

**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 YATES PETROLEUM  
CORPORATION FOR AN ORDER (1) DIRECTING  
PRIDE ENERGY COMPANY TO REIMBURSE  
YATES, ETC., LEA COUNTY, NEW MEXICO.**

Case No. 13,531 (*de novo*)  
Order No. R-12,547

RECEIVED  
2007 JUN 29 PM 4:39

**PRIDE ENERGY CO.'S WRITTEN ARGUMENT**

Pursuant to the stipulation among the parties, Pride Energy Co. ("Pride") submits this written argument regarding the issues before the Commission.

**I. INTRODUCTION.**

This hearing brings to an end matters related to the 2005 re-entry of the State X Well No. 1, located in the W $\frac{1}{2}$  of Section 12, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Pride will not recite the basic facts regarding this case, which are contained in the Stipulated Facts submitted to the Commission. Pride notes that both Pride and Yates Petroleum Corporation ("Yates")<sup>1</sup> were consenting parties under the pooling order affecting the subject well (Order No. R-12108, as amended). In this appeal, it is Pride's contention that Order No. R-12,547 was erroneous in that it: (i) required Pride to reimburse costs incurred by Yates that had to be duplicated by Pride; (ii) denied Pride's claim for attorney fees; and (iii) required Pride to pay Yates 100% of Yates' costs, rather than 50%.

---

<sup>1</sup> "Yates" refers to Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation, and MYCO Industries, Inc., which collectively own 50% of the working interest in the well.

## II. SUMMARY OF COSTS AT ISSUE.

Pride submitted to Yates an AFE totaling \$753,294.85, of which Yates paid 50%, or \$376,647.43. Pride's actual well costs (not including the costs claimed by Yates) were \$708,402.78, from which Pride eliminated \$4,301.03 at hearing. In addition, the Division disallowed \$15,215.11 (Pride's attorney's fees), for an actual well cost total of \$688,886.64. As a result, the Division order Pride to reimburse Yates  $\$376,647.43 - (1/2 \times \$688,886.64) = \$32,204.11$ . Pride asserts that its \$15,215.11 in attorney's fees should be allowable costs.

In addition, the Division determined that Yates' reasonable well costs were \$84,391.58. Pride challenged \$25,442.21 of these costs, which the Division did not consider. Pride asserts that \$25,442.21 of Yates' costs are not reasonable. In addition, the Division required Pride to pay Yates 100% of \$84,391.58, rather than 50% as required by the pooling statute.

## III. ARGUMENT.

A. Yates' Unreasonable Well Costs: Initially, the Division did not allow Pride's challenge to \$25,442.21 of Yates' costs because it stated that "Pride did not object to the 'reasonableness' of Yates' well costs until September 30, 2005, nearly nine months after the deadline imposed by Order No. R-12108-C had passed." **Order No. R-12547, Finding Paragraph (11)**. That is incorrect. Attached as Exhibit 1 is a copy of the objection filed by Pride with the Division on December 15, 2004, pursuant to Order No. R-12108-C. Thus, Pride timely objected to Yates' well costs, and Pride's objections must be considered. After the parties had engaged in discovery to further evaluate both sides' actual costs, Pride submitted its final objections to Yates by Exhibit 2 attached hereto. (A color-coded listing of objections is attached as Exhibit 3.) Yates never contended that Pride had failed to timely object.

As noted in Pride's closing argument to the Division, attached as Exhibit 4, while Pride admits that the subject costs, in the abstract, may have been fair costs in re-entering the well, Pride had to duplicate those costs when it took over operations after the Commission entered its pooling order. Under NMSA 1978 §70-2-17.C, the Division may only award "actual expenditures required ... not in excess of what are reasonable." Pride submits that the statute only allows **actual** well costs, and when there are duplicate costs they are neither actual nor reasonable. As a result, the \$25,442.21 in costs challenged by Pride should be deducted from Yates' costs of \$84,391.58, for a total of \$58,949.37 in costs allowed to Yates.

B. Attorney's Fees: Pride claims that it should be allowed \$15,215.11 in attorney's fees as reasonable, actual well costs. This was disallowed by the Division. Pride submits that the attorney's fees are reasonable because they would not have been incurred if Yates had not improperly (and without notice to Pride) obtained the cancellation of Pride's APD in August 2003. Ultimately it was the act of the Division in canceling Pride's APD (without notice) that caused Pride to incur substantial attorney's fees in this matter. Therefore, Pride's fees should be allowed. As a result, Pride's actual well costs should be increased to \$688,886.64 + \$15,215.11 = \$704,101.75.

