

**INTREPID POTASH NM, LLC.
CARLSBAD, NEW MEXICO**

August 16, 2004

Mr. Chris Williams, District Supervisor
Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240

30-025-36957

Re: Imperial Prospect
1,650' FNL and 990' FWL
Lots 1-8: Section 6, T21S-R33E
Lea County, New Mexico

Dear Mr. Williams:

Capstone Oil & Gas Company, L.P. submitted a Waiver of Objection on behalf of Preston Exploration, LLC. for the above described lands. Intrepid Potash NM, LLC. (Formerly Mississippi Potash, Inc) has no objection to the proposed location of the Imperial Prospect. However, Intrepid Potash NM, LLC. does object to Capstone's request to not run the additional salt protection casing string requirements of Division Order R-111-P for the described location.

Sincerely,

Thomas A. McGuire

Thomas A. McGuire
Senior Mine Engineer

cc: Mr. Mark Wheeler
Capstone Oil & Gas Company, L.P.
203 Wall Street
Suite 1201
Midland, TX 79701

