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2005 JAN 19 PM 4 06

January 19, 2005

Hand Delivered

David Catanach
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 13, 531/Yates Petroleum Corporation v. Pride Energy Company
State X Well No. 1/W½ §12-12S-34E. Lea County, New Mexico

Dear Mr. Catanach:

This letter constitutes the written closing argument of Pride Energy Company ("Pride"), which was requested at the January 5th hearing.

The Division is aware of the basic facts of this case, so they will not be revisited here. At this time, the Division must decide the well costs which are allowable in this matter. In that connection, attached hereto are Yates Petroleum Corporation's ("Yates") Exhibits 7 and 8 from the January 5th hearing. These will be used in the discussion below.

1. Pride's Well Costs: Pride's costs are set forth in Exhibit 7, which has been color-coded to reflect certain costs. Of these, Pride makes the following comments:

A. The costs highlighted in PINK are two charges in the amount of $2,756.00 and $407.60. Those charges were withdrawn at hearing, and should be deleted from Pride's well costs.

B. The costs highlighted in GREEN are two charges in the amount of $888.46 and $248.97. Those charges were withdrawn by fax to Mr. Carr on January 13th, and should be deleted from Pride's well costs.

C. The costs highlighted in YELLOW is one charge in the amount of $1,363.71.00. Yates initially objected to that charge, but the objection was withdrawn by Yates at hearing, and should remain as part of Pride's well costs.

D. The costs highlighted in ORANGE are thirteen charges totaling $15,215.11. **Those are the charges to which Yates currently objects.**

With respect to the $15,211.11 in disputed charges, they are all legal fees or costs related to the pooling hearings on this matter. Pride requests that it be reimbursed for these costs because it would not have incurred them if the Division had not unilaterally canceled Pride's valid APD in August 2003.

2. Yates' Well Costs: Yates' costs are set forth in Exhibit 8. As noted at hearing, Pride objects to the shaded costs totaling $25,442.21. While those costs, in the abstract, would have been fair costs in drilling or re-entering a well, Pride had to duplicate those costs when it took over operations in late 2004, after the Commission's final pooling order. Pride received no benefit from them. For example, the final cost listed ($4,858.50) was for blowout insurance which was secured only for Yates' benefit. If Yates had not proceeded to commence operations before the pooling case was decided, those costs would not have been duplicated. Thus, Pride request that Yates not be awarded those costs, totaling $25,442.21.

In addition, Yates has requested that Pride reimburse Yates for 100% of the costs listed in Exhibit 8. That is improper: Pride is only legally responsible for 50% of any costs listed in Exhibit 8 which are allowed by the Division. As the record in this matter reflects, Yates[1] owns 100% of the NW¼ of Section 12, and Pride owns 100% of the SW¼ of Section 12. Thus, each party owns 50% of the working interest in the well unit. The pooling statute, NMSA 1978 §70-2-17.C, requires that well costs and production be allocated on an acreage basis. Thus, Pride owes 50% of total well costs, and Yates owes 50% of total well costs. If Yates' request is granted, Yates will owe 50% of the allowed costs on Exhibit 7, **but** Pride will owe 50% of the allowed costs on Exhibit 7 PLUS 100% of the allowed costs on Exhibit 8. That is not only improper under the pooling statute, but is a windfall to Yates.

One final comment: At the hearing a questions was asked about Pride's objections to Yates' well costs. The letter objecting to those costs is enclosed with this letter.

Very truly yours,

James Bruce

Attorney for Pride Energy Company

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1 The interest owners in Yates' lease are actually Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation, and Myco Industries, Inc.

