

CASE NO. 22853 (AND RELATED CASE 23295)

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

PRIDE'S EXHIBITS

1. Application and Proposed Notice
2. Landman's Affidavit
3. Geologist's Affidavit
4. Affidavit of Certified Notice
5. Certified Notice Spreadsheet
6. Affidavit of Publication
7. Pooling Checklist

PART I

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 22853

APPLICATION

Pride Energy Company applies 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, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W/2W/2 of Section 12 and the W/2W/2 of Section 13 (containing 320 acres), and has the right to drill a well thereon.

2. Applicant proposes to drill the Go State Com. Well No. 401H to a depth sufficient to test the Wolfcamp formation, and to dedicate W/2W/2 of Section 12 and the W/2W/2 of Section 13 thereto. The well has a first take point in the SW/4SW/4 of 13 and a last take point in the NW/4NW/4 of Section 12.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 12 and the W/2W/2 of Section 13 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 Wolfcamp

EXHIBIT /

formation underlying the W/2W/2 of Section 12 and the W/2W/2 of Section 13, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Wolfcamp formation underlying the W/2W/2 of Section 12 and the W/2W/2 of Section 13 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 interest owners in the Wolfcamp formation (Airstrip; Wolfcamp/Pool Code 970) underlying the W/2W/2 of Section 12 and the W/2W/2 of Section 13;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping 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; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Pride Energy Company

Application of Pride Energy Company for compulsory pooling, Lea County, New Mexico.

Pride Energy Company seeks an order pooling all mineral interest owners in the Wolfcamp formation in a horizontal spacing unit underlying the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, NMPM. The unit will be dedicated to the Go State. Com. Well No. 401H, a horizontal well with a first take point in the SW/4SW/4 of Section 13 and a last take point in the NW/4NW/4 of Section 12. Also to be considered will be the cost of drilling, completing, and equipping 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 drilling, completing, and equipping the well. The unit is located approximately 15-1/2 miles north-northeast of Halfway, New Mexico.

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. 22853

APPLICATION OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case No. 23295

SELF-VERIFIED STATEMENT OF MATTHEW L. PRIDE

Matthew L. Pride deposes and states:

1. I am a landman for Pride Energy Company ("Pride"), and have personal knowledge of the matters stated herein. I have previously testified before the Division as a landman, and my credentials as an expert were accepted as a matter of record.

2. In Case No. 22853 Pride Energy Company seeks an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprising the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, NMPM. The unit will be dedicated to the Go State Com. Well No. 401H, a horizontal well with a first take point in the SW/4SW/4 of Section 13 and a last take point in the NW/4NW/4 of Section 12.

Pride intends to test the Upper Wolfcamp, which it considers the most prospective Wolfcamp zone. The OCD has designated the well as a wildcat. The pool name is WC-025 G-09 S203435D; Wolfcamp [Pool Code 92847].

3. In Case No. 23295 Cimarex Energy Co. ("Cimarex") seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the same lands, W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, NMPM. The unit will be dedicated to three Bone Spring wells (named the Showbiz 13-12 State Com. Wells), including a Third Bone Spring Sand test (the Showbiz 13-12 State Com. Well No. 301H).

EXHIBIT

2

Pride believes that Well No. 301H will test the Lower Third Bone Spring Sand, immediately above the top of the Wolfcamp. Apparently, Cimarex considers it the most prospective Third Bone Spring zone. That well will be in the Scharb; Bone Spring [Pool Code 55610].

4. As to Pride's well, the following matters are set out:
 - (a) A plat outlining the spacing unit being pooled for the Go State Com. Well No. 401H is attached hereto as Exhibit A. A Form C-102 for the well is also part of Exhibit A.
 - (b) There is no depth severance in the Wolfcamp formation.
 - (c) The tracts of land involved, the parties being pooled, and their interests are set forth in Attachment B.
 - (d) To locate the interest owners Pride examined the records of Lea County and the State Land Office. In addition, internet searches were made. Pride believes it made a reasonable effort to locate all interest owners.
 - (e) Exhibit C contains a summary of communications with the interest owners. It also contains a sample copy of the proposal letter sent to the parties being pooled. Their current and or last known addresses were provided to Pride's attorney, and the names and addresses are listed in his notice letters.
 - (f) Pride has made a good faith effort to locate and obtain the voluntary joinder of the working interest owners in the proposed wells.
 - (g) Attachment D is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.
 - (h) Pride requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Pride requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
 - (i) Pride requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
 - (j) Pride requests that it be designated operator of the well.

5. One major issue in this case is that Cimarex has asserted that the Wolfcamp should not be drilled; that only the Third Bone Spring should be drilled. Pride does not agree, for the following reasons:

(a) Interest ownership is not uniform in the Bone Spring and Wolfcamp formations. Therefore adopting Cimarex's position will severely, adversely affect the correlative rights of the interest owners in the Wolfcamp formation.

(b) The Scharb; Bone Spring Pool was created in 1962. It has been considered a separate reservoir for over 60 years. There is no Wolfbone pool in this general area, and Cimarex has not applied to the Division to create such a pool. It simply wants Pride to be denied permission to drill.

(c) The OCD recognizes the Wolfcamp as a separate formation from the Bone Spring formation. Pride believes both reservoirs should and must be separately developed.

6. The attachments to this statement were prepared by me or under my supervision, or compiled from company business records.

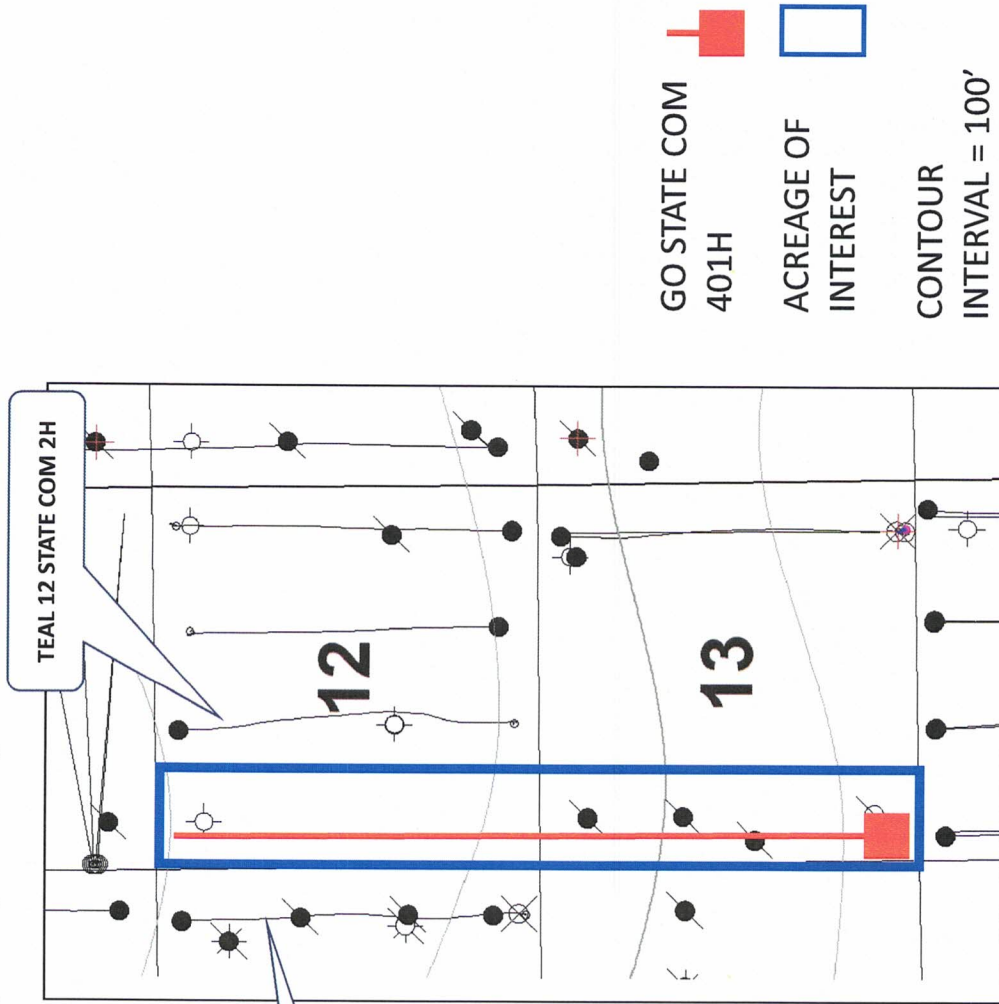
7. The granting of Pride's application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 7 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 7/12/23

