

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

RECEIVED

2008 FEB 5 AM 11:33

February 5, 2008

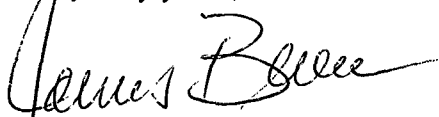
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14095

Dear Florene:

Enclosed for filing, on behalf of Newkumet Exploration, Inc., are an original and one copy of an application for compulsory pooling and a non-standard unit, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the March 6, 2008 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Newkumet Exploration, Inc.

PERSONS BEING NOTIFIED

R&R Royalty, Ltd.
No. 322
500 North Shoreline
Corpus Christi, Texas 78471

RECEIVED
BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION
2008 FEB 5 AM 11 33

**APPLICATION OF NEWKUMET EXPLORATION,
INC. FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case No. 14095

APPLICATION

Newkumet Exploration, Inc. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Red Bull 3 Fed. Com. Well No. 1H, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location 330 feet from the north line and 330 feet from the east line, and a terminus 990 feet from the north line and 330 feet from the west line, of Section 3.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3 for the purposes set forth herein.
4. 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 N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3 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 (project area) in the Bone Spring formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3;
- B. Pooling all mineral interests in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3 in the Bone Spring formation;
- C. Designating RSC Resources, L.P. as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in black ink that reads "James Bruce". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

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

Attorney for Newkumet Exploration, Inc.

PROPOSED ADVERTISEMENT

Case No. 14095: **Application of Newkumet Exploration, Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the N½N½ of Section 3, Township 26 South, Range 33 East, NMPM, to form a non-standard 160-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to the Red Bull 3 Fed. Com. Well No. 1H, a horizontal well to be drilled at a surface location 330 feet from the north line and 330 feet from the east line of Section 3, with a terminus 990 feet from the north line and 330 feet from the west line of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of RSC Resources, L.P. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 20-1/2 miles west-northwest of Bennett, New Mexico.