



Hobbs Division
Exploration and Production, North America

Conoco Inc.
726 East Michigan
P.O. Box 460
Hobbs, NM 88241
(505) 397-5800

August 31, 1989

Working Interest Owners

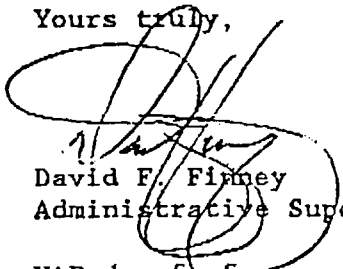
Gentlemen:

D&E Dee State No. 2
Township 19 South, Range 24 East
Section 36: SW/4
Eddy County, New Mexico

Conoco Inc. proposes the drilling of the captioned well at a location 660' FSL and 990' FWL of Section 36, T19S, R24E for the drilling of an 8100' Cisco Canyon test. The approximate AFE cost is \$725,000 for the completed well. Enclosed is our AFE requesting your approval for the above well.

Also enclosed is a copy of the Joint Operating Agreement and Communitization Agreement covering said well dated July 17, 1989. Upon your approval, please sign and return one (1) copy of the AFE, one (1) extra signature page of the Joint Operating Agreement, and three (3) signature pages of the Communitization Agreement to the undersigned. Any engineering questions should be directed to Mr. John Skopak at (505) 397-5863, land questions to Mr. Van Peters at (505) 397-5913 and administrative questions to Ms. Trish Craig at (505) 397-5806.

Yours truly,



David F. Finney
Administrative Supervisor

VAP:dw:afe,frm
Enclosure

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

EXHIBIT NO. 10 A
CASE NO. 9801
Submitted by Conoco Inc.
Hearing Date 11-29-89