

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Pride Energy Company applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a 157.83 acre horizontal spacing unit comprised of Lots 3, 6, 11, and 14 of Section 2, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

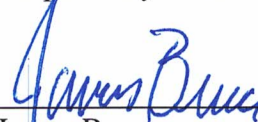
1. Applicant is an interest owner in Lots 3, 6, 11, and 14 of Section 2, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Grama Ridge State Com. Well Nos. 101H and 201H to depths sufficient to test the Bone Spring formation, and to dedicate Lots 3, 6, 11, and 14 of Section 2 thereto. The wells have first take points in Lot 14 and last take points in Lot 3 of Section 2.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Lots 3, 6, 11, and 14 of Section 2 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 wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying Lots 3, 6, 11, and 14 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying Lots 3, 6, 11, and 14 of Section 2 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 uncommitted mineral interest owners in the Bone Spring formation underlying Lots 3, 6, 11, and 14 of Section 2;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost among the wells' 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; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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