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September 15, 2008

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

Dear Florene:

Enclosed for filing, on behalf of RSC Resources Limited Partnership, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the October 16, 2008 Examiner hearing. Thanks.

Very truly yours,


James Bruce

Attorney for RSC Resources Limited Partnership

RECEIVED

2008 SEP 16 PM 2 49

Case 14198

PARTIES BEING POOLED

Chevron U.S.A. Inc.
11111 South Wilcrest Drive
Houston, Texas 77099-4310

Attention: James E. Baca

8 Way Oil & Gas Company, Inc.
P.O. Box 10886
Midland, Texas 79702

Redfern Enterprises, Inc.
P.O. Box 2127
Midland, Texas 79702

Monte Mount
2611 Ridge Road
Lubbock, Texas 79403

EGE Oil Company
P.O. Box 1747
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF RSC RESOURCES LIMITED
PARTNERSHIP FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 14198

APPLICATION

RSC Resources Limited Partnership applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ of Section 25, Township 19 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W½ of Section 25, and has the right to drill a well thereon.

2. Applicant proposes to drill its Guardian 25 State Com. Well No. 1, at an orthodox location in the SE¼NW¼ of Section 25, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The SE¼NW¼ 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;

(b) The NW¼ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and

(c) The W½ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Angell Ranch Atoka-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 25 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 W $\frac{1}{2}$ of Section 25, pursuant to NMSA 1978 §70-2-17.

5. The approval of the non-standard unit, and the pooling of all mineral interests underlying the W $\frac{1}{2}$ of Section 25, 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. Pooling all mineral interests in the W $\frac{1}{2}$ of Section 25 from the surface to the base of the Morrow formation
- B. Designating Devon Energy Production Company, L.P. as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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,


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

Attorney for RSC Resources Limited Partnership

PROPOSED ADVERTISEMENT

Case No. 14198: **Application of RSC Resources Limited Partnership 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 following described acreage in Section 25, Township 19 South, Range 27 East, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Angell Ranch Atoka-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the SE/4NW/4 to form a standard 40 acre oil spacing and proration unit for any formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Guardian 25 State Com. Well No. 1, to be drilled at an orthodox location in the SE/4NW/4 of Section 25. 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 Devon Energy Production Company, L.P. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 8 miles east of Lakewood, New Mexico.