C. As Order No. R-12,547 correctly noted, under NMSA 1978 §70-2-17.C, each owner should pay their proportional (50%) share of actual well costs. **Order No. R-12,547, Finding Paragraph (15)**. Pride submits that its reasonable, actual well costs are \$704,101.75, and that Yates' actual, reasonable well costs are \$58,949.37, for a total of \$763,051.12. Under NMSA 1978 §70-2-17.C, each party is liable for 50%. At this point Pride has paid substantially more than 50% of well costs, which is in violation of the pooling statute.

IV. CONCLUSION.

Pride requests the Commission to order Yates to re-pay Pride  $(1/2 \times \$15,215.11) + \$25,442.21 + (1/2 \times \$58,949.37)$ , so that each party pays 50% of actual, reasonable well costs pursuant to NMSA 1978 §70-2-17.C.

Respectfully submitted,



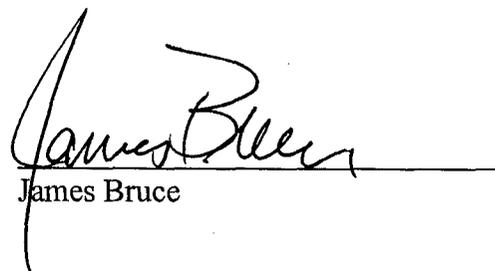
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Pride Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 29<sup>th</sup> day of June, 2007 by U.S. Mail:

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



James Bruce

**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)  
(505) 982-2151 (Fax)

jamesbruc@aol.com

December 15, 2004

Hand Delivered

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

Case No. 13153 (de novo)

Dear Mr. Fesmire:

Pursuant to the order entered herein, Pride Energy Company ("Pride") files the following objections to the cost schedule (copy attached) filed with the Commission by Yates Petroleum Corporation ("Yates"):

General objections: Pride objects to (1) any cost on the cost schedule which will need to be incurred again by Pride when it re-enters the well, and (2) any cost for equipment that is no longer on location. Pride has not visited the wellsite and cannot make that determination from the documents provided to it.

Specific objections:

<u>Vendor</u>	<u>Amount</u>	<u>Reason</u>
Yates Petroleum	\$2781.31	Don't know what supplies are still on location
Yates Petroleum	\$204.24	Don't know what supplies are still on location
Yates Petroleum	\$593.34	Don't know what supplies are still on location
Yates Petroleum	\$81.00	Don't know what supplies are still on location

Dudley Sales	\$845.66	Pit liner - may have to be duplicated
E.L. Farmer	\$803.65	Hauling material - may have to be duplicated
E.L. Farmer	\$1160.25	Hauling material - may have to be duplicated
E.L. Farmer	\$1266.33	Hauling material - may have to be duplicated
Wilbanks Trucking	\$475.88	Forklift - may have to be duplicated
A.D. Jones Estate	\$2000.00	Right of way - may have to be duplicated
A.D. Jones Estate	\$2163.00	Right of way - may have to be duplicated
A.D. Jones Estate	\$500.00	Right of way - may have to be duplicated
J.S. Ward	\$4858.50	Blowout insurance - this was for Yates when they thought they had 100% of the well; it may have to be duplicated.

Very truly yours,

  
 James Bruce  
 Attorney for Pride Energy Company

cc w/encl.: William F. Carr

Revised Schedule of Cost Incurred by Yates Petroleum Corporation et. al.  
Prepared to supplement hearing held November 10, 2004

