

**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

March 29, 2005

**HAND DELIVERED**

*Case 13473*

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

final draft

2005 MAR 29 PM 3 10

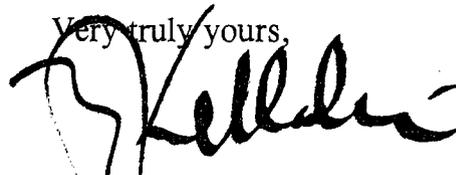
Re: Application of RB Operating Company  
for a centralized facility with a  
common tank battery including surface commingling  
and off lease storage and measurement  
N/2 Section 23, T23S R28E  
Eddy County, New Mexico.

Dear Mr. Fesmire:

On behalf of RB Operating Company, please find our application in  
the referenced case which we request be set on the next available Division  
Examiner's docket scheduled for April 21, 2005.

Also enclosed is our suggested advertisement for the Division  
docket.

Very truly yours,



W. Thomas Kellahin

cfx: RB Operating Company  
Attn: Bill Frey

PROPOSED ADVERTISEMENT

CASE 13473 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. Applicant, seeks an order granting an exception to Rule 303.A(2) and, in accordance with Rule 303.B (4), approving a centralized facility with a common tank battery including surface commingling and off-lease storage and measurement of oil production for its SCB 3-B Tank Battery for the following described wells/leases with diverse ownership with the N/2 of Section 23, T23S, R28E:

Location	Well name	API Number
Unit D:	South Culebra Bluff "23" Well No. 5	30-015-26294
Unit E:	South Culebra Bluff "23" Well No. 4	30-015-26285
Unit F:	South Culebra Bluff "23" Well No. 13	30-015-30164
Unit F:	Donaldson Com A Well No. 1	30-015-22404
Unit G:	South Culebra Bluff Unit Well No. 1-B	30-015-22320
Unit G:	South Culebra Bluff Unit Well No. 3	30-015-22700
Unit H:	South Culebra Bluff "23" Well No. 15	30-015-33783

which shall be stored and measured at its centralized facility located in Unit G of this section. 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. This facility is located in the approximately 2.5 miles northeast of Loving, New Mexico.

**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  
CONSIDERING:**

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

CASE NO. 13473

**APPLICATION**

Comes now RB Operating Company ("RB") by its attorneys, Kellahin & Kellahin, and 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 SCB 3-B Tank Battery for the following described wells/leases with diverse ownership with the N/2 of Section 23, T23S, R28E:

Location	Well name	API Number
Unit D:	South Culebra Bluff "23" Well No. 5	30-015-26294
Unit E:	South Culebra Bluff "23" Well No. 4	30-015-26285
Unit F:	South Culebra Bluff "23" Well No. 13	30-015-30164
Unit F:	Donaldson Com A Well No. 1	30-015-22404
Unit G:	South Culebra Bluff Unit Well No. 1-B	30-015-22320
Unit G:	South Culebra Bluff Unit Well No. 3	30-015-22700
Unit H:	South Culebra Bluff "23" Well No. 15	30-015-33783

which shall be stored and measured at its centralized facility located in Unit G of this section. 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.

In support states:

1. RB Operating is the operator of the above-described wells being produced from the East Loving Brushy Canyon Pool, except the SCB Well No. 1-B (API #30-015-22320), which produces from the Atoka formation. See Locator Plat attached as Exhibit "A".
2. The South Culebra Bluff "23" Well No 1-B (API # 30-015-22320) is currently an Atoka formation gas well that may be recompleted as a Bone Springs oil well, and if so, then RB Operating desires a procedure for the administrative approval for the addition of this well to this project.
3. In addition, RB Operating seeks an administrative procedure for the expansion of this project in order to add additional well or/or pools.
4. RB Operating also will operate a centralized facility with a common tank battery located within the SW/4NE/4 (Unit G) of Section 23, T23S, R28E for the gathering of oil production from all these wells.
5. 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."

6. RB Operating seeks approval to establish a measurement and allocation method for this production as described in Exhibit "B" attached.

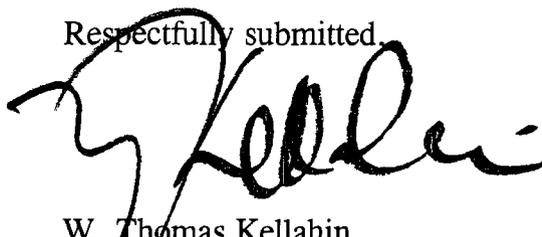
7. Any gas production will continue to be separately and continually metered for measurement in accordance with Division rules.

8. As a result of different ownership among the spacing units for the wells within the N/2 of this section the owners of the proposed commingled production is not identical in terms of parties or interest.

