

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(5050) 982-2151 (Fax)

jamesbruc@aol.com

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April 25, 2006

Case 13716

Hand Delivered

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

Dear Florene:

Enclosed for filing, on behalf of Pride Energy Company, 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 11, 2006 Examiner hearing. Thank you.

A pre-hearing statement is also enclosed.

→ omitted JB

Very truly yours,


James Bruce
Attorney for Pride Energy Company

PERSONS BEING POOLED

Abo Petroleum Corporation
MYCO Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 13716

APPLICATION

Pride Energy Company applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W $\frac{1}{2}$ of Section 12, Township 12 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 W $\frac{1}{2}$ of Section 12, and has the right to drill or re-enter a well thereon.
2. Applicant proposes to re-enter the State "X" Well No. 1, located 1980 feet from the north line and 660 feet from the west line of Section 12, and deepen the well to test the Mississippian formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 12 to the well 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 Four Lakes-Mississippian Gas Pool.
3. There are interest owners in the W $\frac{1}{2}$ of Section 12 who have not agreed to pool their interests for the purposes set forth herein.
4. Applicant seeks an order pooling all mineral interest owners in the W $\frac{1}{2}$ of Section 12, pursuant to NMSA 1978 §70-2-17.
5. Applicant also requests that the order entered herein provide for the drilling of an infill well pursuant to division rules.

6. The pooling of all mineral interests underlying the W $\frac{1}{2}$ of Section 12 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 12, from the surface to the base of the Mississippian formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering 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;
- 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; and
- F. Providing for the drilling of an infill well.

Respectfully submitted,



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

Attorney for Pride Energy Company

PROPOSED ADVERTISEMENT

Case No. 137/6 : Application of Pride Energy Company for compulsory pooling, Lea County, New Mexico: Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Section 12, Township 12 South, Range 34 East, NMPM, 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 Four Lakes-Mississippian Gas Pool. The unit is to be designated to the existing State "X" Well No. 1, located 1980 feet from the north line and 660 feet from the west line of Section 12, which is to be re-entered. Also to be considered will be the cost of re-entering 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 re-entering and completing the well. Applicant also requests that the order provide for the drilling of an infill well pursuant to Division rules. The unit is located approximately 12 miles west-northwest of Tatum, New Mexico.

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