11/30/2004

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
8	2003	B-1903	8	28	2003	LIMBAUGH AYO STATE #1	STAKING, PERMIT & LEGAL FEES	GENERAL SURVEYING CO.	\$377.58
9	2003	093592	9	11	2003	LIMBAUGH AYO STATE #1	MISC VLVS, FITTINGS, SUPPLIES(A)	YATES PETROLEUM CORPORATION	\$2,781.31
9	2003	093385	9	8	2003	LIMBAUGH AYO STATE #1	MISC VLVS, FITTINGS, SUPPLIES(A)	YATES PETROLEUM CORPORATION	\$204.24
9	2003	093385	9	8	2003	LIMBAUGH AYO STATE #1	2" 5K LP API GATE VALVE, (B)	YATES PETROLEUM CORPORATION	\$593.34
9	2003	093385	9	8	2003	LIMBAUGH AYO STATE #1	STRUCTRAL TBG, CSG, & RODS (A)	YATES PETROLEUM CORPORATION	\$81.00
9	2003	309025HS	9	11	2003	LIMBAUGH AYO STATE #1	CHRISTMAS TREE & WELLHEAD	ARTESIA FIELD SERVICE	\$168.18
9	2003	1023	9	2	2003	LIMBAUGH AYO STATE #1	SURFACE REPAIR & MAINT	RYDER SERVICES, INC.	\$63.45
9	2003	11126	9	6	2003	LIMBAUGH AYO STATE #1	SB-12 MIL PIT LINING	DUDLEY SALES & SERVICE	\$845.66
9	2003	95030	9	30	2003	LIMBAUGH AYO STATE #1	BASE PLATE KIT, CSGHD	WOOD GROUP PRESSURE CONTROL	\$3,350.04
9	2003	12-02301-03	9	5	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	E.L. FARMER & COMPANY	\$803.65
9	2003	12-02303-03	9	5	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	E.L. FARMER & COMPANY	\$1,160.25
9	2003	12-02355-03	9	11	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	E.L. FARMER & COMPANY	\$69.85
9	2003	12-02359-03	9	12	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	E.L. FARMER & COMPANY	\$1,266.33
9	2003	136576	9	7	2003	LIMBAUGH AYO STATE #1	WATER FOR COMPLETION	GANDY CORPORATION	\$973.20
9	2003	14627	9	3	2003	LIMBAUGH AYO STATE #1	BITS, TOOLS & SUPP - COMPLETION	HOBBS ANCHOR, INC.	\$858.43
9	2003	418004458	9	3	2003	LIMBAUGH AYO STATE #1	COMPLETION UNIT - SWABBING	KEY ENERGY SERVICES, INC.	\$15,192.14
9	2003	4313	9	23	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	L. RAMIREZ TRUCKING AND	\$10,504.25
9	2003	13215	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, ETC.-COMPL	MORGAN TOOLS CO LLC	\$1,186.57
9	2003	13216	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, ETC.-COMPL	MORGAN TOOLS CO LLC	\$696.95
9	2003	13118	9	3	2003	LIMBAUGH AYO STATE #1	ADDITIONAL LOC CHARGES-COMPL	MORGAN TOOLS CO LLC	\$1,298.01
9	2003	13119	9	3	2003	LIMBAUGH AYO STATE #1	ADDITIONAL LOC CHARGES-COMPL	MORGAN TOOLS CO LLC	\$2,242.84
9	2003	4007	9	9	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, ETC.-COMPL	TWO-STATE EQUIPMENT, INC.	\$814.85
9	2003	2W 0327388	9	23	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	WEATHERFORD U.S., LP.	\$3,916.14
9	2003	2W 0327389	9	23	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	WEATHERFORD U.S., LP.	\$11,382.91
9	2003	2W 0327398	9	23	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	WEATHERFORD U.S., LP.	\$6,944.77
9	2003	86623	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, ETC.-COMPL	PHILIP L. WEILER D/B/A WEILER	\$776.86
9	2003	95-2231	9	12	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, ETC.-COMPL	WILBANKS TRUCKING	\$475.88
9	2003		9	30	2003	LIMBAUGH AYO STATE #1	09/2003 ENGR. SERVICE	YATES PETROLEUM CORPORATION	\$2,113.98
9	2003		9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$2,000.00
9	2003		9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$2,163.00
9	2003		9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$500.00
10	2003	136985	9	10	2003	LIMBAUGH AYO STATE #1	WATER FOR COMPLETION	GANDY CORPORATION	\$1,386.81
10	2003	33828	9	8	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	MCILROY SERVICE COMPANY	\$598.38
10	2003	2W 0328069	9	26	2003	LIMBAUGH AYO STATE #1	TOOL&EQPT RENTAL, INSPCT-COMPL	WEATHERFORD U.S., LP.	\$1,776.43
10	2003	C.O.W. INS	10	31	2003	LIMBAUGH AYO STATE #1	C.O.WINS	J.S. WARD & SON, INC.	\$4,658.50
									<u>\$84,391.58</u>

