

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

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

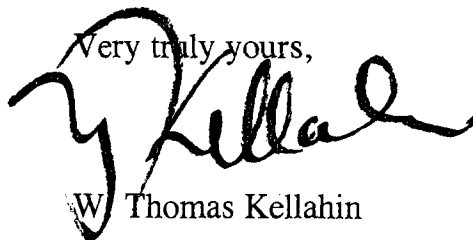
Re: Application of RB Operating Company
for a centralized facility with a common tank battery
including surface commingling and off lease storage and
measurement--SW/4, S/2SE/4 of Section 23 & N/2NE/4
of Section 26, T23S, R28E, Eddy County, New Mexico.

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 on 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

Case 13474

2005 MAR 29 PM 3 15

PROPOSED ADVERTISEMENT

CASE 13474 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. 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 Brantley Tank Battery for the following described wells/leases with diverse ownership with the SW/4 and S/2SE/4 of Section 23 and the N/2NE/4 of Section 26, T23S, R28E:

Location	Well name	API Number
Section 23:		
Unit K:	South Culebra Bluff "23" Well No. 1	30-015-25841
Unit L:	South Culebra Bluff "23" Well No. 2	30-015-26213
Unit M:	South Culebra Bluff "23" Well No. 3	30-015-26284
Unit N:	South Culebra Bluff "23" Well No. 14	30-015-33607
Unit O:	South Culebra Bluff "23" Well No. 9	30-015-26369
Unit P:	South Culebra Bluff Unit Well No. 10	30-015-33606
Section 26:		
Unit A:	Merland Well No. 2	30-015-33838
Unit B:	Merland Well No. 1	30-015-33840

which shall be stored and measured at its common tank battery located within Unit N of Section 23. 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. 13474

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 Brantley Tank Battery for the following described wells/leases with diverse ownership with the SW/4 and the S/2SE/4 of Section 23 and the N/2NE/4 of Section 26, T23S, R28E:

Location	Well name	API Number
Section 23:		
Unit K:	South Culebra Bluff "23" Well No. 1	30-015-25841
Unit L:	South Culebra Bluff "23" Well No. 2	30-015-26213
Unit M:	South Culebra Bluff "23" Well No. 3	30-015-26284
Unit N:	South Culebra Bluff "23" Well No. 14	30-015-33607
Unit O:	South Culebra Bluff "23" Well No. 9	30-015-26369
Unit P:	South Culebra Bluff Unit Well No. 10	30-015-33606

Section 26:

Unit A: Merland Well No. 2 30-015-33838
Unit B: Merland Well No. 1 30-015-33840

which shall be stored and measured at its centralized facility located in Unit N of Section 23. 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. See Locator Plat attached as Exhibit "A".

2. RB Operating also will operate a centralized facility with the common tank battery located in SE/4SW/4 (Unit N) of Section 23, T23S, R28E for the gathering of oil production from all these wells.

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

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

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

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

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

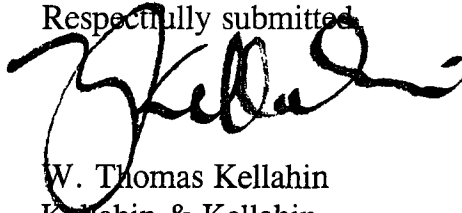
6. RB Operating also seeks an administrative procedure for the expansion of this project in order to add addition wells and /or pools.

7. As a result of different ownership among the spacing units for the wells within the SW/4 and S/2SE/4 of 23 Section and the N/2NE/4 of Section 26, the owners of the proposed commingled production is not identical in terms of parties or interest.

