

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF PRIDE ENERGY COMPANY
FOR COMPULSORY POOLING AND APPROVAL
OF AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

Case No. 1387⁴**AMENDED APPLICATION**

Pride Energy Company applies for an order pooling all mineral interests from the surface to the base of the North Bagley-Permo Pennsylvanian Pool underlying the S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 9, Township 11 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 9, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bagley Well No. 2, at a location 1905 feet from the north line and 2130 feet from the east line of Section 9, to a depth sufficient to test the North Bagley-Permo Pennsylvanian Pool, and seeks to dedicate the following acreage to the well:
 - (a) the SW $\frac{1}{4}$ 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 within that vertical extent; and
 - (b) the S $\frac{1}{2}$ 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 within that vertical extent, including the North Bagley-Permo Pennsylvanian Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 9 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 ~~S4NE~~ of Section 9, pursuant to NMSA 1978~~5~~0-2-17.

5. The well's location is unorthodox in the North Bagley-Permo Pennsylvanian Pool.

6. The pooling of all mineral interests underlying the ~~S4NE~~ of Section 9 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 ~~S4NE~~ of Section 9, from the surface to the base of the North Bagley-Permo Pennsylvanian Pool;
- B. Approving the unorthodox well location;
- 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;
- 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.

APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THAT THIS MATTER BE TAKEN UNDER ADVISEMENT.