**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)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

September 30, 2005

Via fax and U.S. Mail

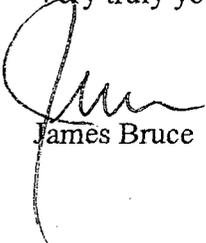
William F. Carr  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504

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

EXHIBIT 2

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

<u>Vendor</u>	<u>Inv. Date</u>	<u>Amount</u>	<u>Description</u>
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
<b>Total</b>		<b><u>\$25,442.21</u></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

Delvry 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



# ABC Rental Tool Co.

# INVOICE

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: 8863 EM

Divry 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

Amount Subject to  
Sales Tax  
2,332.37

Amount Exempt  
from Sales Tax  
0.00

6/2/05  
9/8/05

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

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

MS 1908  
MIKE PRESHER  
owner/operator

SOLD TO: Pride Michael T. Presher Date: 2-22-05

Lease:	<u>St. X Well #1</u>			
Time Out:	<u>6:30 AM</u>	Time In:	<u>11:00 AM</u>	
Dump Truck	hrs. @ \$	per hr.	TOTAL	
Dump Truck	hrs. @ \$	per hr.	TOTAL	
Backhoe	hrs. @ \$	per hr.	TOTAL	
Backhoe	<u>4 1/2</u>	hrs. @ \$ <u>60.</u>	TOTAL	<u>270.00</u>

Description of Work:

Dug out for pit move dirt  
from side of location.

<u>4/16</u>	<u>4 100% Sur. 271.00</u>	SUB TOTAL	
		TAX	<u>18.38</u>
		TOTAL	<u>289.38</u>

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.



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

**INVOICE**

DATE	INVOICE #
3/13/2005	7587

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

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

CUSTOMER PO	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

**RECEIVED**  
 MAR 16 2005

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

4/12/05

<b>Total</b>	\$2,185.14
<b>Balance Due</b>	\$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.

Petitt Wireline Services invoice for costs associated with getting 2<sup>7</sup>/<sub>8</sub> 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<sup>3</sup>/<sub>8</sub> tubing & to tally same,  
which was being readied to be used in State X-1 well as production tubing.



Pride Objections to Cost of Yates et. al.

