

ORIGINAL

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

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.

CASE NO. 13940

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, Chief Examiner  
DAVID K. BROOKS, Technical Examiner

July 26, 2012

Santa Fe, New Mexico

This matter came on for hearing before the  
New Mexico Oil Conservation Division, WILLIAM V. JONES,  
Chief Examiner, and DAVID K. BROOKS, Technical Examiner,  
on Thursday, July 26, 2012, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South  
St. Francis Drive, Porter Hall, Room 102, Santa Fe,  
New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR  
New Mexico CCR #20  
Paul Baca Professional Court Reporters  
500 4th Street, Northwest, Suite 105  
Albuquerque, New Mexico 87102

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# APPEARANCES

FOR APPLICANTS YATES PETROLEUM CORPORATION, YATES  
DRILLING COMPANY (OXY Y-1), ABO PETROLEUM CORPORATION  
AND MYCO INDUSTRIES, INC.:

GARY W. LARSON, ESQ.  
HINKLE, HENSLEY, SHANOR & MARTIN, L.L.P.  
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1 (8:51 a.m.)

2 EXAMINER JONES: Let's call this  
3 grandfathered case here, Case Number 13940, application  
4 of Yates Petroleum Corporation, Yates Drilling Company,  
5 ABO Petroleum Corporation and MYCO Industries,  
6 Incorporated for an order directing Pride Energy Company  
7 to plug and abandon State "X" Well Number 1, Lea County,  
8 New Mexico.

9 Call for appearances.

10 MR. LARSON: Gary Larson of Hinkle,  
11 Hensley, Shanor & Martin for the Applicants.

12 EXAMINER JONES: Any other appearances?

13 EXAMINER BROOKS: Everybody's leaving.

14 MR. LARSON: I know it.

15 I hope you weren't referring to me when you  
16 said grandfathered. You mean the case, don't you  
17 (laughter)?

18 EXAMINER JONES: No. This case came up in  
19 2007.

20 MR. LARSON: I know. I knew exactly what  
21 you meant (laughter).

22 Mr. Examiner, all of the parties you  
23 mentioned filed their application in this case on May  
24 22nd, 2007. And just for purposes of the record, I note  
25 that Yates Drilling is now known as OXY Y-1. Other than

1 that, the other applicants that you identified remain  
2 the same.

3 This case actually has its genesis in 2006,  
4 when the Division issued Order Number 12555, which  
5 approved a 320-acre spacing unit to be dedicated to the  
6 State "X" Well Number 1 and pooled all of the  
7 applicants' interests. Subsequently, Pride did not  
8 complete the well. Yates then filed its application  
9 requesting an order requiring Pride to plug and abandon  
10 State "X" Well Number 1, remediate the well site and  
11 remove itself from the property.

12 In August of 2008, at the request of the  
13 Division's Environmental Bureau, Pride submitted a Stage  
14 2 Abatement Plan for a closure of the pit on the well  
15 site. And to date, the Environmental Bureau has not  
16 taken any action on Pride's State 2 Abatement Plan. As  
17 a consequence, this case has been continued since 2008  
18 pending action by the Environmental Bureau on the  
19 abatement plan.

20 In the meantime, Pride has plugged the  
21 State "X" Well Number 1, but not yet reclaimed the site.  
22 And in order to bring this case to a conclusion, Yates  
23 and Pride have entered into a written stipulation.

24 The stipulation states that Pride is ready  
25 and willing to close the pit and reclaim the well site

1 upon receiving Environmental Bureau approval of Pride's  
2 abatement plan for the pit closure. The stipulation  
3 further states that the parties request that their  
4 stipulation be incorporated in a Division order; one,  
5 requiring Pride to close the pit and reclaim the well  
6 site, and, two, deeming Order, our number, 12555 to no  
7 longer have any force and effect.

8 And with that said, I submit the original  
9 stipulation that's been executed by myself and for  
10 Mr. Bruce on behalf of Pride and request that an order  
11 be issued as requested by the parties.

