

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

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

Case No. _____

VERIFIED STATEMENT OF MATTHEW L. PRIDE

Matthew L. Pride, being duly sworn upon his oath, deposes and states:

1. I am a landman for Pride Energy Company, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition to this case is expected because the interest owners have been contacted regarding the proposed well, and have simply not decided whether to join in the well.

(b) A plat outlining the lands being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 24, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico:

(i) the NW $\frac{1}{4}$ NE $\frac{1}{4}$ to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing;

(ii) the W $\frac{1}{2}$ NE $\frac{1}{4}$ to form a standard 80 acre oil and spacing and proration unit for any formations and/or pools developed on 80 acre spacing, including the Inbe Permo-Pennsylvanian Pool;

(iii) the NE $\frac{1}{4}$ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing; and

(iv) the N $\frac{1}{2}$ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing.

Oil Conservation Division
Case No. 13,830
Exhibit No. 1

The units will be dedicated to the Inbe "24" Well No. 1, to be drilled at a location 660 feet from the north line and 2130 feet from the east line of Section 24.

(c) The parties being pooled, their last known addresses, and their interests in the well units, are as follows:

1. Mobil Producing Texas & New Mexico Inc. c/o Exxon Mobil Corporation P.O. Box 4610 Houston, TX 77210-4610	6.250000%
2. Dorothy Mae Fann P.O. Box 1924 Lovington, NM 88260	0.297620%
3. Doris Fleming c/o Ed Fleming, Guardian P.O. Box 372 Clovis, NM 88101	0.297620%
4. Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210-2118	2.500000%
5. Yates Drilling Company 105 S. Fourth Street Artesia, NM 88210-2118	0.357140%
6. Abo Petroleum Corporation P.O. Box 900 Artesia, NM 88211-0900	0.357140%
7. MYCO Industries, Inc. P.O. Box 840 Artesia, NM 88211-0840	0.357140%

The mineral interests in the N½ of Section 24 are undivided, and are uniform throughout the half section. Therefore, the ownership of the persons being pooled is the same in each well unit.

(d) Copies of the proposal letters sent to the mineral interest owners are attached hereto as Exhibit B.

(e) Pride Energy Company has made a good faith effort to locate all interest owners, and to obtain their voluntary joinder in the proposed well.

(f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.

(g) Overhead charges of \$7,330/month for a drilling well, and \$767/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth.

(h) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.

(j) Applicant requests that it be designated operator of the well.

VERIFICATION

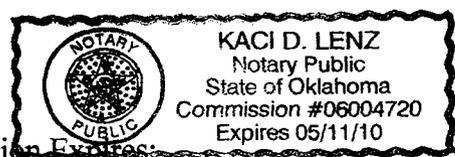
STATE OF OKLAHOMA)
) ss.
COUNTY OF Wagoner)

Matthew L. Pride, being duly sworn upon his oath, deposes and states that: He is a landman for Pride Energy Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

Matthew L. Pride
Matthew L. Pride

SUBSCRIBED AND SWORN TO before me this 27th day of November, 2006
by Matthew L. Pride.

Kaci D. Lenz
Notary Public



My Commission Expires: _____

FILE COPY

PRIDE ENERGY COMPANY

(918) 524-9200 ♦ Fax (918) 524-9292 ♦ www.pride-energy.com

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, OK 74136Mailing Address: P.O. Box 701950
Tulsa, OK 74170-1950
Email Address: matt@pride-energy.com

October 19, 2006

Via Certified Mail
Return Receipt #
91 3408 2133 3930 9929 1810Mobil Producing Texas & New Mexico Inc.
c/o Exxon Mobil Corporation
P.O. Box 4610
Houston, TX 77210-4610RE: Inbe "24" #1 Proposed Well
660' FNL and 2,310' FEL of Section 24, Township 11 South, Range 33 East
Lea County, New Mexico

To Whom It May Concern:

In reference to the above, Pride Energy Company hereby proposes the drilling of a 11,640' Mississippi, Morrow and Pennsylvanian test. An Authorization for Expenditure is enclosed in the amount of \$1, 685,437 Dry Hole Cost and \$2,497.637 Completed Cost.