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

ACCT MONTH	ACCT YEAR	INVNR	SERVICE MONTH	SERVICE DAY	SERVICE YEAR	PROPERTY	DESCRIPTION	VENDOR NAME	AMOUNT	Cost Objected to by Pride
8	2003	B-1903	8	28	2003	LIMBAUGH AYO STATE #1	STAKING, PERMIT & LEGAL FEES	GENERAL SURVEYING CO.	\$317.58	
9	2003	063592	9	11	2003	LIMBAUGH AYO STATE #1	MISC VLVS FITTINGS SUPPLIES(A)	YATES PETROLEUM CORPORATION	\$2,781.31	
9	2003	063385	9	8	2003	LIMBAUGH AYO STATE #1	2" BK LP API GATE VALVE, (B)	YATES PETROLEUM CORPORATION	\$204.24	
9	2003	063385	9	8	2003	LIMBAUGH AYO STATE #1	STROCTRAL TEG, CSG, & RODS (A)	YATES PETROLEUM CORPORATION	\$593.34	
9	2003	309025HS	9	11	2003	LIMBAUGH AYO STATE #1	CHRISTMAS TREE & WELLHEAD	ARTESIA FIELD SERVICE	\$91.00	
9	2003	1023	9	2	2003	LIMBAUGH AYO STATE #1	SURFACE REPAIR & MAINT	RYDER SERVICES, INC.	\$63.45	
9	2003	11126	9	6	2003	LIMBAUGH AYO STATE #1	SB-12 MIL PIT LINING	DUDLEY SALES & SERVICE	\$845.66	
9	2003	95030	9	8	2003	LIMBAUGH AYO STATE #1	BASE PLATE KIT, CSGHD	WOOD GROUP PRESSURE CONTROL	\$3,350.04	
9	2003	12-02301-03	9	5	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	E.L. FARMER & COMPANY	\$803.65	
9	2003	12-02303-03	9	5	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	E.L. FARMER & COMPANY	\$1,160.25	
9	2003	12-02355-03	9	11	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	E.L. FARMER & COMPANY	\$99.85	
9	2003	12-02359-03	9	12	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	E.L. FARMER & COMPANY	\$1,266.33	
9	2003	136576	9	7	2003	LIMBAUGH AYO STATE #1	WATER FOR COMPLETION	GANDY CORPORATION	\$973.20	
9	2003	14627	9	3	2003	LIMBAUGH AYO STATE #1	BITS, TOOLS & SUPP. - COMPLETION	HOBBS ANCHOR, INC.	\$856.43	
9	2003	418004458	9	3	2003	LIMBAUGH AYO STATE #1	COMPLETION UNIT - SWABBING	KEY ENERGY SERVICES, INC.	\$15,192.14	
9	2003	4313	9	23	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	L. RAMIREZ TRUCKING AND	\$10,504.25	
9	2003	13215	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,ETC:-COMPL	MORGAN TOOLS CO LLC	\$1,186.57	
9	2003	13216	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,ETC:-COMPL	MORGAN TOOLS CO LLC	\$696.95	
9	2003	13118	9	3	2003	LIMBAUGH AYO STATE #1	ADDITIONAL LOC CHARGES-COMPL	MORGAN TOOLS CO LLC	\$1,298.01	
9	2003	13119	9	3	2003	LIMBAUGH AYO STATE #1	ADDITIONAL LOC CHARGES-COMPL	MORGAN TOOLS CO LLC	\$2,242.64	
9	2003	4007	9	9	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,ETC:-COMPL	TWO-STATE EQUIPMENT, INC.	\$814.85	
9	2003	2W 0327388	9	23	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	WEATHERFORD U.S., L.P.	\$3,916.14	
9	2003	2W 0327388	9	23	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	WEATHERFORD U.S., L.P.	\$11,282.91	
9	2003	2W 0327388	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,ETC:-COMPL	PHILIP L. WEILER/D/BA WELER	\$5,944.77	
9	2003	86623	9	3	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,ETC:-COMPL	WILBANKS TRUCKING	\$475.88	
9	2003	95-2231	9	12	2003	LIMBAUGH AYO STATE #1	09/2003 ENGR. SERVICE	YATES PETROLEUM CORPORATION	\$2,113.98	
9	2003		9	30	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$2,000.00	
9	2003		9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$2,163.00	
9	2003		9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$500.00	
10	2003	136985	9	10	2003	LIMBAUGH AYO STATE #1	WATER FOR COMPLETION	GANDY CORPORATION	\$1,366.81	
10	2003	33829	9	8	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	MCILROY SERVICE COMPANY	\$596.38	\$596.38
10	2003	2W 0329069	9	26	2003	LIMBAUGH AYO STATE #1	TOOL&EQUIP RENTAL,INSPCT-COMPL	WEATHERFORD U.S., L.P.	\$1,776.43	\$1,776.43
10	2003	C.O.W. INS	10	31	2003	LIMBAUGH AYO STATE #1	C.O.W.INS.	J.S. WARD & SON, INC.	\$4,858.50	\$4,858.50
									\$84,391.58	\$25,442.21

COPY

JAMES BRUCE  
ATTORNEY AT LAW

2006 JAN 19 PM 4 06  
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)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

6  
January 19, 2006

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 5<sup>th</sup> 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 5<sup>th</sup> 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 13<sup>th</sup>, and should be deleted from Pride's well costs.

EXHIBIT

4

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.**

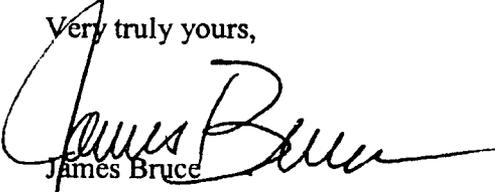
With respect to the \$15,211.11 in disputed charges, they are all legal fees or costs related to the pooling hearings on this matter. Pride requests that it be reimbursed for these costs because it would not have incurred them if the Division had not unilaterally canceled Pride's valid APD in August 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<sup>1</sup> owns 100% of the NW $\frac{1}{4}$  of Section 12, and Pride owns 100% of the SW $\frac{1}{4}$  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

