

CATHIE AUVENSHINE
#296, P. O. BOX 33280
AUSTIN, TEXAS 78764

November 28, 1989

Mr. Michael Stogner
New Mexico Oil Conservation Division
Department of Energy and Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Stogner:

I refer you to Case 9801, the proposed Dee State #2, Eddy County, New Mexico which is being heard tomorrow morning.

You may recall that I talked with you, yesterday, by phone asking what the status of the Case is.

Because I am unable to represent myself or have representation, I would like to inform you what has transpired between Conoco and me.

To my knowledge, Conoco never tried to make contact with me regarding my interest in the proposed Dee State #2 after Mr. David Finney's letter of October 9, 1989. I called Mr. Ingram this morning to find out what is going on; however, he evidently did not receive my message. This afternoon, I called Mr. Ingram again at which time I found out that he had left for Santa Fe. Mr. Stroppe called me this afternoon and proceeded to inform me that the only option I have is to join the proposed well.

I feel that it is unfortunate that Conoco will not take an assignment or farm-out and insists that I join (which is not a viable option for me) or be force-pooled.

In a phone conversation with Mr. Ingram, late this afternoon, Mr. Ingram insisted that letters and phone calls were made to me after November 20, 1989. I would like to see copies of letters and times and dates of "attempted" phone calls. Mr. Ingram lectured me that I had not responded to Conoco; however, my response was Doug Cone's representation of me in the November 1 hearing

p. 2 Cathie Auvenshine to Michael Stogner

after which Doug Cone informed me I would be hearing from Conoco about a "lease offer" (correctly put should have been an "assignment offer").

Sincerely,


Cathie Auvenshine

/s

Copy: Conoco: Mr. David Wacker

David L. Wacker
Division Manager
Production Department
Hobbs Division
North American Production

OIL CONSERVATION DIVISION
RECEIVED

'90 JAN 26 AM 9 40

Conoco Inc.
726 East Michigan
P.O. Box 460
Hobbs, NM 88240
(505) 397-5800

January 23, 1990

Working Interest Owners

*Case No.
9801*

Gentlemen:

Dee State No. 2

In accordance with the New Mexico Oil Conservation Division's (NMOCD) Order No. R-9080 regarding the Compulsory Pooling for the Dee State Well No. 2, Conoco hereby furnishes the NMOCD and each known working interest owner a cost estimate for the subject well. Order No. R-0980 states that any non-consenting working interest owner has the right to pay their share of estimated well costs to the operator within thirty days following receipt of the estimated well costs and in doing so will be deemed a participating party. Attachment "A" lists each known working interest owner along with their election to either participate or go non-consent.

Conoco will also furnish a schedule of the actual well costs to the NMOCD and each working interest owner within ninety days of the subject well's completion.

If you have any questions, please contact Mr. Lynn White at (505) 397-5815.

Yours very truly,



David L. Wacker
Division Manager

LRW:jd
Enc.

Attachment "A"

DEE STATE NO. 2

Partner Participation

<u>Partner</u>	<u>Approval Date</u>
Yates Petroleum Corp.	October 25, 1989
Kathleen Cone	November 24, 1989
Tom R. Cone	September 28, 1989
Kenneth G. Cone	November 20, 1989
Clifford Cone	November 24, 1989
Douglas Cone	November 20, 1989
Cathy Cone Auvenshine	Non-Consent



Conoco Inc.
Production & Exploration

Authority for
Expenditure

EXTRH

Department E&P NA										Division Hobbs									
Card Code	Type	1 - Drill		4 - Exp. (Maint. & Retirement)		7 - Misc. Exp. Intang.		1 - Dev.		2 - Gas									
10	11	2 - Lease Equip.		5 - Capital		8 - Acquisition		2 - Expl.		3 - Unassigned									
10	11	3 - Imp. Recovery		6 - Misc. Depr. Intang.				3 - Memo											
1	1											1	1	1					
Oper. Code	C - Conoco		Lease Code		Project Title (Limit 40 Spaces)														
14	P - Partner		15		21 22														
C					D&E Dee State No. 2														
Card Code	Ex - Oil Int.		1st In - Oil		2nd In - Oil		3rd In - Oil		Con - Ltd. Int.										
10	11		18		19 - 20		21		22										
2	5000000																		

Field nr Block
Dagger Draw
Upper Penn North

TD and Obj. Horizon(s)
8,100'
Cisco Canyon

Land Lease No. 212814, 212815

(1) Location, Geological Province (2) Division of Interest (3) Justification

(1) 660' FSL & 990' FWL of Section 36, T19S, R24E, Eddy County, New Mexico
Geological Province - Northwest Shelf

(2) See Attachment

(3) See Attachment

For Your Information

Cash and Warehouse Outlay

	Gross	Net
Drill	\$505,000	\$253,000
Equip	220,000	110,000
Total	\$725,000	\$363,000

