

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

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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. 14,277

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 79709
Attention: Randy S. Cate

APPLICANT'S ATTORNEY

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

OPPONENT

COG Operating, LLC
550 W. Texas Ave.
Suite 100
Midland, TX 79701

OPPONENT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, New Mexico 87504-2307
(505) 986-2646

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of Lot 3, NE/4SW/4, and N/2SE/4 (the N/2S/2 equivalent) of Section 30, Township 16 South, Range 28 East, NMPM, to form a non-standard 162.74-acre oil spacing and proration unit. Applicant also seeks to force-pool unjoined interests in all formations or pools developed on 40-acre spacing, including the Wolfcamp formation, for the horizontal drilling and operation of its proposed Lucky Wolf "30" Fed. Com. Well No. 2.

OPPONENT

COG Operating LLC ("COG") is the owner and operator of the proposed Donner "30" Federal Well No. 2 (API No. 3001535819) to be drilled horizontally into the Wolfcamp formation from a surface location 1800' FSL and 330' FEL to a BHL 1800' FSL and 2310' FEL, also in Section 30, T16S R28E. The N/2 SE/4 is currently dedicated to the well project area. COG's APD for the Donner "30" Federal Well No. 2 was approved on September 18, 2007 prior to Applicant's well proposal and Application.

In addition, Three Span Oil & Gas, Inc. operates the Crow Flats Federal Com Well No. 1, drilled vertically from a location 1980' FSL and 1980' FWL of the same Section 30 and currently producing from the Wolfcamp formation. This pre-existing well and 40-acre unit are located within the special project area proposed by Applicant (NE/4 SW/4).

Applicant failed to address these development conflicts before submitting its Application to the Division.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

EST. TIME

EXHIBITS

WITNESSES

Jan Spradlin, Landman

20 minutes

Approx. 6

PROCEDURAL MATTERS

COG Operating LLC may file a motion to dismiss Applicant's Application.

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

J. Scott Hall, Esq.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873
Attorneys for COG Operating LLC

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed to counsel of record on the 20 day of February, 2009, as follows:

James Bruce, Esq.
P. O. Box 1056
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(505) 982-2151 fax

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