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

State X #1  
Revised Objection 1-4-06

GROSS AMOUNT	VENDOR NAME	INVOICE #	INVOICE DATE	Item Description	Costs Objected	Yates Response
201.28	Plester & Wald Consulting Corp.	520281	6/21/2005	State X #1 consulting	\$	
203.29	Plester & Wald Consulting Corp.	520271	6/21/2005	State X #1 consulting	\$	
145.21	Plester & Wald Consulting Corp.	520281	6/21/2005	State X #1 consulting	\$	
174.24	Plester & Wald Consulting Corp.	520281	6/21/2005	State X #1 consulting	\$	
56,904.25	Weatherford Enerra U.S.	2W-0016136	5/12/2005	State X #1 reverse unit, operator, tools, parts & supplies, rental equipment	\$	
82,950.22	Weatherford Enerra U.S.	2W-0016039	5/12/2005	State X #1 reverse unit, operator, tools, parts & supplies, rental equipment	\$	
413.95	Scarborough Enterprises, Inc.	26394	5/2/2005	State X #1 parts and supplies	\$	
613.67	Scarborough 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
10,583.38	Nunez Oil Field Pipe, Ltd.	19729	2/14/2005	State X #1 rental equipment	\$	
196,187.34	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 hauling	\$	
342.25	Liberty Maintenance Services	16227	4/29/2005	State X #1 roustabout work	\$	
771.00	Plester & 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.	19683	3/31/2005	State X #1 trucking	\$	
315.38	Michael T. Preisher	1908	2/22/2005	State X #1 dug out for pit, move dirt to side of location	\$	No invoice 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	\$	
10,817.08	BJ Services Co. Inc	1134458	3/25/2005	State X #1 cement plug	\$	
570.37	Samuel A. Smith Welding, Inc.	7534	2/25/2005	State X #1 welding	\$	
360.70	Accol Trucking	10004	3/26/2005	State X #1 trucking	\$	
5,000.00	Fride Energy Company	admin ch	3/31/2005	administrative overhead 03/05	\$	
14,433.75	Abc 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	\$	
683.86	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	2116	2/22/2005	State X #1 water hauling	\$	
1,152.75	Kelly MacIsaac Oilfield Serv	57764	3/22/2005	State X #1 water hauling	\$	
3,198.13	Glenns Water Well Service, Inc.	5054	3/28/2005	State X #1 generator rental	\$	
331.93	Kelly MacIsaac 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	\$	
57,883.29	Eunice Well Servicing Co.	50215	3/10/2005	State X #1 rig	\$	
210.75	Man Waking Services	32844	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 hauling	\$	

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case Nos. 13311 Exhibit No. 7  
Submitted by:  
Yates Petroleum Corporation  
Hearing Date: January 5, 2006

