

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

2006 AUG 30 PM 1 07

August 29, 2006

Case 13787

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 a non-standard unit, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 28, 2006 Examiner hearing. Thanks.

Very truly yours,



James Bruce

Attorney for RSC Resources Limited Partnership

2006 AUG 30 PM 1 07

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF RSC RESOURCES LIMITED
PARTNERSHIP FOR A NON-STANDARD OIL
SPACING AND PRORATION UNIT, COMPULSORY
POOLING, AND AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

Case No. 13787

APPLICATION

RSC Resources Limited Partnership applies for an order approving of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, and in support thereof, states:

1. Applicant is an operator in the Devonian formation in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, Township 16 South, Range 38 East, N.M.P.M., and has the right to drill or re-enter a well thereon.

2. Applicant proposes to re-enter the Lawrence Well No. 1, located at an unorthodox location 2531 feet from the north line and 630 feet from the east line of Section 14, and deepen it to test the Devonian formation with an approximate bottom hole location 2531 feet from the north line and 660 feet from the east line of Section 14.

3. The subject acreage is within the North Knowles-Devonian Pool. Under Division Order No. R-8497, the pool is developed on 80-acre spacing, with units to be comprised of the N $\frac{1}{2}$, S $\frac{1}{2}$, E $\frac{1}{2}$, or W $\frac{1}{2}$ of a governmental quarter section. Wells are to be located within 150 feet of the center of a quarter-quarter section.

4. Applicant seeks to re-enter the subject well, to be designated the Lawrence Well No. 1Y, and deepen it to test the Devonian formation. Applicant seeks to dedicate the SE $\frac{1}{4}$ NE $\frac{1}{4}$

and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 to the well to form a non-standard 80-acre oil spacing and proration unit in the Devonian formation.

5. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 for the purposes set forth herein.

6. 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 SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, pursuant to NMSA 1978 §70-2-17.

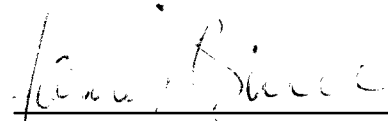
7. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, and approval of the non-standard unit and unorthodox location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Approving a non-standard oil spacing and proration unit in the Devonian formation comprised of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14;
- B. Pooling all mineral interests in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14 in the Devonian formation;
- C. Approve the above-described unorthodox oil well location;
- D. Designating applicant as operator of the well;
- E. Considering the cost of re-entering, drilling, and completing the well, and allocating the cost among the well's working interest owners;

- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in re-entering, drilling, and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for RSC Resources Limited Partnership

PROPOSED ADVERTISEMENT

Case No. 13787: **Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks an order approving a non-standard 80-acre oil spacing and proration unit in the Devonian formation (North Knowles-Devonian Pool) comprised of the SE/4NE/4 and NE/4SE/4 of Section 14, Township 16 South, Range 38 East, NMPM, and pooling all mineral interests in said unit. The unit is to be dedicated to the Lawrence Well No. 1Y, to be re-entered at an unorthodox surface location 2531 feet from the north line and 630 feet from the east line of Section 14, with an estimated unorthodox bottom hole location 2531 feet from the north line and 660 feet from the east line of Section 14, and applicant further seeks approval of said locations. Also to be considered will be the cost of re-entering, drilling, and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in re-entering, drilling, and completing the well. The unit is located approximately 6-1/2 miles north-northeast of Knowles, New Mexico.

2006 AUG 30 PM 1 07