



Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

May 26, 1993

Eddy Potash Inc.
P.O. Box 31
Carlsbad, NM 88220

Re: Application of Conoco Inc. to drill
the Red Lodge State 26 Well No. 1 in
Sec. 26, T-21S, R-33E, Lea County, New Mexico

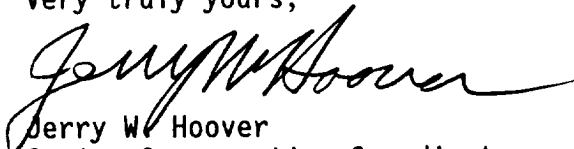
Gentlemen:

This letter is to advise you that Conoco Inc. has filed an application (copy enclosed) with the New Mexico Oil Conservation Division for the drilling of a well at the above location. This location is within the "known potash leasing area", but it is not in an LMR nor is it in a buffer zone for an LMR. This well will be drilled and completed according to the requirements of NMOCD Order No. R-111-P which regulates the drilling of wells in the "known potash leasing area".

As the assignee of potash mineral leases within one mile of the proposed well, notification by certified mail of Conoco's application is required by the New Mexico Oil Conservation Division. Should you have any questions concerning the approval of this permit, please direct them to Mr. Jerry Sexton of the NMOCD's Hobbs District Office, P.O. Box 1890, Hobbs, New Mexico, 88241, (505) 393-6161. If you simply require clarification of the information contained in the application, please contact me at (915) 686-6548.

If you have no objection to the drilling of this well, please sign the waiver provided at the bottom of this letter and return it in the enclosed addressed, postage-paid envelope.

Very truly yours,


Jerry W. Hoover
Senior Conservation Coordinator

WAIVER TO OBJECTION FOR DRILLING SUBJECT WELL

APPROVEDBY: _____ DATE: _____

Company Name (PRINT or TYPE)

RECEIVED

MAY 24 1996

OCD HOBBS OFFICE