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February 4, 2005

Hand Delivered

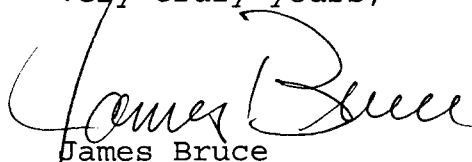
Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 13153 (de novo)
Order No. R-12108-C

Dear Mr. Fesmire:

Enclosed for your consideration is Pride's motion for stay of the re-entry deadline in the above order.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name "James Bruce".

James Bruce

Attorney for Pride Energy Company

cc w/encl.: William F. Carr
David K. Brooks

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

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

APPLICATION OF PRIDE ENERGY COMPANY
FOR CANCELLATION OF A DRILLING PERMIT
AND RE-INSTATEMENT OF A DRILLING PERMIT,
AN EMERGENCY ORDER HALTING OPERATIONS,
AND COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO. 13153 (de novo/rehearing)
ORDER NO. R-12108-C

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MOTION FOR STAY OF COMMISSION ORDER

Pride Energy Company ("Pride") moves the Division Director for an order staying the well re-entry deadline contained in Oil Conservation Commission ("Commission") Order No. R-12108-C (the "Order"), and in support thereof, states:

A. BACKGROUND INFORMATION

1. Pride owns the working interest in State Oil and Gas Lease V-6256, covering the SW¼ of Section 12, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

2. Yates Petroleum Corporation and related entities (collectively, "Yates") own the working interest in State Oil and Gas Lease V-5855, covering the N½ and SE¼ of Section 12, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

3. Both Pride and Yates desire to re-enter the existing State "X" Well No. 1 (the "Well"), located 1980 feet from the north line and 660 feet from the west line of Section 12 (on Yates' lease), and complete it in the Mississippian formation.

4. Under Oil Conservation Division ("Division") regulations, a well completed in the Mississippian formation in Section 12 must have 320 acres dedicated to it. Pride desires a well unit comprised of the W½ of Section 12, while Yates desires a well unit comprised of the N½ of Section 12. After hearings before the Division and the Commission, the Order approved a W½ well unit, as requested by Pride. Yates has appealed the Order to District Court.

5. During the pendency of the administrative proceedings, both Pride and Yates voluntarily took no action to re-enter the Well.

6. The Order requires Pride to commence re-entry operations within 90 days of the date thereof (i.e., by March 9, 2005). If re-entry operations are not timely commenced, the Order will automatically expire. **Ordering Paragraphs 2 and 3** (page 10 of the Order).

B. MOTION.

1. It is Pride's position that the Commission correctly established a W½ well unit, and that the Commission and Pride will prevail on appeal. However, if Yates is successful in its appeal, Pride will own no interest in the Well. Thus, requiring Pride to re-enter the Well by March 9th will require it to incur substantial expense, even though it could ultimately own no interest in the Well. Thus, Pride may be harmed if a stay is not granted.

3. In addition, there is time for the District Court to consider the merits of Yates' appeal, and rule thereon, before re-

entry operations need to be commenced. Therefore, Yates will not be harmed by the issuance of a stay.

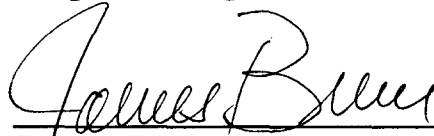
4. Based on the foregoing, and the parties' voluntary actions in not re-entering the well to date, the Division should stay Ordering Paragraph 2 of the Order until after the District Court issues its decision in the appeal.

5. Counsel for Yates opposes this motion, while counsel for the Commission does not oppose this motion.

PRIDE HAS ALSO FILED A SIMILAR MOTION FOR STAY WITH THE DISTRICT COURT, SINCE JURISDICTION OVER THE RIGHT TO GRANT A STAY IS UNCERTAIN.