Matthew L. Pride
Matthew L. Pride

ACREAGE OF INTEREST, W/2 W/2 SECTIONS 12 & 13



ATTACHMENT

A

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 98247	Pool Name WC-025 G-09 5203435D Wolfcamp
Property Code	Property Name GO STATE COM	Well Number 401H
OGRID No. 151323	Operator Name PRIDE ENERGY COMPANY	Elevation 3853'

Surface Location

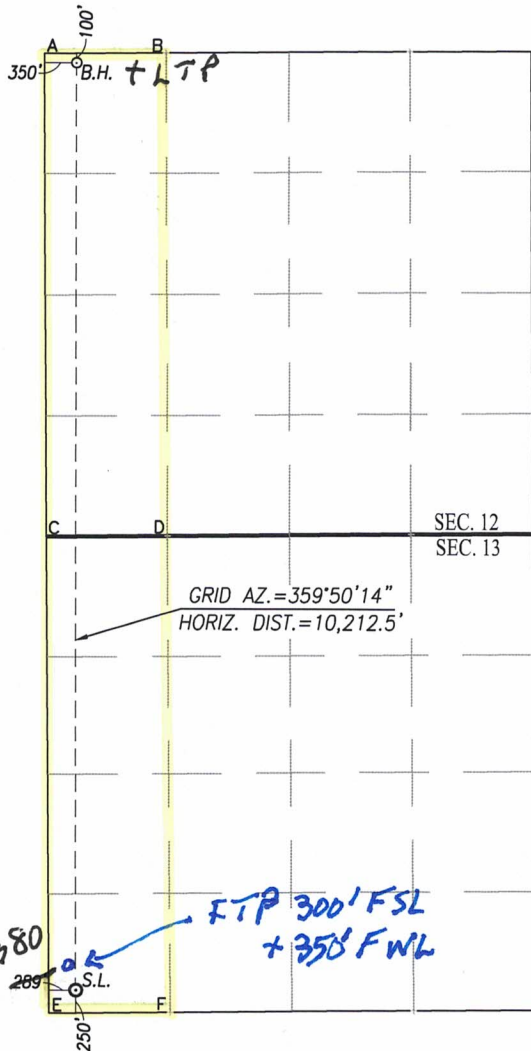
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	13	19-S	34-E		250	SOUTH	289 380	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	12	19-S	34-E		100	NORTH	350	WEST	LEA

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SCALE: 1"=2000'

BOTTOM HOLE LOCATION NAD 83 NME Y= 612739.9 N X= 791190.4 E LAT.=32.681838" N LONG.=103.521270" W	BOTTOM HOLE LOCATION NAD 27 NME Y= 612676.0 N X= 750010.4 E LAT.=32.681714" N LONG.=103.520776" W
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CORNER COORDINATES TABLE

NAD 27 NME

A - Y= 612772.4 N, X= 749659.6 E
B - Y= 612785.8 N, X= 750987.3 E
C - Y= 607493.8 N, X= 749706.1 E
D - Y= 607506.6 N, X= 751026.7 E
E - Y= 602212.6 N, X= 749752.3 E
F - Y= 602227.6 N, X= 751072.6 E

CORNER COORDINATES TABLE

NAD 83 NME

A - Y= 612836.3 N, X= 790839.6 E
B - Y= 612849.8 N, X= 792167.3 E
C - Y= 607557.5 N, X= 790886.2 E
D - Y= 607570.4 N, X= 792206.8 E
E - Y= 602276.2 N, X= 790932.6 E
F - Y= 602291.2 N, X= 792252.9 E

GEODETTIC COORDINATES NAD 83 NME SURFACE LOCATION Y= 602529.5 N X= 791219.4 E LAT.=32.653775" N LONG.=103.521429" W	GEODETTIC COORDINATES NAD 27 NME SURFACE LOCATION Y= 602465.9 N X= 750039.2 E LAT.=32.653651" N LONG.=103.520937" W
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OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey **3239**
Signature & Seal of Professional Surveyor:

Ronald J. Eidson 05/31/2022
Certificate Number Gary G. Eidson 12641
Ronald J. Eidson 3239

ACK JWSC W.O.: 22.11.0189

Date: 7/10/2023

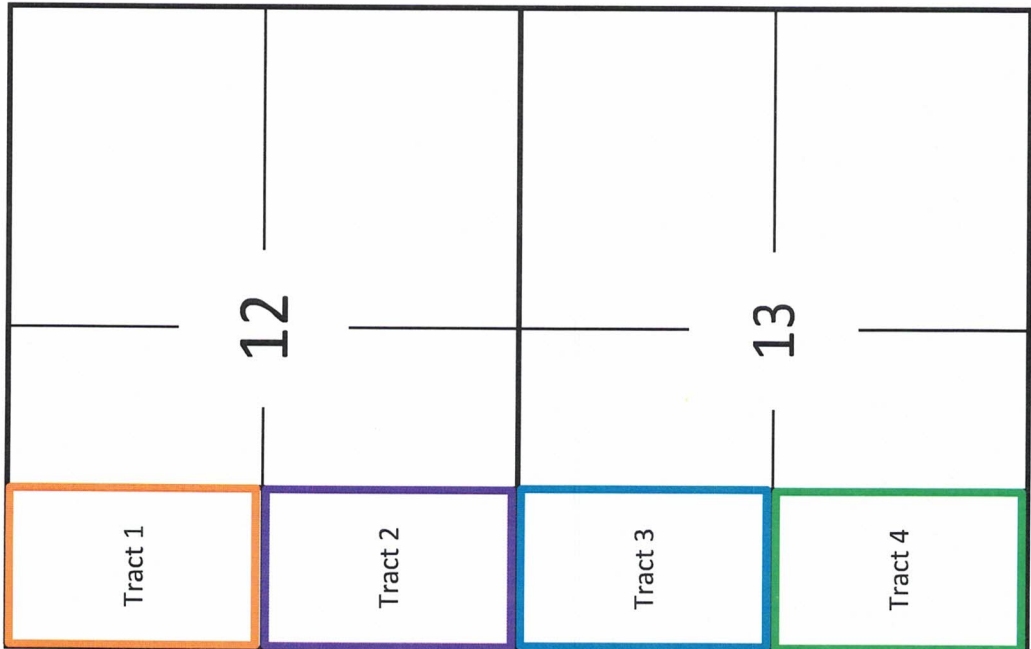


Section Plat

Go State Com #401H

W/2 W/2 of Section 12 & W/2 W/2 of Section 13-T19S-R34E

Lea County, New Mexico



Tract 1: W/2 NW of Section 12 - State Lease V-8024	WI in this Tract	WI in the Unit
Big Three Energy Group, LLC *	0.01500000	0.00375000
Buckhorn Energy, LLC *	0.02500000	0.00625000
CD Ray Exploration, LLC *	(see Charles D. Ray)	
Charles D. Ray *	0.01666667	0.00416667
COG Operating, LLC *	0.33250000	0.08312500
Concho Oil & Gas, LLC *	0.01750000	0.00437500
Conoco Phillips Company *	(See COG Operating, LLC)	
Crown Oil Partners IV, LP *	(For Currative Purposes)	
Crown Oil Partners V, LP *	(For Currative Purposes)	
Crump Energy Partners II, LLC *	(For Currative Purposes)	
Crump Family Partnership, Ltd. *	0.02500000	0.00625000
Featherstone Development Corporation *	0.02000000	0.00500000
H6 Holdings, LP *	0.01250000	0.00312500
Hanley Petroleum, LLC *	0.21000000	0.05250000
LHAH Properties, LLC *	0.02500000	0.00625000
Marathon Oil Permian, LLC *	0.14500000	0.03625000
Mavros Oil Company, LLC *	(For Currative Purposes)	
Parrot Head Properties, LLC *	0.01500000	0.00375000
Prospector, LLC *	0.10000000	0.02500000
Sharktooth Resources, Ltd *	0.00833333	0.00208333
Tarpon Industries Corporation *	0.00500000	0.00125000
TBO Oil & Gas, LLC *	0.00250000	0.00062500
Warren Ventures, Ltd. *	0.02500000	0.00625000
Totals	1.00000000	0.25000000

ATTACHMENT **B**

* Indicates parties being pooled.