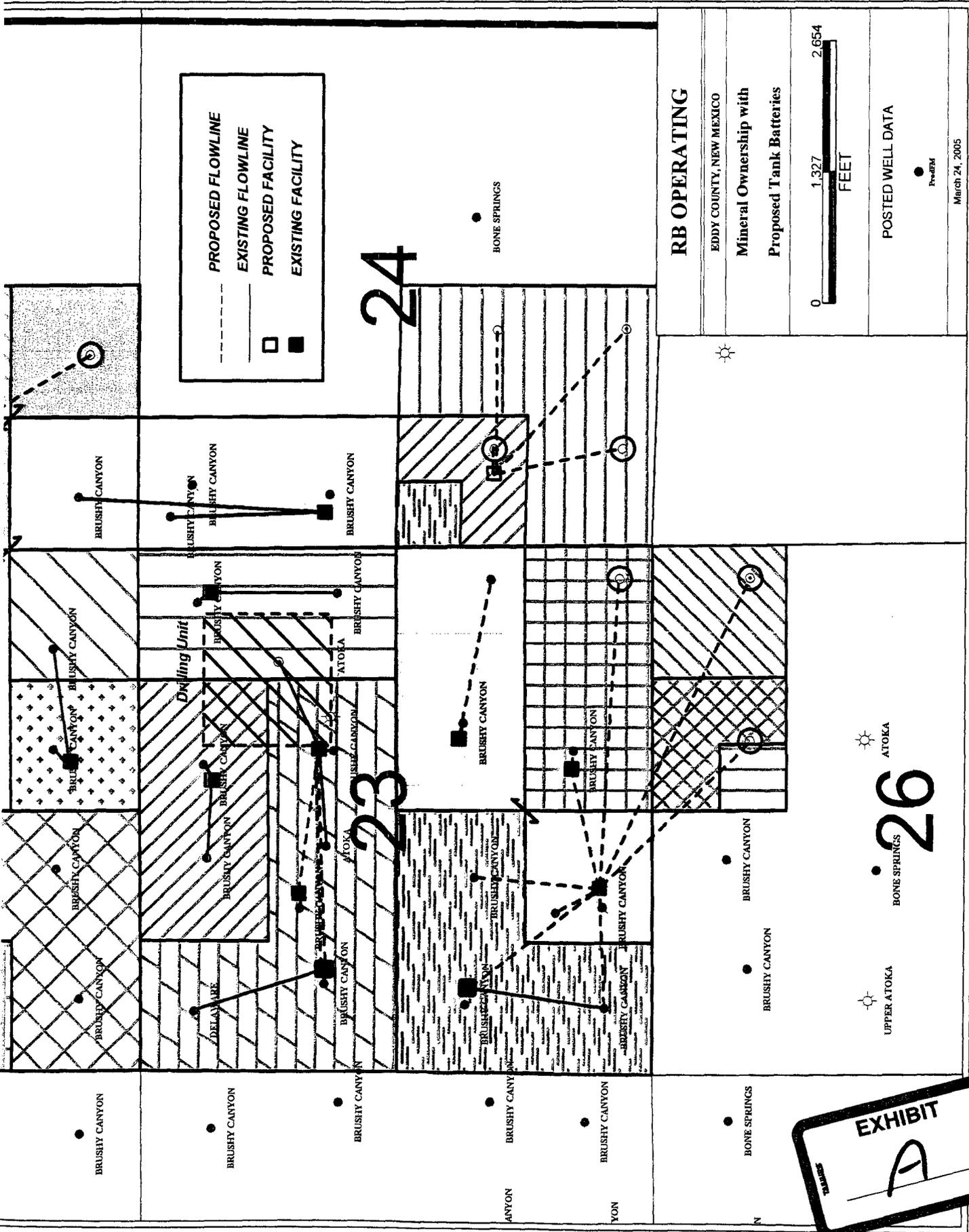
9. In accordance with Division Rule 1207.A and Rule 303.B(d) applicant has sent a copy of this application and notice for hearing to be held on April 21, 2005 to all the proper parties entitled to said notice. **See Exhibit "C"**

Accordingly, RB Operating requests that this application be set for hearing before a Division Examiner and that after notice and hearing, 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 the N/2 of Section 23, T23S, R28E which shall be stored and measured at its centralized facility, the "SCB 3-B Tank Battery" located in Unit G of this section. 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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin  
Kellahin & Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504



**PROPOSED FLOWLINE**  
**EXISTING FLOWLINE**  
**PROPOSED FACILITY**  
**EXISTING FACILITY**

**RB OPERATING**  
 EDDY COUNTY, NEW MEXICO  
 Mineral Ownership with  
 Proposed Tank Batteries



POSTED WELL DATA



March 24, 2005



**26**

UPPER ATOKA  
 BONE SPRINGS  
 ATOKA



DETD

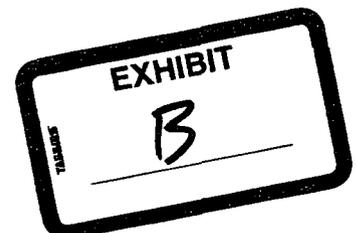
**RB Operating  
Request for Surface Commingling**

**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 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.

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.