We are hereby offering to lease your oil and gas mineral interest for \$200 per net acre, 3/16 royalty, 3 year term or for \$0 per net acre, 1/4 royalty, 3 year term. If you are interested in leasing, then please make the appropriate election below and return to my attention. If you are interested in participating in the drilling of the proposed well, please sign below and on the enclosed Authorization for Expenditure and return both to my attention, along with a check for your proportionate share of the Completed Well Cost.

Thank you for your immediate attention and response.

Sincerely,

Matthew L. Pride
Pride Energy Company

Mobil Producing Texas & New Mexico Inc.

X _____
By: _____
Title: _____

I hereby elect to:

- Participate
 Lease for \$200 per net acre; 3/16; 3 years
 Lease for \$0 per net acre; 1/4; 3 years

EXHIBIT B

FILE COPY

PRIDE ENERGY COMPANY

(918) 524-9200 • Fax (918) 524-9292 • www.pride-energy.com

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, OK 74136

Mailing Address: P.O. Box 701950
Tulsa, OK 74170-1950
Email Address: mattp@pride-energy.com

October 19, 2006

Via Certified Mail
Return Receipt #
91 3408 2133 3930 9929 1827

Dorothy Mae Fann
P.O. Box 1924
Lovington, NM 88260

RE: Inbe "24" #1 Proposed Well
660' FNL and 2,310' FEL of Section 24, Township 11 South, Range 33 East
Lea County, New Mexico

To Whom It May Concern:

In reference to the above, Pride Energy Company hereby proposes the drilling of a 11,640' Mississippi, Morrow and Pennsylvanian test. An Authorization for Expenditure is enclosed in the amount of \$1, 685,437 Dry Hole Cost and \$2,497,637 Completed Cost.

We are hereby offering to lease your oil and gas mineral interest for \$200 per net acre, 3/16 royalty, 3 year term or for \$0 per net acre, 1/4 royalty, 3 year term. If you are interested in leasing, then please make the appropriate election below and return to my attention. If you are interested in participating in the drilling of the proposed well, please sign below and on the enclosed Authorization for Expenditure and return both to my attention, along with a check for your proportionate share of the Completed Well Cost.

Thank you for your immediate attention and response.

Sincerely,



Matthew L. Pride
Pride Energy Company

Dorothy Mae Fann

X _____
By: _____
Title: _____

I hereby elect to:

- Participate
- Lease for \$200 per net acre; 3/16; 3 years
- Lease for \$0 per net acre; 1/4; 3 years

Pride Energy Company
P.O. Box 701950
Tulsa, OK 74170-1950

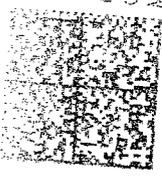


- Not Deliverable As Addressed
- Unable to Forward
- Insufficient Address
- Mailed, Left Unclaimed
- Unclaimed
- Mailed, No Return Address
- No Return Address
- No Mail Recipient
- Return For Better Address
- Postage Due

91 3408 2133 3930 9929 1827

Dorothy Mae Fann
P.O. Box 1924
Lovington, NM 88260

Handwritten signature



02 JP \$ 002222
0002150250 OCT 29 1993
MAILED FROM ZIP CODE 74133

FILE COPY

PRIDE ENERGY COMPANY

(918) 524-9200 • Fax (918) 524-9292 • www.pride-energy.com

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, OK 74136

Mailing Address: P.O. Box 701950
Tulsa, OK 74170-1950
Email Address: matt@pride-energy.com

October 19, 2006

Via Certified Mail
Return Receipt #
91 3408 2133 3930 9929 1896

Doris Fleming
c/o Ed Fleming, Guardian
P.O. Box 372
Clovis, NM 88101

RE: Inbe "24" #1 Proposed Well
660' FNL and 2,310' FEL of Section 24, Township 11 South, Range 33 East
Lea County, New Mexico

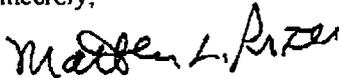
To Whom It May Concern:

In reference to the above, Pride Energy Company hereby proposes the drilling of a 11,640' Mississippi, Morrow and Pennsylvanian test. An Authorization for Expenditure is enclosed in the amount of \$1, 685,437 Dry Hole Cost and \$2,497,637 Completed Cost.

