

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF PRIDE ENERGY COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 22853

**APPLICATION OF COTERRA ENERGY CO.
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 23295

**APPLICATION OF COTERRA ENERGY CO. FOR
THE CREATION OF A SPECIAL POOL, A WOLFBONE
POOL, PURSUANT TO ORDER NO. R-23132, TO
REOPEN CASE NOS. 22853 AND 23295 AND TO
APPROVE A POOLING APPLICATION FOR THE
WOLFBONE POOL, LEA COUNTY, NEW MEXICO.**

Case No. 24721

**APPLICATION OF PRIDE ENERGY COMPANY
FOR CREATION OF A SPECIAL WOLFBONE OIL
POOL IN PARTS OF SECTION 12 AND 13,
TOWNSHIP 19 SOUTH RANGE 34 EAST, NMPM,
LEA COUNTY, NEW MEXICO.**

Case No. 24736

**Order No. R-23132
Order No. R-23752**

**APPLICATION OF PRIDE ENERGY COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. _____

**APPLICATION OF COTERRA ENERGY CO.
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. _____

WRITTEN CLOSING ARGUMENT

Pride Energy Company ("Pride") submits this closing argument regarding allocation or production for wells drilled in the Scharb; Wolfbone Pool, as allowed by the Division.

A. INTRODUCTION.

1. In Case No. 22853 Pride applied for an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Pride and Coterra each own working interests in the Wolfcamp formation in the well unit

2. In Case No. 23295 Coterra Energy ("Coterra") applied for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Because of a depth severance at the base of the Bone Spring formation, Pride owns 0% working interest in the Bone Spring well unit, while Coterra owns a 50% working interest in the Bone Spring formation in the well unit.

3. These matters went to hearing, after which the Division entered Order No. R-23132. The order held that there was no barrier or baffle between the Third Bone Spring and the upper Wolfcamp, and ordered the parties to file applications to create a Wolfbone pool.

4. The parties, in Case Nos. 24721 and 24736, filed the appropriate applications, each requesting creation of a Wolfbone pool. The applications were granted by Order No. R-23752 (creating the Scharb; Wolfcamp Pool).¹ As a result, in order to properly pool the subject W/2W/2 of Section 12 and the W/2W/2 of Section 13, the parties need to apply to pool interests in the Wolfbone pool underlying these lands. That is being done simultaneously with the filing of this closing argument. Those two cases, noted above, do not yet have case numbers assigned to them.

¹ The vertical extent of the pool is described as the stratigraphic equivalent of the top of the Third Bone Spring Sand, located at approximately 10,745 feet measured depth, to the stratigraphic equivalent of the base of the Wolfcamp A Shale, located at approximately 11,400 feet measured depth, as found in the compensated well log of the Super Cobra State Com. Well No. 1H (API No. 30-025-41987).

5. Although the Scharb; Wolfbone Pool was created, the order did not contain an allocation of production. Both parties agree an allocation formula is necessary due to the depth severance. The Division has stated that an allocation of production should be considered in association with filed pooling applications. This written closing addresses that issue.

B. ARGUMENT.

6. First, it should be noted that the pooling statutes require “the owner of each property in a pool the opportunity to produce his just and equitable share of all oil or gas, or both, in a pool.” **NMSA 1978 Sec. 70-2-17.A.** In addition, the pooling statute provides that allocation of production to tracts under a pooling order must be based solely on surface acreage. **NMSA 1978 Sec. 70-2-17.C.**

7. When construing the meaning of a statute, the New Mexico Supreme Court determines and gives effect to the Legislature’s intent. *See Marbob Energy Corp. v. OCC*, 2009-NMSC-013, ¶ 9, 146 N.M. 24, 206 P.2d 135 (citing *N.M. Indus. Energy Consumers* 2007-NMSC-053, ¶ 20, 142 N.M. 533, 168 P.3d 105). When discerning such intent, the court looks first “to the plain language of the statute, giving the words their ordinary meaning, unless the Legislature indicates a different one was intended.” *Id.* “When statutory language is clear and unambiguous, [this Court] *must give effect to that language and refrain from further statutory interpretation.*” *Id.* (citing *Anadarko Petroleum Corp. v. Baca*, 117 N.M. 167, 169, 870 P.2d 129, 131 (1994)) (Brackets in the original) (Emphasis added).

