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October 30, 2012

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 RSC Resources Limited Partnership, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 29, 2012 Examiner hearing.

Very truly yours,


James Bruce

Attorney for RSC Resources Limited Partnership

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2012 OCT 31 P 1:47

Case 14932

PROPOSED ADVERTISEMENT

Case No. 14932

Application of RSC Resources Limited Partnership for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 14, Township 24 South, Range 28 East, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent; the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NE/4NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Marra Well No. 1, to be re-entered at an orthodox location in the NE/4NW/4 of Section 14. Also to be considered will be the cost of re-entering and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Guardian Operating Corp. as operator of the well, and a 200% charge for the risk involved in re-entering and completing the well. The units are located approximately 1/2 mile east of Malaga, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF RSC RESOURCES LIMITED
PARTNERSHIP FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

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2012 OCT 31
Case No. 1:14/932

APPLICATION

RSC Resources Limited Partnership applies for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the N $\frac{1}{2}$ of Section 14, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ of Section 14, and has the right to drill or re-enter a well thereon.

2. Applicant proposes to re-enter the Marra Well No. 1, at an orthodox location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 14, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the following acreage to the well:

- (a) The NE $\frac{1}{4}$ NW $\frac{1}{4}$ to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent;
- (b) The NW $\frac{1}{4}$ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and
- (c) The N $\frac{1}{2}$ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 14 for the purposes set forth herein.

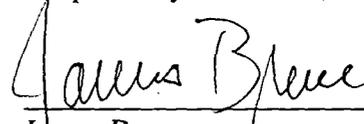
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the re-entry of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 14, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 14 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the N½ of Section 14 from the surface to the base of the Wolfcamp formation;
- B. Designating Guardian Operating Corp. as operator of the well;
- C. Considering the cost of re-entering and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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Attorney for RSC Resources Limited Partnership