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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 8, 2000

Via Federal Express and facsimile (915) 682-5852

E.G.L. Resources, Inc.

214 W. Texas Ste 900

P. O. Box 371

Midland, Texas 79702

Attn: W. Wesley Perry

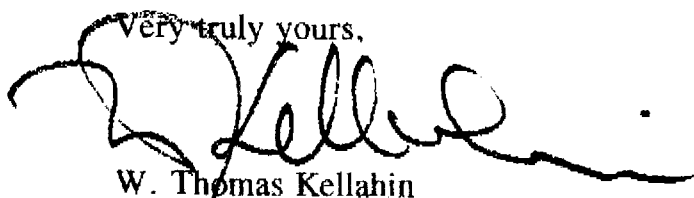
Re: NMOCD Case 12278 Order R-11335
Application of ~~Pride~~ Energy Company to
rescind approval of change of operator,
Lea County, New Mexico

Gentlemen:

On behalf of Pride Energy Company and in accordance with New Mexico Oil Conservation Division Order R-11335 issued February 29, 2000, demand is hereby made upon E. G. L. Resources, Inc. to immediately surrender operations of the ARCO State Well No. 1 (API No. 30-025-27321) Unit P, Section 16, T18S, R35E, N40PM, Lea County, New Mexico to Pride Energy Company and to do so retroactive to October 5, 1999, including the payment of costs, expenses, operating charges and attorney's fees.

In the event you fail to comply with this demand within five (5) days, we will ask the Division to (i) institute the necessary action to enforce its order in accordance with Section 70-2-29 NMSA (1979) including the recovery by Pride Energy Company of appropriate damages and costs and (ii) to seek penalties in accordance with Section 70-2-31 NMSA (1979).

Very truly yours,


W. Thomas Kellahin

cfx: Oil Conservation Division

Attn: Michael E. Stogner, Examiner

Pride Energy Company

Attn: Matthew L. Pride

James Bruce, Esq.

Attorney for EGL Resources, Inc.

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