

**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. 14,414

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 units 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 SW/4 of Section 19, Township 16 South, Range 36 East, NMPM, and in the following manner: (i) Lot 3 (the NW¼SW¼) of Section 19 to form a 36.62 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Shoe Bar-Upper Pennsylvanian Pool; (ii) Lots 3 and 4 (the W/2SW¼) of Section 19 to form a 73.30 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated Northeast Shoe Bar-Strawn Pool; and (iii) the SW/4 of Section 19 to form a 153.30 acre oil spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Pool. The units are to be designated to the Hondo Fee Well No. 1, to be re-entered at a location 1980 feet from the south line and 660 feet from the west line of Section 19. The well will be an oil well.

Oil Conservation Division
Case No. _____
Exhibit No. 1

(c) The parties being pooled, their working interests in the well units, and their current addresses, are as follows:

Pennies from Heaven, LLC
c/o U.S. Trust Bank of America, agent 1/24
Suite 150
2100 South Utica Avenue
Tulsa, Oklahoma 74114-1436

Attention: Melissa A. Rickman

Trustee of the Cyrene Inman Trust
c/o U.S. Trust Bank of America, agent 1/24
Suite 150
2100 South Utica Avenue
Tulsa, Oklahoma 74114-1436

Attention: Melissa A. Rickman

Nora C. Johnson, Trustee
of the Nora C. Johnson Trust 1/32
147 Via Oreda Street
Corrales, New Mexico 87048

Ownership in the well units is uniform as to all depths.

(d) Pride Energy Company has been attempting to lease interest owners in the SW1/4 of Section 19 since early 2008, and has leased or obtained the voluntary joinder of over 88.5% of the mineral interest owners. 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 \$ 7330.00 /month for a drilling well, and \$ 767.00 /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.

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

Matthew L. Pride, being duly sworn upon his oath, deposes and states that: He is a landman for Pride Energy Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

Matthew L. Pride

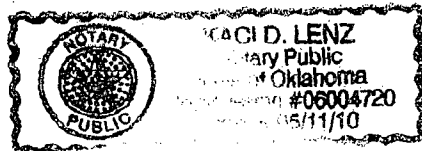
Matthew L. Pride

SUBSCRIBED AND SWORN TO before me this 4th day of January, 2010 by Matthew L. Pride.

My Commission Expires: 5/11/10

Kaci D. Lenz

Notary Public



30-025-26351

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-1
Effective 1-1-67

All distances must be from the outer boundaries of the Section

Owner Hondo Drilling Co.		Lease Hondo Fee Golden Slipper		Well No. 1
Section L	Section 19	Range 16 South	Range 36 East	County Lea
Anticline or line location of Well: 1980 feet from the South line and 660 feet from the West line.				
Ground Level Elev. 3963.0	Producing Formation MORROW	Tract UNDESIGNATED	Section Acreage 305.80	

- 1 Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- 2 If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty)
- 3 If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated (use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

EXHIBIT **A**



CERTIFICATION

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

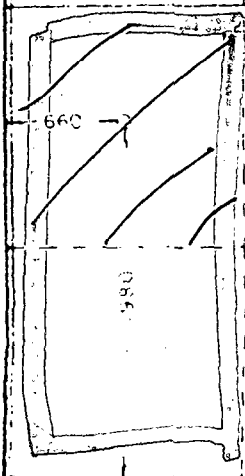
Steve Ruppert
Landman
Hondo Drilling Comp
6-15-79

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 knowledge and belief.

June 15, 1979

Registered Professional Engineer
No. 10,000

John W. West



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

November 4, 2009

Via Certified Mail
Return Receipt #

91 7108 2133 3936 9239 7675

Pennies from Heaven, LLC
C/O U.S. Trust Bank of America, as Agent
Attn: Melissa A. Rickman
2100 S. Utica Ave, Suite 150
Tulsa, OK 74114-1436

RE: Proposed well: Hondo Fee #1
Proposed Well Location: 1980' from the South Line & 660' from the West Line of
Section 19-16S-36E
Lea County, New Mexico

To Whom It May Concern:

Pride Energy Company hereby proposes to re-enter and drill a 12,000' Cisco, Strawn test (re-entry and washdown) 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 \$1,047,600, and the completion costs are estimated at \$952,200, for a total completed well cost of \$1,999,800.

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 \$83,325.00 (4.166667% working interest x \$1,999,800), which represents your share of the estimated completed well costs.

