

Case No.

935

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Application, Transcript,  
Small Exhibits, Etc.

CASE 935: Application of National Potash Co.  
for expansion of Area "A" in "Potash-01"  
area, Eddy & Lea Counties, N.M.

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 889,890,891,926,927 & 935

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

October 13, 1955.

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IN THE MATTER OF:

CASE 889: Application of Southwest Potash Corporation  
for extension of Area "A" of the potash-oil  
area in Eddy County, as defined by Order R-  
111 issued in Case 278.

CASE 890: Application of International Minerals and Che-  
mical Corporation for extension of Area "A"  
of the potash-oil area in Eddy County, as de-  
fined by Order R-111 issued in Case 278.

CASE 891: Application of Duval Sulphur and Potash Company  
for extension of Area "A" of the potash-oil  
area in Eddy County, as defined by Order R-111  
issued in Case 278.

CASE 926: Application of National Farmers Union Service  
Corporation for extension of Area "B" and cre-  
ation of a new Area "A" in the potash-oil area  
in Eddy and Lea County, New Mexico, as defined  
by Order R-11 issued in Case 278.

CASE 927: Application of U. S. Potash Company for extensin:  
of Area "A" in the potash-oil area in Eddy  
County, as defined by Order R-111 issued in  
Case 278.

CASE 935: Application of National Potash Company for  
extension of Area "A" of the potash-oil area  
in Eddy and Lea Counties, New Mexico, as defined:  
by Order R-111 issued in Case 278.

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BEFORE: Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: For the record, before going to the next case on  
the Docket, which is 908, I would like for the record to show in

Cases 889, 890, 891, 926, 927 and 935, that they will be continued until next month pending issuance of the Revised Potash Oil Rules in Case 278.

\* \* \*

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, THURMAN J. MOODY, Court Reporter, do hereby certify that the foregoing and attached Transcript of Proceedings was taken before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, and is a true and correct record to the best of my knowledge, skill and ability.

WITNESS MY HAND, this, the 7th day of November, 1955.

\_\_\_\_\_  
Court Reporter.

BEFORE THE  
Oil Conservation Commission  
SANTA FE, NEW MEXICO  
September 15, 1955

IN THE MATTER OF:

CASE NO. 889, 890, 891, 926, 927,  
935

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 15, 1955

IN THE MATTER OF:

Application of Southwest Potash Corporation  
for extension of Area "A" of the potash-oil  
area in Eddy County, as defined by Order  
R-111 issued in Case 278.

Case 889

IN THE MATTER OF:

Application of International Minerals and  
Chemical Corporation for extension of Area  
"A" of the potash-oil area in Eddy County,  
as defined by Order R-111 issued in Case  
278.

Case 890

IN THE MATTER OF:

Application of Duval Sulphur and Potash  
Company for extension of Area "A" of the  
potash-oil area in Eddy County, as defined  
by Order R-111 issued in Case 278.

Case 891

IN THE MATTER OF:

Application of National Farmers Union  
Service Corporation for extension of Area  
"B" and creation of a new Area "A" in the  
potash-oil area in Eddy and Lea County,  
New Mexico, as defined by Order R-111  
issued in Case 278.

Case 926

IN THE MATTER OF:

Application of U. S. Potash Company for  
extension of Area "A" of the potash-oil  
area in Eddy County, as defined by Order  
R-111 issued in Case 278.

Case 927

IN THE MATTER OF:

Application of National Potash Company for  
extension of Area "A" of the potash-oil  
area in Eddy and Lea Counties, New Mexico,  
as defined by Order R-111 issued in Case  
278.

Case 935

BEFORE:

Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: For the purpose of the record in Cases 889, 890, 891, 926, 927, and 935, we will continue those cases until the order is entered in Case 278. At that time the potash companies may request the dismissal of their case if they so desire. We don't want to chop off the possibility that they may not be satisfied with the present order.

Does everyone understand that? We will continue those cases until the next monthly hearing and attempt to get the order out in time.

C E R T I F I C A T E

STATE OF NEW MEXICO     )  
                                  : SS.  
COUNTY OF BERNALILLO    )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 20th day of September, 1955.

