

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 FOR AN ORDER (1) DIRECTING )  
PRIDE ENERGY COMPANY TO REIMBURSE YATES )  
FOR THE WELL COSTS INCURRED BY YATES IN )  
ITS ATTEMPTS TO RE-ENTER THE STATE "X" )  
WELL NO. 1 (API NO. 30-025-01838) )  
LOCATED IN SECTION 12, TOWNSHIP 12 )  
SOUTH, RANGE 34 EAST, NMPM, PRIOR TO THE )  
TIME PRIDE ENERGY COMPANY ASSUMED )  
OPERATIONS OF THE WELL, (2) DIRECTING )  
PRIDE ENERGY COMPANY TO ACCOUNT FOR AND )  
PAY ALL SUMS IT IS NOW IMPROPERLY )  
HOLDING PURSUANT TO EXPIRED ORDERS OF )  
THE DIVISION AND COMMISSION, AND (3) )  
REQUIRING PRIDE ENERGY COMPANY TO PLUG )  
AND ABANDON THE STATE "X" WELL NO. 1, )  
LEA COUNTY, NEW MEXICO )

CASE NO. 13 31  
2006 JUN 33 AM 7 58

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

January 19th, 2006  
Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, January 19th, 2006, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

## I N D E X

January 19th, 2006  
Examiner Hearing  
CASE NO. 13,531

PAGE

REPORTER'S CERTIFICATE

5

\* \* \*

## A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: WILLIAM F. CARR

FOR PRIDE ENERGY COMPANY:

JAMES G. BRUCE  
Attorney at Law  
P.O. Box 1056  
Santa Fe, New Mexico 87504

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:21 a.m.:

3           EXAMINER EZEANYIM: I think -- I understand,  
4   before we continue, I understand that the case that was  
5   heard last two weeks by Examiner Catanach, and the  
6   attorneys wish to submit some further information. I think  
7   we'll get it out of the way before we continue with the  
8   other business today. This is in Case Number 13,531.

9           MR. CARR: May it please the Examiner, My name is  
10   William F. Carr with the Santa Fe office of Holland and  
11   Hart. We represent the Applicant in this matter, Yates  
12   Petroleum Corporation.

13          MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe.  
14   I represent Pride Energy Company in this matter.

15          MR. CARR: This case was presented to Examiner  
16   Catanach two weeks ago. At the time of that hearing, there  
17   were really three outstanding questions. Two involved some  
18   recent charges that appeared on a list of costs provided by  
19   Pride to Yates, and it's my understanding that Pride has  
20   withdrawn those two claims.

21          There was also a question about a legal fee that  
22   Yates agreed to be responsible for half of those costs if  
23   the title opinion was provided, and it has been. And so at  
24   that point, Mr. Catanach continued the case for two weeks  
25   and asked that the parties submit written closings and

1 we're prepared to do that.

2 MR. BRUCE: And -- That is correct, Mr. Examiner.  
3 Mr. Carr has his. I've conveniently locked mine in my desk  
4 in my office, so I will handle that as soon as we get done  
5 with the hearing.

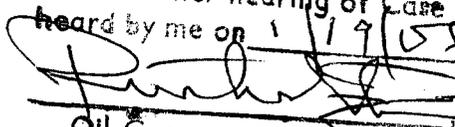
6 EXAMINER EZEANYIM: Okay. Was this case taken  
7 under advisement last -- two weeks ago?

8 MR. CARR: No, I think it needs to be taken under  
9 advisement at this time.

10 EXAMINER EZEANYIM: Okay, pending submittal by  
11 Mr. Bruce, Case Number 13,531 will be taken under  
12 advisement at this point.

13 (Thereupon, these proceedings were concluded at  
14 8:23 a.m.)

15 \* \* \*

16  
17  
18 I do hereby certify that the foregoing is  
19 a complete record of the proceedings in  
20 the Examiner hearing of Case No. 13531  
21 heard by me on 1/19/56  
22   
23 Examiner  
24 Oil Conservation Division  
25

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO )  
 ) ss.  
 COUNTY OF SANTA FE )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL January 19th, 2006.




---

STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006