GROSS AMOUNT		VENDOR NAME	INVOICE #	INVOICE DATE	Txn Description	Costs Objected	Yates Response		
201.29		Plaster & Wald Consulting Corp.	520261	6/21/2005	State X #1 consulting	$ -			
203.29		Plaster & Wald Consulting Corp.	520271	6/21/2005	State X #1 consulting	$ -			
145.21		Plaster & Wald Consulting Corp.	520281	6/21/2005	State X #1 consulting	$ -			
174.24		Plaster & Wald Consulting Corp.	520291	6/21/2005	State X #1 consulting	$ -			
56,904.25		Weatherford Enterra U.S.	2W-0016136	5/12/2005	State X #1 reverse unit, operator, tools, parts & supplies, rental equipment	$ -			
92,950.22		Weatherford Enterra U.S.	2W-0016039	5/12/2005	State X #1 reverse unit, operator, tools, parts & supplies, rental equipment	$ -			
413.95		Scarbrough Enterprises, Inc.	26364	5/2/2005	State X #1 parts and supplies	$ -			
613.67		Scarbrough Enterprises, Inc.	26824	5/2/2005	State X #1 tubing valve	$ -			
27,022.59		Nunez Oil Field Pipe, Ltd.	20274	3/28/2005	State X #1 inspection and repairs of drill pipe	$ -			
2,488.35		Abc Rental Tool Co.	501003	4/5/2005	State X #1 rental equipment	$ -	No invoice provided	Provided	
10,583.38		Nunez Oil Field Pipe, Ltd.	19729	2/14/2005	State X #1 rental equipment	$ -			
196,197.34		Nunez Oil Field Pipe, Ltd.	19821	2/24/2005	State X #1 drill pipe	$ -			
829.82		Choice Oilfield Service	3227	3/22/2005	State X #1 water handling	$ -			
342.25		Liberty Maintenance Services	16227	4/20/2005	State X #1 roustabout work	$ -			
771.00		Plaster & Wald Consulting Corp.	511600	4/11/2005	State X #1 consulting	$ -			
1,020.29		Coombes Trucking Inc.	18713	3/31/2005	State X #1 trucking	$ -			
1,354.28		Coombes Trucking Inc.	18693	3/31/2005	State X #1 trucking	$ -			
315.38		Michael T. Presher	1908	2/22/2005	State X #1 dug out for pit, move dirt to side of location	$ -	No invoice provided	Provided	
665.34		Stone Oilfield Service	5315	3/25/2005	State X #1 water hauling	$ -			
734.65		Stone Oilfield Service	5316	3/25/2005	State X #1 water hauling	$ -			
10,917.08		BJ Services Co., Inc	1134458	3/25/2005	State X #1 cememt plug	$ -			
570.37		Samuel A. Smith Welding, Inc.	7534	2/25/2005	State X #1 welding	$ -			
360.70		Accel Trucking	10004	3/26/2005	State X #1 trucking	$ -			
5,000.00		Pride Energy Company	admin oh	3/31/2005	administrative overhead 03/05	$ -			
14,433.75		Abo Rental Tool Co.	500957	3/21/2005	State X #1 rental equipment	$ -			
2,691.88		Davis Tool Company, Inc.	01-32581	3/31/2005	State X #1 rental equipment	$ -			
6,755.12		BJ Services Co., Inc	1133311	3/21/2005	State X #1 cement service	$ -			
975.96		Gandy Corporation	144959	2/25/2005	State X #1 mud oil	$ -			
663.86		Choice Oilfield Service	2113	2/22/2005	State X #1 water hauling	$ -			
351.95		Choice Oilfield Service	2196	2/24/2005	State X #1 water hauling	$ -			
1,444.68		Choice Oilfield Service	2502	3/22/2005	State X #1 water hauling	$ -			
911.22		Choice Oilfield Service	2115	2/22/2005	State X #1 water hauling	$ -			
1,152.75		Kelly Maclaskey Oilfield Serv	57794	3/22/2005	State X #1 water hauling	$ -			
3,198.13		Glenn's Water Well Service, Inc.	5054	3/28/2005	State X #1 generator rental	$ -			
331.93		Kelly Maclaskey Oilfield Serv	57433	3/10/2005	State X #1 frac tank rental	$ -			
11,631.14		Cobra Enterprises, Inc.	2172	3/17/2005	State X #1 rig	$ -			
57,893.29		Eunice Well Servicing Co.	500215	3/10/2005	State X #1 rig	$ -			
210.75		Man Welding Services	32944	3/9/2005	State X #1 welding	$ -			
311.66		Gandy Corporation	145346	3/16/2005	State X #1 dig pit	$ -			
583.63		Gandy Corporation	145345	3/16/2005	State X #1 water handling	$ -			

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 13531 Exhibit No. 7
Submitted by:
Yates Petroleum Corporation
Hearing Date: January 5, 2006