My commission expires:  
June 19, 1959

Notary Public - Court Reporter

ADA DEARNLEY & ASSOCIATES  
STENOTYPE REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691



G. MELVIN NEAL  
W. D. GIRAND, JR.  
J. W. NEAL

TELEPHONES:  
3-5171 3-5172  
P. O. BOX 1326

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

MAIL OFFICE 000

000 AUG 1 AM 8:54

July 30, 1955.

*Case  
935  
File*

Oil Conservation Commission,  
Mabree Hall,  
Santa Fe, New Mexico.

Attention: Mr. W. B. Macey, Secretary.

In re: Case 935, Application of National  
Potash Company.

Gentlemen:

The National Potash Company respectfully requests that Case No. 935 be continued until the Commission has acted on the Report of the Oil and Potash Committees recommending changes to Order R111. It is our opinion from the discussion held in Carlsbad on the 29th that in all probability there will be no need for a hearing on our Application or any of the other potash companys' applications.

Certainly enjoyed visiting with you and your staff while in Carlsbad.

With best personal regards, I am

Very truly yours,

NEAL & GIRAND,

BY: *[Signature]*

G/bc

cc: National Potash Company,  
Box 731,  
Carlsbad, New Mexico. (Attention: Mr. Ferguson)

National Potash Company,  
161 East 42nd Street,  
New York 17, New York. (Attention: Mr. Pierson)

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

August 22, 1955

National Potash Company  
P.O. Box 731  
Carlsbad, New Mexico

Gentlemen:

Enclosed are six copies of the proposed rules for the  
Potash - Oil Area as set forth in Case 278. The case will be  
heard at the regular September 15th hearing of this Commission.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Encls.

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BEFORE THE OIL CONSERVATION COMMISSION STATE OF  
NEW MEXICO  
SANTA FE, NEW MEXICO

CASE NO: 935

IN THE MATTER OF THE APPLICATION OF  
NATIONAL POTASH COMPANY FOR THE EXTENSION  
OF AREA "A" WITHIN THE AREA DESIGNATED BY  
THE COMMISSION AS THE POTASH OIL AREA IN  
LEA AND EDDY COUNTIES, NEW MEXICO, AS  
DEFINED BY ORDER R-111 ENTERED IN CASE  
NO. 278 DATED NOVEMBER 9, 1951, TO  
INCLUDE THE FOLLOWING DELINEATED AREA,  
TO-WIT: ALL OF SECTIONS 3, 4, 7, 8, 9,  
AND THE WEST HALF OF SECTION 10 AND ALL  
OF SECTIONS 17, 18, 19, 20 AND 30,  
TOWNSHIP 20 SOUTH, RANGE 32 EAST, LEA  
COUNTY, NEW MEXICO.

COMES NOW National Potash Company, by and through its attorneys, Neal & Girard, Hobbs, New Mexico, and files this its application for the extension of Area "A" within the area designated as the Potash Oil Area in Lea and Eddy Counties, New Mexico, as defined by Order R-111 entered in Case No. 278 and for cause would show:

1. The National Potash Company is the Owner and holder of potassium mining leases and permits issued by the United States and the State of New Mexico covering the following described lands, to-wit:

All of Sections 3, 4, 7, 8, 9 and the West half of  
Section 10 and all of Sections 17, 18, 19, 20 and 30,  
all located in Township 20 South, Range 32 East,  
Lea County, New Mexico.

That in addition to the lands above described the applicant is the owner of valid potassium mining leases, permits and options from the United States and the State of New Mexico covering other lands adjacent and contiguous to the lands more particularly described above; in all having under its control as lessee, permittee, or optionee approximately 19,000 acres of land located in Lea and Eddy Counties, New Mexico all located within the area presently designated as the "B" area of the Potash Oil Area of Lea and Eddy Counties, New Mexico, as defined by Order R-111.

2. Applicant, National Potash Company, would further show to the Commission in Support of this application that at the present time it is engaged in sinking two shafts of approximately 1,800 feet in depth, said shafts located in Section 18, Township 20 South, Range 32 East, Lea County, New Mexico, and has at the present time spent and obligated itself to spend \$12,500,000.00 in the development of their mining properties; and in this connection it is believed that expenditures in excess of \$20,000,000.00 will have been made before actual mining operations have been commenced.

3. Applicant, National Potash Company, would further show to the Commission that in order to warrant the investment it has committed to this project, the area set out in Paragraph 1 hereof should be established "A" area under Order R-111 so that the company can be protected in its investment costs.