Date: 7/10/2023

EXHIBIT 1

Section Plat

Go State Com #401H

W/2 W/2 of Section 12 & W/2 W/2 of Section 13-T19S-R34E

Lea County, New Mexico

Tract 2: W/2 SW of Section 12 - State Lease B-1565
Chevron U.S.A., Inc. *

Tract 3: W/2 NW of Section 13 - State Lease V-6757
Pride Energy Company

Tract 4: W/2 SW of Section 13 - State Lease OG-4769-2
Coterra Energy, Inc., formerly Cimarex Energy Co. *

* Indicates parties being pooled.

Pride Energy Company

Date: 7/11/2023

**Summary of Parties being Pooled
Sections 12 & 13-19S-34E: W/2 W/2 of each Section
Lea County, New Mexico**

Party Being Pooled	Contact Name	Date Well Proposal Letter was mailed	Date of Follow-up E-mails or Phone Calls
1 Big Three Energy Group, LLC	Tres Featherstone	3/31/2022	5/26/22 – E-mail at 11:46am
			5/26/22 – Phone call at 12:12pm
			5/26/22 – E-mail at 12:18pm
			5/27/22 – Phone Call
2 Buckhorn Energy, LLC	Emily Fielding	3/31/2022	4/6/22 – E-mail
			4/8/22 – E-mail
3 CD Ray Exploration, LLC	Deborah S. Moore	3/31/2022	4/21/22 – E-mail
4 Charles D. Ray	Deborah S. Moore	3/31/2022	4/21/22 – E-mail
5 Chevron U.S.A., Inc.	Scott Sabrusula	3/31/2022	4/6/22 – E-mail
			4/22/22 – E-mail
			6/14/22 – E-mail
			6/15/22 – E-mail
			6/27/22 – E-mail
			8/19/22 – E-mail at 9:59am
			8/19/22 – E-mail at 10:59am
			9/15/22 – Phone Call
			10/3/22 – Phone Call
			7/21/22 – E-mail

ATTACHMENT C

Pride Energy Company

Date: 7/11/2023

**Summary of Parties being Pooled
Sections 12 & 13-19S-34E: W/2 W/2 of each Section
Lea County, New Mexico**

	Party Being Pooled	Contact Name	Date Well Proposal Letter was mailed	Date of Follow-up E-mails or Phone Calls
6	Coterra Energy, Inc., formerly Cimarex Energy Company	John Coffman	3/31/2022	5/24/22 - Phone Call 6/21/22 - E-mail 6/22/22 - E-mail at 10:48am 6/22/22 - E-mail at 1:26pm 7/5/22 - Phone Call 7/19/22 - Phone Call 7/26/22 - E-mail at 1:47pm 7/26/22 - E-mail at 4:58pm 8/2/22 - E-mail at 9:00am 8/2/22 - E-mail at 2:50pm 8/6/22 - E-mail at 9:06am 8/6/22 - E-mail at 2:50pm 9/6/22 - E-mail at 3:57pm 9/9/22 - E-mail at 3:03pm 9/12/22 - E-mail at 2:15pm 9/12/22 - E-mail at 2:16pm 9/12/22 - E-mail at 2:21pm 9/15/22 - E-mail at 4:09pm 9/19/22 - E-mail at 11:17am 9/19/22 - E-mail at 11:19am 9/29/22 - E-mail 10/25/22 - E-mail at 4:05pm 11/7/22 - E-mail at 2:40pm 11/7/22 - E-mail 11/8/22 - E-mail at 3:23pm 11/8/22 - E-mail at 4:40pm 11/8/22 - E-mail at 5:04pm 11/9/22 - E-mail at 3:56pm 11/9/22 - E-mail at 4:01pm 11/10/22 - E-mail at 10:23am 11/10/22 - E-mail at 10:30am 11/16/22 - E-mail at 4:15pm 12/7/22 - E-mail at 2:18pm

Pride Energy Company

Date: 7/11/2023

**Summary of Parties being Pooled
Sections 12 & 13-19S-34E: W/2 W/2 of each Section
Lea County, New Mexico**

Party Being Pooled	Contact Name	Date Well Proposal Letter was mailed	Date of Follow-up E-mails or Phone Calls
7 COG Operating LLC	Baylor Mitchell	3/31/2022	4/13/22 – E-mail
			4/18/22 – E-mail
			4/21/22 – E-mail
			4/22/22 – E-mail
			6/2/22 – E-mail at 10:07am
			6/2/22 – E-mail at 10:11am
			6/29/22 – E-mail at 8:38am
8 Concho Oil & Gas LLC	Baylor Mitchell	3/31/2022	6/29/22 – E-mail at 4:25pm
			6/30/22 – E-mail
			4/13/22 – E-mail
			4/18/22 – E-mail
			4/21/22 – E-mail
			4/22/22 – E-mail
			8/15/22 – E-mail at 7:49am
9 Conoco Phillips Company	Baylor Mitchell	3/31/2022	8/15/22 – E-mail at 11:30am
			8/15/22 – E-mail at 5:26pm
			8/16/22 – E-mail
			8/19/22 – E-mail at 11:31am
10 Crown Oil Partners IV, LP	Phil Hammond	3/31/2022	4/27/22 - Mail
			5/2/22 – E-mail
			5/26/22 – E-mail
			5/27/22 – Phone Call

Pride Energy Company

Date: 7/11/2023

**Summary of Parties being Pooled
Sections 12 & 13-19S-34E: W/2 W/2 of each Section
Lea County, New Mexico**

	Party Being Pooled	Contact Name	Date Well Proposal Letter was mailed	Date of Follow-up E-mails or Phone Calls
11	Crown Oil Partners V, LP	Phil Hammond	3/31/2022	4/27/22 - Mail 5/2/22 - E-mail 5/26/22 - E-mail 5/27/22 - Phone Call
12	Crump Energy Partners II, LLC	Phil Hammond	3/31/2022	4/27/22 - Mail 5/2/22 - E-mail 5/26/22 - E-mail 5/27/22 - Phone Call
13	Crump Family Partnership, Ltd	Phil Hammond	3/31/2022	4/27/22 - Mail 5/2/22 - E-mail 5/26/22 - E-mail 5/27/22 - Phone Call
14	Featherstone Development Corporation	Tres Featherstone	3/31/2022	5/26/22 - E-mail at 11:46am 5/26/22 - Phone call at 12:12pm 5/26/22 E-mail at 12:18pm 5/27/22 - Phone Call 6/16/22 - Letter
15	H6 Holdings LP	Janet R. Hanson	3/31/2022	4/11/22 - Phone call

Pride Energy Company

Date: 7/11/2023

**Summary of Parties being Pooled
Sections 12 & 13-19S-34E: W/2 W/2 of each Section
Lea County, New Mexico**

	Party Being Pooled	Contact Name	Date Well Proposal Letter was mailed	Date of Follow-up E-mails or Phone Calls
16	Hanley Petroleum LLC	Fred Closuit	3/31/2022	5/9/22 – Phone Call
17	LHAH Properties LLC	Fred Closuit	3/31/2022	5/9/22 – Phone Call
18	Marathon Oil Permian, LLC	Blake D. Williams	3/31/2022	4/4/22 – E-mail
				4/5/22 – E-mail
				5/5/22 – E-mail
				6/14/22 – E-mail
				6/28/22 – E-mail
19	Mavros Oil Company, LLC	Phil Hammond	3/31/2022	7/26/22 – E-mail
				4/27/22 - Mail
				5/2/22 – E-mail
				5/26/22 – E-mail
				5/27/22 – Phone Call
20	Parrot Head Properties, LLC	Tres Featherstone	3/31/2022	5/26/22 – E-mail at 11:46am
				5/26/22 – Phone call at 12:12pm
				5/26/22 – E-mail at 12:18pm
				5/27/22 – Phone Call