345.85		Gandy Corporation	145344	3/16/2005	State X #1 water hauling	$ -			
397.71		Gandy Corporation	145343	3/16/2005	State X #1 remove cement from reverse pit to replace valve, return cement to pit	$ -	No invoice provided	Provided	
1,422.66		Gandy Corporation	145341	3/16/2005	State X #1 mud oil	$ -			
1,039.97		Gandy Corporation	145340	3/16/2005	State X #1 mud oil	$ -			
502.36		Gandy Corporation	145339	3/16/2005	State X #1 water handling	$ -			
905.10		BOS Services Inc.	10069	3/17/2005	State X #1 trash trailer and toilet rental	$ -			
207.82		G&W Trucking, Inc	30575	3/14/2005	State X #1 trucking	$ -	Appears to be charged by Weatherford	Waived	
207.72		G&W Trucking, Inc	30583	3/14/2005	State X #1 trucking	$ -	Appears to be charged by Weatherford	Waived	
207.72		G&W Trucking, Inc	30594	3/15/2005	State X #1 trucking	$ -			
832.59		Cogburn Pipe & Supply, Inc.	24810	3/14/2005	State X #1 parts and supplies	$ -			
869.82		Cogburn Pipe & Supply, Inc.	24808	3/14/2005	State X #1 parts and supplies	$ -			
2,185.14		Beverly J. Grimsley	7587	3/13/2005	State X #1 trucking	$ -	No invoice provided	Provided, improper nar	
7,340.23		Davis Tool Company, Inc.	01-32553	3/14/2005	State X #1 rental equipment	$ -			
1,248.58		Stone Oilfield Service	4941	3/8/2005	State X #1 SWD	$ -			
2,548.15		Forklift Enterprises, Inc.	69472	3/9/2005	State X #1 forklift work and trucking	$ -			
1,587.60		Swaco	4025361	3/10/2005	State X #1 parts and supplies	$ -			
1,176.00		Swaco	4025358	3/10/2005	State X #1 rental equipment	$ -			
5,701.11		Akome, Inc.	4637	2/28/2005	State X #1 pit lining	$ -			
7,500.40		Plaster & Wald Consulting Corp.	509230	3/21/2005	State X #1 consulting	$ -			
208.00		Plaster & Wald Consulting Corp.	509251	3/21/2005	State X #1 consulting	$ -			
6,168.00		Plaster & Wald Consulting Corp.	509250	3/21/2005	State X #1 consulting	$ -			
225.00		Plaster & Wald Consulting Corp.	509231	3/21/2005	State X #1 consulting	$ -			
1,176.00		Swaco	4025006	3/9/2005	State X #1 rental equipment	$ -			
1,186.89		Forklift Enterprises, Inc.	69443	3/4/2005	State X #1 forklift work	$ -			
405.69		Kelly Maclaskey Oilfield Serv	57220	3/2/2005	State X #1 rental equipment	$ -			
123.40		Coombes Trucking Inc.	18514	3/8/2005	State X #1 trucking	$ -			
412.85		E.L. Farmer & Co.	01-00920-05	3/8/2005	State X #1 trucking	$ -			
(1,002.88)	x	James Bruce	3/1/2005	3/1/2005	State X #1 legal fees	$ 1,002.88	Not required to pay legal bills		
4,000.78		Rotary Wire Line Service Inc.	13369	3/7/2005	State X #1 fish finder	$ -			
74,471.95		Eunice Well Servicing Co.	500195	3/4/2005	State X #1 rig and crew	$ -			
1,093.54		Wilbanks Trucking, Inc.	95-5975	2/22/2005	State X #1 trucking	$ -			
474.75		Forklift Enterprises, Inc.	69393	2/28/2005	State X #1 forklift work	$ -			
106.63		P&D Petroleum, Inc.	65860	2/28/2005	State X #1 trucking	$ -			
1,020.37		Man Welding Services	32837	2/18/2005	State X #1 welding	$ -			
1,185.95		E.L. Farmer & Co.	12-00772-05	3/4/2005	State X #1 trucking	$ -			
1,185.95		E.L. Farmer & Co.	12-00771-05	3/4/2005	State X #1 trucking	$ -			
123.40		Coombes Trucking Inc.	18512	2/28/2005	State X #1 trucking	$ -	Double Bill see Invoice from Weatherford	Waived	
123.40		Coombes Trucking Inc.	18378	2/28/2005	State X #1 trucking	$ -	Double Bill see Invoice from Weatherford	Waived	
325.00		Plaster & Wald Consulting Corp.	507671	3/4/2005	State X #1 consulting/supervision	$ -			
10,827.30		Plaster & Wald Consulting Corp.	507670	3/4/2005	State X #1 consulting/supervision	$ -			
3,084.00		Plaster & Wald Consulting Corp.	507690	3/4/2005	State X #1 consulting/supervision	$ -			
104.00		Plaster & Wald Consulting Corp.	507691	3/4/2005	State X #1 consulting/supervision	$ -			
1,246.11		Bach Bit Services	1398	2/28/2005	State X #1 build swivel stand	$ -			

