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September 14, 2010

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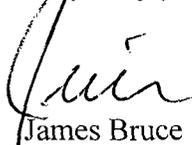
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14557*

Dear Florene:

Enclosed for filing, on behalf of RSC Resources Limited Partnership, are an original and one copy of an application for a non-standard unit and compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the October 14, 2010 Examiner hearing.

Very truly yours,

  
James Bruce

Attorney for RSC Resources Limited Partnership

Parties Being Pooled

ConocoPhillips Company  
P.O. Box 2197  
Houston, TX 77252

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14557

**APPLICATION**

RSC Resources Limited Partnership applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 21, Township 26 South, Range 32 East, N.M.P.M., and (ii) pooling all mineral interests from the surface to the base of the Bone Spring formation, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 21, and has the right to drill a well thereon.
2. Applicant proposes to drill its Mexican Wells "21" Fed. Com. Well No. 2 to a depth sufficient to test the Bone Spring formation, with a surface location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ , and a terminus in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ , of Section 21, and seeks to dedicate the following acreage to the well:
  - (a) The SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21, from the surface to the top of the Bone Spring formation, to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent; and
  - (a) The Bone Spring formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 21 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.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 21 for the purposes set forth herein.

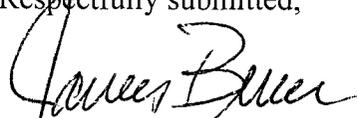
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½E½ of Section 21, 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 E½E½ of Section 21, 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 E½E½ of Section 21;
- B. Pooling all mineral interests from the surface to the top of the Bone Spring formation underlying the SE¼SE¼ of Section 21, and the Bone Spring formation underlying the E½E½ of Section 21;
- 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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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. 14557 :

***Application of RSC Resources Limited Partnership for approval of 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) in the Bone Spring formation comprised of the E/2E/2 of Section 21, Township 26 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying the following described acreage in Section 21, Township 26 South, Range 32 East, NMPM, and in the following manner: (i) from the surface to the top of the Bone Spring formation underlying the SE/4SE/4 of Section 21, to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent; and (ii) the Bone Spring formation underlying the E/2E/2 of Section 21 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 units are to be dedicated to the Mexico Wells 21 Fed. Com. Well No. 2, a horizontal well to be drilled with a surface location in the SE/4SE/4, and a terminus in the NE/4NE/4, of Section 21. 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 units are located approximately 27-1/2 miles west of Bennett, New Mexico.

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