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July 21, 2008

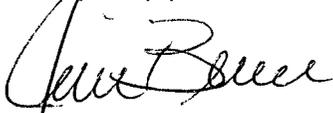
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14168*

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 August 21, 2008 Examiner hearing. Thanks.

Very truly yours,



James Bruce

Attorney for RSC Resources Limited Partnership

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PARTIES BEING POOLED

PXP Acquisition, LLC  
Pogo Producing Company, LLC  
Suite 3100  
700 Milam  
Houston, Texas 77002

OXY USA Inc.  
Occidental Permian Limited Partnership  
P.O. Box 4294  
Houston, Texas 77210

Attention: Robbie Abraham

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14/68

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 S $\frac{1}{2}$  of Section 24, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$  of Section 24, and has the right to drill a well thereon.
2. Applicant proposes to drill its Grama Ridge 24 State Well No. 1, at an orthodox location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 24, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
  - (a) The SE $\frac{1}{4}$  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
  - (b) The S $\frac{1}{2}$  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 Undesignated Grama Ridge-Wolfcamp Gas Pool and Undesignated East Grama Ridge-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$  of Section 24 for the purposes set forth herein.

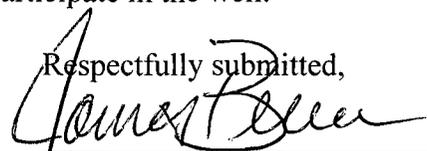
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 24, 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 S½ of Section 24, 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 S½ of Section 24 from the surface to the base of the Morrow formation
- B. Designating applicant 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,



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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. 14168 : Application of RSC Resources Limited Partnership for compulsory pooling, Lea 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 24, Township 21 South, Range 34 East, NMPM, and in the following manner: The S/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 Undesignated Grama Ridge-Wolfcamp Gas Pool and Undesignated East Grama Ridge-Morrow Gas Pool; and the SE/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. The units are to be dedicated to the Grama Ridge 24 State Well No. 1, to be drilled at an orthodox location in the NW/4SE/4 of Section 24. 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 unit is located approximately 10 miles west-southwest of Oil Center, New Mexico.