

**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, LEA COUNTY, NEW MEXICO.**

Case No. 14,514

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) in the Bone Spring formation comprised of the W/2W/2 of Section 10, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 10, Township 26 South, Range 33 East, NMPM, and in the following manner: (i) from the surface to the top of the Bone Spring formation underlying the NW/4NW/4 of Section 10, 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; (ii) the Bone Spring formation underlying the W/2W/2 of Section 10 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;

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and (iii) the Wolfcamp formation underlying all of Section 10, to form a standard 640 acre gas spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent, including the Red Hills-Wolfcamp Gas Pool. The units are to be dedicated to the Red Bull "10" Fed. Com. Well No. 1, to be drilled in the NW/4NW/4 of Section 10 to test the Wolfcamp formation, which may subsequently be drilled horizontally in the Bone Spring formation with a surface location in the NW/4NW/4, and a terminus in the SW/4SW/4, of Section 10. 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 Endeavor Energy Resources, L.P. 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

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Respectfully submitted,



James Bruce
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Attorney for RSC Resources Limited
Partnership