

HOLLAND & HART<sup>LLP</sup>



William F. Carr  
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May 22, 2007

**HAND DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13940*

Re: Application of Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and MYCO Industries, Inc. for an order direction Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Yates Petroleum Corporation, et al. in the above-referenced case as well as a copy of the legal advertisement. Applicants request that this matter be placed on the docket for the June 21, 2007 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Charles Moran  
Yates Petroleum Corporation

Holland & Hart LLP

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

IN THE MATTER OF THE APPLICATION OF  
YATES PETROLEUM CORPORATION, YATES DRILLING  
COMPANY, ABO PETROLEUM CORPORATION AND  
MYCO INDUSTRIES, INC. FOR AN ORDER DIRECTING  
PRIDE ENERGY COMPANY TO PLUG AND  
ABANDON THE STATE "X" WELL NO. 1,  
LEA COUNTY, NEW MEXICO.

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CASE NO. 13940

APPLICATION

Yates Petroleum Corporation, Yates Drilling Company, ABO Petroleum Corporation and MYCO Industries, Inc. (hereinafter collectively referred to as "Yates"), by their undersigned attorneys, hereby makes application to the Oil Conservation Division for an order directing Pride Energy Company to plug and abandon and to clean up the site of the State "X" Well No. 1, and in support of its application states:

1. Yates owns 100% of the working interest in State of New Mexico Oil and Gas Lease No. V-5855 that covers the N/2 and SE/4 of Section 12, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico.

2. On March 2, 2004, the Division entered Order No. R-12108 granting the application of Pride Energy Company ("Pride") and compulsory pooling the NW/4 of Section 12 with the SW/4 of the Section to form a standard 320-acre spacing unit. This pooled unit was dedicated to the State "X" Well No. 1 (API No. 30-025-01838) located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 12 which Pride proposed to re-enter and test the Mississippian formation. The pooling of this acreage was affirmed by Oil Conservation Commission Order No. R-12108-A, dated August 12, 2004.

3. On February 15, 2005, Pride commenced re-entry operations on the well. On or about February 27, 2005, Pride experienced problems with the well and, being unsuccessful in its efforts to correct these problems, on March 10, 2005, released the rig. On or about March 26, 2005, Pride ceased working on the well.

4. Pride failed to complete a well or to obtain an extension of Order No. R-12108 within the time provided in that order and it therefore expired of its own terms.

5. On Pride's application the Division entered Order No. R-12555 on May 25, 2006, again pooling these lands and designating Pride operator.

6. Yates did not elect to pay its share of estimated well costs and is therefore a "non-consenting working interest owner" in this pooled unit.

7. Pride re-entered the State "X" Well in May 2006, and thereafter continued to drill from time to time. Pride reports to the Division that drilling ceased in September 2006 and since that time has been evaluating the well.

8. On information and belief, Yates asserts that although Pride has failed to make a well on this spacing unit, it continues to go onto this property to evaluate the well and apparently asserts that it is the operator of the unit.

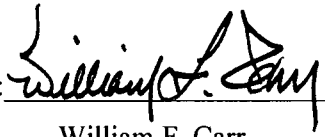
9. Until the status of this pooling order is clarified, Yates is denied the opportunity to make decisions for the development of its oil and gas lease rights under the NW/4 of said Section 12 and its correlative rights are thereby impaired. Furthermore, failure to properly develop this acreage can result in the waste of hydrocarbons.

WHEREFORE, Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and Myco Industries Inc. request that this matter be set for hearing before a Division Examiner and that after notice and hearing as required by law and the rules of the Division, the Division enter its order directing Pride Energy Company to:

1. Plug and abandon the State "X" Well No. 1 in accordance with the rules of the Division,
2. Clean up State "X" Well No. 1 Well Site; and
3. Remove itself from this property.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William F. Carr

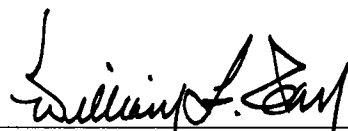
ATTORNEYS FOR YATES PETROLEUM  
CORPORATION, YATES DRILLING COMPANY,  
ABO PETROLEUM CORPORATION, AND MYCO  
INDUSTRIES, INC.

## CERTIFICATE OF SERVICE

I certify that on May 22, 2007, I served a copy of the foregoing document to the following by

- ☐ U.S. Mail, postage prepaid
- ☐ Hand Delivery
- ☒ Fax
- ☐ Electronic Service by LexisNexis File & Serve

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William F. Carr

CASE: 13940

**Application of Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and MYCO Industries, Inc. for an order directing Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico.** Applicants seek an order directing Pride Energy Company to plug and abandon the State "X" Well No. 1 located (**API NO. 30-025-01838**) located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 12, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico. Said well and spacing unit are located approximately 12 miles west northwest of Tatum, New Mexico.