460.89		Bach Bit Services	1392	2/22/2005	State X #1 labor to plumb in hopper	$ -			
5,000.00		Pride Energy Company	admin oh	2/28/2005	administrative overhead 02/05	$ -	No invoice provided		
593.44		Forklift Enterprises, Inc.	69322	3/21/2005	State X #1 forklift work	$ -			
508.86		Kenemore Welding & Oilfield Inc.	27145	2/22/2005	State X #1 welding	$ -			
2,031.60		Pradon construction & Trucking, Inc.	246226	2/23/2005	State X #1 trucking	$ -			
671.60		E.L. Farmer & Co.	01-00756-05	2/23/2005	State X #1 trucking	$ -			
1,658.50		L&R Bit co.	0205-10	2/13/2005	State X #1 8 3/4" FDSS and 7 7/8" GT-1	$ -			
498.58		Kelly Maclaskey Oilfield Serv	56739	2/15/2005	State X #1 water hauling	$ -			
1,104.65		Kelly Maclaskey Oilfield Serv	56740	2/15/2005	State X #1 water hauling	$ -			
769.24		Kelly Maclaskey Oilfield Serv	56776	2/16/2005	State X #1 rental equipment	$ -			
1,661.70		Plaster & Wald Consulting Corp.	505610	2/21/2005	State X #1 consulting	$ -			
50.00		Plaster & Wald Consulting Corp.	505611	2/21/2005	State X #1 consulting	$ -			
593.44		Forklift Enterprises, Inc.	69248	2/14/2005	State X #1 forklift to move tubing	$ -			
1,315.96		McClatchy Bros., Inc.	12245	2/12/2005	State X #1 tubing	$ -			
746.81		Hobbs Anchor, Inc.	18317	2/13/2005	State X #1 test anchors	$ -			
551.93		Phillips Casing & Tubing LP	23897	2/14/2005	State X #1 forklift work	$ -			
400.00		Southern Lease Service, Ltd.	22971	2/2/2005	State X #1 forklift work	$ -			
850.00		Matt Benton Agency, LP	222620	2/2/2005	State X #1 trucking	$ -			
5,350.00		Pettitt Wireline Service, LLC	800	1/20/2005	State X #1 tubing	$ -	Work was on Avery 1-36 not the State X#1		
715.00		CRST Malone, Inc.-CRFB	M761394	1/26/2005	State X #1 trucking	$ -			
850.00		Matt Benton Agency, LP	222621	1/31/2005	State X #1 trucking	$ -			
715.00		CRST Malone, Inc.-CRFB	M753352	1/19/2005	State X #1 trucking	$ -			
599.60		Phillips Casing & Tubing LP	23643	1/18/2005	State X #1 forklift work	$ -	Cost to tally 2 3/8'ths / State X used 2 7/8ths		
238.78	x	James Bruce	1/1/2005	1/1/2005	State X #1 legal fees	$ 238.78	Not required to pay legal bills		
501.44	x	James Bruce	2003.084	12/5/2004	State X #1 legal fees	$ 501.44	Not required to pay legal bills		
1,886.37	x	James Bruce	11/1/2004	11/1/2004	State X #1 legal fees	$ 1,886.37	Not required to pay legal bills		
917.31	x	Pride Energy Company	10/22/2003	10/22/2004	State X #1 legal fees	$ 917.31	No invoice provided		
894.01	x	Pride Energy Company	8/12/2004	8/12/2004	State X #1 legal expenses	$ 894.01	No invoice provided		
955.38	x	Kinkos	534992	7/31/2004	State X #1 geographical area	$ 955.38	Hearing Cost, Not required to pay		
2,756.00	x	NuTech Energy alliance	08-03-017	8/8/2003	State X #1 log analysis	$ 2,756.00	Cost not related to re-entry	√	W/drawn
407.60	x	NuTech Energy alliance	08-03-057	8/20/2003	State X #1 log analysis	$ 407.60	Cost not related to re-entry	√	w/drawn
3,868.26	x	James Bruce	9/1/2004	9/1/2004	State X #1 legal fees	$ 3,868.26	Not required to pay legal bills		
1,363.71		James Bruce	9/5/2003	9/5/2003	State X #1 legal fees	$ -	Not required to pay legal bills	No objection	
2,058.83	x	James Bruce	10/5/2003	10/5/2003	State X #1 legal fees	$ 2,058.83	Not required to pay legal bills		
1,931.48	x	James Bruce	10/25/2003	10/25/2003	State X #1 legal fees	$ 1,931.48	Not required to pay legal bills		
95.51	x	James Bruce	2/1/2004	2/1/2004	State X #1 legal fees	$ 95.51	Not required to pay legal bills		
262.66	x	James Bruce	4/1/2004	4/1/2004	State X #1 legal fees	$ 262.66	Not required to pay legal bills		
602.20	x	James Bruce	7/25/2004	7/25/2004	State X #1 legal fees	$ 602.20	Not required to pay legal bills		
888.46	x	Heartland Equipment Co.	2005061	2/1/2005	State X #1 repairs and maintenance	$ 888.46	No invoice provided, new cost 1/3/06	} √	[redacted]
248.97	x	Phillips Casing & Tubing LP	23643	1/18/2005	State X # 1 forklift work	$ 248.97	No invoice provided, new cost 1/3/06	√	
√ 708,402.78						$ 19,516.14			
Pride Energy	0.50			$ 354,201.39					
Yates Petroleum	0.35			$ 247,940.97					

