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April 14, 2009

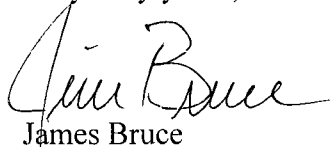
*Case 14316*

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 May 14, 2009 Examiner hearing. Thanks.

Very truly yours,

  
James Bruce

Attorney for RSC Resources Limited Partnership

PARTIES BEING POOLED

Chase Oil Corporation  
P.O. Box 1767  
Artesia, NM 88210

Cal-Mon Oil Company  
500 W. Texas, Suite 1200  
Midland, TX 79701-4281

Glenn E. Houston  
1965 Cole Court  
Yuba City, CA 95993

Todd R. Houston  
73109 Desert Greens  
Palm Desert, CA 92260

Monaghan Living Trust  
500 W. Texas, Suite 1200  
Midland, TX 79701

Mary Chambers  
#2 Stone Creek  
Brownwood, TX 76801

Burton Crain  
18126 Cerca Piedra  
San Antonio, TX 78259

Bobby Gleason  
4004 85th Place  
Lubbock, TX 79423

HS Minerals and Realty, Ltd.  
P.O. Box 27284  
Austin, TX 78755-2284

Hill Investments  
Casody Enterprises, L.L.C.  
P.O. Box 1568  
Cedar Park, TX 78630

Hill Trusts  
3343 Locke Avenue, #103  
Fort Worth, TX 76107

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

Case No. 14316

**APPLICATION**

RSC Resources Limited Partnership applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , and N $\frac{1}{2}$ NE $\frac{1}{4}$  (the N $\frac{1}{2}$ N $\frac{1}{2}$  equivalent) of Section 31, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31, and has the right to drill a well thereon.
2. Applicant proposes to drill its Lucky Wolf "31" Fed. Com. Well No. 1H, to a depth sufficient to test the Wolfcamp formation (Dog Canyon-Wolfcamp Pool), and seeks to dedicate the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31 to the well to form a non-standard 162.68 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location 330 feet from the north line and 150 feet from the west line of Section 31. The well will penetrate the Wolfcamp formation at an orthodox location 330 feet from the north line and approximately 330 feet from the west line, and have a terminus 330 feet from the north line and 330 feet from the east line, of Section 31.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31 for the purposes set forth herein.

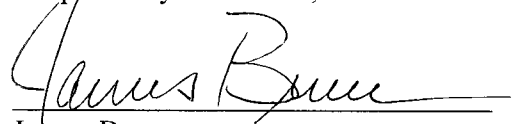
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31, 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 N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31, 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 Wolfcamp formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31;
- B. Pooling all mineral interests in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 31 in the Wolfcamp formation;
- 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, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for RSC Resources Limited  
Partnership

## PROPOSED ADVERTISEMENT

**Case No. 14316:**

***Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of Lot 1, NE/4NW/4, and N/2NE/4 (the N/2N/2 equivalent) of Section 31, Township 16 South, Range 28 East, NMPM, to form a non-standard 162.68-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Wolfcamp formation (Dog Canyon-Wolfcamp Pool) underlying the non-standard unit. The unit is to be dedicated to the Lucky Wolf "31" Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location 330 feet from the north line and 150 feet from the west line of Section 30. The well will penetrate the Wolfcamp formation at an orthodox location 330 feet from the north line and approximately 330 feet from the west line, and have a terminus 330 feet from the north line and 330 feet from the east line, of Section 31. 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 11 miles east-northeast of Artesia, New Mexico.