### 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. 13997

#### **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 NW4NE4 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 W½NE¼ 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 NE¼ 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 Conservat	ion Division
Case No.	
Exhibit No.	

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  $N\frac{1}{2}$  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.

KACI D. LENZ Notary Public State of Oklahoma

My Commission

#### **VERIFICATION**

STATE OF OKLAHOMA COUNTY OF Wagoner	
•	) ss.
COUNTY OF Wagoner	
landman for Pride Energy C has read the foregoing stat	being duly sworn upon his oath, deposes and states that: He is a company; he is authorized to make this verification on its behalf; he ement, and knows the contents thereof; and the same is true and wledge, information, and belief.
	Mattlen L. Pride
	Matthew L. Pride
	SWORN TO before me this27th day of November, 2006
by Matthew L. Pride.	$V_{\alpha} = V_{\alpha}$

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## PRIDE ENERGY COMPANY

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

Physical Address:

Kensington Tower 2250 East 73<sup>rd</sup> Street, Suite 550

Tulsa, OK 74136

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

October 19, 2006

Dorothy Mae Fann P.O. Box 1924 Lovington, NM 88260 Via Certified Mail Return Receipt #

91 3408 2133 3930 9929 1827

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, ½ 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

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

91 3408 2133 3930 9929 1827 Dorothy Mae Fann P.O. Box 1924 Lovington, NM 88260 Pride Energy Company P.O. Box 701950 Tulsa, OK 74170-1950

# PRIDE ENERGY C

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

Physical Address:

Kensington Tower

2250 East 73rd Street, Suite 550

Tulsa, OK 74136

Malling Address:

P.O. Box 701950

Tulsa, OK 74170-1950

Email Address:

mattp@pride-energy.com

Via Certified Mail

Return Receipt #

91 3408 2133 3930 9929 1896

October 19, 2006

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

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Matthew L. Pride Pride Energy Company

<u>X</u>	· · · · · · · · · · · · · · · · · · ·	<u> </u>	
By:			
Title:			

I hereby elect to:

Doris Fleming

Participate

☐ Lease for \$200 per net acre; 3/16; 3 years

☐ Lease for \$0 per net acre; ¼; 3 years

SIGNATURE CONFIRMATIO United States Postal Service

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

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



A STANDER

October 16, 2006 Pride Energy Company Authorization for Expenditure PO Box 701950 Well: Inbe 24 #1 Tulsa, OK 74170-1950 Section 24 - T118 - R33E 918 524 9200 office 660' FNL & 2,310' FEL 918 524 9292 facsimile Proposed Depth: 11,640' Primary Objectives: Mississippi, Morrow, Pennsylvanian Drilling intengibles 15,000 Legal 10,000 Rathole/Mouschole 25,000 Water 45 day(s) per day 35,000 Location and road 810,000 Drilling rig: daywork 45 days at 18,000 per day 80.000 mobilization 112,500 45 ,500 per day fuel days at 45,000 5,000 cach average Bits bits at 35,000 Mud, chemicals & drayage feet at per foot per load Mud Disposal bpf 0.30 bbls/load Open Hole Logging 20,000 per foot feet at 10,000 per day, average Equipment Rental days at 10,000 Cementing, Surface 20,000 Cementing, Intermediate 8,000 Casing crews, intermediate 15,000 Trucking 20,000 Other Services 67,500 Geological/Engineering 45 1,500 per day days at Subtotal 1,338.000 200,700 Contingency 15% Total drilling intangibles 1,538,700 Drilling tangibles 14,875 Casing, surface per foot feet at 83,000 Casing, intermediate 4150 20 per foot feet at 10.000 Well head equipment 5,000 Float equipment 112,875 Subtotal 15% 33,862 Contingency Total drilling tanglibles 146,737 Completion intangibles 10,000 Location and road 10,000 Casing crews, production 45,000 Cementing, production 30,000 10 3,000 per day Completion rig days at 15,000 Perforating and GR-CBL 150,000 Formation treatments 5,000 Equipment Rentals days at per day 10,000 Water or Diesel 5,000 Supplies 10,000 Trucking Roustabout work per day 20,000 days at 20,000 Other Services 10,000 Engineering 10 1,000 per day days at Subtotal 340,000 Contingency 51,000 Total completion intagibles 391,000 Completion tangibles 175,500 Production casing 5 1/2, N-80 11,700 15.00 per foot feet at Float equipment 10,000 Well head 15,000 Production tubing 2 1/2, N-80 11,700 58,500 feet at 5.50 per foot 5,000 Downhole Equipment 50,000 Production Equipment Flowlines 10,000 324,000 Subtotal Contingency 97,200 15% Total completion tangibles 421,200 Dry hole cost: 1,685,437 Approved: Completed well cost: 2,497,637 Pride Energy Company Your Interest Your Total Cost Approved: Date: Working Interest Owner

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.