

**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 A NON-STANDARD OIL
SPACING AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 14,344

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

RSC Resources LP
6824 Island Cr.
Midland, Texas 79707
Attention: Randy S. Cate
rsclp@suddenlink.net

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of Lot 4, SE/4SW/4, and S/2SE/4 (the S/2S/2 equivalent) of Section 18, Township 16 South, Range 29 East, NMPM, to form a non-standard 145.50-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 Red Wolf "18" Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location 660 feet from the south line and 200 feet from the east line of Section 18. The well will penetrate the Wolfcamp formation at an orthodox location approximately 660 feet from the south line and 330 feet from the east line, and have a terminus 660 feet from the south line and 330 feet from the west line, of Section 18. 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.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Kirk Smith (landman)	15 min.	Approx. 6
Randall Cate (engineer)	15 min.	Approx. 6

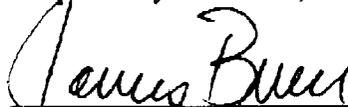
IF THIS MATTER IS UNOPPOSED IT MAY BE PRESENTED BY AFFIDAVIT.

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
------------------	------------------	-----------------

PROCEDURAL MATTERS

Respectfully submitted,



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

Attorney for RSC Resources Limited
Partnership

Irregular Section 30: Lots 1 through 4, E/2W/2,
(W/2 Equivalent), E/2,

Applicant seeks authorization to inject water into the Queen formation, Round Tank-Queen Pool, through its proposed Round Tank Federal Well No. 1 to be drilled 715 feet from the North line and 825 feet from East line of Section 30, Township 15 South, Range 29 East, NMPM. Applicant further proposes to inject up to 200 barrels of water per day at a maximum pressure of 300 psi, into the Queen formation, at an approximate depth of 1575 feet to 1590 feet.

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 13 miles Northwest of Loco Hills, New Mexico.

5. **CASE 14282:** (Continued from the June 25, 2009 Examiner Hearing.) **Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the W/2 of Section 8, Township 29 North, Range 13 West, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Airport 29-13-8 Well No. 113, to be located at an orthodox location in the NW/4 NW/4 of Section 8. 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 1/2 mile West of Farmington, New Mexico.
6. **CASE 14343: Application of Purvis Operating Co. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Pennsylvanian and Devonian formations underlying the E/2 NE/4 of Section 34, Township 12 South, Range 37 East, NMPM, to form a standard 80-acre oil spacing and proration unit for all pools or formations developed on 80-acre spacing within that vertical extent, including the Southwest Gladiola-Pennsylvanian Pool and Southwest Gladiola-Devonian Pool. The unit is to be dedicated to the Lowe Well No. 1, to be re-entered at a location 554 feet from the North and East lines (the NE/4 NE/4) of Section 34. Also to be considered will be the cost of re-entering 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 and completing the well. The unit is located approximately 8 miles East-Southeast of Tatum, New Mexico.
7. **CASE 14344: 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 4, SE/4 SW/4, and S/2 SE/4 (the S/2 S/2 equivalent) of Section 18, Township 16 South, Range 29 East, NMPM, to form a non-standard 145.50-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 Red Wolf "18" Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location 660 feet from the South line and 200 feet from the East line of Section 18. The well will penetrate the Wolfcamp formation at an orthodox location approximately 660 feet from the South line and 330 feet from the East line, and have a terminus 660 feet from the South line and 330 feet from the West line, of Section 18. 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 10 miles Northwest of Loco Hills, New Mexico.
8. **CASE 14345: Application of Louray Oil Company to reinstate Division Administrative Order SWD-559 for a salt water disposal well, Lea County, New Mexico.** Applicant seeks an order reinstating Division Administrative Order SWD-559 for a salt water disposal well, approving disposal into the Bone Spring formation in the Government E Well No. 1, located 610 feet from the South line and 1880 feet from the West line of Section 25, Township 19 South, Range 34 East, NMPM, at depths of 9716-10240 feet subsurface. The well is located approximately 15 miles West-Northwest of Oil Center, New Mexico.
9. **CASE 14346: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 29, Township 19 South, Range 26 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Boyd-Strawn