

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:

ORIGINAL

CASE NO. 14414

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

30-05-26351

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 7, 2010  
Santa Fe, New Mexico

RECEIVED OGD  
2010 JAN 13 P 1:27

BEFORE: TERRY WARNELL: Hearing Examiner  
DAVID BROOKS: Technical Advisor

This matter came for hearing before the New Mexico  
Oil Conservation Division, Terry Warnell, Hearing  
Examiner, on January 7, 2010, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South  
St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: PEGGY A. SEDILLO, NM CCR NO. 88  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

I N D E X

		Page
APPLICANT'S EXHIBITS:		
Exhibit No. 1		5
Exhibit No. 2		5
COURT REPORTER'S CERTIFICATE		7

A P P E A R A N C E S

For the Applicant:	JAMES BRUCE, ESQ. Attorney at Law P. O. Box 1056 Santa Fe, NM 87505
--------------------	--

1 MR. BRUCE: We'll call Case No. 14414,  
2 Application of Pride Energy Company for compulsory  
3 pooling, Lea County, New Mexico. Call for appearances.

4 MR. BRUCE: Mr. Examiner, Jim Bruce representing  
5 the applicant. I'm submitting this case by affidavit.

6 HEARING EXAMINER: No other appearances?  
7 Mr. Bruce, you may proceed.

8 MR. BRUCE: Mr. Examiner, I've handed you two  
9 exhibits. Exhibit 1 is the affidavit of Matthew Pride,  
10 the landman for Pride Energy Company.

11 If you would turn back to Attachment A to this  
12 exhibit, Pride is reentering the Hondo Fee Well No. 1  
13 located 1,980 feet from the south line, and 660 feet from  
14 the west line.

15 This well was drilled about 30 years ago and was  
16 never productive and was plugged and abandoned. They seek  
17 to reenter it to form either -- and I've highlighted on  
18 there -- three well units, 40 acres being Lot 3 --  
19 actually, 36.62 acres.

20 The west half, Lots 3 and 4, or the west half  
21 southwest, which is 73.30 acres for 80 acre pools, and  
22 there is an 80 acre pool in the northeast Shoe Bar/Strawn  
23 pool, and then 160 acres for any pools spaced on 160  
24 acres. And there is the north Shoe Bar/Wolf Camp oil pool  
25 which is based on 160 acres.

1           The southwest quarter -- actually, the entire  
2 west half -- is a single fee tract with common ownership  
3 as to all depths.

4           There are three parties being pooled, and they  
5 are listed on Page 2 of the affidavit. Combined, these  
6 parties own approximately just under 11 1/2 percent.

7           Pride Energy Company has been seeking to lease  
8 all the fee mineral owners in this half section for some  
9 time, close to two years, and these are the only three  
10 parties they just haven't been able to reach agreement  
11 with.

12           And so they seek to force pool Pennies from  
13 Heaven, LLC, the Cyrene Inman Trust, and the Nora C.  
14 Johnson Trust.

15           Applicant seeks a 200 percent risk charge. And  
16 the overhead rates are \$7,330 per month for a drilling  
17 well, and \$767 per month for a producing well.

18           The affidavit contains the proposal letters.  
19 After they were unable to lease the parties, Pride Energy  
20 sent proposal letters to all three parties approximately  
21 two months ago. They have never had any response.

22           Exhibit C is the AFE for the reentry. It is an  
23 approximately \$2 million test. I think the primary zone  
24 of interest out here is the Wolf Camp. Pride Energy has  
25 drilled a decent offset in the Wolf Camp oil pool.

1           Exhibit 2 is the affidavit of notice. All of  
2   the parties were locatable, although I have not -- If  
3   you'll turn to the last page, the letter sent to the Nora  
4   C. Johnson trust, this is a correct address as attested to  
5   by Mr. Pride in his affidavit, and she has just refused to  
6   pick it up or sign for it. So.

7           I think they've left a couple of notices, so  
8   probably in the next week or so I'll be getting them back  
9   in the mail.

10           With that, I would move the admission of  
11   Exhibits 1 and 2.

12           HEARING EXAMINER: Exhibits 1 and 2 are  
13   admitted. Any questions, Mr. Brooks?

14           MR. BROOKS: No questions.

15           HEARING EXAMINER: So this well was never  
16   produced?

17           MR. BRUCE: No.

18           HEARING EXAMINER: And you mentioned that  
19   they've drilled a Wolf Camp offset?

20           MR. BRUCE: In the southeast quarter of  
21   Section 19.

22           HEARING EXAMINER: And that's a Pride operator  
23   well?

24           MR. BRUCE: Yes.

25           HEARING EXAMINER: Okay. All right, then, we

1 will take Case 14414 under advisement. And Mr. Bruce, you  
2 will be providing me with the notices, or if you get  
3 something back from the Nora C. Johnson --

4 MR. BRUCE: Yes, I will send a letter to you.

5 HEARING EXAMINER: Okay. So there's no need to  
6 continue this?

7 MR. BRUCE: Correct.

8 HEARING EXAMINER: So we'll take it under  
9 advisement then.

10 (Whereupon, the proceedings concluded.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I do hereby certify that the foregoing is  
a complete and correct report of the proceedings in  
the examination hearing of Case No. \_\_\_\_\_,  
heard by me on \_\_\_\_\_.

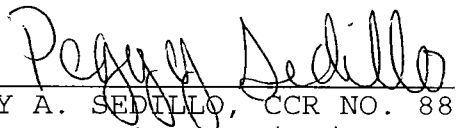
\_\_\_\_\_, Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO )  
2 ) ss.  
3 COUNTY OF BERNALILLO )  
4

5 REPORTER'S CERTIFICATE  
6

7 I, PEGGY A. SEDILLO, Certified Court  
8 Reporter of the firm Paul Baca Professional  
9 Court Reporters do hereby certify that the  
10 foregoing transcript is a complete and accurate  
11 record of said proceedings as the same were  
12 recorded by me or under my supervision.

13 Dated at Albuquerque, New Mexico this  
14 11th day of January, 2010.  
15  
16  
17

18  
19   
20 PEGGY A. SEDILLO, CCR NO. 88  
21 License Expires 12/31/10  
22  
23  
24  
25