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June 7, 2007

VIA HAND DELIVERY

Ms. Cheryl Bada, Esq.
Assistant General Counsel
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. 13531 (De Novo): Application of Yates Petroleum Corporation for an order (1) directing Pride Energy Company to reimburse Yates for the well costs incurred by Yates in its attempt to re-enter the State "X" Well No. 1 (API No. 30-25-01838) located in Section 12, Township 12 South, Range 34 East, NMPM, prior to the time Pride Energy Company assumed operations of the well, (2) directing Pride Energy Company to account for and pay all sums it is now improperly holding pursuant to expired orders of the Division and Commission, and (3) requiring Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico.

Dear Ms. Bada:

Pursuant to our conversations of June 6th, I have discussed the need for a Pre-Hearing Conference in the above-referenced Oil Conservation Commission case with James Bruce, attorney for Pride Energy Company. Mr. Bruce and I request a pre-hearing conference in this matter and agree that it would assist the parties in getting this matter resolved at the Commission Hearing scheduled for June 29, 2007.

Mr. Bruce and I are available on June 11th, if any time on this date is convenient for you.

Very truly yours,

William F. Carr

cc: Mr. Charles Moran
Yates Petroleum Corporation

James Bruce, Esq.
Pride Energy Company
By Facsimile (505) 982-2151