

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
 -- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Mitchell Energy Corp

LEASE & WELL Scharbauer 4 #3 - P

LOCATION 660/S + 660/E 4-20-33 PROPOSED DEPTH 12000

DATE APD RECEIVED 6-8-93 WAS PLAT OF AREA ATTACHED yes

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? yes

20-DAY WAITING PERIOD BEGINS _____ ENDS _____

WERE WAIVERS RECEIVED? _____

DATE SLO NOTIFIED 6-8-93 DATE REPLY RECEIVED 6-17-93

DATE BLM NOTIFIED 6-8-93 DATE REPLY RECEIVED 7-6-93

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES _____ NO X

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 7-6-93 DATE APD DENIED _____



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

June 8, 1993

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

BUREAU OF LAND MANAGEMENT
P.O. Box 1778
Carlsbad, NM 88221

✓ STATE LAND OFFICE
Attn: Ernie Szabo
P.O. Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR MITCHELL ENERGY CORPORATION

LEASE NAME SCHARBAUER '4' #3

PROPOSED LOCATION 660/S & 660/E Sec 4, T20S, R33E

PROPOSED DEPTH 12,000'

Gentlemen:

The application for permit to drill identified above has been filled with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

RESPONSE:

The above-referenced location is in LMR ----- Yes No

The above-referenced location is within the buffer zone----- Yes No

Signed

Date 6-14-93

Representing SLO-OGM





RECEIVED STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

JUN 10 12 35 PM '93 OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

BRUCE KING GOVERNOR

June 8, 1993

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 88241-1980 (505) 393-6161

BUREAU OF LAND MANAGEMENT P.O. Box 1778 Carlsbad, NM 88221

STATE LAND OFFICE Attn: Ernie Szabo P.O. Box 1148 Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA OPERATOR MITCHELL ENERGY CORPORATION LEASE NAME SCHARBAUER '4' #3 PROPOSED LOCATION 660/S & 660/E Sec 4, T20S, R33E PROPOSED DEPTH 12,000'

Gentlemen:

The application for permit to drill identified above has been filled with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION [Signature] Jerry Sexton Supervisor, District I

RESPONSE:

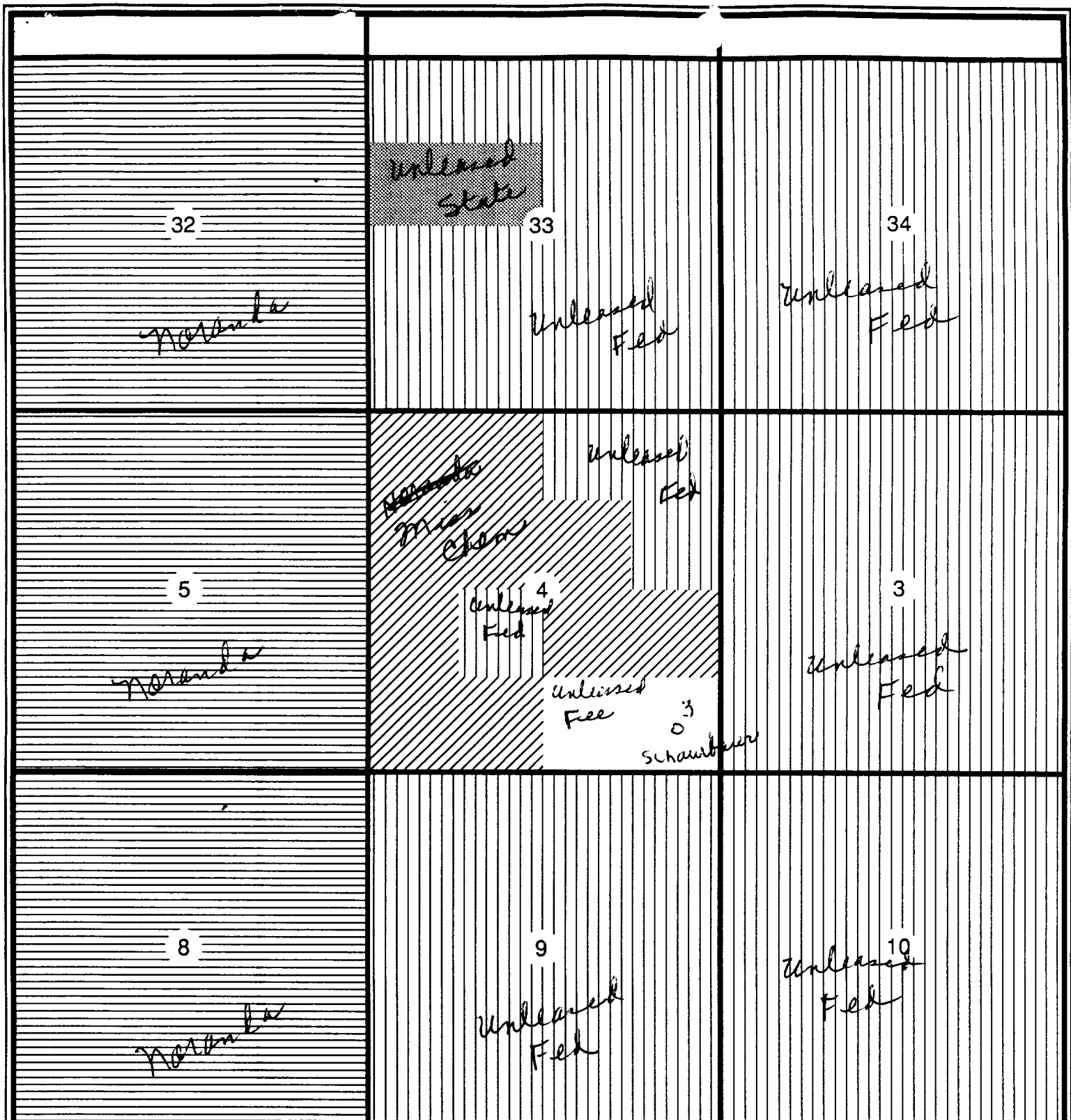
The above-referenced location is in LMR ----- Yes ___ No *X


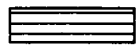


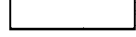
The above-referenced location is within the buffer zone----- Yes ___ No *X

Signed [Signature] Representing BLM

Date 7-1-93





-  MISSISSIPPI CHEMICAL, INC.
-  NORANDA EXPLORATION CORP.
-  UNLEASED FEDERAL
-  UNLEASED STATE
-  UNLEASED FEE


Mitchell Energy Corporation
 P.O. BOX 4000 • THE WOODLANDS, TEXAS 77387-4000

Potash Lessees
 Schaubauer "4" Well No. 3
 660' FSL and 660' FEL, Sec. 4, T20S, R33E
 Lea County, New Mexico

DATE: 6-1-93 SCALE: 1"=2000'