

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](mailto:jamesbruc@aol.com)

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March 13, 2008

Flavene -

Revised application out ad  
in case 14099. The only thing  
that changed was property  
description and acreage.

Jim

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RSC RESOURCES LIMITED  
PARTNERSHIP FOR A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.

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Case No. 14,099

*REVISED* APPLICATION

RSC Resources Limited Partnership applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of Lot 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , and SE $\frac{1}{4}$ NW $\frac{1}{4}$  (the S $\frac{1}{2}$ N $\frac{1}{2}$ ) of Section 19, Township 16 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19, and has the right to drill a well thereon.
2. Applicant proposes to drill its Lucky Wolf "19" State Com. Well No. 1H, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19 to the well to form a non-standard 145.53 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 1980 feet from the north line and 10 feet from the west line, and a terminus 1980 feet from the north line and 330 feet from the east line, of Section 19.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19 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.

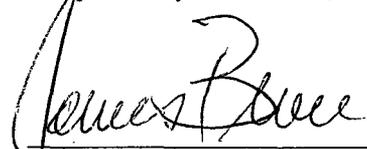
Therefore, applicant seeks an order pooling all mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit, and the pooling of all mineral interests underlying the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19, 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 Wolfcamp formation comprised of the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19;
- B. Pooling all mineral interests in the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 19 in the Wolfcamp formation;
- C. Designating applicant 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,



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

Attorney for RSC Resources Limited Partnership

PROPOSED ADVERTISEMENT

**Case No. 14099: (Continued and Readvertised)**

**Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of Lot 2, S/2NE/4, and SE/4NW/4 (the S/2N/2) of Section 19, Township 16 South, Range 29 East, NMPM, to form a non-standard 145.53-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 Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Lucky Wolf "19" State Com. Well No. 1H, a horizontal well to be drilled at a surface location 1980 feet from the north line and 10 feet from the west line, with a terminus 1980 feet from the north line and 330 feet from the east line, of Section 19. 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 applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12 miles northwest of Loco Hills, New Mexico.

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