

B. G. L. Resources, Inc.

214 West Texas, Suite 900 P.O. Box 371 Midland, Texas 79702-0371 telephone 915.687.8580 facsimile 915.682.8582

9/30/99

Matt Pride
Pride Energy Company
P.O. Box 701602
Tulsa, OK 74170

Via Fax # 918-524-9292

RE: Arco State #1 well
Lea County, New Mexico


Dear Matt:

Last week we discussed an idea to resolve the differences regarding the captioned well. I propose that we enter into an agreement, sometimes called a "Lazy Susan Buy-Sell Agreement". I have used this in other situations and find it works quite well.

Basically the way it works is, we will agree to sell our working interest for a certain amount on a per 1% WI basis. You will have 30 days to decide to either buy our working interest for that amount or you will sell your working interest for that amount. Those are the only 2 choices either you buy or you sell. After the 30 days one of us has sold its interest to the other on a per 1% WI basis. It is possible some or all of the non-operated WI owners will enter into the Agreement. We have discussed it briefly with them and it may be a good opportunity to buy us all out.

If you are in agreement, please so indicate by signing below and I will work with your attorney to complete the Agreement. Please respond by 5:00PM, October 7, 1999. Should you have any questions please call me at 915-687-6580 extension 221. I am,

Very truly yours,


W. Wesley Perry
President

We agree to execute a mutually agreeable buy-sell agreement. Signed this the ____ day of October, 1999.

Pride Energy Company

by: _____
Matt Pride
Title: _____

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12278 Exhibit No. — 8
Submitted By:
Pride Energy Company
Hearing Date: November 18, 1999

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

October 5, 1999

S.E.S. Oil & Gas, Inc. (now E.G.L. Resources, Inc.)
214 West Texas, Suite 900
P.O. Box 371
Midland, TX 79702-0371

Attn: W. Wesley Perry, President

Re: ~~ARCO STATE #1~~
Lea County, New Mexico

Dear Wes,

In reference to the above well and your previous correspondence, inquiring as to where the oil and gas revenue is for your interest in this well for certain months, the following is set out for your records:

Oil Revenue

<u>Production Month in Question</u>	<u>Explanation</u>
6/98	There were no oil sales in this month.
7/98	There were no oil sales in this month.
8/98	The oil revenue was paid to you in check #016091. (See copy of cancelled check attached.)
1/99	Beginning 1/1/99, the oil purchaser (Equiva) began paying you direct as you requested. Please check with Equiva as Pride never received your portion of the 1/99 oil revenue.

Gas Revenue

<u>Production Month in Question</u>	<u>Explanation</u>
1/99	The gas revenue was paid to you in check #016915.
2/99	(same as above)
3/99	(same as above)
4/99	(same as above)
5/99	(same as above)
6/99	(same as above)
7/99	The gas revenue is on check #17050 which is attached to this letter.

In response to your question pertaining to certain revenues and expenses attributable to the salt water disposal revenues and expenses, this was addressed and explained in my August 25, 1999 letter to you. The credits or debits, as explained in the August 25th letter, are included on the August, 1999 Joint Interest billing, which is attached hereto. Any credit balance that these adjustments may have created have been paid in the check included with this letter. This should account for all revenue and expenses.

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

Sincerely,

Pride Energy Company

A handwritten signature in black ink, appearing to read "Matthew L. Pride". The signature is fluid and cursive, with the first name "Matthew" written in a larger, more prominent script than the last name "Pride".

Matthew L. Pride

PRIDE

PRIDE ENERGY COMPANY
P.O. BOX 701602
TULSA, OK 74170

BANK OF OKLAHOMA
TULSA, OKLAHOMA

88 3/1039

016091

THIS CHECK VOID UNLESS PRESENTED FOR
PAYMENT WITHIN 90 DAYS OF ISSUE

CHECK DATE OWNER NUMBER CHECK NUMBER CHECK AMOUNT

PAY ***604* DOLLARS & *68* CENTS 02/04/99 02649 016091 \$ *****604.68
U.S. DOLLARS

TO THE ORDER OF
S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

Matthew L. Pride

⑈016091⑈ ⑆103900036⑆ 801083447⑈ ⑈00000060468⑈

8/98 oil revenue paid in this check

10/98 " " " " " "

12/98 " " " " " "

