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2011 NOV 16 A 9:46

November 15, 2011

Case 14774

Hand delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of RMR Operating, LLC, are an original and one copy of an application to allow two operators in a well unit, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the December 15, 2011 Examiner hearing.

Very truly yours,


James Bruce

Attorney for RMR Operating, LLC

Parties Being Pooled

Draco Energy, Inc.

Commissioner of Public Lands

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF RMR OPERATING, LLC
TO ALLOW TWO OPERATORS WITHIN A
SPACING UNIT, LEA COUNTY, NEW MEXICO.

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Case No.

14774

APPLICATION

RMR Operating, LLC applies for an order approving two operators in the Tansill-Yates-Seven Rivers-Queen formations within an oil spacing unit comprised of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16, Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16, and has the right to drill a well thereon under a current oil and gas lease issued by the Commissioner of Public Lands.
2. Applicant proposes to drill its Medicine Man State Well No. 1, at a location 1650 feet from the north line and 990 feet from the west line of Section 16, to test the Tansill-Yates-Seven Rivers-Queen formations.
3. Applicant filed an Application for Permit to Drill ("APD") the Medicine Man State Well No. 1 with the Division, but the APD was denied because Draco Energy, Inc. ("Draco") is listed in the Division's files as operator of the Maralo 16 State Well No. 2, located in the same quarter-quarter section as applicant's proposed well. Draco's well was drilled under a now-expired state oil and gas lease.
4. Applicant has complied with Rule NMAC 19.15.15.12 by notifying Draco of its intent to file the APD. However, in the event Draco objects to applicant's APD, this matter must go to hearing in December 2011 because of an expiring oil and gas lease.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Allowing two operators in the in the Tansill-Yates-Seven Rivers-Queen formations in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16; and
- B. **Granting expedited approval due to an expiring oil and gas lease.**

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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Attorney for RMR Operating, LLC

PROPOSED ADVERTISEMENT

Case No. 18774:

Application of RMR Operating, LLC to allow two operators within a spacing unit, Lea County, New Mexico. Applicant seeks an order approving two operators in the Tansill-Yates-Queen-Seven Rivers formations within an oil spacing unit comprised of the SW/4NW/4 of Section 16, Township 26 South, Range 36 East, N.M.P.M. The unit will be dedicated to applicant's proposed Medicine Man State Well No. 1, to be located 1650 feet from the north line and 990 feet from the west line of Section 16, and the existing Draco Energy, Inc. Maralo 16 State Well No. 2, located 1980 feet from the north line and 550 feet from the west line of Section 16. The well unit is located approximately 4 miles west-southwest of Bennett, New Mexico.

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