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

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

Donna H. Hamiga  
6212 Osuna Road NE  
Albuquerque, NM 87109-2561

Charles Randall Hicks  
4836 Vista Del Oso Ct NE  
Albuquerque, NM 87109

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

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

Lucille Paape  
14911 Wunderlich Drive #1807  
Houston, TX 77069

Kenneth Jay Reynolds  
PO Box 10847  
Midland, TX 79702

Vikki L Smith  
9104 Haines NE  
Albuquerque, NM 87112

Charmar, LLC  
6212 Osuna Road NE  
Albuquerque, NM 87109-2561

McLish Resources Partnership LP  
633 Seventeenth Street #1650  
Denver, CO 80202-3660

Occidental Permian LTD  
PO Box 100725  
Atlanta, GA 30384

Candelario Carrasco Jr & Emma  
Carrasco  
Box 26  
Loving, NM 88256

Conrad Carrasco  
PO Box 88  
Loving, NM 88256

Bogle Oil Inc  
PO Box 460  
Dexter NM 88230

Bogle Oil Inc  
PO Box 460  
Dexter NM 88230

Richard & Dea Holesapple  
PO Box 1250  
Carmichael, CA 95609

Marsha Kantor  
555 Central Park Avenue #356  
Scarsdale, NY 10583

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

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

Marc Kantor  
496 W Palm Aire Drive  
Pompano, FL 33069

Joe A Clem  
43594 W Sparks Ct  
Maricopa, AZ 85239-1062

John E Clem  
6313 N Nickels Road  
Willcox, AZ 85643-3212

Geraldine Clem Bolen  
11801 S Halfmoon Dr  
Phoenix, AZ 85044

Judith Hamilton Fuhr  
6833 North Central Ave  
Phoenix, AZ 85012-1488

Emil Berger  
1302 North Sweetzer Avenue #60  
West Hollywood, CA 90069

Solomon N Grover As Trustee Of  
Solomon N Grover Trust Agreement  
Dated 10/10/2000  
22111 Oxnard Street  
Woodland Hills, CA 91367

Shayna Levine-Hoffman  
c/o Gloria G Margulies  
20534 Miranda Place  
Woodland Hills, CA 91367

Dale Goldman  
5819 Fountains Drive S  
Lake Worth, FL 33467

William Kantor, MD  
4524 St James Drive  
Plano, TX 75024



Gloria G Margulies As Trustee  
Wife's Trust CRTD Under the DA  
& Gloria G Margulies Trust Agr  
5502 Murietta Avenue  
Sherman Oaks, CA 91401

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

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

Janice Pace Estate  
Mark V Pace, Pers Rep  
c/o Richardson & Silverman  
423 South Mill Avenue  
Tempe, AZ 85281

William M & Francine L Baker  
William M Baker & Francine L Baker Family  
Trust DTD 6/27/91  
488 W 6<sup>th</sup> Street  
Claremont, CA 91711

Leslie B Einstein Trustee  
Leslie B Einstein Trust  
DTD 8/4/99  
17017 Avenida De Santa Ynez  
Pacific Palisad, CA 90272

Concepcion Onsurez  
PO Box 393  
Loving, NM 88256

Melinda Thompson  
9131 Garrison St  
Westminster, CO 80021

Greg Martinez Jr  
4023 W Lawrence Ln  
Phoenix, AZ 85051-3661

Corina C Urquidez, Trustee  
Urquidez Family Living Trust  
DTD 6/12/04  
805 North Eighth Street  
Avondale, AZ 85323

Johnnny L Reid & Jackie L Reid  
245 E London Road  
Loving, NM 88256

Antonio & Gloria Onsurez  
PO Box 598  
Loving, NM 88256

Shrader Enterprises, LP  
3349 South St Paul  
Wichita, KS 67217-1628

Lawrence W Robinette  
8023 S 88<sup>th</sup> E Avenue  
Tulsa, OK 74133

Jared Howard  
611 North Fourth  
Carlsbad, NM 88220

Burl Howard  
PO Box 984  
Del Mar, CA 92014

Crystal Howard  
1563 Solana Avenue, BOX 325  
Berkeley, CA 94707

Roy Howard  
6005 Brown Road  
Dunster, BC Canada VOJ 1JO

David Kathryn Howard REV TR  
David/Kathryn Howard, Trustees  
37610 NE 167<sup>th</sup> Ave  
Yacolt, WA 98675