& A CONNECTION WAS MADE IN CHK # 16915

FEB 12 1999

111988857

216269406 0212 00 7487 0000000000

FOR DEPOSIT ONLY

PRIDE

PRIDE ENERGY COMPANY
P.O. BOX 701602
TULSA, OK 74170

NationsBank

NationsBank, N.A.
Oklahoma

39 1
1030

016915

THIS CHECK VOID UNLESS PRESENTED FOR
PAYMENT WITHIN 90 DAYS OF ISSUE

CHECK DATE OWNER NUMBER CHECK NUMBER CHECK AMOUNT

PAY *****173* DOLLARS & *22* CENTS 08/05/99 02649 016915 \$ *****173.22
U.S. DOLLARS

TO THE ORDER OF
S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

Matthew L. Price

⑈016915⑈ ⑆103000017⑆ 002866403700⑈ ⑈00000017322⑈

1/99, 2/99, 3/99, 4/99, 5/99, 6/99 gas revenues are on this check

FOR DEPOSIT ONLY

AG 88-30

11900057

BANK OF AMERICA, N.A. OKC
681000032 E1255 01 P10
68/80/99

2230000000

PRODUCTION DATE - PROPERTY NUMBER - PROPERTY NAME

PRODUCT OWNER TYPE	PRICE INTEREST	LEASE BBLs/MCF OWNER BBLs/MCF	LEASE GROSS VALUE OWNER GROSS VALUE	LEASE STATE TAX OWNER STATE TAX	LEASE OTHER DED. OWNER OTHER DED.	LEASE NET OWNER NET
07/99	0000000571	ARCO STATE #1				
GAS	2.54	792.00	2015.20	185.74	.00	1829..
WORKING	0.0677000	53.62	136.42	12.57	.00	123..

PRIDE ENERGY COMPANY P.O. BOX 701602 / TULSA, OK 74170

017050

CHECK DATE	OWNER NUMBER	CHECK NUMBER	CHECK AMOUNT
09/10/99	02649	017050	123

PRIDE

PRIDE ENERGY COMPANY
P.O. BOX 701602
TULSA, OK 74170

Bank of America
Oklahoma

39-1 21
1030

017050

THIS CHECK VOID UNLESS PRESENTED FOR
PAYMENT WITHIN 90 DAYS OF ISSUE

CHECK DATE	OWNER NUMBER	CHECK NUMBER	CHECK AMOUNT
------------	--------------	--------------	--------------

PAY

****123* DOLLARS & *85* CENTS

09/10/99

02649

017050

\$

*****123

U.S. DOLLARS

TO
THE
ORDER
OF

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

Matthew L. Price

⑈017050⑈ ⑆103000017⑆ 002866403700⑈

DATE
DESCRIPTION

INVOICE NUMBER

AMOUNT

DISCOUNT OR
DEDUCTION

NET AMOUNT

09/09/99

ARCO STATE #1 SWD CORRECTION

9908000131

701.80

.00

701.8

CHECK DATE CHECK NUMBER REFERENCE NUMBER

09/28/99

030296

02649

PRIDE ENERGY COMPANY

P.O. BOX 701602
TULSA, OK 74170

PRIDE

PRIDE ENERGY COMPANY
P.O. BOX 701602
TULSA, OK 74170

NationsBank

NationsBank, N.A.
Oklahoma

39-1
1030²¹

030296

THIS CHECK VOID UNLESS PRESENTED FOR
PAYMENT WITHIN 90 DAYS OF ISSUE DATE

CHECK DATE CHECK NUMBER AMOUNT

PAY

*****701*DOLLARS AND *80* CENTS

09/28/99

030296

*****701.80

TO
THE
ORDER
OF

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

Matthew L. Price

⑈030296⑈ ⑆103000017⑆ 002866403700⑈

PRIDE ENERGY COMPANY
P O BOX 701602
TULSA, OK 741701602

PAGE

02649 S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

STATEMENT DATE 09/15/99

DATE	INVOICE	LEASE	DESCRIPTION	AMOUNT
09/09/99	0990800000	0000000571	SWD CHECK CORRECTION	\$701.80
	INVOICE TOTAL			\$701.80
07/06/99	9906000131	0000000571	ARCO STATE #1	\$120.97
07/06/99	9906000131	0000000571	ARCO STATE #1	\$99.13
	INVOICE TOTAL			\$220.10
07/01/99	9907000001	0000000000	INTEREST CHARGE	\$2.20
	INVOICE TOTAL			\$2.20
07/31/99	9907000141	0000000571	ARCO STATE #1	\$22.66
07/31/99	9907000141	0000000571	ARCO STATE #1	\$92.41
	INVOICE TOTAL			\$115.07
08/01/99	9908000001	0000000000	INTEREST CHARGE	\$3.37
	INVOICE TOTAL			\$3.37
09/09/99	9908000131	0000000571	ARCO STATE #1	\$388.57
09/09/99	9908000131	0000000571	ARCO STATE #1	\$566.78
09/09/99	9908000131	0000000571	ARCO STATE #1	\$1.50
09/09/99	9908000131	0000000571	ARCO STATE #1	\$15.29
09/09/99	9908000131	0000000571	ARCO STATE #1	\$22.67
09/09/99	9908000131	0000000571	ARCO STATE #1	\$5.14
09/09/99	9908000131	0000000571	ARCO STATE #1	\$42.62
	INVOICE TOTAL			\$1,042.54

CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	BALANCE DUE
\$340.74-	\$3.37	\$337.37	\$0.00	\$0.00

PRIDE ENERGY COMPANY
P O BOX 701602
TULSA, OK 741701602

PAGE 1

JOINT INTEREST EXPENSES FOR 08/99

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

INVOICE DATE 09/09/99
INVOICE # 9908000131
OWNER # 0264

LEASE NAME AND NUMBER	INT. TYPE	LEASEHOLD COST	EQUIPMENT	INTANGIBLE	OPERATING EXPENSE	TOTAL
ARCO STATE #1						
0000000571	70	.00	.00	.00	1,042.54-	1,042.54-
		.00	.00	.00	1,042.54-	1,042.54-
CURRENT MONTH'S TOTAL						1,042.54-

JOINT INTEREST EXPENSES FOR 08/99

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

INVOICE DATE 09/09/9
INVOICE # 9908000131
OWNER # 0264

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		06/98		6/98 SWD CORRECTION	153.00-
					OPERATING EXPENSES (100%)	153.00-
						153.00-

S.E.S. OIL & GAS, INC.
INTEREST (%) .0800000 12.24-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		07/98		7/98 SWD CORRECTION	381.65-
					OPERATING EXPENSES (100%)	381.65-
						381.65-

S.E.S. OIL & GAS, INC.
INTEREST (%) .0800000 30.53-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		08/98		8/98 SWD CORRECTION	6,358.52-
					OPERATING EXPENSES (100%)	6,358.52-
						6,358.52-

S.E.S. OIL & GAS, INC.
INTEREST (%) .0800000 508.68-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		09/98		9/98 SWD CORRECTION	7,084.70-

JOINT INTEREST EXPENSES FOR 08/99

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

INVOICE DATE 09/09/99
INVOICE # 9908000131
OWNER # 0264

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
					OPERATING EXPENSES (100%)	7,084.70-
						7,084.70-
					S.E.S. OIL & GAS, INC. INTEREST (%) .0800000	566.78-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		12/98		12/98 SWD CORRECTION	18.88-
					OPERATING EXPENSES (100%)	18.88-
						18.88-
					S.E.S. OIL & GAS, INC. INTEREST (%) .0800000	1.51-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		01/99		1/99 SWD CORRECTION	387.83
					OPERATING EXPENSES (100%)	387.83
						387.83
					S.E.S. OIL & GAS, INC. INTEREST (%) .0800000	31.03

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		02/99		2/99 SWD CORRECTION	141.96

JOINT INTEREST EXPENSES FOR 08/99

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

INVOICE DATE 09/09/9
INVOICE # 9908000131
OWNER # 0264

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
					OPERATING EXPENSES (100%)	141.96
						141.96
					S.E.S. OIL & GAS, INC. INTEREST (%) .0800000	11.36

EASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		03/99		3/99 SWD CORRECTION	350.98
					OPERATING EXPENSES (100%)	350.98
						350.98
					S.E.S. OIL & GAS, INC. INTEREST (%) .0800000	28.08

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		04/99		4/99 SWD CORRECTION	190.60-
					OPERATING EXPENSES (100%)	190.60-
						190.60-
					S.E.S. OIL & GAS, INC. INTEREST (%) .0800000	15.25-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P	DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70		05/99		5/99 SWD CORRECTION	515.21-

JOINT INTEREST EXPENSES FOR 08/99

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

INVOICE DATE 09/09/99
INVOICE # 9908000131
OWNER # 0264

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/97265	70	05/99	43713	ARCO STATE MAINT	231.88
				BANTA OILFIELD SERVICE INC	
				OPERATING EXPENSES (100%)	283.33-
					283.33-
				S.E.S. OIL & GAS, INC.	
				INTEREST (%) .0800000	22.67-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/00298	70	06/99		6/99 SWD CORRECTION	64.26-
				OPERATING EXPENSES (100%)	64.26-
					64.26-
				S.E.S. OIL & GAS, INC.	
				INTEREST (%) .0800000	5.14-

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/97265	70	07/99	ELEC	ACCT# 2501239731	151.63
				SOUTHWESTERN PUBLIC SERVICE	
08/97657	70	07/99	194	ARCO STATE SWD 7/99	684.37-
				MARALO, LLC	
				OPERATING EXPENSES (100%)	532.74-
					532.74-
				S.E.S. OIL & GAS, INC.	
				INTEREST (%) .0800000	42.62-

