

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

RECEIVED OOD
2012 NOV 21 PM 3:39
PS

CASE NO. 14933

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Zia Royalty, LLC ("Zia") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

RSC Resources, LP

ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
(505) 982-2151 Facsimile

OPPONENT

Zia Royalty, LLC.

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

STATEMENT OF THE CASE

Zia Royalty, LLC ("Zia") has an ownership interest in the property subject to this pooling application and hearing and object to being pooled. Zia will present evidence and testimony that RSC Resources, LP failed to negotiate in good faith and failed to provide basic necessary to decide whether to participate in the proposed well. Moreover, the well that is the subject of this application already has been drilled. The logs show that the target formations are prospective; therefore, the 200% risk charge should be denied.

APPLICANT'S PROPOSED EVIDENCE

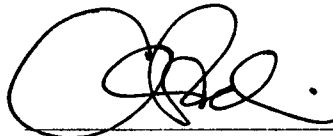
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Charles Moran, Petroleum Landman	Approx. 30 mins.	Approx. 3.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



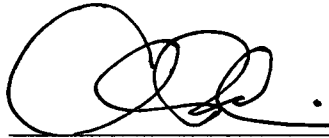
Michael H. Feldewert
Adam G. Rankin
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

ATTORNEYS FOR ZIA ROYALTY, LLC

CERTIFICATE OF SERVICE

I hereby certify that on November 21, 2012, I served a copy of the foregoing document to the following via electronic mail to:

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
(505) 982-2151 Fax
jamesbruc@aol.com

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a final dot.

Adam G. Rankin