WHEREFORE, pursuant to Ordering Paragraph 3 of the Order, Pride requests the Division to enter an order staying Ordering Paragraph 2 of the Order until a reasonable time after the District Court issues its decision in Yates' appeal.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Pride Energy
Company

CERTIFICATE OF SERVICE

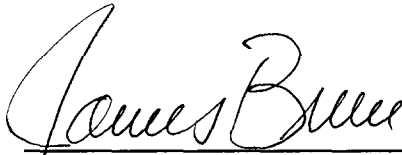
I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 4th day of February, 2005, in the following manner:

Via hand delivery

David K. Brooks
Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Via fax and U.S. Mail

William F. Carr
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 983-2043



James Bruce

ENDORSED
First Judicial District Court

FEB - 4 2005

Santa Fe, Rio Arriba &
Los Alamos Counties
PO Box 2268
Santa Fe, NM 87504-2268

COPY

FIRST JUDICIAL DISTRICT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

YATES PETROLEUM CORPORATION,

Appellant,

v.

No. D-101-CV-2004-196

THE NEW MEXICO OIL CONSERVATION
COMMISSION and PRIDE ENERGY COMPANY,

Appellees.

MOTION FOR STAY OF COMMISSION ORDER

Appellee Pride Energy Company ("Pride") moves the Court for an order staying the well re-entry deadline contained in Oil Conservation Commission ("Commission") Order No. R-12108-C (the "Order"), and in support thereof, states:

A. BACKGROUND INFORMATION

1. Pride owns the working interest in State Oil and Gas Lease V-6256, covering the SW¼ of Section 12, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

2. Appellant Yates Petroleum Corporation and related entities (collectively, "Yates") own the working interest in State Oil and Gas Lease V-5855, covering the N¼ and SE¼ of Section 12, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

3. Both Pride and Yates desire to re-enter the existing State "X" Well No. 1 (the "Well"), located 1980 feet from the north line and 660 feet from the west line of Section 12 (on Yates' lease), and complete it in the Mississippian formation.

4. Under Oil Conservation Division ("Division") regulations, a well completed in the Mississippian formation in Section 12 must

2005 FEB 4 PM 3 38

have a half-section (320 acres) "dedicated" to it. Pride desires a well unit comprised of the W½ of Section 12, while Yates desires a well unit comprised of the N½ of Section 12. After hearings before the Division and the Commission, the Order approved a W½ well unit, as requested by Pride. Pursuant to statute, Yates has appealed the Order to this Court. **NMSA 1976 §70-2-25.**

5. During the pendency of the administrative proceedings, both Pride and Yates voluntarily took no action to re-enter the Well.

6. The Order requires Pride to commence re-entry operations within 90 days of the date thereof (i.e., by March 9, 2005). If re-entry operations are not timely commenced, the Order will automatically expire. **Ordering Paragraphs 2 and 3** (page 10 of the Order).

B. MOTION.

1. The granting of a stay by the Court is an exercise of judicial discretion. Tenneco Oil Co. v. State Water Quality Control Comm'n, 105 N.M. 708, 736 P.2d 986 (Ct. App. 1986).

2. It is Pride's position that the Commission correctly established a W½ well unit, based on the Oil and Gas Act, Division regulations, and technical evidence presented to the Commission, and that appellees will prevail on appeal. However, if Yates is successful in its appeal, Pride will own no interest in the Well. Thus, requiring Pride to re-enter the Well by March 9th will require it to incur substantial expense, even though it could ultimately own no interest in the Well. Thus, Pride may be harmed

if a stay is not granted.

3. In addition, there is time for this Court to consider the merits of Yates' appeal, and rule thereon, before re-entry operations need to be commenced. Therefore, Yates will not be harmed by a stay.

4. Based on the foregoing, and the parties' voluntary actions in not re-entering the well to date, the Court should exercise its discretion and stay Ordering Paragraph 2 of the Order until after it issues its decision in this matter.

5. Counsel for Yates opposes this motion, while counsel for the Commission does not oppose this motion.

WHEREFORE, Pride requests the Court to enter an order staying Ordering Paragraph 2 of the Order until after it issues its decision in this case.

Respectfully submitted,

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James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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Attorney for Pride Energy
Company

CERTIFICATE OF SERVICE

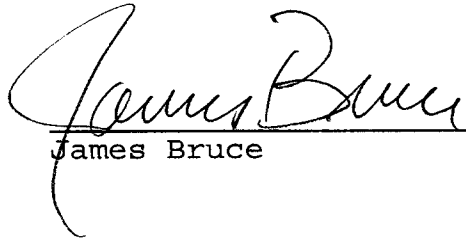
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