[redacted]

Yates Drilling	0.05			$ 35,420.14
Abo Petroleum	0.05			$ 35,420.14
Myco Industries	0.05			$ 35,420.14
Summary				
		Amount Paid	**Revised Cost of Well**	**Money Owed Yates**
Pre Payment by:			$688,886.64	
YPC		$ 263,653.00	$241,110.32	$ 22,542.68
YDC		$ 37,664.74	$ 34,444.33	$ 3,220.41
MYCO		$ 37,664.74	$ 34,444.33	$ 3,220.41
ABO		$ 37,664.74	$ 34,444.33	$ 3,220.41
				$ 32,203.91

Well Name: Limbaugh AYO State #1 (Pride's Name: State X #1)

ACCT MONTH	ACCT YEAR	INVNBR	SERVICE MONTH	SERVICE DAY	SERVICE YEAR		PROPERTY		DESCRIPTION	VENDOR NAME	AMOUNT	Cost Objected to by Pride
8	2003	B-1903	8	28	2003	8/28/2003	LIMBAUGH AYO STATE #1	YPC	STAKING, PERMIT & LEGAL FEES	GENERAL SURVEYING CO.	$317.58	
9	2003	093592	9	11	2003	9/11/2003	LIMBAUGH AYO STATE #1	YPC	MISC VLVS,FITTINGS,SUPPLIES(A)	YATES PETROLEUM CORPORATION	$2,781.31	
9	2003	093385	9	8	2003	9/8/2003	LIMBAUGH AYO STATE #1	YPC	MISC VLVS,FITTINGS,SUPPLIES(A)	YATES PETROLEUM CORPORATION	$204.24	
9	2003	093385	9	8	2003	9/8/2003	LIMBAUGH AYO STATE #1	YPC	2" 5K LP API GATE VALVE, (B)	YATES PETROLEUM CORPORATION	$593.34	
9	2003	093385	9	8	2003	9/8/2003	LIMBAUGH AYO STATE #1	YPC	STRCTRAL TBG, CSG,& RODS (A)	YATES PETROLEUM CORPORATION	$81.00	
9	2003	309025HS	9	11	2003	9/11/2003	LIMBAUGH AYO STATE #1	YPC	CHRISTMAS TREE & WELLHEAD	ARTESIA FIELD SERVICE	$168.18	
9	2003	1023	9	2	2003	9/2/2003	LIMBAUGH AYO STATE #1	YPC	SURFACE REPAIR & MAINT	RYDER SERVICES, INC.	$63.45	
9	2003	11126	9	6	2003	9/6/2003	LIMBAUGH AYO STATE #1	YPC	SB-12 MIL PIT LINING	DUDLEY SALES & SERVICE	$845.66	$845.66
9	2003	95030	8	30	2003	8/30/2003	LIMBAUGH AYO STATE #1	YPC	BASE PLATE KIT, CSGHD	WOOD GROUP PRESSURE CONTROL	$3,350.04	
9	2003	12-02301-03	9	5	2003	9/5/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	E.L. FARMER & COMPANY	$803.65	$803.65
9	2003	12-02303-03	9	5	2003	9/5/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	E.L. FARMER & COMPANY	$1,160.25	$1,160.25
9	2003	12-02355-03	9	11	2003	9/11/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	E.L. FARMER & COMPANY	$99.85	$99.85
9	2003	12-02358-03	9	12	2003	9/12/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	E.L. FARMER & COMPANY	$1,266.33	$1,266.33
9	2003	136576	9	7	2003	9/7/2003	LIMBAUGH AYO STATE #1	YPC	WATER FOR COMPLETION	GANDY CORPORATION	$973.20	
9	2003	14627	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	BITS,TOOLS & SUPP.- COMPLETION	HOBBS ANCHOR, INC.	$856.43	
9	2003	418004458	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	COMPLETION UNIT - SWABBING	KEY ENERGY SERVICES, INC.	$15,192.14	
9	2003	4313	9	23	2003	9/23/2003	LIMBAUGH AYO STATE #1	YPC	LOCATION, RIGHT-OF-WAY	L. RAMIREZ TRUCKING AND	$10,504.25	
9	2003	13215	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQUIP.RENTAL,ETC.-COMPL.	MORGAN TOOLS CO LLC	$1,186.57	$1,186.57
