



April 7, 2006

HAND DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

2006 APR 7 PM 1 32

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

Dear Mr. Fesmire:

Enclosed please find Exhibits A and B to Yates Petroleum Corporation's Motion to Dismiss the application of Pride Energy Corporation. The exhibits were not attached to the Motion that was filed with the Division yesterday.

Thank you for your assistance.

Very truly yours,

William F. Carr

WFC
Enclosures

cc: James Bruce, Esq.

Pride Energy Company POB 701950 (74170) 2250 E. 73 rd St., Ste. 550 Tulsa, OK 74136 918 524 9200 office 918 524 9292 facsimile		Authorization for Expenditure Well: State X #1 Section 12 - T12S - R34E 1,980' FNL & 660' FWL Proposed Depth: 12,350' Primary Objectives: Morrow/Atoka/Mississippi			February 24, 2006 2006 RPR 7 PM 1 33	
Drilling intangibles						
Water	30	day(s)	\$600	per day	18,000	
Location and road					15,000	
Drilling rig: day work mobilization	30	days at	\$18,000	per day	540,000	
fuel	30	days at	\$4,000	per day	120,000	
Bits	5	bits at	\$9,000	each, average	45,000	
Mud, chemicals & drayage					50,000	
Mud Disposal					14,000	
Open Hole Logging	2,500	feet at	\$10.00	per foot	25,000	
Equipment Rental	30	days at	\$800	per day, average	24,000	
Directional Services	5	days at	9000	per day	45,000	
Trucking					6,000	
Other Services					2,000	
Geological/Engineering	30	days at	\$1,000	per day	30,000	
				Subtotal	1,014,000	
Contingency				20%	202,800	
Overhead					38,000	
				Total drilling intangibles	\$1,254,800	
Drilling tangibles						
Casing, intermediate		feet at		per foot	0	
Well head equipment				3,000 psi wp	7,000	
Float equipment					0	
				Subtotal	7,000	
Contingency				20%	1,400	
				Total drilling tangibles	\$8,400	
Completion intangibles						
Location and road					2,000	
Casing crews, production					11,000	
Cementing, production					30,000	
Completion rig	6	days at	\$3,000	per day	18,000	
Perforating and GR-CBL					35,000	
Formation treatments					150,000	
Equipment Rentals	6	days at	\$2,000	per day	12,000	
Water or Diesel					8,000	
Supplies					2,500	
Trucking					4,000	
Roustabout work	6	days at	\$1,200	per day	7,200	
Other Services					6,000	
Engineering	8	days at	\$1,000	per day	8,000	
				Subtotal	293,700	
Contingency				20%	58,800	
				Total completion intagibles	\$352,500	
Completion tangibles						
Production casing	5 1/2	12,300	feet at	\$15.50 per foot (17# & 20# N-80)	190,650	
Float equipment					2,000	
Well head				5,000 psi wp	8,000	
Production tubing	2 3/4	12,300	feet at	\$5.50 per foot 4.7 ppf, N-80, EUE, 8 rd thd	67,650	
Downhole Equipment					10,000	
Production Equipment					18,000	
Flowlines					2,000	
				Subtotal	298,300	
Contingency				20%	59,700	
				Total completion tangibles	\$358,000	
Approved: <u>John W. Pride</u>	Date: <u>2/27/06</u>	Dry hole cost: \$1,263,200 Completed well cost: \$1,973,700 Your Interest Your Total Cost				
Approved: _____	Date: _____	Working Interest Owner				

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. In executing this AFE, the participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. The Operator may contract with an affiliated entity to drill the well at prevailing rates in the area. Participant shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in amounts acceptable to the Operator by the date of spud.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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TREASURER

March 3, 2006

Via Facsimile

Mr. John Pride
Pride Energy Company
P. O. Box 701950
Tulsa, Oklahoma 74170-1950

Re: State X#1
W/2 of Section 12-T12S-R374E
1,980' FNL and 660' FWL
Lea County, New Mexico

2006 APR 7 PM 1 33

Dear Mr. Pride:

Yates Petroleum Corporation, Yates Drilling Company, Myco Industries, Inc. and Abo Petroleum Corporation have received your proposal to re-enter the captioned well and side track the well for an attempted Mississippian Austin Cycle. As you are aware, we believe it is important to solve the issues from the first attempt to re-enter this well before a second attempt is made. Thus, we again request that you immediately pay us the monies you are illegally holding for the first attempt and make payment of the costs that Oil Conservation Division has ordered you to pay. It is prudent to solve this matter before we proceed with your proposal and payment can be made for undisputed costs at this time prior to receipt of the order from the OCD from the hearing on January 5, 2006.

However, in an effort of cooperation, we are reviewing your proposal and ask that answer the following questions so that we may evaluate your proposal.

- 1) From the limited information you provided us on the last re-entry, would it be more prudent to drill a new top to bottom well?
- 2) Have you identified the drilling rig you plan to use and its capabilities?
- 3) What is the expected spud date?
- 4) Could you please provide a complete drilling and completion prognosis?
- 5) Do you plan to drill stem test any zones? No costs for drill stem tests shown on AFE.
- 6) Do you plan to have a mud logger on location and if so at what point in the drilling process?

State X # 1 - Re-entry
3/3/06
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- 7) Do you plan to directly supervise the drilling and completion of the well with a company man on location or use a service contractor? If contractor, please identify the contractor?
- 8) What methods do you plan to implement to provide current information for participants in the well? Current information being daily reports. This has been a persistent problem with your company.
- 9) Are all permits on the well valid?
- 10) What is your financial ability as operator to keep the properties free of mechanic and materialman liens?

We look forward to receiving our checks and answers to these questions.

Very truly yours,

YATES PETROLEUM CORPORATION



Chuck Moran
Landman