Pride Energy Company

Date: 7/11/2023

**Summary of Parties being Pooled
Sections 12 & 13-19S-34E: W/2 W/2 of each Section
Lea County, New Mexico**

	Party Being Pooled	Contact Name	Date Well Proposal Letter was mailed	Date of Follow-up E-mails or Phone Calls
21	Prospector, LLC	Tres Featherstone	3/31/2022	5/26/22 – E-mail at 11:46am 5/26/22 – Phone call at 12:12pm 5/26/22 – E-mail at 12:18pm 5/27/22 – Phone Call
22	Sharktooth Resources, Ltd	Emily Fielding	3/31/2022	4/6/22 – E-mail 4/8/22 – E-mail
23	Tarpon Industries Corporation	Land Department	3/31/2022	
24	TBO Oil & Gas, LLC	Stacy D. Hardin	3/31/2022	4/18/22 – E-mail 4/20/22 – E-mail 4/21/22 – E-mail 4/22/22 – E-mail 6/10/22 – E-mail 6/13/22 – Letter
25	Warren Ventures, Ltd	Joseph S. Davis	3/31/2022	4/11/22 – E-mail 4/12/22 – E-mail 4/13/22 – E-mail 4/19/22 – E-mail 4/20/22 – E-mail 9/6/22 – E-mail 9/7/22 – E-mail 9/16/22 – E-mail

PRIDE ENERGY COMPANY

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

Physical Address: 4641 E. 91st Street
Tulsa, OK 74137

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

March 31, 2022

Sent Via Certified Mail,
Return Receipt #

ATTN: Land Department

RE: Go State Com #401H
Sections 12 and 13, Township 19 South, Range 34 East: W/2 W/2 of each section
No closer than 330' from the West line, No closer than 100' from the South line of
Section 13, No closer than 100' from the North line of Section 12.
Lea County, New Mexico

To Whom it May Concern,

In reference to the above, Pride Energy Company ("Pride") hereby proposes to drill the Go State Com #401H well, a horizontal well to be located in the W/2 W/2 of Section 12, Township 19 South, Range 34 East, and the W/2 W/2 of Section 13, Township 19 South, Range 34 East, Lea County, New Mexico, to a depth sufficient to test the Wolfcamp formation. This well will be drilled from a surface location in the SW/4 SW/4 of Section 13, Township 19 South, Range 34 East to a bottom-hole location in the NW/4 NW/4 of Section 12-19S-34E, with an estimated True Vertical Depth (TVD) of 11,025', and projected 9,960' horizontal lateral across Sections 12 and 13-19S-34E, (approximately 20,985' Total Measured Depth (TMD)).

Our records indicate you own, or may claim to own, an oil and gas leasehold interest in the W/2 W/2 of Section 12-19S-34E and/or the W/2 W/2 of Section 13-19S-34E. Pride respectfully requests that you elect one of the following options:

Participate in drilling the proposed Go State Com #401H well to the full extent of your interest. Our AFE is enclosed with an estimated dry hole cost of \$5,185,780, and total completed well cost of \$9,627,780. Should you elect this option, your share of the estimated total completed well costs must be prepaid to Pride within 20 days of your receipt of this well proposal. Your proportionate share of well costs will be based upon your actual ownership interest in the spacing unit (being a 320-acre spacing unit). Your election is due 20 days from the date that you receive this well proposal.

1. Assign all of your oil and gas leasehold rights in the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, Lea County, New Mexico to Pride for \$1,000.00 (one thousand dollars) per net acre and delivering to pride an 81.25% (eighty-one and one-fourth percent) Net Revenue Interest.

- 2. No cash bonus with a 1/4th royalty (delivering to Pride a 75.00% (seventy-five percent) net revenue interest).

Please indicate your election in the space provided below and return (1) copy of this letter to my attention. This offer is subject to our verification of your title and that you own an oil and gas leasehold interest within the subject tract of land (outside of any existing wellbores), and have the right to participate in the proposed well.

Thank you, and if there are any questions, please feel free to contact me at (918) 524-9200.

Sincerely,

Pride Energy Company

Matthew L. Pride

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 2022.

- 1. _____ The undersigned hereby elects Option No. 1, which is to participate in the drilling and completion of the subject well, and hereby agrees to remit the undersigned's proportionate share of the total completed well costs to Pride within 20 days of receipt of this well proposal by the undersigned.
- 2. _____ The undersigned hereby elects Option No. 2, which is to assign all of the oil and gas leasehold rights in the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, Lea County, New Mexico to Pride for \$1,000.00 (one thousand dollars) per net acre and delivering to pride an 81.25% (eighty-one and one-fourth percent) Net Revenue Interest.
- 3. _____ The undersigned hereby elects Option No. 3, which is to not participate in the drilling and completion of the subject well, and in lieu thereof, to accept a no cash bonus and delivering Pride a 75.0% (seventy-five percent) Net Revenue Interest on the leasehold interest owned in the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East.

X _____

By: _____

Title: _____

E-mail Address: _____

Phone #: _____

Fax #: _____

Date: _____

PRIDE ENERGY COMPANY

(918) 524-9200 Fax (918) 524-9292

www.pride-energy.com

Mailing Address: P.O. Box 701950, Tulsa, OK 74170-1950

AUTHORITY FOR EXPENDITURE

OPERATOR: PRIDE ENERGY COMPANY	DATE: 3/30/2022
Well Name: Go State Com #401H	AFE DESCRIPTION: Drill and Complete Horizontal Wolfcamp Well
LEGAL: Sections 12 and 13-19S-34E: W/2 W/2	AFE #: 279
Surface Hole Location: SW/4 SW/4 of Section 13-19S-34E	Proposed Total Depth: Approx. 11,025' TVD/ 20,985' TMD (9,960' lateral)
Lateral: NCT 330' FWL, NCT 100' FNL of Sec. 12-19S-34E	STATE/COUNTY: Lea County, New Mexico
Location: and 330' FWL, NCT 100' FSL of Sec. 13-19S-34E	

DETAILS OF ESTIMATED EXPENDITURES	DRILLING	COMPLETION	FACILITIES	ART LIFT	TOTAL
INTANGIBLES					
Base/ Field Office Operations (housing, utilities, trash, etc.)	\$ 36,149	\$ 15,000	\$ -	\$ -	\$ 51,149
Cased Hole Electric Wireline	\$ -	\$ 230,000	\$ -	\$ 10,000	\$ 240,000
Services - Casing Crews and Running Tools	\$ 65,000	\$ 25,000	\$ -	\$ 4,500	\$ 94,500
Coil Tubing Unit	\$ -	\$ 185,000	\$ -	\$ -	\$ 185,000
Communications	\$ 5,810	\$ -	\$ -	\$ -	\$ 5,810
Consultants/ Supervision	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ 150,000
Flowback Hands	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Directional Drilling Operations	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
Environmental & Safety Services	\$ 1,730	\$ 17,500	\$ -	\$ -	\$ 19,230
Trucking/Hauling	\$ 30,000	\$ 20,000	\$ -	\$ -	\$ 50,000
Fluids Disposal (includes transportation)	\$ 94,685	\$ 10,000	\$ -	\$ -	\$ 104,685
Conductor Pipe	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Formation Stimulation - Fracturing	\$ -	\$ 1,821,000	\$ -	\$ -	\$ 1,821,000
Formation Stimulation - Other	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Hot Oiling Services	\$ -	\$ 4,500	\$ -	\$ -	\$ 4,500
Inspection - Bottom Hole Assembly	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Cement	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000
Flowback Equipment Rental	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
Chemicals	\$ -	\$ 140,000	\$ -	\$ -	\$ 140,000
Labor - Company Supervision	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Company Labor	\$ 10,000	\$ 10,000	\$ 7,000	\$ 2,000	\$ 29,000
Labor - Contract Employees	\$ -	\$ -	\$ 42,000	\$ -	\$ 42,000
Location Preparation	\$ 190,000	\$ 500	\$ 15,000	\$ -	\$ 205,500
Location Remediation & Maintenance	\$ 219,337	\$ 6,250	\$ 2,000	\$ -	\$ 227,587
Services Miscellaneous	\$ 45,642	\$ 3,250	\$ -	\$ 5,000	\$ 53,892
Mud Logging Services	\$ 26,000	\$ -	\$ -	\$ -	\$ 26,000
Drilling & Completion Rig Costs \$/day	\$ 800,000	\$ 57,500	\$ -	\$ 15,000	\$ 872,500
Water Hauling	\$ 20,000	\$ 5,000	\$ -	\$ -	\$ 25,000
Rig Mobilization & De-Mobilization	\$ 207,000	\$ -	\$ -	\$ -	\$ 207,000
Water Transfer	\$ 10,000	\$ 55,000	\$ -	\$ -	\$ 65,000
Screen for Shale Shakers	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Drilling Instrumentation	\$ 22,000	\$ -	\$ -	\$ -	\$ 22,000
Survey - Well (not associated with directional drilling)	\$ 2,082	\$ -	\$ -	\$ -	\$ 2,082
Testing - Well Control Equipment	\$ 20,000	\$ 4,000	\$ -	\$ -	\$ 24,000
Transportation - Land	\$ 8,521	\$ 12,500	\$ 10,000	\$ 5,000	\$ 36,021
Services Welding	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Drill Bits	\$ 200,000	\$ 5,000	\$ -	\$ -	\$ 205,000
Blow-Out Preventer	\$ 20,657	\$ 25,000	\$ -	\$ 2,000	\$ 47,657
Frac Tank Rental	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000
Gas Lift	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000
Drill String	\$ 26,991	\$ -	\$ -	\$ -	\$ 26,991
Inspection - Drill Pipe	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Fuel	\$ 140,000	\$ 200,000	\$ -	\$ -	\$ 340,000
Gas Measurement	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000
Nipple Up Service	\$ 10,000	\$ 5,000	\$ -	\$ -	\$ 15,000
Rent Miscellaneous Surface Equipment	\$ 12,287	\$ 82,500	\$ 17,000	\$ -	\$ 111,787
Mud - Drilling	\$ 370,000	\$ -	\$ -	\$ -	\$ 370,000
Mud Monitoring & Processing Equipment	\$ 49,050	\$ -	\$ -	\$ -	\$ 49,050
Float Collars, Centralizers	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Stabilizer, Under-Reamer, Hole Opener	\$ 10,328	\$ -	\$ -	\$ -	\$ 10,328
Equipment Rental	\$ 100,000	\$ -	\$ 50,000	\$ -	\$ 150,000
Water	\$ 7,101	\$ 480,000	\$ -	\$ -	\$ 487,101
Drilling Insurance	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Legal Fees	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Regulatory Compliance	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Overhead	\$ 12,910	\$ -	\$ -	\$ -	\$ 12,910
Subtotal - Intangibles	\$ 3,627,780	\$ 3,624,500	\$ 163,000	\$ 43,500	\$ 7,458,780
TANGIBLES					
Vapor Recovery System	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Line Pipe & Battery Fillings	\$ -	\$ -	\$ 78,000	\$ -	\$ 78,000
Separators	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Stock Tanks	\$ -	\$ -	\$ 62,000	\$ -	\$ 62,000
Treaters	\$ -	\$ -	\$ 31,000	\$ -	\$ 31,000

ATTACHMENT D

TANGIBLES CONTINUED	DRILLING	COMPLETION	FACILITIES	ART LIFT	TOTAL
Artificial Lift	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
Casing Accessories	\$ 41,000	\$ -	\$ -	\$ -	\$ 41,000
Water Casing (Conductor Casing)	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Pipe Surface Casing	\$ 125,000	\$ -	\$ -	\$ -	\$ 125,000
Production Intermediate Casing	\$ 585,000	\$ -	\$ -	\$ -	\$ 585,000
Production Casing/Liner	\$ 760,000	\$ -	\$ -	\$ -	\$ 760,000
Tubing	\$ -	\$ 145,000	\$ -	\$ -	\$ 145,000
Gas Pipeline	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Water Transfer Pipeline	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Wellhead	\$ 37,000	\$ 30,000	\$ -	\$ -	\$ 67,000
Subtotal - Tangibles	\$ 1,558,000	\$ 175,000	\$ 421,000	\$ 15,000	\$ 2,169,000
TOTAL NET COST:	\$ 5,185,780	\$ 3,799,500	\$ 584,000	\$ 58,500	\$ 9,627,780

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. In executing this AFE, the participant agrees to pay its proportionate share of the actual costs incurred, including legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well.

Operator: Pride Energy Company

Working Interest Owner:

AFE Amount	WI Decimal	Proportionate Costs
\$ 9,627,780		\$ -

Approved By: <u>Matthew L. Pride</u>	Approved By: _____
Signature: _____	Signature: _____
Date: <u>4/21/2022</u>	Date: _____

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

SELF-AFFIRMED STATEMENT OF HARVIN BROUGHTON

COUNTY OF MIDLAND)
) ss.
STATE OF TEXAS)

Harvin Broughton deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am an independent geologist, and I am familiar with the geological matters involved in this case. I have previously testified before the Division as a petroleum geologist, and my credentials as an expert were accepted as a matter of record. I have been retained by Pride Energy Company ("Pride") to testify in this matter.

3. In this case Pride seeks to pool the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 33 East, NMPM as to the Wolfcamp formation.

4. The following geological plats are attached hereto:

(a) Attachment A is a plat of the Permian Basin, showing the general location of the proposed well, located in the Delaware Basin just west of the Central Basin Platform, in southern Lea County.

(b) Attachment B is a Delaware Basin Stratigraphic Column, identifying the Wolfcamp formation, the target formation of the proposed Go State Com. Well No. 401H.

(c) Attachment C is a Subregional Structure Map on the top of the Wolfcamp formation. It shows that structure dips from the north to the south. It also shows a line of cross-section.

(d) Attachment D is a south-north cross section of the Wolfcamp formation. The well logs on the cross-section give a representative sample of the Wolfcamp formation in this area. The Upper Wolfcamp is continuous and of relatively uniform thickness across the proposed well unit.

EXHIBIT 3

(e) Attachment E is a schematic of the well unit, showing surface and bottomhole locations. The first and last take points of the well will be orthodox.

(f) Attachment F is a Type Log identifying the target interval and total vertical depth of the well in the Upper Wolfcamp.

5. I conclude from the maps that:

(a) The horizontal spacing unit is justified from a geologic standpoint.

(b) The target zone is continuous and of relatively uniform thickness across the well unit.

(c) Each quarter-quarter section in the well unit will contribute more or less equally to production from the target zones.

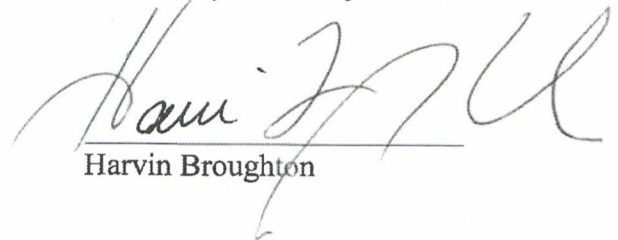
(d) There is no faulting or other geologic impediment in the area which will adversely affect the drilling of the subject well.

6. Attachment E also shows wells drilled in this area. Standup wells are the preferred orientation.

7. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 6 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date:

7/20/2023



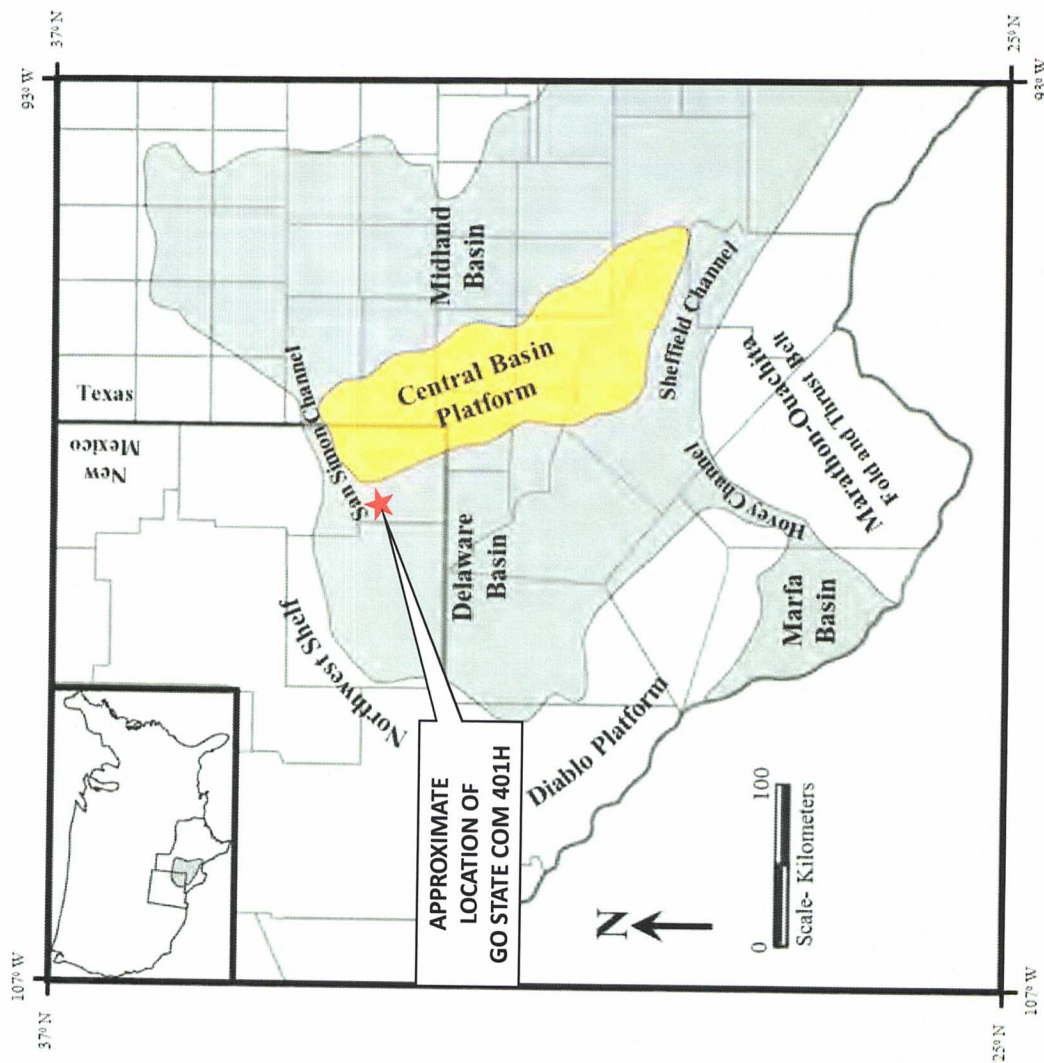
Harvin Broughton

PRIDE ENERGY COMPANY GO STATE COM #401H

GEOLOGIC PRESENTATION
COMPULSORY POOLING HEARING

JULY 20, 2023

GREATER PERMIAN BASIN



ATTACHMENT *A*

DELAWARE BASIN STRATIGRAPHIC COLUMN

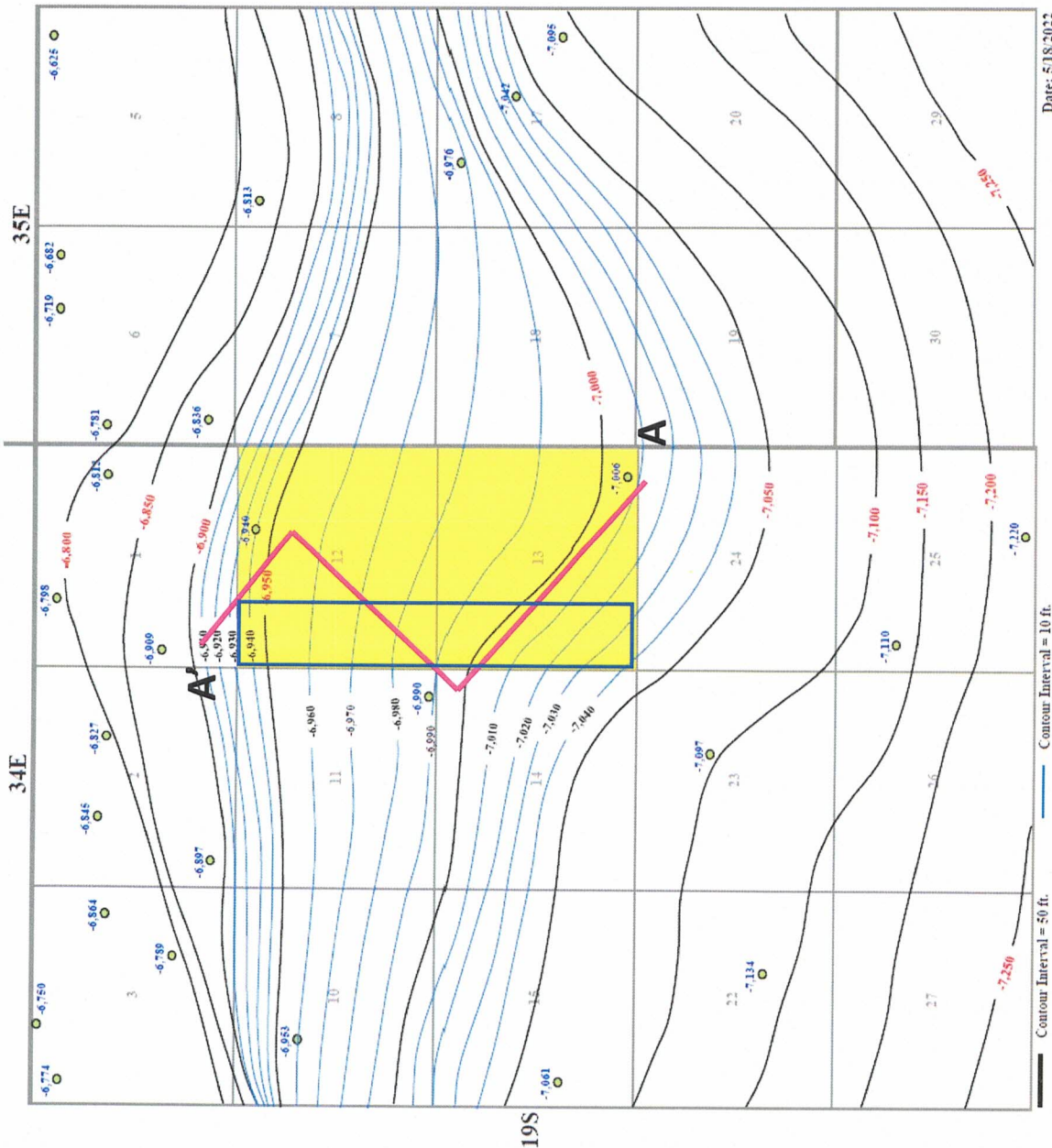
DELAWARE BASIN		
Age	Strata	Oil Plays
Triassic	Chimie	
	Santa Rosa	
Carboniferous	Dewey Lake	
	Rustler	
	Salado	
	Castle	
Permian	Bell Canyon	Delaware Mountain Group
	Cherry Canyon	Delaware Mountain Group
	Bushy Canyon	Delaware Mountain Group
Levenshian	Bone Spring	Bone Spring Basinal Sandstone and Carbonate
	Hueco ("Wolfcamp")	Wolfcamp-Leonard Basinal Carbonate
Pennsylvanian	Cisco	
	Canyon	
	Strawn	
	Aloka	
	Morrow	
	Barnett	
	undivided limestones	
	Woodford	
	Thirtyone	Deerfoot Thirtyone Depositional Chert
	Wristen	Wristen Buildups and Platform Carbonate
Miss.	Fusselman	Fusselman Shallow Platform Carbonate
	Montoya	
Dev.	Simpson	Simpson Crinoid Sandstone
	Elkenburger	Elkenburger Karst Modified Restricted Ramp Carbonate
Sill.	Bliss	
Ord.		
Cambrian		
Precambrian	igneous, metamorphics, volcanics	

TARGET INTERVAL
UPPER WOLFCAMP

ATTACHMENT *B*

REGIONAL STRUCTURE MAP, WFMP TOP

Sections 12 & 13-19S-33E - Lea County, New Mexico
Top of Wolfcamp - Subsea Structure Map



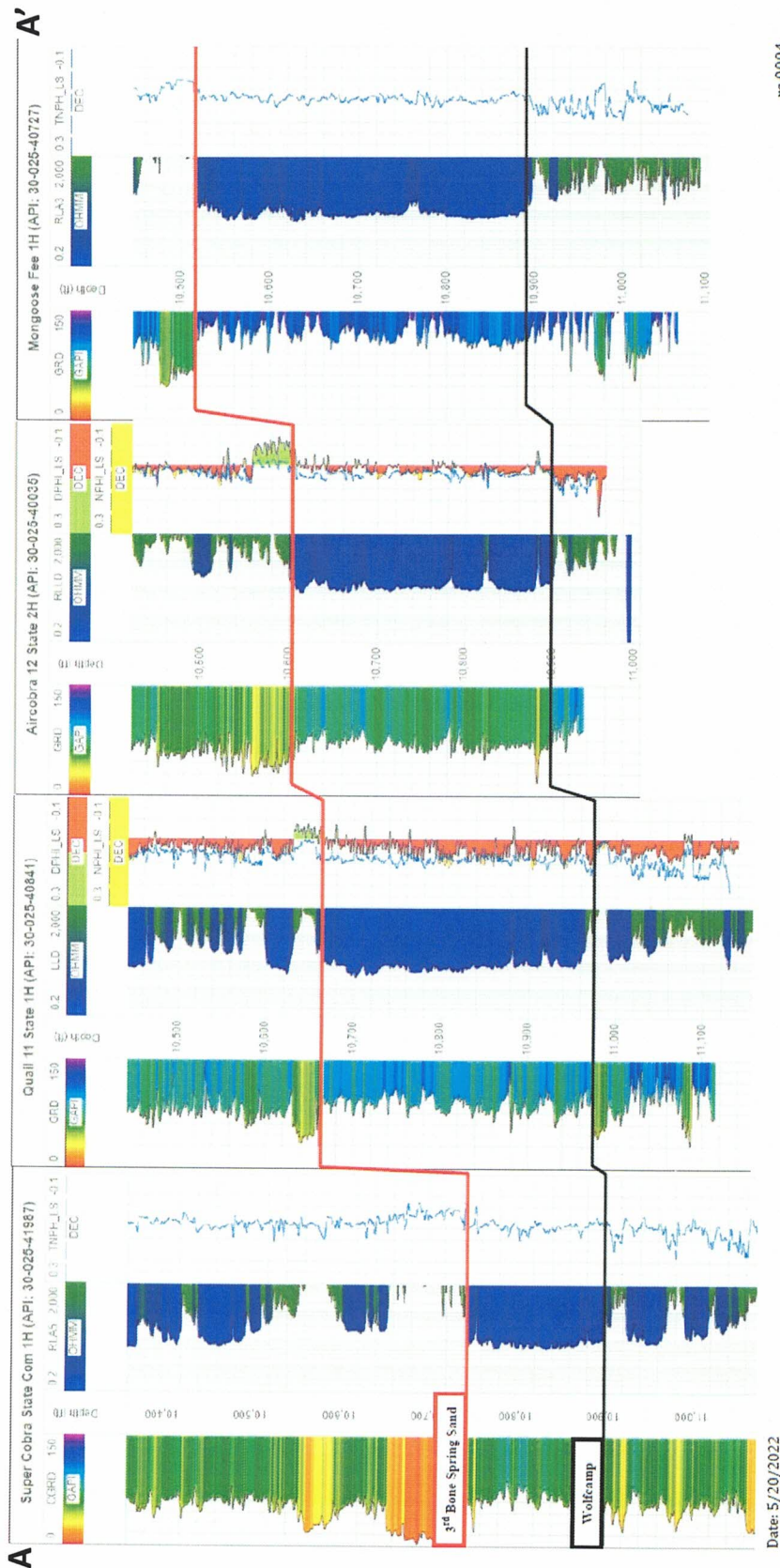
ATTACHMENT

ACREAGE OF INTEREST

CROSS SECTION REFERENCE LINE

SOUTH TO NORTH CROSS SECTION

Pride Energy Company – Go State Com 401H Top of Wolfcamp Cross Section

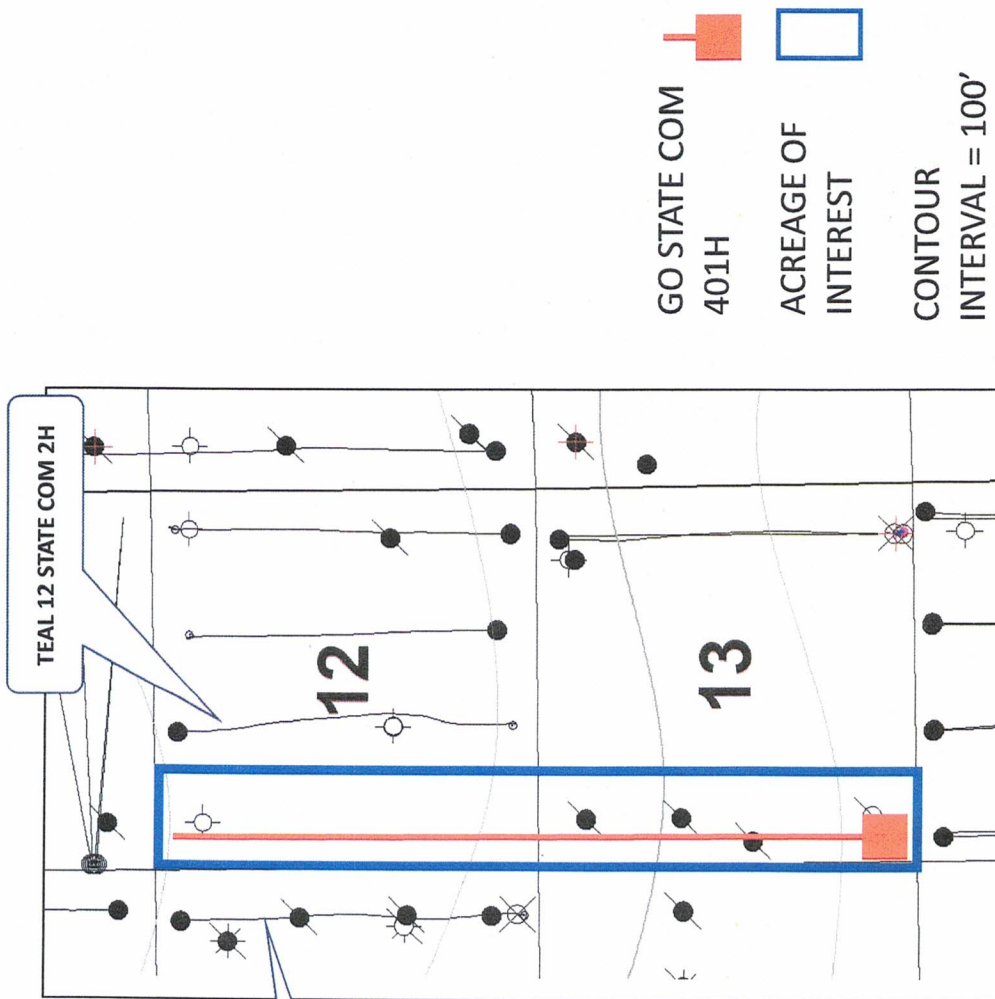


rs.0004

Date: 5/20/2022

ATTACHMENT D

ACREAGE OF INTEREST, W/2 W/2 SECTIONS 12 & 13



TEAL 12 STATE COM 2H

12

13

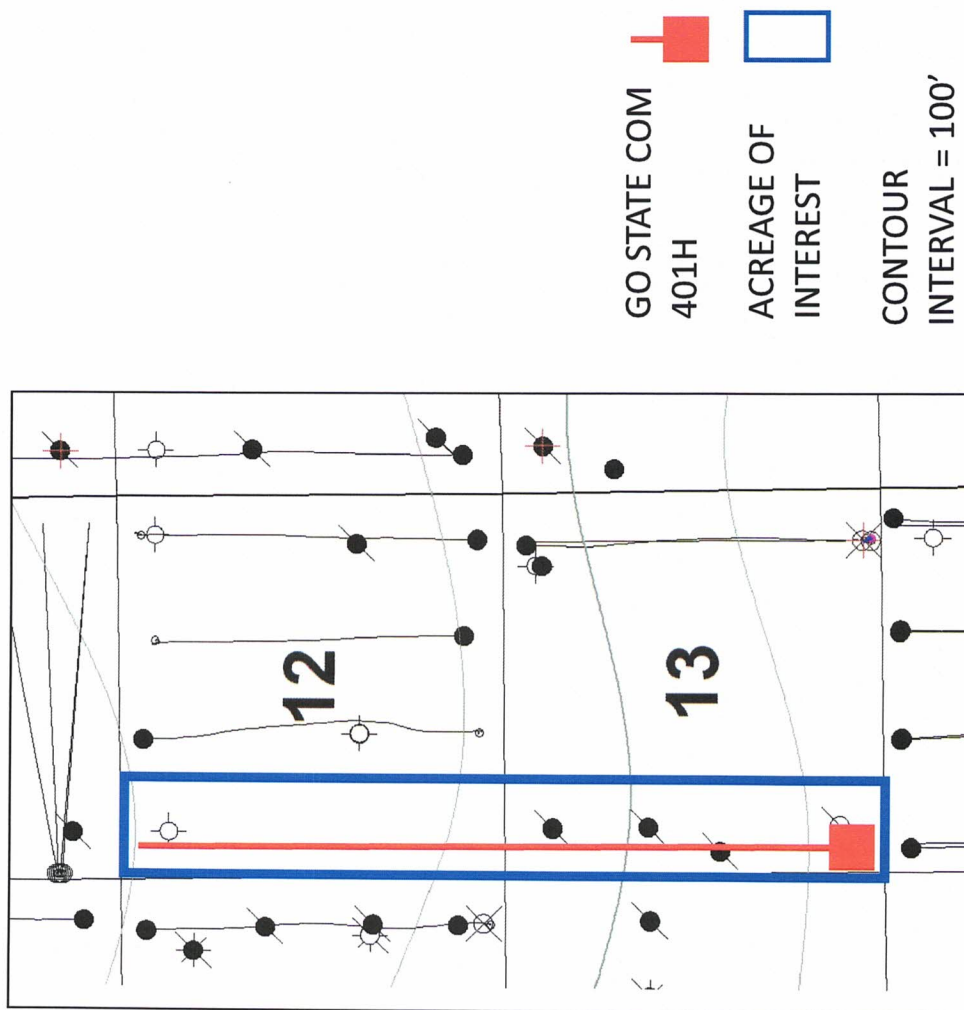
BOTTOM HOLE LOCATION (BLH)
100' FSL & 350' FWL
OF SEC 12, T19S R34E

QUAIL 11 STATE 1H

First Take Point
SURFACE HOLE LOCATION (SH)
300' FSL & 350' FWL
OF SEC 13, T19S R34E

ATTACHMENT E

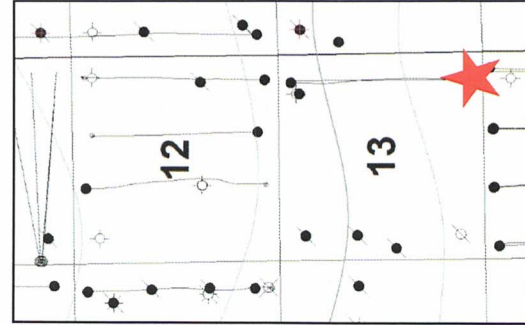
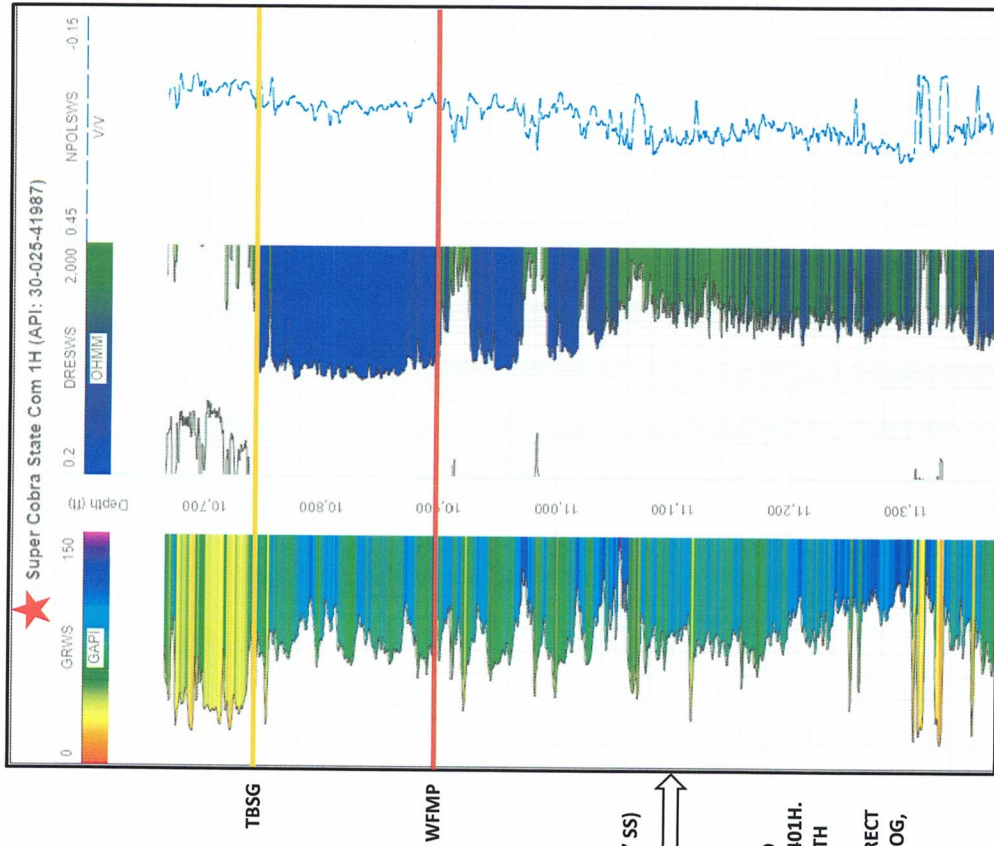
ACREAGE OF INTEREST, W/2 W/2 SECTIONS 12 & 13



BOTTOM HOLE LOCATION (BLH)
 100' FNL & 350' FWL
 OF SEC 12, T19S R34E

SURFACE HOLE LOCATION (SLH)
 250' FSL & 380' FWL
 OF SEC 13, T19S R34E

TYPE LOG WITH TARGET INTERVAL AND LANDING TVD



TYPE LOG
 30-025-41987
 COG OPERATING LLC
 SUPER COBRA STATE C 1H
 (PILOT HOLE)
 190' FSL & 660' FEL
 OF SEC 13, T19S R 34E

EST LANDING 11,092' TVD (-7215' SS)

DEPTHS EXPRESSED ARE PLANNED DEPTHS FOR THE GO STATE COM 401H. THE INTERVAL AND LANDING DEPTH SHOWN WERE STRUCTURALLY CORRECTED TO DISPLAY THE CORRECT TARGET INTERVAL ON THIS TYPE LOG, THAT SITS IN A SLIGHTLY HIGHER STRUCTURAL POSITION

ATTACHMENT F