12 EXAMINER JONES: Is OXY Y-1 -- are you  
13 their counsel, also?

14 MR. LARSON: Yes.

15 EXAMINER JONES: And they -- there's a  
16 track record. They made an analysis here, also, or they  
17 just -- because they changed --

18 MR. LARSON: The name change.

19 EXAMINER JONES: -- the name change.

20 So are you going to enter that as an  
21 exhibit?

22 MR. LARSON: I wasn't sure whether to make  
23 it an exhibit. I have the original and several copies.  
24 I can defer to you as far as the procedure.

25 EXAMINER JONES: Exactly what you're

1 requesting, we probably need to get that written down.  
2 We've got it on the record here, but we would probably  
3 request -- I'll turn it over to David.

4 EXAMINER BROOKS: Well, we need the written  
5 stipulation entered into the record some way, a signed  
6 copy signed by everybody.

7 MR. LARSON: I don't have it marked as an  
8 exhibit, but we can certainly call it Exhibit 1.

9 EXAMINER BROOKS: The appropriate way to do  
10 it, I would think, is, they sign it with their  
11 counterparts. If you have only one signed copy, though,  
12 we can -- to avoid having to go through the procedure of  
13 resigning, we can make a copy of the signed copy and  
14 mark it as an exhibit for the record.

15 MR. LARSON: I actually have both  
16 signatures and multiple copies.

17 EXAMINER BROOKS: Well, I think what we  
18 should do is take one of the copies you're referring to  
19 with the signatures and enter that into the record as an  
20 exhibit.

21 MR. LARSON: I guess I would move that a  
22 copy of the signed stipulation be admitted as Exhibit 1  
23 for purposes of this hearing.

24 EXAMINER BROOKS: Okay. If you could mark  
25 it there and give it to the court reporter.

1 EXAMINER JONES: Exhibit 1 will be  
2 admitted.

3 (OXY Y-1/ABO/MYCO Exhibit Number 1 was  
4 offered and admitted into evidence.)

5 EXAMINER JONES: And Mr. Bruce, is he -- he  
6 has signed as a representative of Pride?

7 MR. LARSON: He has signed as Pride's  
8 counsel, yes.

9 EXAMINER JONES: And this will explain  
10 everything, I'm sure, but there's still going to be some  
11 waiting on the Environmental Bureau, I take it?

12 MR. LARSON: Yes. Mr. Bruce and I kind of  
13 wrangled with how to state that in the stipulation, and  
14 what we said in paragraph 27: "Pride will complete and  
15 obtain Division approval of the pit closure and  
16 reclamation of the State "X" Well No. 1 site as soon as  
17 practical upon receiving Environmental Bureau approval  
18 of Pride's Stage 2 Abatement Plan for the pit closure."  
19 I don't think we were able to put in anything more  
20 definite as far as the time frame.

21 EXAMINER JONES: Okay. Sounds good.

22 EXAMINER BROOKS: Okay.

23 EXAMINER JONES: Just get that to the court  
24 reporter, and we'll have it whenever she turns in the  
25 transcript.

1                   And with that, I guess we'll take Case  
2   13940 under advisement.

3                   MR. LARSON: Thank you.

4                   EXAMINER JONES: Thank you very much. This  
5   docket is closed.

6                   (The hearing concluded, 8:58 a.m.)

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_

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



1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO  
3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified  
6 Court Reporter No. 20, and Registered Professional  
7 Reporter, do hereby certify that I reported the  
8 foregoing proceedings in stenographic shorthand and that  
9 the foregoing pages are a true and correct transcript of  
10 those proceedings that were reduced to printed form by  
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's  
13 Record of the proceedings truly and accurately reflects  
14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither  
16 employed by nor related to any of the parties or  
17 attorneys in this case and that I have no interest in  
18 the final disposition of this case.

19 

20 MARY C. HANKINS, CCR, RPR  
21 Paul Baca Professional Court Reporters  
22 New Mexico CCR No. 20  
23 Date of CCR Expiration: 12/31/2012  
24  
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