We are hereby offering to lease your oil and gas mineral interest for \$200 per net acre, 3/16 royalty, 3 year term or for \$0 per net acre, 1/4 royalty, 3 year term. If you are interested in leasing, then please make the appropriate election below and return to my attention. If you are interested in participating in the drilling of the proposed well, please sign below and on the enclosed Authorization for Expenditure and return both to my attention, along with a check for your proportionate share of the Completed Well Cost.

Thank you for your immediate attention and response.

Sincerely,



Matthew L. Pride
Pride Energy Company

Doris Fleming

X _____
By: _____
Title: _____

I hereby elect to:

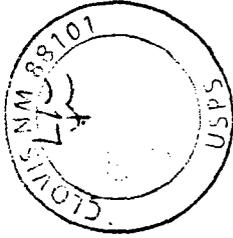
- Participate
- Lease for \$200 per net acre; 3/16; 3 years
- Lease for \$0 per net acre; 1/4; 3 years

Pride Energy Company
P.O. Box 701950
Tulsa, OK 74170-1950

e United States Postal Service
SIGNATURE CONFIRMATION

91 3408 2133 3930 9929 1896

Doris Fleming
c/o Ed Fleming, Guardian
P.O. Box 372
Clovis, NM 88101



Handwritten:
AS MESS...
P+D
5 (circled)
P+D

Pride Energy Company PO Box 701950 Tulsa, OK 74170-1950 918 524 9200 office 918 524 9292 facsimile		Authorization for Expenditure Well: Inbe 24 #1 Section 24 - T11S - R33E 660' FNL & 2,310' FEL Proposed Depth: 11,640' Primary Objectives: Mississippi, Morrow, Pennsylvanian			October 16, 2006	
Drilling intangibles						
Legal					15,000	
Rathole/Mouschole					10,000	
Water	45	day(s)	per day		25,000	
Location and road					35,000	
Drilling rig:	daywork	45	days at	18,000	per day	810,000
	mobilization					80,000
	fuel	45	days at	2,500	per day	112,500
Bits	9	bits at	5,000	each, average		45,000
Mud, chemicals & drayage		feet at		per foot		35,000
Mud Disposal bpf 0.30		bbls/load		per load		
Open Hole Logging		feet at		per foot		20,000
Equipment Rental		days at		per day, average		10,000
Cementing, Surface						10,000
Cementing, Intermediate						20,000
Casing crews, intermediate						8,000
Trucking						15,000
Other Services						20,000
Geological/Engineering	45	days at	1,500	per day		67,500
					Subtotal	1,338,000
Contingency					15%	200,700
					Total drilling intangibles	1,538,700
Drilling tangibles						
Casing, surface	425	feet at	35	per foot		14,875
Casing, intermediate	4150	feet at	20	per foot		83,000
Well head equipment						10,000
Float equipment						5,000
					Subtotal	112,875
Contingency					15%	33,862
					Total drilling tangibles	146,737
Completion intangibles						
Location and road						10,000
Casing crews, production						10,000
Cementing, production						45,000
Completion rig	10	days at	3,000	per day		30,000
Perforating and GR-CBL						15,000
Formation treatments						150,000
Equipment Rentals		days at		per day		5,000
Water or Diesel						10,000
Supplies						5,000
Trucking						10,000
Roustabout work		days at		per day		20,000
Other Services						20,000
Engineering	10	days at	1,000	per day		10,000
					Subtotal	340,000
Contingency					15%	51,000
					Total completion intangibles	391,000
Completion tangibles						
Production casing 5 1/2, N-80	11,700	feet at	15.00	per foot		175,500
Float equipment						10,000
Well head						15,000
Production tubing 2 3/4, N-80	11,700	feet at	5.50	per foot		58,500
Downhole Equipment						5,000
Production Equipment						50,000
Flowlines						10,000
					Subtotal	324,000
Contingency					15%	97,200
					Total completion tangibles	421,200
Approved: <u>Madden L. Battle</u> Date: <u>10/16/06</u>		Pride Energy Company			Dry hole cost: 1,685,437	
Approved: _____ Date: _____		Working Interest Owner			Completed well cost: 2,497,637	
					Your Interest	
					Your Total Cost	

Notice to Non-Operator: Costs shown on this form are estimates only. In executing this AFE, the consenting party agrees to pay its proportionate share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.

EXHIBIT C