8. Pride requests that the following method of allocation of production be adopted by the Division, because it satisfies the clear language of the pooling statutes:

- (a) Pride’s interests are in the W/2NW/4 of Section 13, which constitutes 25% of the well unit. Based on surface acreage, Pride owns 0% of the working interest in the Bone

Spring formation in this tract, but it owns 100% of the working interest in the Wolfcamp formation.

(b) The only way to allocate production on a surface acreage basis is by determining what the Third Bone Spring and the Wolfcamp contribute to production in this tract. The best way is to use log information from the Super Cobra State Com. Well No 1H, which is not only the well used in defining the Scharb; Wolfbone Pool, but is also the well nearest to the well unit proposed by both Pride and Coterra. **Exhibit 1.** Based on log analysis from that well, the Wolfcamp A zone has three times the thickness of the Third Bone Spring, and also has slightly greater average porosity. **Id., p.2.** This exhibit shows that the contribution to production from the Wolfcamp A shale is 82.06%.

(c) Based on these numbers, Pride's allocation of production in the subject W/2W/2 of Section 12 and the W/2W/2 of Section 13 well unit is: $82.06\% \times 80/320 = 20.515\%$ working interest.

9. This allocation is in harmony with Division precedent. In Case No. 13132 (the application of Devon Energy Company, L.P. for compulsory pooling) the applicant sought to pool the E/2 of Section 6, Township 23 South, Range 27 East, NMPM as to the Morrow formation (spaced on 320 acres). The Morrow formation underlying the well unit covered the interval from 11,366 - 11,883 feet subsurface. Due to depth severances, there were three different ownership zones (i) the zone from 11,366 feet to 11,761 feet, comprising 76.402321% of the Morrow interval; (ii) the zone from 11,761 feet to 11,766 feet, comprising 0.967118% of the Morrow interval; and (iii) the zone from 11,766 feet to 11,883 feet, comprising 22.630561% of the Morrow interval.

The operator planned on perforating in all three zones, and requested permission to allocate production based on the thickness of the zones set forth above. The Division granted the requested relief by Order No. R-12094. The formula satisfied the acreage requirement of the pooling statutes.

Likewise, the allocation formula proposed by Pride herein is based on acreage and reservoir thickness, and should be approved.

10. While Coterra will describe its method of allocation of production in its closing, Pride has been made generally aware of its plans, based in pleadings in these various cases. Pride asserts that Coterra's allocation plan is not based on acreage. Rather, it uses principles more pertinent to secondary recovery units formed under the Statutory Unitization Act, NMSA 1978 Secs. 70-7-1 *et seq.* That act is not applicable to primary production. In addition, Coterra's formula uses data from wells farther away from the well unit, where Third Bone Spring's thickness is much higher than in the Super Cobra State Com. Well No. 1H. Therefore, Coterra's plan must not be approved.

WHEREFORE, Pride requests the Division grant Pride's allocation formula (regardless of which party may operate the well).

Respectfully submitted,



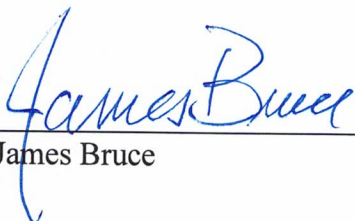
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CERTIFICATE OF SERVICE

I certify that the forgoing pleading was served on all counsel of record this 8th day of August, 2025.


James Bruce

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Go State Com 401H
320 Acre Unit

Government
23 #1

Super Cobra
State Com 1H

Quail Ridge
32 State #2

19S 34E

180

1

Pride Energy Company - Go State Com 401H - Wolfbone Allocation

W2W2 of Sec. 12 & 13-19S-34E, Lea County, New Mexico

Formation	Formation	Description	Super Cobra State Com 1H
Wolfbone	3rd Bone Spring	Top	10,745'
		Base	10,901'
		Width	156'
		Average Porosity	*8.66%
		Avg. Porosity x Width	13.510
		Wolfbone Allocation	17.94%
	Wolfcamp A	Top	10,901'
		Base	11,400'
		Width	499'
		Average Porosity	*12.38%
		Avg. Porosity x Width	61.776
		Wolfbone Allocation	82.06%

*Used PXND (Crossplot Porosity for Neutron Density)

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