

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

**IN THE MATTER OF THE  
APPLICATION OF RSC RESOURCES LIMITED  
PARTNERSHIP FOR COMPULSORY  
POOLING, NON-STANDARD SPACING AND  
PRORATION UNIT, AND UNORTHODOX LOCATION  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 14542**

**AFFIDAVIT OF KIRK E. SMITH**

STATE OF TEXAS                    }  
  }ss  
COUNTY OF MIDLAND            }

AFFIANT, KIRK E. SMITH, first being duly sworn on oath states:

1. I am a Petroleum Landman, residing in Midland, Texas, and am employed by RSC Resources Limited Partnership, the applicant in this case, in that capacity.
2. I have previously testified before the New Mexico Oil Conservation Division and had my credentials as a petroleum landman accepted as a matter of record.
3. I am familiar with all land matters associated with land matters concerning this application, including mineral and oil and gas leasehold ownership, offset operators, and pooling requirements of the New Mexico Oil Conservation Division.
4. Applicant seeks an order pooling all mineral interests from the surface of the earth to the base of the undesignated Wolfcamp formation underlying the W/2W/2 of Section 35, Township 16 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Applicant proposes to drill its Lonesome Wolf 35 Federal Com 2H well to be located at a surface location of 150 FSL and 660 FWL and bottom hole location of 330 FNL and 660 FWL of said Section 35. Applicant seeks to dedicate the W/2W/2 of Section 35 to the well to form a non-standard 160 acre spacing and proration unit for any formations and/or pools developed on 160 acre or less within the vertical extent, including the Wolfcamp formation. Attached hereto is Exhibit 1 which shows the well unit highlighted in yellow. Offsetting ownership is shown in yellow in Exhibit 1, and the attached list of offsetting owners on Exhibit 1.
5. Exhibit 2 attached hereto is a list of working interest ownership and percentage of interest in the proposed well.

6. Exhibit 3 attached hereto is a summary of contacts and communications with interest owners listed on Exhibit 2 and their responses.

7. In my opinion RSC Resources has made a diligent and good faith effort to obtain the voluntary joinder of all mineral interest owners in the proposed spacing and proration unit, and should any owners who have not consented to drilling of the Lonesome Wolf Federal Com 2H well join in the drilling of the well, we will notify the Division of that joinder.

8. RSC Resources requests the following with respect to operation of the well:

a. That RSC Resources Limited Partnership be name the operator of the well;

b. That the order of the Division provide for a risk factor charge of the maximum cost plus 200%;

c. That the order of the Division provide for overhead charges of:

--drilling rate of \$7000.00 per month; and  
--producing rate of \$700.00 per month.

9. The foregoing overhead rates are equivalent to those charged by operators in the area for wells of the depth proposed for the Lonesome Wolf Federal Com 2H well, and further request that the rates be adjusted under the COPUS accounting procedure.

10. All parties being pooled were notified shown by the Affidavit of Ernest L. Padilla.

11. All offsetting owners were also notified of the hearing also shown by the Affidavit of Ernest L. Padilla.

12. Exhibits 1, 2 and 3 were prepared by me or under my supervision.

13. In my opinion granting of this application is in the best interest of conservation and prevention of waste of oil and gas resources.

FURTHER AFFIANT SAYETH NAUGHT.

  
KIRK E. SMITH

SWORN TO AND SUBSCRIBED to before me this 13<sup>th</sup> day of  
September, 2010, by Kirk E. Smith.

Rosanne E. Reese  
Notary Public

My Commission Expires:

May 13, 2013

