



Hobbs Division
Exploration and Production, North America

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

October 9, 1989

Working Interest Owners:

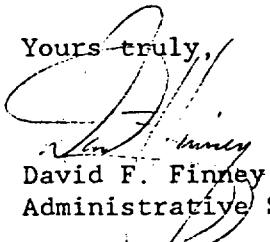
Gentlemen:

D&E Dee State No. 2

As a follow-up to Conoco's letter dated August 31, 1989, Conoco still plans to drill 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. Enclosed is a duplicate of our AFE mailed on August 31, 1989 of which Conoco reiterates its request for your approval of the above mentioned well. Please note that a copy of the Joint Operating Agreement and Communitization Agreement covering the said well dated July 17, 1989 was enclosed with the AFE sent on September 1, 1989. Upon your approval, please sign and return one (1) copy of the AFE, one (1) signature page of the Joint Operating Agreement, and three (3) signature pages of the Communitization Agreement to the undersigned.

Also enclosed is a Notice of Hearing, requesting authority for compulsory pooling of all working interest owners who have not approved our AFE by Hearing Date, November 1, 1989. You are not required to attend this hearing, but as an owner of interests that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Any engineering questions should be directed to Mr. John Skopak at (505) 397-5863, land questions to Mr. Van Peters at (505) 397-5913, compulsory pooling questions to Mr. Hugh Ingram at (505) 397-5885, and administrative questions to Mr. Lynn White at (505) 397-5815.

Yours truly,


David F. Finney
Administrative Supervisor

LRW:dw:afefrm(2)
Enclosures

EXHIBIT 10

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION
EXHIBIT NO. <u>10B</u>
CASE NO. <u>9801</u>
Submitted by <u>Conoco Inc</u>
Hearing Date <u>11-29-89</u>