9	2003	13216	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQUIP.RENTAL,ETC.-COMPL.	MORGAN TOOLS CO LLC	$696.95	$696.95
9	2003	13118	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	ADDITIONAL LOC CHARGES-COMPL.	MORGAN TOOLS CO LLC	$1,298.01	
9	2003	13119	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	ADDITIONAL LOC CHARGES-COMPL.	MORGAN TOOLS CO LLC	$2,242.64	
9	2003	4007	9	9	2003	9/9/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQUIP.RENTAL,ETC.-COMPL.	TWO STATE EQUIPMENT, INC.	$814.85	$814.85
9	2003	2W 0327388	9	23	2003	9/23/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	WEATHERFORD U.S., L.P.	$3,916.14	$3,916.14
9	2003	2W 0327389	9	23	2003	9/23/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	WEATHERFORD U.S., L.P.	$11,382.91	
9	2003	2W 0327398	9	23	2003	9/23/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	WEATHERFORD U.S., L.P.	$6,944.77	$6,944.77
9	2003	86623	9	3	2003	9/3/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQUIP.RENTAL,ETC.-COMPL.	PHILIP L. WEILER D/B/A WEILER	$776.86	
9	2003	95-2231	9	12	2003	9/12/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQUIP.RENTAL,ETC.-COMPL.	WILBANKS TRUCKING	$475.88	$475.88
9	2003		9	30	2003	9/30/2003	LIMBAUGH AYO STATE #1	YPC	09/2003 ENGR. SERVICE	YATES PETROLEUM CORPORATION	$2,113.98	
9	2003		9	2	2003	9/2/2003	LIMBAUGH AYO STATE #1	YPC	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	$2,000.00	
9	2003		9	2	2003	9/2/2003	LIMBAUGH AYO STATE #1	YPC	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	$2,163.00	
9	2003		9	2	2003	9/2/2003	LIMBAUGH AYO STATE #1	YPC	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	$500.00	
10	2003	136985	9	10	2003	9/10/2003	LIMBAUGH AYO STATE #1	YPC	WATER FOR COMPLETION	GANDY CORPORATION	$1,386.81	
10	2003	33828	9	8	2003	9/8/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	MCILROY SERVICE COMPANY	$596.38	$596.38
10	2003	2W 0329069	9	26	2003	9/26/2003	LIMBAUGH AYO STATE #1	YPC	TOOL&EQPT RENTAL,INSPCT-COMPL.	WEATHERFORD U.S., L.P.	$1,776.43	$1,776.43
10	2003	C.O.W. INS	10	31	2003	10/31/2003	LIMBAUGH AYO STATE #1	YPC	C.O.W.INS	J.S. WARD & SON, INC.	$4,858.50	$4,858.50
											$84,391.58	$25,442.21

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 13531 Exhibit No. 8
Submitted by:
Yates Petroleum Corporation
Hearing Date: January 5, 2006

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(5050 982-2151 (Fax)

jamesbruc@aol.com

September 30, 2005

Via fax and U.S. Mail

William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504

Re: Pride/Yates

Dear Bill:

Enclosed are: Exhibit A: A listing of Pride's objections to Yates' well costs; Exhibit B: Additional invoices on items Yates said there was no back-up data; and Exhibit C: John Pride's comments on several items which Yates objected to. Please give me a call so we can sit down and go over them as soon as possible. Thank you.