4. Applicant, National Potash Company, would further show that all of the area set out in Paragraph 1 hereof has been proven to contain ore deposits meeting the minimum requirements of the United States Geological Survey in that the deposits underlying said lands exceed the minimum of four feet of 14% ore.

5. Applicant, National Potash Company, would further show the Commission that it is anticipated that the actual production of ore from said mine will commence in the early part of 1957 and that the area set out in Paragraph 1 hereof will be developed within five years from the actual commencement of mining operations.

6. Applicant, National Potash Company, would further show this Commission that unless the area described in Paragraph 1 hereof is designated an "A" area, that applicant, the state of New Mexico and the United States will and can suffer great and irreparable injury and loss by the unregulated developments of said area as an oil and gas area.

WHEREFORE applicant, National Potash Company, prays that this application be set down for hearing and upon the hearing thereof, the Commission enter its order designating Sections 3, 4, 7, 8, 9 and the West Half of Section 10 and all of Sections 17, 18, 19, 20 and 30, all located in Township 20 South, Range 32 East, Lea County, New Mexico as an "A" area under Order R-111.

Respectfully submitted,

NATIONAL POTASH COMPANY  
/s/ W. D. Girand, Jr., of the firm  
of Neal & Girand, Hobbs, New Mexico,  
Attorneys for Applicant

New Mexico Oil & Gas Engr. Committee  
July 28, 1955  
Hobbs, New Mexico

C. MELVIN NEAL  
W. D. GIRAND, JR.  
J. W. NEAL

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

TELEPHONES:  
3-5171 3-5172  
P. O. BOX 1826

November 5, 1955.

*Corl 935*

Oil Conservation Commission,  
Santa Fe, New Mexico.

Gentlemen:

Please advise if any exceptions have been filed to Order No. R-111-A and in the event no exceptions to this Order have been filed, please consider this letter a request from the National Potash Company that its Case No. 935 be dismissed.

However, if exceptions have been filed to the Order filed on October 13, 1955, being R-111-A, we would appreciate a copy of the exceptions and would like to have our case continued.

Respectfully submitted,

NEAL & GIRAND,

BY: *[Signature]*

G/bc

cc: National Potash Company,  
P. O. Box 731,  
Carlsbad, New Mexico.  
(Attention: Mr. T. G. Ferguson)

Memo

11/17/05  
From

WWM

Re: Case #935

To

JWG

OK. to write order of dismissal.

*Case 278*

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

November 1, 1955

C  
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Y

National Potash Company  
P.O. Box 731  
Carlsbad, New Mexico

Gentlemen:

Enclosed please find a copy of Order R-111-A which has been written by the Commission in Case 278. If you desire any further copies of this order, please contact this office or the Artesia Office of the Commission.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosure

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

January 9, 1956

C  
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Y

National Potash Company  
P.O. Box 731  
Carlsbad, New Mexico

Gentlemen:

We enclose a copy of Order R-733 issued December 14, 1955,  
by the Oil Conservation Commission in Case 935.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Encls.



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 935  
ORDER NO. R-733

THE APPLICATION OF NATIONAL POTASH  
COMPANY FOR EXTENSION OF AREA "A"  
OF THE POTASH - OIL AREA IN EDDY  
AND LEA COUNTIES, NEW MEXICO, AS  
DEFINED BY ORDER R-111 ISSUED IN  
CASE 278.

ORDER OF DISMISSAL

BY THE COMMISSION:

This cause came on for hearing before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission", on May 18, 1955, and was continued successively to the following dates: June 28, 1955; August 17, 1955; September 15, 1955; October 13, 1955; and November 16, 1955.

NOW, on this 14<sup>th</sup> day of December, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice having been given according to law and all interested parties having appeared, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the subject matter of the application herein is now fully covered by Order R-111-4 and that no further action is deemed necessary on subject application.