State X #1  
Revised Objection 1-4-06

Amount	Company Name	Invoice #	Date	Description	Amount	Notes
460.88	Bach BH Services	1382	2/22/2005	State X #1 labor to plumb in hopper	\$ -	No invoice provided
5,000.00	Pride Energy Company	admin ch	2/28/2005	administrative overhead 02/05	\$ -	
593.44	Forklift Enterprises, Inc.	68222	3/21/2005	State X #1 forklift work	\$ -	
508.86	Kenemore Welding & Oilfield, Inc.	27145	2/22/2005	State X #1 welding	\$ -	
2,031.00	Pradon construction & Trucking, Inc.	248226	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 BK co.	0205-10	2/13/2005	State X #1 8 3/4" FDS& and 7 7/8" GT-1	\$ -	
488.58	Kelly MacIsakey Oilfield Serv	56739	2/15/2005	State X #1 water hauling	\$ -	
1,104.65	Kelly MacIsakey Oilfield Serv	56740	2/15/2005	State X #1 water hauling	\$ -	
789.24	Kelly MacIsakey Oilfield Serv	56776	2/16/2005	State X #1 rental equipment	\$ -	
1,661.70	Plester & Ward Consulting Corp.	505610	2/21/2005	State X #1 consulting	\$ -	
50.00	Plester & Ward Consulting Corp.	505611	2/21/2005	State X #1 consulting	\$ -	
593.44	Forklift Enterprises, Inc.	68248	2/14/2005	State X #1 forklift to move tubing	\$ -	
1,315.96	McClatchy Bros, Inc.	12445	2/12/2005	State X #1 tubing	\$ -	
746.61	Hobbs Anchor, Inc.	18917	2/13/2005	State X #1 test anchors	\$ -	
551.93	Phillips Casings & Tubing LP	23897	2/14/2005	State X #1 forklift work	\$ -	
400.00	Southern Lease Services, Ltd.	22871	2/22/2005	State X #1 forklift work	\$ -	
850.00	Matt Benton Agency, LP	22820	2/22/2005	State X #1 trucking	\$ -	
5,350.00	Petitt Wireline Service, LLC	800	1/20/2005	State X #1 trucking	\$ -	
715.00	CRST Malone, Inc.-CRFB	M761394	1/26/2005	State X #1 trucking	\$ -	
850.00	Matt Benton Agency, LP	22821	1/31/2005	State X #1 trucking	\$ -	
715.00	Phillips Casings & Tubing LP	M753352	1/19/2005	State X #1 trucking	\$ -	
599.60	James Bruce	23643	1/18/2005	State X #1 legal fees	\$ -	Cost to fully 2 3/8" lths / State X used 2 7/8" lths
501.44	James Bruce	20032084	12/5/2004	State X #1 legal fees	\$ 238.78	Not required to pay legal bills
1,896.37	James Bruce	11/1/2004	11/1/2004	State X #1 legal fees	\$ 501.44	Not required to pay legal bills
817.31	Pride Energy Company	10/22/2003	10/22/2004	State X #1 legal fees	\$ 1,896.37	Not required to pay legal bills
686.58	Kirkos	534892	9/12/2004	State X #1 legal fees	\$ 917.31	No invoice provided
2,758.00	NuTech Energy alliance	08-03-017	7/31/2004	State X #1 geographical area	\$ 894.01	No invoice provided
407.60	NuTech Energy alliance	08-03-017	8/9/2003	State X #1 log analysis	\$ 955.38	Hearing Cost, Not required to pay
3,568.26	James Bruce	9/1/2004	9/1/2004	State X #1 legal fees	\$ 2,758.00	Cost not related to re-entry
1,363.71	James Bruce	9/5/2003	9/1/2004	State X #1 legal fees	\$ 407.60	Cost not related to re-entry
1,931.88	James Bruce	10/5/2003	9/5/2003	State X #1 legal fees	\$ 3,888.26	Not required to pay legal bills
382.51	James Bruce	2/1/2004	10/5/2003	State X #1 legal fees	\$ 2,058.83	Not required to pay legal bills
262.66	James Bruce	4/1/2004	10/25/2003	State X #1 legal fees	\$ 1,831.48	Not required to pay legal bills
888.46	James Bruce	7/25/2004	2/1/2004	State X #1 legal fees	\$ 85.51	Not required to pay legal bills
248.97	Heartland Equipment Co.,	2005061	2/1/2005	State X #1 legal fees	\$ 262.66	Not required to pay legal bills
708,402.78	Phillips Casings & Tubing LP	23643	1/18/2005	State X #1 forklift work	\$ 898.46	No invoice provided, new cost 1/3/06
0.50	Pride Energy				\$ 248.97	No invoice provided, new cost 1/3/06
0.35	Yates Petroleum				\$ 19,516.14	

Pride Objections to Cost of Yates et. al.

