellaire
Englewood, CO 80110

The Allar Co.
P. O. Box 1567
Graham, TX 76450

Featherstone Development Corp.
1802 W. 2nd Street
Roswell, NM 88201

Twin Mountains, Inc.
P. O. Box 1210
Graham, TX 76450

Talus, Inc.
P. O. Box 1210
Graham, TX 76450

Mr. Candelario A. Carrasco, Jr. *
P. O. Box 26
Loving, NM 88256

Mr. John Draper Brantley, Jr.
706 W. Riverside Dr.
Carlsbad, NM 88220

* Surface Owner

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Occidental Permian LTD
Attn: Mr. Mark Moshell
6 Desta Drive, Suite 6000
Midland, Texas 79705

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

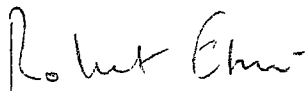
Sent Via Certified Mail—Return Receipt Requested

Gentlemen:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,



Robert Ebeier
Senior Landman

Enclosure

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7002 3150 0005 2413 5440

PS Form 3800, June 2002

We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

Occidental Permian LTD

By: _____

Name:

Title:

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Chesapeake Permian, L. P.
Attn: Mr. Jim Ball, Landman
P. O. Box 18496
Oklahoma City, OK 73154

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

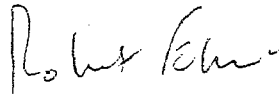
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Should you have any questions, please do not hesitate to

Very truly yours,



Robert Ebeier
Senior Landman

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We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

Chesapeake Permian, L. P.

By: _____

Name:

Title:

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Featherstone Development Corp.
1802 W. 2nd Street
Roswell, NM 88201

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

Sent Via Certified Mail—Return Receipt Requested

Gentlemen:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,

Robert Ebeier

Robert Ebeier
Senior Landman

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PS Form 3800, June 2002

We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

Featherstone Development Corp.

By: _____

Name:

Title:

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

The Allar Co.
P. O. Box 1567
Graham, TX 76450

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

Sent Via Certified Mail—Return Receipt Requested

Gentlemen:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

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Very truly yours,

Robert Ebeier

Robert Ebeier
Senior Landman

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The Allar Co.

By: _____

Name:

Title:

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Twin Mountains, Inc.
P. O. Box 1210
Graham, TX 76450

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

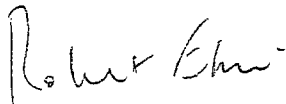
Sent Via Certified Mail—Return Receipt Requested

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Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,



Robert Ebeier
Senior Landman

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We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

Twin Mountains, Inc.

By: _____

Name:

Title:

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Talus, Inc.
P. O. Box 1210
Graham, TX 76450

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

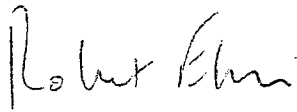
Sent Via Certified Mail—Return Receipt Requested

Gentlemen:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,



Robert Ebeier
Senior Landman

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We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

Talus, Inc.

By: _____

Name:

Title:

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Mr. Candelario A. Carrasco, Jr.
P. O. Box 26
Loving, NM 88256

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

Sent Via Certified Mail—Return Receipt Requested

Dear Mr. Carrasco:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,



Robert Ebeier
Senior Landman

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We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

By: _____
Candelario A. Carrasco, Jr.

Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Mr. John Draper Brantley, Jr.
706 W. Riverside Dr.
Carlsbad, NM 88220

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

Sent Via Certified Mail—Return Receipt Requested

Dear Mr. Brantley:

:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,

Robert Ebeier

Robert Ebeier
Senior Landman

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We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

By: _____
John Draper Brantley, Jr.
Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Mr. Claiborne M. Power
P. O. Box 548
Carlsbad, NM 88220

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

Sent Via Certified Mail—Return Receipt Requested

Dear Mr. Power:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

Should you have any questions, please do not hesitate to contact me at 817.870.2601.

Very truly yours,

Robert Ebeier

Robert Ebeier
Senior Landman

Enclosure

7002 3150 0005 2472 5525

U.S. Postal Service TM	
CERTIFIED MAIL TM RECEIPT	
(Domestic Mail Only; No Insurance Coverage <i>provided</i>)	
For delivery information visit our website at www.usps.com	
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City, State, ZIP+4	
PS Form 3800, June 2002	
See Reverse for Instructions	

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We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

By: _____
Claiborne M. Power
Date:

RB OPERATING COMPANY

777 MAIN STREET, SUITE 800
FORT WORTH, TEXAS 76102
817.870.2601
817.870.2316 (FAX)

June 9, 2004

Kugeler Brothers Partnership
4100 S. Bellaire
Englewood, CO 80110

Re: Offset Operator/Owner Notification
Candelario #1 SWD Well
660' FW & NL of Section 24, T23S, R28E,
Eddy County, NM

Sent Via Certified Mail—Return Receipt Requested

Gentlemen:

RB Operating Company is making application for *Application For Authorization To Inject* to the New Mexico Oil Conservation Division for our Candelario #1 SWD well located 660' FW & NL of Section 24, T23S, R28E, Eddy County, NM. A copy of the application is enclosed for your review. In the event you do not have any objections to our application, please date and sign the space provided for below and return this letter to the undersigned in the enclosed envelope. Your prompt response would be greatly appreciated.

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Very truly yours,



Robert Ebeier
Senior Landman

Enclosure

7002 3150 0005 2413 5532

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only. No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
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Total Postage & Fees	\$
Postmark Here	
Sent To	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, June 2002	
See Reverse for Instructions	

We hereby acknowledge receipt of RB Operating Company's *Application For Authorization To Inject* and hereby waive our right to object to the said application.

Kugeler Brothers Partnership

By: _____

Name:

Title:

Date: