

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF PRIDE ENERGY COMPANY
FOR CREATION OF A SPECIAL WOLFBONE OIL
POOL IN PARTS OF SECTIONS 12 AND 13,
TOWNSHIP 19 SOUTH RANGE 34 EAST, NMPM,
LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Pride Energy Company (“Pride”) applies for an order creating a special Wolfbone Pool, and for additional relief, and in support thereof, states:

1. In Case No. 22853 Pride sought the pooling of 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, for purposes of drilling its proposed Go State Com. Well No. 401H, which is in the WC-025 G-09S203435D; Wolfcamp Pool/Pool Code 92847.

2. In Case No. 23295 Cimarex Energy Co. (“Cimarex”) sought the pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 12 and the W/2W/2 of Section 13 for purposes of drilling its three proposed Showbiz wells, which are in the Scharb; Bone Spring Pool/Pool Code 55610.

3. These matters were consolidated for hearing, and were heard on July 20, 2023. Order No. R-23132 was issued by the Division on May 8, 2024, denying both applications. The order held that (a) the Third Bone Spring Sand and the Upper Wolfcamp were a common source of supply, without a frac baffle between them, (b) neither Pride nor Cimarex requested a special

pool to accommodate communication between the zones, and (c) the well proposals in the two cases would lead to either an impairment of correlative rights or illegal allocation.

4. Order No. R-23132 allowed the parties to re-open the hearing record for purposes of creating a special pool. Neither party appealed the order *de novo* to the Commission.

5. Pride and Cimarex discussed this matter after the hearing, and both are filing applications for creation of a Wolfbone pool covering the subject lands.

6. Pride proposes the upper limit of the Quail Ridge; Wolfbone, Northeast Pool¹ to be the stratigraphic equivalent of the top of the Third Bone Spring Sand, located at approximately 10,775 feet measured depth, to the stratigraphic equivalent of the base of the Wolfcamp A shale, located at approximately 11,306 measured depth, as found in the compensated neutron density log of the Super Cobra State Com. Well No. 1H (API No. 30-025-41987), which is located in the same section as a portion of the proposed pool (Section 13, Township 19 South, Range 34 East, N.M.P.M.).

Upon information and belief, Cimarex will propose the upper limit of its proposed pool to be the stratigraphic equivalent of the top of the Third Bone Spring Sand to the base of the Wolfcamp A shale, based on a different well not located within the proposed pool.

7. Pride proposes that the Wolfbone pool proposed herein initially be limited to 320 acres, being 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.

8. There are differences on certain key issues which require a decision by the Division. These issues include:

Allocation or production to interest owners in a well unit subject to the new Wolfbone pool. Under the pooling statute, NMSA 1978 §70-2-17, acreage is the sole factor which governs allocation of production. The only time factors other

¹ Or such other name the Division decides is appropriate.

than acreage are permitted to allocate production is in secondary recovery units formed under NMSA 1978 §§70-7-1 *et seq.* (the Statutory Unitization Act). The present cases are for wells drilled for primary recovery.

This issue is important because in this matter there is a depth severance and difference in working interest ownership between the Third Bone Spring Sand and the Wolfcamp A zone. Thus, Pride's proposal is that hydrocarbons be treated as being produced equally from the Third Bone Spring Sand and the Wolfcamp A, based on the thicknesses of the two zones.

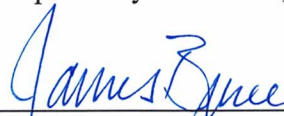
9. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Re-opening the hearing record under Order No. R-23132 for consideration of creating the proposed Quail Ridge; Wolfbone, Northeast Pool.
- B. Creating the proposed Quail Ridge; Wolfbone, Northeast Pool, and providing for the vertical contraction of the Scharb; Bone Spring Pool (Code 55610) and the WC-025 G-09S203435D; Wolfcamp Pool (Code 92847), in a manner that avoids overlap with the proposed Quail Ridge; Wolfbone, Northeast Wolfbone Pool. The base of the Scharb; Bone Spring (Code 55610) should be contracted to approximately 10,775 feet, a depth equivalent to the top of the Third Bone Spring Sand, and the top of the WC-025 G-09S203435D; Wolfcamp (Code 92847) be contracted to approximately 11,306 feet, the base of the Wolfcamp A shale, as found in the compensated well log of the Super Cobra State Com. Well No. 1H (API No. 30-025-41987),

- C. Limiting the original areal extent of the proposed Quail Ridge; Wolfbone, Northeast Pool to the W/2W/2 of Section 12 and the W/2W/2 of Section 13.
- D. Adopting Pride's plan for the allocation of production based solely on acreage, and the hydrocarbons produced from the new pool be treated as being produced equally from the Third Bone Spring Sand and the Wolfcamp A, as discussed in Paragraph 8 above.
- E. Other than as stated above, the provisions of the Division's statewide rules should apply to the Quail Ridge; Wolfbone, Northeast Pool.
- F. Withholding any decision on the pooling applications, since new well proposals, applications, and additional evidence will need to be submitted after the pool creation and production allocation matters are decided.
- G. Granting such further relief as the Division deems proper and necessary.

Respectfully submitted,



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