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January 2, 1997

Hand Delivered

David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

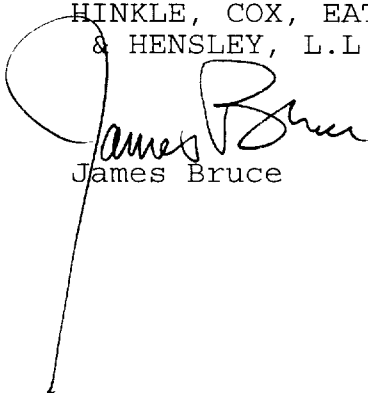
Re: Case Nos. 11666/11677 (InterCoast/Yates)

Dear Mr. Catanach:

Enclosed is a proposed order in the above matter, submitted by InterCoast. As you know, InterCoast has a well commencement deadline, and thus your attention to this matter is greatly appreciated.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.


James Bruce

cc: W. Thomas Kellahin w/encl.