Very truly yours,

James Bruce

Invoices of Yates that Have Costs that Had to be Duplicated by Pride

Vendor	Inv. Date	Amount	Description
Dudley	9/8/03	$845.66	12 Mil Pit Lining
E.L. Farmer	9/25/03	$803.65	Haul/Load Catwalk, 2 Pipe Racks, Forklift
E.L. Farmer	9/25/03	$1,160.25	Haul Drillpipe
E.L. Farmer	9/24/03	$99.85	Haul Stripper Head
E.L. Farmer	9/25/03	$1,266.33	Haul Drillpipe, Catwalk, Pipe Racks, Drill Collars
Morgan Tools	9/18/03	$1,186.57	Rental of Matting Boards
Morgan Tools	9/18/03	$696.95	Rental of Trash Trailer
Two-State Equipment	9/16/03	$814.85	Rental of 500 Bbl. Tank
Weatherford	9/23/03	$3,916.14	Rental Tools
Weatherford	9/23/03	$6,944.77	Inspection Charges of Drill Pipe, Pipe Racks Rental, Catwalks Rental, Inspections
Wilbanks Trucking	9/12/03	$475.88	Forklift to load Drill pipe, racks, catwalk
McIlroy Service	9/26/03	$596.38	Rental Light Plant, Delivery Charge
Weatherford	9/26/03	$1,776.43	Repairs to Drill Pipe
Yates		$4,858.50	Well Control Insurance
	Total	$25,442.21	

EXHIBIT A

INVOICE

ABC Rental Tool Co.
P.O. Box 1500
Hobbs, NM 88241
505-394-3155

Number: 501003
Order Date: 03/15/05
Invoice Date: 04/05/05
Due Date: 05/05/05
Order Number 500861
Sales Person: K JONES

Bill To: Pride Energy
P.O. Box 701950
Tulsa, OK 74170-1950

Cust ID: 1210
Ref Num:
Ordered By: Mr. Beard

Lease: State 1X
State: NM
County: Lea
Remarks: 6863 EM

Dlvry Date	Rtrn Date	Qty	Description	Unit Qty	Unit	Eff Qty	Unit Price	Total Price
03/15/05		1	Matting Board 4' X 20' #16-16 Addl Day	12	Day	12	50.00	600.00
03/15/05	03/17/05	1	BOP, Manual #7-48 6" 900 Double 3-Day Min	1	Minimum	1	250.00	250.00
03/18/05		1	BOP, Manual #7-48 6" 900 Double Addl Day	9	Day	9	40.00	360.00
03/15/05		1	2-7/8" Rams #30-120, CSO Rams #30-92	0				
03/15/05	03/17/05	1	Adapter, Studded 10" 1500 X 10" 900 3-Day Min	1	Minimum	1	175.00	175.00
03/18/05		1	Adapter, Studded 10" 1500 X 10" 900 Addl Day	9	Day	9	30.00	270.00
03/15/05	03/17/05	1	Spool, API 10" 900-600 X 6" 900-600 3-Day Min	1	Minimum	1	130.00	130.00
03/18/05		1	Spool, API 10" 900-600 X 6" 900-600 Addl Day	9	Day	9	28.00	252.00
03/15/05		1	BOP R-45 Steel Ring Gasket	1	Each	1	25.40	25.40
03/15/05		1	BOP R-54 Steel Ring Gasket	1	Each	1	49.97	49.97
03/15/05		1	Set of wheels, stands, & bop skid 3-Day Min	1	Minimum	1		
03/15/05		1	Environmental Charge	1	Job	1	20.00	20.00

Transferred to page 2................................. 2,132.37

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EXHIBIT
B

INVOICE

ABC Rental Tool Co.
P.O. Box 1500
Hobbs, NM 88241
505-394-3155

Number: 501003
Order Date: 03/15/05
Invoice Date: 04/05/05
Due Date: 05/05/05
Order Number 500861
Sales Person: K JONES

Bill To: Pride Energy
P.O. Box 701950
Tulsa, OK 74170-1950

Cust ID: 1210
Ref Num:
Ordered By: Mr. Beard

Lease: State 1X
State: NM
County: Lea
Remarks: 6863 EM

Dlvry Date	Rtrn Date	Qty	Description	Unit Qty	Unit	Eff Qty	Unit Price	Total Price
			Transferred from page 1..............................					2,132.37
03/15/05		1	Transportation Delivered by Sr.	1	Mile	1	100.00	100.00
03/15/05		1	Transportation Returned by Sr.	1	Mile	1	100.00	100.00