IT IS THEREFORE ORDERED:

That the application of the National Potash Company for extension of Area "A" of the potash - oil area in Eddy and Lea Counties, as presently defined by Order R-111 issued in Case 278, be and the same is hereby dismissed.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John F. Simms*  
JOHN F. SIMMS, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*W. B. Macey*  
W. B. MACEY, Member and Secretary



C. MELVIN NEAL  
W. D. GIRAND, JR.  
J. W. NEAL

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

TELEPHONES:  
3-5171 3-5172  
P. O. BOX 1826

MAILED JUL 23 1955

AIR MAIL

Oil Conservation Commission,  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey, Secretary

In re: Application of National Potash Company  
for extension of Area "A" under  
Order R-111.

Gentlemen:

I am enclosing herewith, in triplicate, application of the National Potash Company for an extension of Area "A" under Order R-111 covering certain lands located in Lea County, New Mexico.

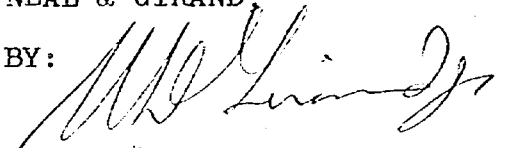
We respectfully request that this application be heard at the August hearing at the same time the other potash applications are presented.

With best personal regards.

Very truly yours,

NEAL & GIRAND

BY:



G/cl  
Encls.

Case 755

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

SANTA FE, NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
NATIONAL POTASH COMPANY FOR THE EXTENSION  
OF AREA "A" WITHIN THE AREA DESIGNATED BY  
THE COMMISSION AS THE POTASH OIL AREA IN  
LEA AND EDDY COUNTIES, NEW MEXICO, AS  
DEFINED BY ORDER R-111 ENTERED IN CASE  
NO. 278 DATED NOVEMBER 9, 1951, TO  
INCLUDE THE FOLLOWING DELINEATED AREA,  
TO-WIT: ALL OF SECTIONS 3, 4, 7, 8, 9  
AND THE WEST HALF OF SECTION 10 AND ALL  
OF SECTIONS 17, 18, 19, 20 AND 30,  
TOWNSHIP 20 SOUTH, RANGE 32 EAST, LEA  
COUNTY, NEW MEXICO.

COMES NOW National Potash Company, by and through its  
attorneys, Neal & Girand, Hobbs, New Mexico, and files this its  
application for the extension of Area "A" within the area designated  
as the Potash Oil Area in Lea and Eddy Counties, New Mexico, as  
defined by Order R-111 entered in Case No. 278 and for cause would  
show:

1. The National Potash Company is the owner and holder of  
potassium mining leases and permits issued by the United States and  
the State of New Mexico covering the following described lands, to-wit:

All of Sections 3, 4, 7, 8, 9 and the West Half of  
Section 10 and all of Sections 17, 18, 19, 20 and 30,  
all located in Township 20 South, Range 32 East,  
Lea County, New Mexico.

That in addition to the lands above described the applicant is the  
owner of valid potassium mining leases, permits and options from  
the United States and the State of New Mexico covering other lands  
adjacent and contiguous to the lands more particularly described

above; in all having under its control as lessee, permittee, or optionee approximately 19,000 acres of land located in Lea and Eddy Counties, New Mexico, all located within the area presently designated as the "B" area of the Potash Oil Area of Lea and Eddy Counties, New Mexico, as defined by Order R-111.

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5. Applicant, National Potash Company, would further show the Commission that it is anticipated that the actual production of ore from said mine will commence in the early part

of 1957 and that the area set out in Paragraph 1 hereof will be developed within five years from the actual commencement of mining operations.

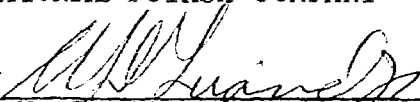
6. Applicant, National Potash Company, would further show this Commission that unless the area described in Paragraph 1 hereof is designated an "A" area, that applicant, the State of New Mexico and the United States will and can suffer great and irreparable injury and loss by the unregulated development of said area as an oil and gas area.

WHEREFORE applicant, National Potash Company, prays that this application be set down for hearing and upon the hearing thereof, the Commission enter its order designating Sections 3, 4, 7, 8, 9 and the West Half of Section 10 and all of Sections 17, 18, 19, 20 and 30, all located in Township 20 South, Range 32 East, Lea County, New Mexico as an "A" area under Order R-111.

Respectfully submitted,

NATIONAL POTASH COMPANY

BY

  
W. D. Girand, Jr., of the firm  
of Neal & Girand, Hobbs, New  
Mexico, Attorneys for Applicant