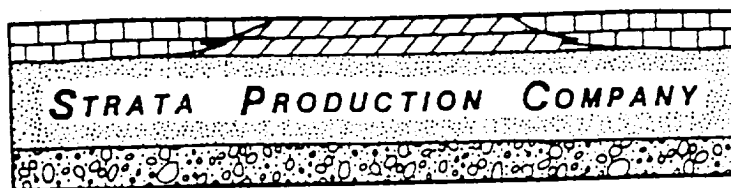


POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

January 15, 1997

Western Ag-Minerals Company
ATTN: Mr. Ben F. Zimmerly, Sr. Mining Engineer
P. O. Box 511
Carlsbad, New Mexico 88221-0511

Re: Application to Drill in Potash Area
Nash Unit #29
Section 13-23S-29E
Eddy County, New Mexico

Dear Mr. Zimmerly:

In accordance with the State of New Mexico Oil Conservation Division Rule R-111-PC (2)(3), enclosed herewith please find the following for your review and further action:

1. Form 3160-3 Application For Permit To Drill.
2. Form C-102 Well Location and Acreage Dedication Plat.

State of New Mexico Public Land records reflect Western Ag Minerals Corporation as a potash lessee covering lands in this area. Strata Production Company, a New Mexico corporation, hereby advises you of its intention to drill a well to 7250' at a location 1980' FSL & 2310' FEL of Section 13, Township 23 South, Range 29 East, Eddy County, New Mexico.

If you are in agreement with Strata that drilling at the proposed location will not interfere with potash operations, please sign and return one copy of this letter within 10 days from receipt of said letter.

Should you have any questions or require additional information, please advise.

Sincerely,

STRATA PRODUCTION COMPANY

Carol J. Garcia

Production Records Manager

AGREED TO AND ACCEPTED THIS ____ DAY OF ____ January ___, 1997.

BY: _____

TITLE: _____

xc: Bureau of Land Management, Carlsbad, NM