6/2/05

Amount Subject to Sales Tax	Amount Exempt from Sales Tax
2,332.37	0.00

Subtotal:	2,332.37
Invoice Discount:	0.00
Total Sales Tax:	155.98
Total:	2,488.35

- INVOICE -

TBS TATUM BACKHOE SERVICE
Box 1068 ~ Tatum, New Mexico 88267

№ 1908

MIKE PRESHER
owner/operator

~~RES:~~ CELL: 505 369-7985
505 398-6819

SOLD TO: Pride michael T. Presher

Date: 2-22-05

Lease: St. X Well #1

Time Out: 6:30AM Time In: 11:00 AM

Dump Truck	hrs. @ $		per hr.	TOTAL
Dump Truck	hrs. @ $		per hr.	TOTAL
Backhoe	hrs. @ $		per hr.	TOTAL
Backhoe	4 1/2 hrs. @ $	60.	per hr.	TOTAL 270.00

Description of Work:

Dug out for pit, move dirt to side of location.

4/15

+ 10% Sur. 27.00

SUBTOTAL

TAX 18.38.

TOTAL $315.38

P.O. #:

Signature:

TERMS: Balance due 10th of month following purchase. Past due on 20th of month. 1 1/2% interest on past due accounts after 30 days.

GANDY CORPORATION
P.O. BOX 827
TATUM, NEW MEXICO 88267
(505) 398-4960
PRC 14225

INVOICE NO. 145343

ILL TO: PRIDE ENERGY, INC.
P.O. BOX 701950

TULSA, OK 74170-1950

LEASE STATE 1 X

PAGE 1

INVOICE DATE
3/16/05

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
	02/24/05 WT. 343648		
4.50	HRS VACUUM TRUCK	76.00	342.00
1.00	EACH SURCHARGE	30.78	30.78
	REMOVED CEMENT FROM REVERSE PIT TO REPLACE VALVE RETURNED CEMENT TO PIT.		
	SUBTOTAL		372.78
	Tax 6.6875		24.93
	INVOICE TOTAL		397.71

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MAR 21 2005

4/15/05

Thank You

TERMS: Net. Interest of 1½% per month (18% per annum) added to accounts over 90 days.

OILFIELD PIPE EXPRESS Beverly J. Grimsley
TAX ID# 465-90-8364
4808 W. 39TH ST.
ODESSA, TEXAS 79764

INVOICE

DATE	INVOICE #
3/13/2005	7587

BILL TO
PRIDE ENERGY COMPANY P.O. BOX 701950 TULSA, OK 74101-1602

ORIGIN/ DESTINATION
NM STATE 1X TATUM, NM TO NUNEZ / PREMIUM PIPE YD ODESSA, TX

CUSTOMER P.O.	TERMS	DUE DATE	SALES REP	SHIP DATE	CO. REP
NM STATE 1X	Net 30	4/12/2005	BG	3/9/2005	LEON

QUANTITY	SERVICE ITEM	DESCRIPTION	UNIT PRICE	EXTENSION
1	102	TRK# 101 LOADED ON LOCATION: 86 JTS - 3 1/2 DRILL PIPE DEL TO ODESSA	609.52	609.52
1	106 - 109	INS. & FUEL SURCHARGE	19.50%	118.86
1	102	TRK# 777 LOADED ON LOCATION: 68 JTS - 3 1/2 DRILL PIPE DEL TO ODESSA	609.52	609.52
1	106 - 109	INS. & FUEL SURCHARGE	19.50%	118.86
1	102	TRK# 22 LOADED ON LOCATION: 82 JTS - 3 1/2 DRILL PIPE DEL TO ODESSA	609.52	609.52
1	106 - 109	INS. & FUEL SURCHARGE	19.50%	118.86

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MAR 16 2005

4/12/05

OFFICE: 432-530-0543
FAX: 432-381-1904
opexpress@direcway.com

Total	$2,185.14
Balance Due	$2,185.14

Regarding the 4 invoices they say were also charged by Weatherford, (G&W Trucking \$207.82 & \$207.72) & (Coombes Trucking \$123.40 & \$123.40) I did not find these amounts on Weatherford's invoices & have no reason to believe they were double billed.

Pettitt Wireline Services invoice for costs associated with getting 2 7/8 tubing to be used on State X-1 (note: no rent was charged for this tubing)

Phillips Casing & Tubing invoice for forklift to unload 2 3/8 tubing & to tally same, which was being readied to be used in State X-1 well as production tubing.