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October 31, 2006


*Case 13825*

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Pride Energy Company, are an original and one copy of an application for compulsory pooling regarding the N½NE¼ §9-11S-33E, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 30, 2006 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Pride Energy Company

PERSONS BEING POOLED

Yeager Resources, a Partnership  
P.O. Box 990  
Midland, TX 79702-0990

Seven Ways Minerals, Ltd.  
214 W. Texas Ave., Suite 200  
Midland, TX 79702-3142

Patsy Hinchey Family Partnership  
P.O. Box 3142  
Midland, TX 79702-3142

Chisos, Ltd.  
670 Dona Ana Road, SW  
Deming, NM 88030

Edge Petroleum Exploration Co.  
1301 Travis St., Suite 2000  
Houston, TX 77002

Pure Energy Group, Inc.  
153 Treeline Park, Suite 220  
San Antonio, TX 78209

F. Ferrell Davis  
P.O. Box 3061  
Midland, TX 79702

Paul Davis Ltd.  
P.O. Box 871  
Midland, TX 79702

Collins Partners, Ltd.  
5000 Burnet Road  
Austin, TX 78756

Sealy & Company  
6100 Western Place  
Ft. Worth, TX 76107

Virginia R. Glenn, Trustee of the  
Virginia Glenn Trust  
P.O. Box 663  
Midland, TX 79702

Judith A. Bench, a/k/a Judith A. Moseley Bench  
P.O. Box 733  
Brownwood, TX 76804

Deborah Bench, a/k/a Deborah Smith  
5003 Brunswick Circle  
Midland, TX 79705-2607

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

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Case No. 13825

**APPLICATION**

Pride Energy Company applies for an order pooling all mineral interests from the surface to the base of the North Bagley-Permo Pennsylvanian Pool underlying the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9, Township 11 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9, and has the right to re-enter or drill a well thereon.
2. Applicant proposes the following:
  - (a) to re-enter the plugged and abandoned Bagley Well No. 1, located 560 feet from the north line and 560 feet from the east line of Section 9, and attempt to complete it in the North Bagley-Permo Pennsylvanian Pool; or
  - (b) in the event the re-entry of the Bagley Well No. 1 is not successful, to drill its Bagley Well No. 3, at an orthodox location in the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9, to a depth sufficient to test the North Bagley-Permo Pennsylvanian Pool.

Applicant seeks to dedicate the following acreage to the well:

- (i) the NE $\frac{1}{4}$ NE $\frac{1}{4}$  to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent; and

(ii) the N $\frac{1}{2}$ NE $\frac{1}{4}$  to form a standard 80 acre oil and spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the North Bagley-Permo Pennsylvanian Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the re-entry or 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 N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

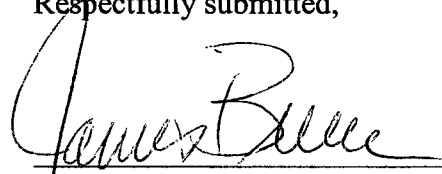
**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 9, from the surface to the base of the North Bagley-Permo Pennsylvanian Pool;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering or drilling and completing 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;

E. Setting a 200% charge for the risk involved in re-entering or drilling and completing the well in the event a working interest owner elects not to participate in the well.

**APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THAT THIS MATTER BE TAKEN UNDER ADVISEMENT.**

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Pride Energy Company

PROPOSED ADVERTISEMENT

Case No. 13825: **Application of Pride Energy Company for compulsory pooling, Lea County, New Mexico:** Applicant seeks an order pooling all mineral interests from the surface to the base of the North Bagley-Permo Pennsylvanian Pool underlying the following described acreage in Section 9, Township 11 South, Range 33 East, N.M.P.M., and in the following manner: The N/2NE/4 to form a standard 80 acre oil spacing and proration unit for all formations developed on 80 acre spacing within that vertical extent, including the North Bagley-Permo Pennsylvanian Pool; and the NE/4NE/4 to form a standard 40-acre oil spacing and proration unit for all formations developed on 40 acre spacing within that vertical extent. The units will be dedicated to the plugged and abandoned Bagley Well No. 1, located 560 feet from the north and east lines of Section 9, which will be re-entered to test the North Bagley-Permo Pennsylvanian Pool. In the event the re-entry of the Bagley Well No. 1 is not successful, the units will be dedicated to the Bagley Well No. 3, to be drilled at an orthodox location in the N½NE¼ of Section 9 to test the North Bagley-Permo Pennsylvanian Pool. Also to be considered will be the cost of re-entering or 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 re-entering or drilling and completing the well. The units are located approximately 5-1/2 miles east-southeast of Caprock, New Mexico.

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