

**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 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
ORDER NO R-12555-A**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 26, 2012 at Santa Fe, New Mexico before Examiner William V. Jones.

NOW, on this 19th day of September, 2012, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) On May 27, 2007, Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation, and Myco Industries, Inc. ("Yates") made application to the Division requesting the Division enter an order directing Pride Energy Company ("Pride") to:

- a. Plug and Abandon the State "X" Well No. 1 in accordance with the rules of the Division;
- b. Clean up the State "X" Well No. 1 well site; and
- c. Remove itself from this property.

(3) This case was subsequently continued many times until its final hearing date, July 26, 2012, by the Division at the request of the parties.

- (4) At the hearing, applicant's attorney submitted that:
- a. Pride Energy Company drilled but was not successful in completing the well;
 - b. The well has now been plugged;
 - c. Pride has submitted a Stage II Abatement plan to the Division. Pride is ready and willing to close the pit and reclaim the well site if the Division approves that abatement plan;
 - d. Both parties have agreed to and signed an undated "Stipulation" (which was entered as applicant's Exhibit No. 1) containing subsections "stipulated facts" and "stipulation regarding relief requested by Yates"; and
 - e. Both parties request the Division incorporate this Stipulation in a Division Order and deem Division Order No R-12555 to no longer have any force and effect.

(5) Attorney for Pride has signed this Stipulation and Pride did not appear at the hearing in which the Stipulation was presented. No other party entered an appearance or otherwise opposed this application.

(6) The well in question is the State X Well No. 1 (API No. 30-025-01838) (the subject well), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico. Section 12 is State of New Mexico minerals with leases now controlled by Yates and Pride. The west half of Section 12 is itself owned both by Yates and Pride and was first compulsory pooled by Order No R-12108, as amended, and on again May 25, 2006, by the Division in Order No R-12555. In both cases Pride was named as operator for the purpose of drilling for gas within the Four Lakes- Mississippian Gas Pool and the Four Lakes-Morrow Gas Pool.

- (7) In addition to this Case, this well is the subject of:
- a. Case No. 13153, resulting in Order No. R-12108, as amended, issued from March of 2004 to July of 2005;
 - b. Case No. 13531, resulting in Order No R-12547, as amended, which allocated certain costs; and
 - c. Case No. 13690, resulting in Order No R-12555, the latest compulsory pooling.

(8) The Stipulation agreed upon by both parties may aid in orderly, prompt site cleanup thereby protecting the environment. In addition this action will release this

acreage for future drilling or recompletion attempts, protecting correlative rights and preventing waste.

(9) This Stipulation should be incorporated into this order and Division Order No. R-12555 should no longer be in force and effect. All other relief requested in this Case that is not included in this Stipulation should be dismissed.

IT IS THEREFORE ORDERED THAT:

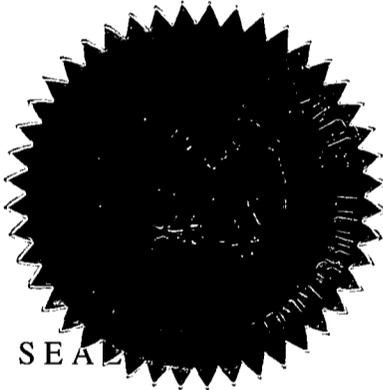
(1) As requested, the "Stipulation" as signed by both Yates and Pride and accepted in this Case as Exhibit No. 1 shall be incorporated by reference into this order.

(2) Division Order No R-12555, which, in part, pooled the W/2 of Section 12 for gas production, shall no longer be in force or effect.

(3) Any other relief requested in this Case that is not included within the provisions of this Stipulation is hereby dismissed.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE in Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Jami Bailey".

JAMI BAILEY
Director