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July 9, 2004

BY HAND DELIVERY

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

Re: Oil Conservation Division Case No. 13153 (De Novo): 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.

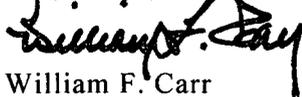
Dear Mr. Fesmire:

This letter confirms our telephone conversation of this date concerning the Commission hearing on the above-referenced application. It is our understanding that at the request of the parties the hearing in this case will be continued to the August 12, 2004 Oil Conservation Commission hearing docket. The parties will file with the Commission and exchange Pre-hearing Statements and copies of exhibits on Friday August 6, 2004.

Mr. Bruce and I have discussed this hearing and it is our belief that the testimony will take one full hearing day. We therefore request that this case be scheduled first on the docket so it can be completed on that date.

Jim and I appreciate your visiting with us about this matter and your assistance with the scheduling of this hearing.

Very truly yours,


William F. Carr

cc: James Bruce, Esq.
Pride Energy Company

David K. Brooks, Esq.
Oil Conservation Commission