

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

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

Case No. \_\_\_\_\_

**APPLICATION**

Pride Energy Company, OGRID No. 151323 (“Pride” or “Applicant”), files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Bone Spring formation (AVALON; BONE SPRING, EAST [3713]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) , including proximity tracts, comprised of the N/2 of Sections 29 and 30, all in Township 20 South, Range 28 East, in Eddy County, New Mexico. In support of its application, Pride states as follows:

1. Pride is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Pride proposes to drill the following 2-mile wells in the proposed HSU:
  - **Burton Flat 29-30 Federal State Com #101H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the NW/4 NW/4 of Section 30, T20S-R28E.
  - **Burton Flat 29-30 Federal State Com #102H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the SW/4 NW/4 of Section 30, T20S-R28E.

- **Burton Flat 29-30 Federal State Com #201H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the NW/4 NW/4 of Section 30, T20S-R28E.
- **Burton Flat 29-30 Federal State Com #202H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the SW/4 NW/4 of Section 30, T20S-R28E.
- **Burton Flat 29-30 Federal State Com #203H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the W2 W2 NW/4 of Section 30, T20S-R28E.

3. The (AVALON; BONE SPRING, EAST [3713]) pool is an oil pool. The **Burton Flat 29-30 Federal State Com #203H** is a proximity well. With proximity tracts, the completed intervals and first and last take points for all wells will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. There is an overlapping spacing unit dedicated to the Stonewall EP State #6 well (API# 30-015-24657), which is a vertical Avalon well located in the NW/4 of Section 30, T20S-R28E. The Stonewall EP State #6 produces from a much shallower depth than the Burton Flat wells proposed herein. The Stonewall EP State #6 well, produces from the interval of 4,983' to 4,992'. Pride will be targeting the First Bone Spring interval at an estimated depth of approximately 6,470' and the Second Bone Spring interval at an approximate depth of 7,365' in two of the wells and 7,230' in one of the wells. Thus, the proposed Burton Flat wells will not drain the Avalon or otherwise affect the Stonewall EP State #6.

5. Pride has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

6. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to permit Pride to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Pride should be designated the operator of the HSU.

WHEREFORE, Pride requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023 and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 640-acre, more or less, HSU comprised of the N/2 of Sections 29 and 30, all in Township 20 South, Range 28 East, in Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;

C. Allowing the drilling of the following 2-mile wells in the HSU: (1) Burton Flat 29-30 Federal State Com #101H; (2) Burton Flat 29-30 Federal State Com #102H; (3) Burton Flat 29-30 Federal State Com #201H; (4) Burton Flat 29-30 Federal State Com #202H; and (5) Burton Flat 29-30 Federal State Com #203H;

D. Designating Pride as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Pride to recover its costs of drilling, equipping and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Pride in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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*Attorneys for Pride Energy Company*

***Application of Pride Energy Company for Compulsory Pooling, Eddy County, New Mexico.***

Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the Bone Spring formation (AVALON; BONE SPRING, EAST [3713]) in a standard 640-acre, more or less, horizontal spacing and proration unit ("HSU"), including proximity tracts, comprised of the N/2 of Sections 29 and 30, all in Township 20 South, Range 28 East, in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile wells in the HSU: (1) **Burton Flat 29-30 Federal State Com #101H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the NW/4 NW/4 of Section 30, T20S-R28E; (2) **Burton Flat 29-30 Federal State Com #102H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the SW/4 NW/4 of Section 30, T20S-R28E; (3) **Burton Flat 29-30 Federal State Com #201H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the NW/4 NW/4 of Section 30, T20S-R28E; (4) **Burton Flat 29-30 Federal State Com #202H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the SW/4 NW/4 of Section 30, T20S-R28E; and (5) **Burton Flat 29-30 Federal State Com #203H** well, to be horizontally drilled from a surface hole location in the E/2 NE/4 of Section 29, T20S-R28E, to a bottom hole location in the W2 W2 NW/4 of Section 30, T20S-R28E. The completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 7 miles North of Carlsbad, New Mexico.