Description	CC	Ftr.	Gross \$	CC	Ftr.	Gross \$
Used Mtl. & Eq - Whse.	3	0008				XXXXXXX
Pur. Mtl. & Eq - Cash/Whse.	3	0009	289,700			XXXXXXX
Total Material			289,700			XXXXXXX
Fuel, Water, Lubs., Elec.	3	0103		3	0403	20,000
Loc. Dmgs., Roads, Bridges	3	0107	10,000	3	0407	16,000
Salv. & Dismantling Costs	3	0108		3	0408	
Drig. Contract - Footage	3	0111		3	0411	105,300
Drig. Contract - Daywork	3	0112	2,600	3	0412	38,000
Drilling Bits & Reamers			XXXXXXX	3	0413	
Fishing Tool Expense			XXXXXXX	3	0414	
Directional Drig. Costs			XXXXXXX	3	0415	
Mud Mtls., Chem. & Svcs.			XXXXXXX	3	0416	15,000
Cement & Cementing Svcs.			XXXXXXX	3	0417	31,000
Noncontrollable Mtls.	3	0118	6,500	3	0418	11,500
Tender Costs & Rentals			XXXXXXX	3	0419	
Boatel Service	3	0120		3	0420	
Sp. Drig. Tool Rentals			XXXXXXX	3	0421	13,000
Coring Costs	3	0125		3	0425	
Drill Stem Tests			XXXXXXX	3	0426	30,000
Perforating			XXXXXXX	3	0427	4,700
Acidg., Fractg., Shooting			XXXXXXX	3	0428	7,500
Well Surv., Elec - Mud Log			XXXXXXX	3	0429	20,000
Transportation	3	0131	2,800	3	0431	5,800
Marine Vesi. Costs & Rentals	3	0132		3	0432	
Aircraft Costs & Rentals	3	0133		3	0433	
Overhead - Partner Oper.	3	0136		3	0436	
Division Expense			XXXXXXX	3	0437	1,800
Co. Labor & Supv.	3	0138	3,800	3	0438	6,000
Contract Labor	3	0139	23,000	3	0439	25,000
Platform - Fab & Install	3	0141		3	0441	
Platform Maintenance			XXXXXXX	3	0442	
Keyways - Well Structures			XXXXXXX	3	0443	
Sales Tax (Depr. Inv.)			XXXXXXX	3	0444	
Miscellaneous Costs	3	0145	10,000	3	0445	26,000
Subtotal - Intangibles			58,700			376,600
Dry - Btm. Hole Contb. Rec.			XXXXXXX	3	0448	
Total Intangibles			58,700			376,600
Total Cash & Whse. Outlay			348,400			376,600
On Hand Mtl. & Eq.	3	0001				XXXXXXX
Grand Total			348,400			376,600
Grand Total - Mtl. & Depr. Intangibles & Exp. Intangibles						725,000

Accounting Use Only										
Card Code	Approval Date					Ex - Oil				
10	11					16				
4										
In - Oil					Con - Ltd.					
Depr. Acct.					Exp. Acct.					
27					31					

Card Code	Budget Project No.	Estimated In-Operation Date
10	11	17
5	1101	November, 1989
Cash and Warehouse Outlay		
Gross		Conoco Net
18		27
725,000		363,000
Project Total		
Gross		Conoco Net
37		46
725,000		363,000

Approvals
X.105 [Signature] 8/1/89

(Final Approval)

Distribution:

OLR JBB DLN SDW
GGG TLW AKB TLT FILE(1)

Accounting Distribution		AFE contains \$ 3,700	Conoco net \$
Accounting Distribution		Pollution abatement. Water	
Accounting Distribution		AFE Identification 40-61-5546	



OIL CONSERVATION DIVISION

Midland Division
Exploration and Production

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'90 JUL 11 AM 8:52

Conoco Inc.
10 Desta Drive West
Midland, TX 79705-9982
(915) 686-5400

June 29, 1990

Case No. 980

WORKING INTEREST OWNERS

Gentlemen:

DEE STATE NO. 2 - Compulsory Pooling

In accordance with the New Mexico Oil Conservation Division's (NMOCD) Order No. R - 9080 regarding the Compulsory Pooling of the Dee State Well No. 2, Conoco Inc. hereby furnishes the NMOCD and each known working interest owner the attached schedule of well costs. This schedule reflects those invoices which have been received by Conoco and entered into our Invoice Processing system on or before June 21, 1990. Although we feel this schedule accurately summarizes all costs associated with the drilling and equipping of the subject well, we cannot ensure that all contractors have submitted every invoice for payment.

If you have any questions, please contact Mr. Lynn White at (915) 686-6580.

Sincerely,

L. C. Plant

L. C. Plant

LRW/slr
LRW/001

DEE STATE NO. 2

<i>FEATURE</i>	<i>DESCRIPTION</i>	<i>EXPENDITURES</i>
TANGIBLE	0009	CONTROLLABLE MATERIALS
	0118	NONCONTROLLABLE MATERIALS
	0131	TRANSPORTATION
	0139	CONTRACT LABOR
	0145	MISCELLANEOUS
SUBTOTAL		
TANGIBLES		347,432
INTANGIBLE	0403	FUEL, WATER, LUBS., ELEC.
	0407	LOCATION PREPARATION
	0411	DRILLING-FOOTAGE
	0412	DRILLING-DAYWORK
	0416	MUD MTLs., CHEM. & SVCS.
	0417	CEMENT & CEMENTING SVCS.
	0418	NONCONTROLLABLE MATERIALS
	0421	SP. DRLG. TOOL RENTALS
	0426	DRILL STEM TEST
	0427	PERFORATING
	0428	ACIDG., FRACTG., SHOOTING
	0429	ELEC-MUD LOG
	0431	TRANSPORTATION
	0432	ARCHAEOLOGICAL
	0438	COMPANY LABOR
	0439	CONTRACT LABOR
	0445	MISCELLANEOUS
		DRILLING OVERHEAD
SUBTOTAL		
INTANGIBLES		439,726
TOTAL		787,158