Lanora (Williams) Allomong  
14-644 County Road 8  
Montpelier, OH 43543

Draper Brantley, Jr.  
706 W Riverside Dr  
Carlsbad, NM 88220-5222

Melissa Gay Williams  
1820 South Skipworth Road  
Spokane, WA 99206

Margaret L Pate  
464 Prospect St Unit PH3  
La Jolla, CA 92037-4745

Lovella Williams Kilman  
8425 James Ave NE  
Albuquerque, NM 87111-3222

Marian Tracy Lelevier  
26440 Potrero Valley Road  
Potrero, CA 92063

Merland Inc  
PO Box 548  
Carlsbad, NM 88220

Cella B Milavec  
119 Tierra Del Sol LP  
Belen NM 87002

Claiborne M Power  
PO Box 3015  
Carlsbad, NM 88221-3015

Martha Stribling  
520 Ranchitos Rd NW  
Albuquerque, NM 87114

Belinda Williams  
13260 W 42<sup>nd</sup> Street  
Odessa, TX 79764

Glen Brady Williams  
3166 Co Line Road  
Mountain Grove, MO 65711

Linda Sue Williams  
33801 South Seas Drive  
Denham Springs, LA 70726

Linville Williams  
2236 East Fairfield  
Mesa, AZ 85213

James C Williams  
743 North Oak  
Kermit, TX 79745

James W Williams  
7985 Hwy 38  
Mountain Grove, MO 65711

Terry Williams  
14644 County Road 8  
Montpelier, OH 43543-9354

Doris S Williams  
PO Box 1021  
Princeton, TX 75407

Juanell Port  
5111 Ashdown Place  
Midland, TX 79705

Mittie Beth Hayes  
116 West Peach Lane  
Carlsbad, NM 88220

George McBeath Tracy  
10504 Lexington Ave NE  
Albuquerque, NM 87112

Susie Belle Bindel  
1212 W Ural Drive  
Carlsbad, NM 88220

Cynthia Fay Lee  
832 Churchill Drive  
Fredericksburg, VA 22407

Margaret Williams  
4927 Hwy 5  
Hartville, MO 65667

Marian Jane Gordon  
PO Box 952  
Carlsbad, NM 88221

Stennis Family Trust  
Maria Stennis, Trustee  
200 Michelle Drive  
Santa Fe, NM 87501

Roxie L Williams Trust  
Margaret L Fate & Linville Williams,  
Co-Trustees  
2236 E Fairfield  
Mesa, AZ 85213

Celia Valdez  
4204 Thomason Road  
Carlsbad, NM 88220

James Minor Alexander  
PO Box 58  
Abilene, TX 79604

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

Marilyn Guitar Galusha  
PO Box 1438  
Abilene, TX 79604

Leslie David Guitar  
PO Box 2228  
Brownwood, TX 76804

Earl B Guitar, Sr  
PO Box 744  
Abilene, TX 79604

Earl B Guitar, Jr  
PO Box 744  
Abilene, TX 79604

Phillip E Guitar  
PO Box 2213  
Abilene, TX 79604

Pressley Hudson Guitar  
PO Box 5383  
Abilene, TX 79608

Laura Jean Hofer  
11248 So Turner Ave  
Ontario, CA 91761

Jeri Alexander Lott  
9102 Vicksburg #17  
Lubbock, TX 79424

Gayle Nevill Trust & Virginia Nevill Trust  
Betty Witherspoon Nevill, Trustee  
5528 Tahoe Lane  
Fairway, KS 66205

Mary Guitar Polk Estate  
James Polk, Trustee/Executor  
PO Box 7366  
Abilene, TX 79608-7366

Jane Alexander Rhodes  
PO Box 58  
Abilene, TX 79604

Guy P Witherspoon III  
PO Box 100403  
Ft Worth, TX 76185

Jack G Woods  
PO Box 1159  
Abilene, TX 79604

Ruth G Murchison Trust  
Ruth G Murchison, Trustee  
PO 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

Jack G Woods, Jr  
13 Glenway Drive  
Austin, TX 78738

Wende Witherspoon Morgan  
1720 Southwicke  
Flower Mound, TX 75022

Caren G Lucas  
1551 Rollingbrook Drive  
Allen, TX 75002

John Guitar Witherspoon, Jr  
7404 Lemonwood  
Fort Worth, TX 76133

Whitten Guitar Witherspoon  
4508 Tall Meadow  
Fort Worth, TX 76133

Brett Guitar Witherspoon  
3833 Arroyd Rd  
Fort Worth, TX 76109-3412

John Guitar III  
1234 Leggett Drive  
Abilene, TX 79605

Repps Bedford Guitar Jr  
PO Box 7252  
Abilene, TX 79608

CE Estes  
221 E London  
Loving, NM 88220