

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. 14,384

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 NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:
  - (a) No opposition is expected because the unleased mineral interest owners being pooled have been contacted regarding the proposed well, and have simply not decided whether to join in the well or lease their interests.
  - (b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SE<sup>1</sup>/<sub>4</sub> of Section 19, Township 16 South, Range 36 East, NMPM, to form a standard 160-acre oil spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent, including the North Shoebar-Wolfecamp Pool. The unit is to be designated to the West Lovington "19" State Well No. 1, located 2310 feet from the south line and 330 feet from the east line of Section 19. Also to be considered will be the cost of drilling and completing 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 and completing the well. The well will be an oil well.
  - (c) The parties being pooled, their working interests in the 160 acre well unit, and their addresses, are as follows:

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. \_\_\_\_\_

Michael Harrison Moore 2006 Trust  
P.O. Box 51570  
Midland, Texas 79710

. 000078125 %

Richard Lyons Moore 2006 Trust  
1150 North Carroll Avenue  
Southlake, Texas 76092

. 000078125 %

Estate of June D. Speight  
c/o Sproles Woodward, LLP  
Attention: Bob Duke  
Suite 3250  
777 Main Street  
Fort Worth, Texas 76102

. 00015625 %

Mercantile Trading Corporation  
Suite 102  
1501 Dragon Street  
Dallas, Texas 75207

. 0000390625 %

All addresses are current and correct.

(d) Pride Energy Company has been attempting to lease interest owners in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 19 since early 2008, and has leased over 25 owners. However, the parties being pooled have not yet executed leases. Therefore, a proposal letter was sent to the uncommitted mineral interest owners, a copy of which is attached hereto as Exhibit B. In addition, several phone calls have been made to each of the unleased mineral interest owners.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting working interest owner.

(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 wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(h) Applicant requests that it be designated operator of the well.



RECEIVED

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
911 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 88210

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025 37306	Pool Code 56295	Pool Name Shoe Bar, North (Wolfcamp)
Property Code 34891	Property Name WEST LOVINGTON "19" State	Well Number 1
DGRID No. 151323	Operator Name PRIDE ENERGY COMPANY	Elevation 3945'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	19	16 S	36 E		2305	SOUTH	330	EAST	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

Dedicated Acres 160	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

EXHIBIT A

Lat - N32°54'23.8"  
Long - W103°23'12.1"

330'

2305'

**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*John W. Pride*  
Signature

John W. Pride  
Printed Name Pres. of Pride Oil and Gas Co., Inc. as General Partn  
of Pride Energy Company  
May 26, 2005  
Date

---

**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.

MAY 18, 2005  
Date Surveyed  
Signature & Seal of  
Professional Surveyor  
GARY L. JONES  
7977  
W.O. No. 54068  
Certified by Gary L. Jones 7977

# PRIDE ENERGY COMPANY

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

Physical Address: Kensington Tower  
2250 East 73rd Street, Suite 550  
Tulsa, OK 74136

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

July 29, 2009

Via Certified Mail  
Return Receipt

Michael Harrison Moore and Richard Lyons Moore, as  
Co-Trustees of the Moore Trust under the Third Amendment and Restatement of the Moore Trust  
Agreement dated December 15, 1998  
P.O. Box 51570  
Midland, TX 79710-1570

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
Lea County, New Mexico

To Whom It May Concern:

Pride Energy Company hereby proposes to drill a 11,700' Wolfcamp, Strawn test at the proposed well location described above. In reference to the above tract that you own an unleased mineral interest, please find enclosed an Authority for Expenditure (AFE) that represents the estimated costs to drill and complete the proposed well. The estimated dry hole cost is \$3,038,400, and the completion costs are estimated at \$927,600, for a total completed well cost of \$ 3,966,000.

Please indicate below the option of your choice, sign and return this letter by Facsimile to my attention at (918) 524-9292, followed by a hard copy in the mail. If you elect to participate, please execute and return the enclosed AFE, along with your check in the amount of \$15,492.19 ( 0.390625% working interest x \$3,966,000), which represents your share of the estimated completed well costs.

As an alternative, Pride Energy Company would be interested in leasing your mineral interests for \$ 225 per net acre, 3/16 landowner's royalty, for a 3 year term, or \$ 200 per net acre, 1/4 landowner's royalty, for a 3 year term. If you are interested in leasing, please indicate below which option you prefer and return this letter by Facsimile to my attention at (918) 524-9292, followed by a hard copy in the mail. Upon receipt, we will forward an Oil and Gas Lease to you for execution.

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

Sincerely,

*Matthew L. Pride*

Matthew L. Pride  
Pride Energy Company

EXHIBIT B

\_\_\_\_\_ I/we hereby elect to participate in the West Lovington 19 State No. 1 well and pay my proportionate share of the well costs.