JOINT INTEREST EXPENSES FOR 08/99

S.E.S. OIL & GAS, INC.
P.O. BOX 10886
MIDLAND TX 79702

INVOICE DATE 09/09/9
INVOICE # 9908000131
OWNER # 0264

LEASE: 0000000571 ARCO STATE #1 STATE: NM

JOURNAL	TYPE	P DATE	INVOICE	JOURNAL DESCRIPTION	AMOUNT
08/97269	70	08/99	1286	ARCO ST #1 PUMPING 8/99	211.88
				HARMON'S CONSULTING & PUMPING	
08/90000	70	08/99		COMMUNICATIONS EXPENSE	20.00
08/90000	70	08/99		ADMINISTRATIVE OVERHEAD	848.30
08/90000	70	08/99		SUPERVISION	75.00
				OPERATING EXPENSES (100%)	1,155.18
					1,155.18
				S.E.S. OIL & GAS, INC.	
				INTEREST (%) .0800000	92.41

EGL RESOURCES

P. O. BOX 37*
MIDLAND, TEXAS 79702
915 687-6560 915 682-5852

October 6, 1999

Mr. Matt Pride
Pride Energy Company
P.O. Box 701602
Tulsa, Oklahoma 74170-1602

Dear Matt,

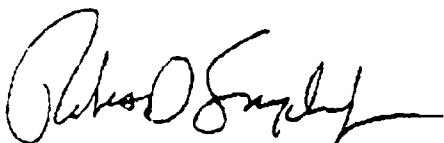
EGL Resources is the operator of record, as indicated on the enclosed e-104 form, for the Arco State #1 well located in section 16, T8S, R35E, Lea, County, NM. The NMOCD approved the change on October 5, 1999 after reviewing the JOA and ballots. The effective date is September 1, 1999.

Many of the working interest owners believe revenue is due them from oil and gas sales and SWD credits of 6-98 to present. Please provide copies of LOE's and revenue from oil and gas sales for this period. EGL will review the documents and determine the most efficient method of collection, if monies are due owners, or payment, if monies are due Pride Energy.

Oil and gas purchasers and the pumper have been notified of the change of operator.

If you have any questions, call me at 915-687-6560.

Sincerely,



Robert D. Snyder, Jr. Vice President

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12278 Exhibit No. 10
Submitted By:
Pride Energy Company
Hearing Date: November 18, 1999

Check 1
NO Fee 1999. Submit the 025-1-1999
Check 2
NO Fee 1999. Submit the 025-1-1999
Check 3
NO Fee 1999. Submit the 025-1-1999
Check 4
NO Fee 1999. Submit the 025-1-1999
Check 5
NO Fee 1999. Submit the 025-1-1999

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-104
Revised February 10, 1999
Instructions on back
Submit to Appropriate District Office
3 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT									
Operator Name and Address S.G.L. Resources, Inc. P.O. Box 10856 Midland, Texas 79702						Oil Well Number 173413 Reason for Filing Case Q1 9-1-1999			
API Number 25 27321		Vacuum, South (Midland)				Well Name 62380		Well Number 1	
Pressure Class 24935		Acro State				Property Name		Well Number	
II. Surface Location									
UL or W. 1/4	Section	Township	Range	Lot 1/4	Feet from top	North/South Line	Feet from top	East/West Line	County
P	16	18 S	25 E	P	330'	South	900'	East	Lea
III. Bottom Hole Location									
UL or W. 1/4	Section	Township	Range	Lot 1/4	Feet from top	North/South Line	Feet from top	East/West Line	County
P	16	18 S	25 E	P	330'	South	900'	East	Lea
IV. Oil and Gas Transporters									
Transporter 00822	Transporter Name and Address SANDCO				POB 2450270	Q/G Q	POB U/LTS Location and Description		
9171	GPM Gas Corporation				2450230	G			
V. Well Completion Data									
Lands Data 2450250		Borehole Data		TD	PSTD		Perforation		
Well Size		Casing & Tubing size		Depth feet		Casing Casing			
VI. Well Test Data									
Date First GE		Gas Delivery Date		Test Date		Test Location		Test Pressure	
Coke Size		GE		Water		Gas		ADP	
* I hereby certify that the data of the Oil Conservation Division have been obtained with care and that the information given above is true and complete to the best of my knowledge and belief.									
Signature W. W. W. W. W.					Approved by Orig. Signed by GEOLOGIST				
Printed Name W. W. W. W. W.					Title GEOLOGIST				
Date 10.5.99					Approval Date 09-05-1999				
* If this is a change of record all to the OCSID transfer and name of the previous operator.									
PRIDE ENERGY COMPANY									
Previous Operator Signature					Previous Name - Title - DO				

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12278 Exhibit No. 11
Submitted By:
Pride Energy Company
Hearing Date: November 18, 1999