

June 23, 2006

HAND-DELIVERED

Florene Davidson,
Commission Clerk
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2006 JUN 23 AM 8 57

Re: Application of Pride Energy Company for compulsory pooling, Lea County,
New Mexico.

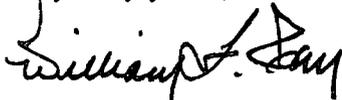
Dear Ms. Davidson:

Enclosed is Yates Petroleum Corporation's Reply in Support of its Motion for Stay and Emergency Order in the above referenced case. The time period during which Yates must elect whether or not to pay its share of the AFE well costs under Order No. R-12555 runs on Sunday and therefore Yates needs a ruling on its Motion prior to that time.

James Bruce, attorney for Pride Energy Company, and I have conferred on this matter and request that the Commission rule on this motion based on Yates Motion, Pride's Response and Yates Reply, without oral argument from the parties.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Chuck Moran
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

Mr. James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504

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

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

CASE NO. 1369

**YATES PETROLEUM CORPORATION'S
REPLY IN SUPPORT OF MOTION FOR STAY AND EMERGENCY ORDER**

Yates Petroleum Corporation ("Yates")¹, through its attorneys, Holland & Hart LLP submits this Reply in support of its Motion for Stay and Emergency Order.

1. In Order No. R-12555 the Division found that there are no outstanding issues relating to Pride's first re-entry attempt on the State "X" Well No. 1 and consequently Yates' Motion to Dismiss this application should be dismissed.

2. In its Response to Yates Motion to Stay paragraphs 9 and 10 of this order, Pride references the money it has paid to Yates and states "part of which Pride asserts is its money."

3. After Pride paid to Yates the funds it had been properly withholding, there were no issues relating to Pride's first re-entry attempt in the State "X" Well No. 1. Now, however, there are issues relating to Pride's first re-entry attempt all because of the position Pride is now taking in its de novo appeal. To Yates, this looks like "bait and switch."

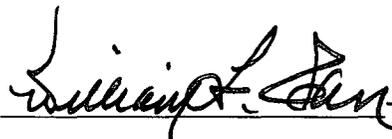
4. To require Yates to pay additional sums to Pride while issues remain concerning Pride's first attempt to re-enter this well requires an arbitrary, capricious and unreasonable exercise of the administrative authority by the Commission.

¹ Yates Petroleum Corporation, Yates Drilling Company, ABO Petroleum Corporation and MYCO Industries, Inc. are hereinafter collectively referred to as "Yates."

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5. For this reason, Yates Petroleum Corporation, et al. moves the Division/Commission for an order (i) staying order paragraphs (9) and (10) of Order No. R-12555, until all issues concerning the costs of Pride's first re-entry attempt on the State "X" Well No. 1 pursuant to Division Order No. R- 12108, as amended, are resolved.

Respectfully submitted,
HOLLAND & HART, LLP

BY 

William F. Carr

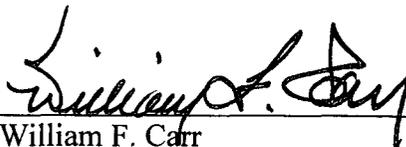
ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CERTIFICATE OF SERVICE

I certify that on June 23, 2006 I served a copy of the foregoing Reply in Support of Yates Motion for Stay Dismiss by Hand Delivery or Facsimile to:

David K. Brooks, Esq.
Oil Conservation Commission
1221 South Saint Francis Drive
Santa Fe, New Mexico 87505

Pride Energy Company
c/o James Bruce, Esq.
369 Montezuma, No. 213
Santa Fe, New Mexico 87501
Fax No. (505) 982-2151


William F. Carr