As an alternative, Pride Energy Company would be interested in leasing your mineral interests (12.7871 net acres) for \$200 per net acre, 3/16 landowner's royalty, for a 3 year term, or \$0 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 Hondo Fee No. 1 well and attach my proportionate share of the well costs, which is \$83,325.00.

_____ I/we hereby elect to lease my mineral interest for \$200 per net acre, 3/16 landowner's royalty, and for a 3 year term.

_____ I/we hereby elect to lease my mineral interest for \$0 per net acre, 1/4 landowner's royalty, and for a 3 year term.

By: X _____

(Print Name): _____

Title: _____

Date: _____

My phone #: _____

My fax #: _____

My e-mail address: _____

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

November 4, 2009

Via Certified Mail
Return Receipt #

Nora Carrera Johnson Trust
dated July 6, 1994
147 Via Oreda St.
Corrales, NM 87048

91 7108 2133 3936 9239 7644

RE: Proposed well: Hondo Fee #1
Proposed Well Location: 1980' from the South Line & 660' from the West Line of
Section 19-16S-36E
Lea County, New Mexico

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As an alternative, Pride Energy Company would be interested in leasing your mineral interests (9.5875 net acres) for \$100 per net acre, 1/8 landowner's royalty, for a 5 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
Pride Energy Company

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and for a 3 year term.

By: X _____

(Print Name): _____

Title: _____

Date: _____

My phone #: _____

My fax #: _____

My e-mail address: _____

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

November 4, 2009

Via Certified Mail
Return Receipt # 91 7108 2133 3936 9239 7675

Cyrene Inman Trust
c/o U.S. Trust Bank of America, as Agent
2100 S. Utica Ave, Suite 150
Tulsa, OK 74114-1436
Attn: Melissa A. Rickman

RE: Proposed well: Hondo Fee #1
Proposed Well Location: 1980' from the South Line & 660' from the West Line of
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Lea County, New Mexico

To Whom It May Concern:

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Sincerely,



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Pride Energy Company

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and for a 3 year term.

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and for a 3 year term.

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: Hondo Fee #1
Section 19 - T16S - R36E
1980' FSL & 660' FWL
Lea County, New Mexico

Proposed Depth: 12,000'
(Re-entry and washdown)
Primary Objectives: Cisco & Strawn

Drilling Intangibles

Water	day(s)	per day	10,000
Location and road			20,000
Drilling Rig:	daywork mobilization	25 days at \$18,000 per day	450,000
	fuel	days at per day	100,000
Bits	bits as	each, average	50,000
Mud, Chemicals & drayage			25,000
Mud Disposal			40,000
Open Hole Logging	feet at	per foot	20,000
Equipment Rental	days at	per day, average	39,000
Directional Services	days at	per day	20,000
Trucking			50,000
Other Services			6,000
Geological/Engineering	days at	per day	
Land/Legal Services			
		Subtotal	10,000
Contingency		20%	840,000
Overhead			168,000
		Total Drilling Intangibles	1,008,000

Drilling Tangibles

Casing Surface			25,000
Casing Intermediate			
Well head equipment			8,000
Float equipment			
Cement for Surf. & Int. Csg			
		Subtotal	33,000
Contingency		20%	6,600
		Total Drilling Tangibles	39,600

Completion Intangibles

Location and road			
Casing crews, production			25,000
Cementing, production			58,000
Completion rig	days at	per day	50,000
Perforating and GR-CBL			30,000
Formation treatments			30,000
Equipment Rentals	days at	per day	35,000
Water or Diesel			25,000
Supplies			3,000
Trucking			28,000
Roustabout work	days at	per day	5,000
Other Services			9,000
Engineering	days at	per day	20,000
		Subtotal	318,000
Contingency		20%	63,600
		Total Completion Intangibles	381,600

Completion Tangibles

Production Casing			200,000
Float Equipment			3,500
Wellhead			10,000
Production Tubing	feet at	per foot	70,000
Downhole Equipment			12,000
Production Equipment			25,000
Sucker Rods			30,000
Tank Battery			35,000
Pumping Unit			90,000
		Subtotal	475,500
Contingency		20%	95,100
		Total Completion Tangibles	570,600

Approved: Matthew L. Pride Date: _____
Pride Energy Company

Approved: _____ Date: _____
Working Interest Owner

Dry Hole Cost: 1,047,600
Completion Cost: + 952,200
Total Completed Well Cost: 1,999,800
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.