ACCT MONTH	ACCT YEAR	IN/NBR	SERVICE MONTH	SERVICE DAY	SERVICE YEAR	PROPERTY	DESCRIPTION	VENDOR NAME	AMOUNT	Cost Objected to by Pride
8	2003	B-1903	8	28	2003	LIMBAUGH AYO STATE #1	STAKING, PERMIT & LEGAL FEES	GENERAL SURVEYING CO.	\$317.68	
9	2003	069362	9	11	2003	LIMBAUGH AYO STATE #1	MISC VLV'S, FITTINGS, SUPPLIES(A)	YATES PETROLEUM CORPORATION	\$2,781.31	
9	2003	083385	9	8	2003	LIMBAUGH AYO STATE #1	MISC VLV'S, FITTINGS, SUPPLIES(A)	YATES PETROLEUM CORPORATION	\$214.24	
9	2003	083385	9	8	2003	LIMBAUGH AYO STATE #1	2" 5K LP API GATE VALVE, (B)	YATES PETROLEUM CORPORATION	\$583.94	
9	2003	083385	9	8	2003	LIMBAUGH AYO STATE #1	STRUCTURAL TBG, CSG, & FRODS (A)	YATES PETROLEUM CORPORATION	\$61.00	
9	2003	309026H-5	9	11	2003	LIMBAUGH AYO STATE #1	CHRISTMAS TREE & WELLHEAD	ARTESIA FIELD SERVICE	\$168.18	
9	2003	1023	9	2	2003	LIMBAUGH AYO STATE #1	SURFACE REPAIR & MAINT	RYDER SERVICES, INC.	\$93.45	
9	2003	11168	9	6	2003	LIMBAUGH AYO STATE #1	8 1/2" HOLEY BUSHING	RYDER SERVICES, INC.	\$62.06	\$846.06
9	2003	85030	9	30	2003	LIMBAUGH AYO STATE #1	BASE PLATE KIT, CSGHD	WOOD GROUP PRESSURE CONTROL	\$3,350.04	
9	2003	1506891-04	9	9	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	ELLIFARMER & COMPANY	\$99.06	\$803.95
9	2003	1506892-03	9	5	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	ELLIFARMER & COMPANY	\$71.00	\$1,190.25
9	2003	1506893-05	9	5	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	ELLIFARMER & COMPANY	\$71.00	\$99.85
9	2003	1506894-08	9	12	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	ELLIFARMER & COMPANY	\$1,266.83	\$1,266.33
9	2003	136576	9	7	2003	LIMBAUGH AYO STATE #1	WATER FOR COMPLETION	GANDY CORPORATION	\$973.20	
9	2003	14827	9	3	2003	LIMBAUGH AYO STATE #1	BITS, TOOLS & SUPP - COMPLETION	HOBBS ANCHOR, INC.	\$598.43	
9	2003	418004458	9	3	2003	LIMBAUGH AYO STATE #1	COMPLETION UNIT - SWABBING	KEY ENERGY SERVICES, INC.	\$15,182.14	
9	2003	4313	9	23	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	L. RAMIREZ TRUCKING AND	\$10,504.25	
9	2003	13215	9	3	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	MORGAN TOOLS CO LLC	\$1,188.57	\$1,188.57
9	2003	13216	9	3	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	MORGAN TOOLS CO LLC	\$698.95	\$698.95
9	2003	13118	9	3	2003	LIMBAUGH AYO STATE #1	ADDITIONAL LOC CHARGES-COMPL	MORGAN TOOLS CO LLC	\$1,288.01	
9	2003	1007	9	3	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	MORGAN TOOLS CO LLC	\$2,242.84	
9	2003	2W 0327369	9	9	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	TWO STATE EQUIPMENT, INC	\$87,748	\$814.85
9	2003	2W 0327368	9	23	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	WEATHERFORD U.S. L.P.	\$3,918.14	\$3,918.14
9	2003	2W 0327368	9	23	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	WEATHERFORD U.S. L.P.	\$11,382.91	
9	2003	8623	9	3	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	WEATHERFORD U.S. L.P.	\$8,674.77	\$6,944.77
9	2003	8623	9	12	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	PHILIP L. WEILER/DON WELER	\$778.86	
9	2003	8623	9	30	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	WILBANGS TRUCKING	\$478.88	\$475.88
9	2003	8623	9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	YATES PETROLEUM CORPORATION	\$2,113.98	
9	2003	8623	9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$2,000.00	
9	2003	8623	9	2	2003	LIMBAUGH AYO STATE #1	LOCATION, RIGHT-OF-WAY	JONES, A. D. ESTATE	\$2,163.00	
10	2003	136885	9	10	2003	LIMBAUGH AYO STATE #1	WATER FOR COMPLETION	GANDY CORPORATION	\$1,388.81	
10	2003	30928	9	8	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	MCKEY SERVICE COMPANY	\$698.98	\$598.38
10	2003	4W 0329369	9	28	2003	LIMBAUGH AYO STATE #1	TOOL RENT RENTAL INSPECT-COMPL	WEATHERFORD U.S. L.P.	\$1,776.49	\$1,776.43
10	2003	C.O.W. INS	10	31	2003	LIMBAUGH AYO STATE #1	C.O.W. INS	\$4,858.50	\$4,858.50	
									\$84,361.58	\$25,442.21

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Case No. 13331 Exhibit No. 8  
 Submitted by:  
 Yates Petroleum Corporation  
 Hearing Date: January 5, 2006