

PRIDE ENERGY COMPANY

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September 30, 2004

ATTN: Will Jones
Sr. Engineer
NMOCD

RE: SWD application for the PEC – South Four Lakes #8 (#8)

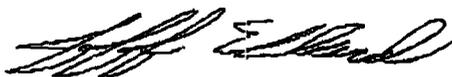
Dear Mr. Jones:

Per your discussion with Mr. John Pride yesterday, I am attempting to provide you the information you have requested pertaining to the PENN 'C' in this well and how this should favorably affect our ongoing and future field operations.

Currently the PEC – South Four Lakes #2 (#2) is completed in and has produced for a number of years from the Penn 'C' reservoir. Production volumes and longevity can be directly attributed to produced water disposal into the same zone in the PEC – South Four Lakes #6. We have conducted extensive reservoir and production analysis and concluded the PENN 'C' is a common reservoir throughout Pride's leasehold, the #2, as well as other pending wells on the lease should be favorably affected through pressure maintenance and oil sweep by produced water disposal into the #8 well.

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

Sincerely,



Jeff Ellard
Pride Energy Company
CPG #5358