



June 22, 2010

VIA HAND DELIVERY

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14520

RECEIVED OCD
2010 JUN 22 P 3:33

**Re: Application of Lynx Petroleum Consultants, Inc. for an order authorizing
the drilling of a well in the potash area, Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the application of Lynx Petroleum Consultants, Inc. in the above-referenced case as well as a copy of a legal advertisement. Lynx requests that this matter be placed on the docket for the July 22, 2010 Examiner hearings.

Sincerely yours,

Ocean Munds-Dry

Ocean Munds-Dry
**ATTORNEYS FOR
LYNX PETROLEUM CONSULTANTS,
INC.**

cc: Mr. Larry Scott

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF LYNX PETROLEUM CONSULTANTS, INC.
FOR AN ORDER AUTHORIZING THE DRILLING
OF A WELL IN THE POTASH AREA,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14520

APPLICATION

LYNX PETROLEUM CONSULTANTS, INC. ("Lynx"), pursuant to the provisions of Oil Conservation Division Order No. R-111-P ("The Rules and Regulations Governing the Exploration and Development of Oil and Gas in Certain Areas Herein Defined, Which Are Known to Contain Potash Reserves"), applies to the New Mexico Oil Conservation Division for an order approving the drilling of its Eddy "BD" State Well No. 3 within the Potash Area at a location 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 32, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico, and in support of this application, states:

1. Lynx Petroleum Consultants, Inc. is the designated operator under a Joint Operating Agreement for the E/2 of Section 32, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico. Lynx has the right to develop the oil and gas reserves underlying this property on behalf of itself, the State of New Mexico and other parties.

2. Lynx proposes to drill its Eddy "BD" State Well No. 3 to a total depth of approximately 11,500 feet to test the Strawn formation, Golden Lane Strawn Gas Pool on a standard 320-acre spacing unit comprised of the E/2 of Section 32.

3. The E/2 of Section 32 is State land that is located within the Potash Area as defined by Order No. R-111-P.

4. On May 12, 2010, Lynx submitted an Application for Permit to Drill (C-101) and a Well Location and Acreage Dedication Plat (Form C-102) to the Division's district office for its proposed Eddy "BD" State Well No. 3.

5. Pursuant to Division Order R-111-P, the New Mexico Oil Conservation Division notified the Bureau of Land Management and the New Mexico State Land Office of the application and to determine whether the proposed well location is within a Life-of-Mine Reserve ("LMR") or its buffer zone.

6. On June 15, 2010, the Division's district office denied the APD because the proposed location is within a Life-of-Mine Reserve.

7. The Division acted improperly in denying Lynx's Application for Permit to Drill the Eddy "BD" State Well No. 3.

8. There are at least five wellbores in the E/2 of Section 32 and at least nine in all of Section 32. Three of those wellbores are in the NE/4 of the section. It does not appear that a potash lessee may underground mine around the existing wellbores in Section 32.

9. It does not appear that this area contains potash reserves in sufficient thickness and grade to be commercially mineable.

10. There are no active mine workings or mined-out areas for more than one mile from the proposed location. There is an idled potash mine (the Eddy Potash mine or the HB Mine) more than a mile away which Intrepid Potash has proposed to convert into a solution mine.

11. Approval of this application will not result in undue waste of potash deposits or constitute a hazard to or interfere with the mining of existing potash reserves.

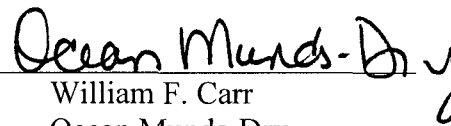
12. Approval of this application will afford Lynx the opportunity to produce its just and equitable share of hydrocarbons underlying state lands, will prevent waste and protect correlative rights.

13. Lynx has sent notice of this application to the interested parties listed on Exhibit A to this application.

WHEREFORE, Lynx Petroleum Consultants, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 22, 2010, and that, after notice and hearing, the Division enter its order authorizing Lynx to drill its proposed Eddy "BD" State Well No. 3 at the proposed standard well location in Unit G of Section 32, Township 20 South, Range 30 East.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
William F. Carr
Ocean Munds-Dry
P.O. Box 2208
Santa Fe, NM 87504-2208
Telephone : (505) 988-4421

ATTORNEYS FOR LYNX PETROLEUM
CONSULTANTS, INC.

CASE 14520:

Application of Lynx Petroleum Consultants, Inc. for an order authorizing the drilling of a well in the Potash Area, Eddy County, New Mexico. Applicant seeks an order approving the drilling of its proposed Eddy "BD" State Well No. 3 within the Potash Area at a location 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 32, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico. This well will be drilled to an approximate depth of 11,500 feet to test all formations from the surface to the Strawn formation, Golden Lane Strawn Pool and will be at a standard location in all formations. Said location is within the Potash Area and located approximately 14 miles northeast of Carlsbad, New Mexico.

Exhibit A

**APPLICATION OF LYNX PETROLEUM CONSULTANTS, INC. FOR AN ORDER
AUTHORIZING THE DRILLING OF A WELL IN THE POTASH AREA, EDDY
COUNTY, NEW MEXICO.**

Intrepid Potash Company
Attn: Tom McGuire
6288 Hobbs Highway
Carlsbad, New Mexico 88220