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2009 DEC -9 P 12:19

December 3, 2009

Case 14414

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, together with a proposed advertisement. The advertisement was previously e-mailed to the Division. Please set this matter for the January 7, 2010 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Pride Energy Company

PERSONS BEING POOLED

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

Attention: Melissa A. Rickman

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

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14414

APPLICATION

Pride Energy Company applies for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SW $\frac{1}{4}$  of Section 19, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the SW $\frac{1}{4}$  of Section 19, and has the right to re-enter or drill a well thereon.
2. Applicant proposes to re-enter the Hondo Fee Well No. 1, located 1980 feet from the south line and 660 feet from the west line of Section 19, to test the Strawn formation, and seeks to dedicate the following acreage to the well:
  - (a) The NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 19 to form a standard 40 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;
  - (b) The W $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 19 to form a standard 80 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
  - (c) The SW $\frac{1}{4}$  of Section 19 to form a standard 160 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.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW¼ of Section 19 for the purposes set forth herein.

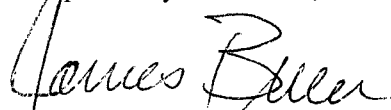
4. Applicant seeks an order pooling all mineral interest owners in the SW¼ of Section 19, from the surface to the base of the Strawn formation, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW¼ of Section 19 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 SW¼ of Section 19, from the surface to the base of the Strawn formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering 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; and
- E. Setting a 200% charge for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Pride Energy Company

PROPOSED ADVERTISEMENT

Case No. 14914 :

***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 Strawn formation underlying the SW/4 of Section 19, Township 16 South, Range 36 East, NMPM, and in the following manner: (i) the NW¼SW¼ of Section 19 to form a standard 40 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) the W/2SW/4 of Section 19 to form a standard 80 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 standard 160 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. Also to be considered will be the cost of re-entering 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 and completing the well. The unit is located approximately 3-1/2 miles south-southwest of Lovington, New Mexico.

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