

08/12 '99 11:45 NO.492 02/02

**Arco State # 1  
Ballot for Removal of Operator  
and Election of New Operator**

Item 1 Under Article V Section B of that certain Operating Agreement dated February 20, 1980 by and between Cal-Mon Oil Company, as Operator and Atlantic Richfield Company, as Non-Operator, covering SE/4, S/2 SW/4, NE/4 SW/4 Section 16, T-18-S, R-35-E, Lea Co, NM, hereinafter referred to as "JOA"; the undersigned working interest owner hereby elects to remove Pride Energy Company, ("Pride"), P.O. Box 701602 Tulsa, OK 74170-1602 as Operator under to "JOA".

Under the terms of the JOA Pride may be removed as Operator because it has failed to carry out the duties of Operator. One of the reasons includes but is not limited to the following:

Under Article VII, paragraph C, Pride has violated the payment and accounting procedures by not paying revenues and/or invoices for the joint account.

Item 2 The undersigned owner votes for E.G.L. Resources, Inc. ("EGL") P.O. Box 10886, Midland, Texas 79702 as the successor operator.

Item 3 By signing below, E.G.L. Resources, Inc. agrees to take over operations under the JOA pursuant to all the terms and conditions of the JOA.

Item 4 As a condition of this ballot, EGL shall charge an overhead rate as shown in the JOA \$450 for the Producing Well Rate.

Agreed and accepted to this the 12 day of August, 1999, but shall be effective as of September 1, 1999 at 7:00 AM.

Working Interest Owner

*Nielson & Associates, Inc*

By: James A. Williams

Name: James A. Williams

Title: Vice President

E.G.L. Resources, Inc.

W. Wesley Perry  
W. Wesley Perry, President