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2018 JAN 10 P 2: 27

January 10, 2018

**HAND-DELIVERY**

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

*Case 15968*

**Re: Application of RSC Resources, LP for Compulsory Pooling, Eddy County,  
New Mexico**

Dear Ms. Davidson:

Enclosed for filing in the above matter is an Amended Application which replaces the Application filed for Guardian Operating Corporation on January 9, 2018.

Thank you.

Very truly yours,

*J. Scott Hall*

J. Scott Hall

Enclosure

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**REPLY TO:**

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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF RSC RESOURCES, LP FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO

Case No. 15968

AMENDED APPLICATION

RSC Resources, LP ("RSC") applies for an order pooling all interests in the Wolfcamp formation underlying Lots 3-7, SE/4 NW/4, and E/2 SW/4 (W/2 equivalent) of Section 6, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. In support thereof, RSC states:

1. Applicant is an interest owner in the W/2 equivalent of Section 6 and has the right to drill thereon.

2. RSC proposes to drill six wells to depths sufficient to test and develop the Wolfcamp formation in the following approximate order:

a. RSC plans to drill the **Harroun 6 Federal Com 1H** at a surface hole location of 15' FSL & 1852' FWL Section 31-T23S-R29E with an estimated bottom hole location of 330' FSL & 330' FWL Section 6-T24S-R29E to test the Wolfcamp formation at an approximate vertical depth of 10,800'. The well is planned to be drilled to an approximate total measured depth of 15,705'. The entry point into the Wolfcamp formation will be located approximately 330' FNL and 330' FWL of Section 6.

b. RSC plans to drill the **Harroun 6 Federal Com 2H** at a surface hole location of 15' FSL & 1802' FWL Section 31-T23S-R29E with an estimated bottom hole location of 330' FSL & 330' FWL Section 6-T24S-R29E to test the Wolfcamp formation at an approximate vertical depth of 9,800'. The well is planned to be drilled to an approximate total measured depth

of 14,737'. The entry point into the Wolfcamp formation will be located approximately 330' FNL and 330' FWL of Section 6.

c. RSC plans to drill the **Harroun 6 Federal Com 3H** at a surface hole location of 15' FSL & 1902' FWL Section 31-T23S-R29E with an estimated bottom hole location of 330' FSL & 2310' FWL Section 6-T24S-R29E to test the Wolfcamp formation at an approximate vertical depth of 10,800'. The well is planned to be drilled to an approximate total measured depth of 15,604'. The entry point into the Wolfcamp formation will be located approximately 330' FNL and 2310' FWL of Section 6.

d. RSC plans to drill the **Harroun 6 Federal Com 4H** at a surface hole location of 15' FSL & 1952' FWL Section 31-T23S-R29E with an estimated bottom hole location of 330' FSL & 2310' FWL Section 6-T24S-R29E to test the Wolfcamp formation at an approximate vertical depth of 9,800'. The well is planned to be drilled to an approximate total measured depth of 14,602'. The entry point into the Wolfcamp formation will be located approximately 330' FNL and 2310' FWL of Section 6.

e. RSC plans to drill the **Harroun 6 Federal Com 5H** at a surface hole location of 10' FNL & 1827' FWL Section 6-T24S-R29E with an estimated bottom hole location of 330' FSL & 1330' FWL Section 6-T24S-R29E to test the Wolfcamp formation at an approximate vertical depth of 10,800'. The well is planned to be drilled to an approximate total measured depth of 15,584'. The entry point into the Wolfcamp formation will be located approximately 330' FNL and 1330' FWL of Section 6.

f. RSC plans to drill the **Harroun 6 Federal Com 6H** at a surface hole location of 10' FNL & 1927' FWL Section 6-T24S-R29E with an estimated bottom hole location of 330' FSL & 1330' FWL Section 6-T24S-R29E to test the Wolfcamp formation at an approximate

vertical depth of 9,800'. The well is planned to be drilled to an approximate total measured depth of 14,588'. The entry point into the Wolfcamp formation will be located approximately 330' FNL and 1330' FWL of Section 6.

3. Applicant seeks to dedicate the W/2 of Section 6 to form a standard 318.77-acre  $\pm$  spacing and proration unit (project area) in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (98220; Order Nos. R-14262).

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the proposed project area for the purposes set forth herein.

5. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling 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 Wolfcamp formation. Applicant seeks to dedicate the W/2 of Section 6 pursuant to NMSA 1978, §§ 70-2-17, 18.

6. RSC proposes that the order pooling unjoined mineral interests provide for separate participation elections for each well.

7. Approval of the project area and the pooling of all mineral interests in the Wolfcamp formation underlying the W/2 of Section 6 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on February 8, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a standard spacing and proration unit and pooling all mineral interests in the W/2 of Section 6, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico;

- B. Designating Applicant's affiliate, Guardian Operating Corporation, as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners or mineral 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 drilling and completing the well in the event a working interest owner or mineral interest owner elects not to participate in the wells.

Respectfully submitted,



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