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Michael Harrison Moore and Richard Lyons Moore, as Co-Trustees of the Moore Trust under the Third Amendment and Restatement of the Moore Trust Agreement dated December 15, 1998

By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

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

July 29, 2009

Via Certified Mail  
Return Receipt

Michael Harrison Moore and Richard Lyons Moore, as  
Co-Trustees of the Moore Family Trust under the Third Amendment and Restatement of the Moore  
Family Trust Agreement dated December 15, 1998  
P.O. Box 94077  
Southlake, TX 76092

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
Lea County, New Mexico

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Matthew L. Pride  
Pride Energy Company

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By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

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

July 29, 2009

Via Certified Mail  
Return Receipt

Michael Harrison Moore,  
Trustee of the Michael Harrison Moore 2006 Trust under the Third Amendment and Restatement of the  
Moore Revocable Trust Agreement dated December 15, 1998  
P.O. Box 51570  
Midland, TX 79710-1570

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
Lea County, New Mexico

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Michael Harrison Moore , Trustee of the Michael Harrison Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998

By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

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

July 29, 2009

Via Certified Mail  
Return Receipt

Richard Lyons Moore, Trustee of the Richard Lyons Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998  
1150 North Carroll Avenue  
Southlake, TX 76092

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
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Richard Lyons Moore, Trustee of the Richard Lyons Moore 2006 Trust under the Third Amendment and Restatement of the Moore Revocable Trust Agreement dated December 15, 1998

By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

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Tulsa, OK 74170-1950  
Email Address: mattp@pride-energy.com

July 29, 2009

Via Certified Mail  
Return Receipt

Estate of June D. Speight, deceased  
c/o Sproles Woodward, LLP  
Attn: Bob Duke, CPA  
777 Main St., Suite 3250  
Fort Worth, TX 76102

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
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Estate of June D. Speight, deceased

By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

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Tulsa, OK 74170-1950  
Email Address: mattp@pride-energy.com

July 29, 2009

Via Certified Mail  
Return Receipt #

91 7108 2133 3936 0786 3073

Mercantile Trading Corporation  
Attn: Robert M. Edsel  
1501 Dragon St. Suite 102  
Dallas, TX 75207

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
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Mercantile Trading Corporation

By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

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

July 29, 2009

Via Certified Mail  
Return Receipt

Carl Schellinger  
P.O. Box 447  
Roswell, NM 88202-0447

RE: Proposed well: West Lovington 19 State No. 1  
Proposed Well Location: 2310' from the South Line & 330' from the East Line of  
Section 19-16S-36E  
Section 19-16S-36E, N.M.P.M.: SE ¼  
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Carl Schellinger

By: X \_\_\_\_\_

(Print Name): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

My phone #: \_\_\_\_\_

My fax #: \_\_\_\_\_

My e-mail address: \_\_\_\_\_

Pride Energy Company P O Box 701950 Tulsa, OK 74170-1950 (918) 524-9200 office (918) 524-9292 facsimile		Authorization for Expenditure Well: West Lovington "19" State #1 Section 19 - T16S - R36E 2,310' FSL & 330' FEL Lea County, New Mexico	
Proposed Depth: 11,700' Primary Objectives: Wolfcamp & Strawn			
<b>Drilling Intangibles</b>			
Water	day(s)	per day	36,000
Location and road			18,500
Drilling rig:	daywork mobilization	98 days at \$18,000 per day	1,764,000
	fuel	days at per day	100,000
Bits	bits at	each, average	140,000
Mud, chemicals & drayage			40,500
Mud Disposal			105,000
Open Hole Logging	feet at	per foot	50,000
Equipment Rental	days at	per day, average	22,000
Directional Services	days at	per day	20,000
Trucking			50,000
Other Services			3,000
Geological/Engineering	days at	per day	53,000
		Subtotal	2,402,000
Contingency		20%	480,400
Overhead			
<b>Total Drilling Intangibles</b>			<b>2,882,400</b>
<b>Drilling Tangibles</b>			
Casing Surface			46,000
Casing, Intermediate			51,000
Well head equipment			8,000
Float equipment			
Cement for Surf. & Int. Csg			25,000
		Subtotal	130,000
Contingency		20%	26,000
<b>Total Drilling Tangibles</b>			<b>156,000</b>
<b>Completion Intangibles</b>			
Location and road			25,000
Casing crews, production			23,000
Cementing, production			58,000
Completion rig	days at	per day	50,000
Perforating and GR-CBL			18,000
Formation treatments			25,000
Equipment Rentals	days at	per day	37,000
Water or Diesel			66,000
Supplies			3,000
Trucking			28,000
Roustabout work	days at	per day	2,000
Other Services			9,000
Engineering	days at	per day	15,000
		Subtotal	359,000
Contingency		20%	71,800
<b>Total Completion Intangibles</b>			<b>430,800</b>
<b>Completion Tangibles</b>			
Production Casing			137,000
Float Equipment			3,500
Well head			8,000
Production Tubing	feet at	per foot	73,000
Downhole Equipment			17,500
Production Equipment			25,000
Sucker Rods			25,000
Tank Battery			35,000
Pumping Unit			90,000
		Subtotal	414,000
Contingency		20%	82,800
<b>Total Completion Tangibles</b>			<b>496,800</b>
Approved: <u>Matthew L. Price</u> Date: _____		Dry Hole Cost: 3,038,400	
Pride Energy Company		Completion Cost: + 927,600	
Approved: _____ Date: _____		Total Completed Well Cost: 3,966,000	
Working Interest Owner		Your Interest	
		Your Total Cost	

EXHIBIT C

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 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. The Operator may contract with an affiliated entity to drill the well at prevailing rates in the area. Participant shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in amounts acceptable to the Operator by the date of spud.