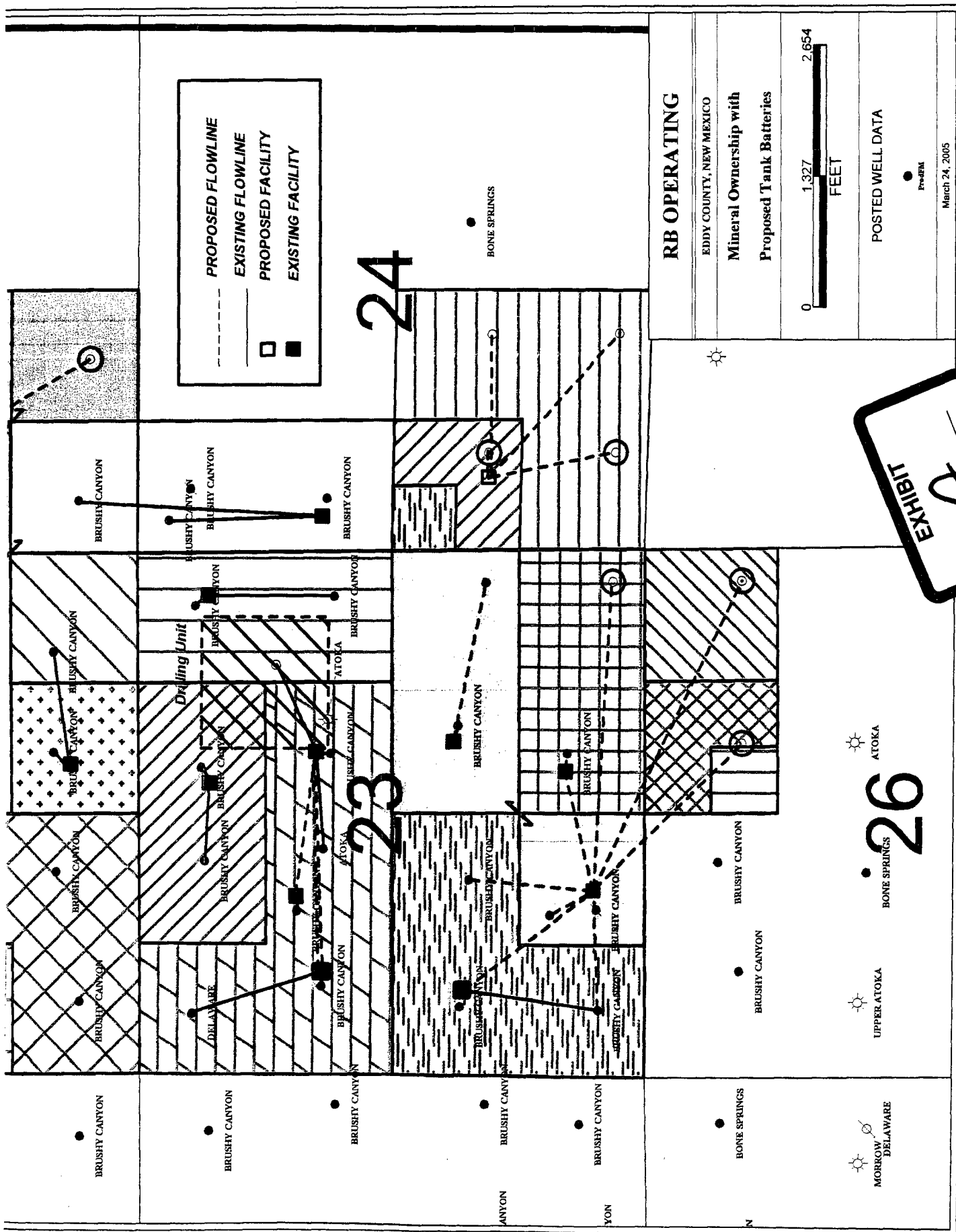
8. In accordance with Division Rule 1207.A and Rule 303.B(d) applicant has sent a copy of this application and notice for hearing to be held on April 21, 2005 to all the proper parties entitled to said notice. **See Exhibit "C"**

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 SW/4 and the S/2SE/4 of Section 23 and the N/2NE/4 of Section 26, T23S, R28E which shall be stored and measured at its centralized facility, the Brantley Tank Battery" located in Unit N of Section 23. 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 a horizontal line.

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



**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

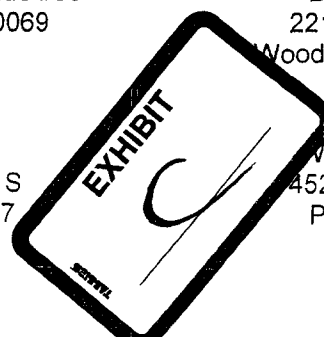
Emil Berger
1302 North Sweetzer Avenue #60
West Hollywood, CA 90069

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 6th 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

Johnnnny 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 88th 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 167th 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 42nd 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