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March 29, 2005

HAND DELIVERED

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

Case 13472

2005 MAR 29 PM 3:11

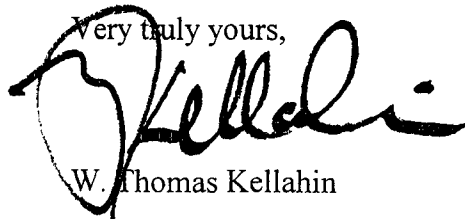
Re: Application of RB Operating Company
for approval of an unorthodox oil well location
and simultaneous dedication,
East Loving-Brushy Canyon Pool,
Eddy County, New Mexico

South Culebra Bluff "23" Well No. 17
2440 feet FSL and 1500 feet FWL (Unit K)
Section 23, T23S, R28E

Dear Mr. Fesmire:

On behalf of RB Operating Company, please find enclosed our referenced application that we request to set for hearing on the next available docket currently schedule for April 21, 2005.

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 AN
UNORTHODOX OIL WELL LOCATION
AND SIMULTANEOUS DEDICATION,
EDDY COUNTY, NEW MEXICO.**

Case 13472

APPLICATION

RB OPERATING COMPANY ("RB") by its attorneys, Kellahin & Kellahin, seeks an order authorizing the drilling and production of its South Culebra Bluff "23" Well No. 17 at an unorthodox well location 2440 feet FSL and 1500 feet FWL (Unit K) Section 23, T23S, R28E and to simultaneously dedicate them to the same 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 its South Culebra Bluff "23" Well No. 17 at an unorthodox oil well location 2440 feet FSL and 1500 feet FWL (Unit K) Section 23, T23S, R28E and to simultaneously dedicate it along with the South Culebra Bluff "23" Well No. 1 (API 30-015-25841) a producing oil well located 1830 feet FSL and 1980 feet FWL (Unit K) Section 23, T23S, R28E. **See locator map attached as Exhibit "A" and C-102s attached as Exhibit "C"**
2. This spacing unit is 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. This proposed infill well is to be located at the intersection of four adjoining 40-acre oil spacing units that contain existing Brushy Canyon wells.
4. As a result of development in accordance with Division rules, each of these four governmental quarter-section contains a oil well that may have by passed recoverable oil that now can be recovered by adding a new well at the approximate center of the intersection these 4 quarter-quarter section. In order to test this probability, RB proposes to drill this infill well. **See locator map attached as Exhibit "A"**

5. RB, based upon geologic data, believes that its proposed unorthodox well location 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.
6. The 4 existing wells in the S/2NW/4 and N/2SW/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 K) currently producing about 28 barrels of oil per day (South Culebra "23" Well No. 1) and with the total current production from all four wells being 59 BOPD.

NOTIFICATION AND WAIVERS

7. RB, for administrative convenience, has selected to place each infill well within an existing spacing unit and requests approval for simultaneous dedication.
8. 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.
9. RB has obtained fully executed voluntary agreements from all interest owners affected. Affected owners are all the owners in each of the 40-acre proration units surrounding the two proposed wells. All acreage involved and affected by this application is privately owners and all tracts are exactly 40-acre in size.
10. These agreements with all these affected owners provide 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"**
11. 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 "C" attached**

NMOCD Application
RB Operating Company
-Page 3-

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:

A handwritten signature in black ink, appearing to read "W. Thomas KellaHIN". The signature is stylized with a large, sweeping initial "W" and a trailing flourish.

W. THOMAS KELLAHIN
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DISTRICT I

1626 N. FRANKLIN DR., BOHOLA, NM 87003

DISTRICT II

1904 W. GRAND AVENUE, ARIZONA, NM 88110

DISTRICT III

1000 Rio Brazos Rd., Artes, NM 87410

DISTRICT IV

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

State of New Mexico
Energy, Minerals and Natural Resources DepartmentOIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 18, 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 SCB 23	Well Number 17
OGRI No.	Operator Name R.B. OPERATING	Elevation 3002'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	23	23-S	28-E		2440	SOUTH	1500	WEST	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

	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. JANUARY 06, 2005 Date Surveyed _____ Signature of _____ Professional Surveyor
	CERTIFICATE NO. _____ BENCH MARK _____ 3239
	EXHIBIT B-1

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

Operator Reading & Bates Petroleum Company			Lease South Culebra Bluff 23		Well No. 1
Unit Letter K	Section 23	Township 23 South	Range 28 East	County Eddy	
Actual Footage Location of Well: 1830 feet from the South line and 1980 feet from the West line					
Ground Level Elev. 2999.3	Producing Formation Bone Spring		Pool South Culebra Bluff (Bone Spring)		Dedicated Acreage: 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby
relinquish
best of



Name _____

Position _____

Production Supt.

Company _____

Reading & Bates Petr. Corp.

Date _____

December 3, 1987

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 knowledge and belief.

Date Surveyed _____

December 3, 1987

Registered Professional Engineer
and/or Land Surveyor

Ronald J. Eidson
Certificate No. **JOHN G. WEST, 676**
RONALD J. EIDSON, 3235

Note: On January 7, 1988, after the pad was completed and the rig on location and drilling a survey was made to determine finished grade elevations. The results are:

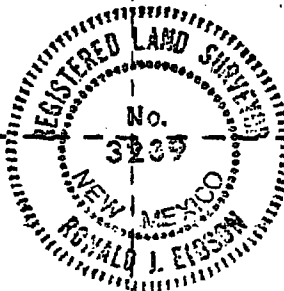
Finished pad elevation by cellar 2999.3

Rig floor elevation 3010.1

Rotary drive bushing elevation 3011.5

1980'

1830'



01745

0 320 640 960 1280 1600 1920 2240 2560 2880 3200 3520 3840 4160 4480 4800 5120 5440 5760 6080 6400 6720 7040 7360 7680 8000 8320 8640 8960 9280 9600

Chesapeake Permian LP
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Oklahoma City, OK 73196-0161

James Minor Alexander
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Abilene, TX 79604

Barbara Lee Backman, Inc.
4407 N. Division
Suite 900
Spokane, WA 99207-1696

Marilyn Guitar Galusha
P. O. Box 1438
Abilene, TX 79604

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

Earl B. Guitar, Sr.
P. O. Box 744
Abilene, TX 79604-0744

Earl B. Guitar, Jr.
P. O. Box 744
Abilene, TX 79604-0744

John Guitar III
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Abilene, TX 79605

Philip E. Guitar
P. O. Box 2213
Abilene, TX 79604

Pressley Hudson Guitar
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Abilene, TX 79608-5383

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

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Ontario, CA 91761

Jeri Alexander Lott
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Lubbock, TX 79424

Gayle Nevill Trust & Virginia Nevill Trust
Betty Witherspoon Nevill, Trustee
750 West Creekside
Houston, TX 77024

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

Mr. Donald Paape
P. O. Box 3
Fort Davis, TX 79734

Lucille Paape
14911 Wunderlich Drive #1807
Houston, TX 77069

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

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

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

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

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

Catherine Gall Parker
3721 Pallos Verdas Drive
Dallas, TX 75229

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

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

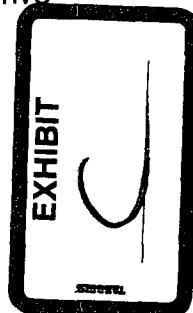
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Caren G. Lucas
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