

Pride Energy Company

Physical Address: Kensington Tower
2250 E. 73rd St., Suite 550
Tulsa, Oklahoma 74136

Mailing Address: P.O. Box 701602
Tulsa, Oklahoma 74170

P 417 501 578

Via Certified Mail
Return Receipt # P 417 501 578

April 24, 1998

Rhombus Operating Co., Ltd.
200 N. Loraine, Suite 1270
Midland, TX 79701

RE: ARCO State #1 Well
Section 16-18S-35E
Field: Vacuum, South
Lea County, New Mexico

To Whom It May Concern:

In reference to the above well, Swift Energy Company has been the operator. Suddenly, without receiving any ballot to vote on the successor operator, we receive a joint interest bill from Rhombus Operating Co., Ltd.

However the Joint Operating Agreement specifically addresses the "Resignation or Removal of Operator and Selection of Successor". It states, "Operator may resign at any time by giving written notice thereof to Non-Operators. If Operatorno longer owns an interest in the Contract Area, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor."

Regarding the Selection of Successor Operator, it states, "Upon the resignation or removal of Operator, a successor operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected." If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership,and not

US Postal Service	
Receipt for Certified Mail	
No Insurance Coverage Provided.	
Do not use for International Mail (See reverse)	
Sent to	Rhombus Operating
Street & Number	200 N. Loraine, Suite 1270
Post Office, State, & ZIP Code	Midland, TX 79701
Postage	\$ 0.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 2.52
Postmark or Date	4-24-98

PS Form 3800, April 1995

on the number of parties remaining after excluding the voting interest of the Operator that was removed.”

Pride Energy Company has the votes of the working interests owners set out below, for Pride Energy Company to replace Swift Energy Company, as Operator.

<u>Working Interest Owner</u>	<u>Gross Working Interest</u>
Devon Energy Corporation	6.0%
Devon Energy Partners, a Limited Partnership	34.0%
Redcliff Resources, L.L.C.	7.5%
Pride Energy Company	<u>7.5%</u> 55.0%

Therefore, Pride Energy Company has met the requirements as set out in the Joint Operating Agreement to become the successor Operator. The effective date of the change in Operator shall be March 1, 1998.

Enclosed is a change of Operator form. Please sign and date the form and return to my attention along with the “Administrative Overhead” fees charged on the joint interest billings Rhombus sent out.

Sincerely,

Pride Energy Company

John W. Pride

John W. Pride

jp10013.rlc

Is your RETURN ADDRESS completed on the reverse side?	SENDER:		I also wish to receive the following services (for an extra fee):
	<ul style="list-style-type: none"> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered. 		
	3. Article Addressed to:		4a. Article Number
	Rhombus Operating Co., Ltd. 200 N. Loraine, Suite 1270 Midland, TX 79701		P 417 501 578
5. Received By: (Print Name)		4b. Service Type	7. Date of Delivery
Kim Mount		<input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	4-27-98
6.		8. Addressee's Address (Only if requested and fee is paid)	

PS

Receipt

Pride Energy Company

(918) 524-9200 • Fax: (918) 524-9292

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, Oklahoma 74136

Mailing Address: P.O. Box 701602
Tulsa, Oklahoma 74170-1602

August 25, 1999

S.E.S. Oil & Gas, Inc.
P.O. Box 10886
Midland, TX 79702

RE: Arco State #1
Section 16-18S-35E
Lea County, New Mexico

Dear Working Interest Owner,

In reference to the above well that you own a working interest in, this correspondence is to inquire whether you would prefer to get paid direct by the oil purchaser (Sunoco, Inc.) and the natural gas purchaser (GPM Gas Corporation), or have Pride Energy Company to pay you for both the oil and gas revenue and simply net out the joint interest billings. Some owners prefer to simply have their portion of the expenses netted against their portion of the revenues and receive one check. It simplifies their accounting process. However, some owners prefer to get paid direct by the oil purchaser and the gas purchaser, and then pay their portion of the expenses. This option is up to you. Please indicate below which method of payment you prefer and we will set it up accordingly. Of course, in order to get paid direct by the oil and gas purchasers, all past joint interest billings must be paid.

In reviewing our records, it has been determined that certain credits for some months and certain expenses for some other months were mistakenly not booked to this well. These credits and expenses as set out below are derived from the Arco State SWD well that is operated by Maralo L.L.C. where the saltwater is disposed from the Arco State #1 well. All of the working interest owners of the Arco State #1 own a total of 50% working interest in the Arco State SWD well that is operated by Maralo. Instead of Maralo invoicing each working interest owner of the Arco State #1, it invoices Pride Energy Company for the total 50% working interest. The following represents these specific credits and/or expenses that Maralo credited or invoiced to Pride Energy Company. These credits and/or expenses will be reflected on your August, 1999 Joint Interest Billing. If there are any credit balances, a check will be issued to you:

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12278 Exhibit No. 6
Submitted By:
Pride Energy Company
Hearing Date: November 18, 1999

mp119.kc

Production Month	8/8ths (Credits) or Expenses that were Mistakenly not booked To the Arco State #1 Well
June 1998	(153.00)
July 1998	(381.65)
August 1998	(6,358.52)
September 1998	(7,084.70)
December 1998	(18.88)
January 1999	387.83
February 1999	141.96
March 1999	350.98
April 1999	(190.60)
May 1999	(515.21)
June 1999	<u>(64.26)</u>
Total	(\$13,866.05)

Also, to bring you up to date on the Arco State #1 well, it is currently producing 18 barrels per day and 26 mcf's per day. Since the beginning as operator on June 1, 1998, Pride Energy Company has increased the revenue by negotiating a higher oil price which is currently West Texas Intermediate, plus a bonus of \$1.65 per barrel of oil. Prior to June 1, 1998, the oil price that was being received by all owners was West Texas Intermediate, plus \$0.65. Prior to June 1, 1998 the working interest owners had to pay to have the saltwater hauled. The saltwater hauling expenses ranged from \$139.84 in December 1998, to \$1,732.71 in March 1998. We decided that for a few hundred dollars we could pipe the water to the Arco State SWD located just a short distance away and eliminate the water hauling and therefore saving the working interest owners several thousand dollars per year in saltwater hauling expenses.

We do look forward to looking for ways to increase revenue and decrease expenses for all the owners in this well.

Thank you and if there are any questions, please feel free to contact me at (918)524-9200.

Sincerely,

Pride Energy Company



Matthew L. Pride

_____ I prefer to get paid direct from the oil purchaser and the gas purchaser and pay my portion of the expenses.

OR

_____ I prefer for my portion of the expenses to be netted against my portion of the oil and gas revenue and receive one check.

Company Name: _____

X _____

By: _____

Title: _____

Date: _____