

CASE NO.

6495

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

CAMPBELL AND BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM P. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208

JEFFERSON PLACE

SANTA FE, NEW MEXICO 87501

TELEPHONE (505) 988-4421

August 23, 1979

Mr. C. A. Feezer
Dow & Feezer
Bus Terminal Building
Post Office Box 128
Carlsbad, New Mexico 88220

Re: Oil Conservation Commission Case No. 6495 -
Settlement Document

Dear Charles:

Enclosed please find the original and one copy of a final draft Stipulation in the noted matter. The draft contains the Gulf location relayed to us by Terry Cross after apparent consultation with Bob Kirby.

I am hopeful that there will be no further delay in submitting the document to the Commission for approval. If the document is acceptable, please have the appropriate Amax official sign it, then forward it to Dick Petrie, Southland Royalty Company, 1100 Walls Tower West, Midland, Texas 79701. Mr. Petrie should execute the original and forward it to Terry Cross, The Gulf Companies, Post Office Box 1150, Midland, Texas 79702. Mr. Cross will obtain Gulf's approval and forward the original to Lee Piekarski, The Superior Oil Company, Post Office Box 71, Conroe, Texas 77301. Mr. Piekarski should execute and return the document to me. I will attempt to secure Commission approval and forward copies of completely executed copies to all parties.

Please do not delay in executing and forwarding the original document. If a problem develops among any

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6495 DE NOVO
Order No. R-111-K-1

APPLICATION OF AMAX CHEMICAL
CORPORATION FOR THE AMENDMENT
OF ORDER NO. R-111-A, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing De Novo at 9 a.m. on December 21, 1979, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of December, 1979, the Commission, a quorum being present, having considered the testimony, the record, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant in Case No. 6495, Amax Chemical Corporation, seeks the amendment of Order No. R-111-A, as amended by Orders Nos. R-111-B through R-111-J, inclusive, to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, NMPM, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, NMPM, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, NMPM, all in Eddy County, New Mexico.

(3) That this cause came on for hearing before Examiner Daniel S. Nutter on March 14, 1979, and the Division entered its Order No. R-111-K on April 9, 1979, approving certain of the requested extensions to the Potash-Oil Area and denying certain others of the requested extensions.

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Case No. 6495 De Novo
Order No. R-111-K-1

(4) That on April 20, 1979, Amax Chemical Corporation filed timely application for Hearing De Novo of Case No. 6495, whereupon this matter was set for Hearing De Novo on June 6, 1979.

(5) That Case No. 6495 came on for Hearing De Novo on June 6, 1979, and was continued to several subsequent hearing dates while Amax Chemical Corporation and other interested parties to Case No. 6495 negotiated an agreement relative to certain of the extensions originally sought by Amax in Case No. 6495, and opposed by said other interested parties.

(6) That the parties to Case No. 6495 reached agreement as to certain of the extensions proposed by Amax as well as to certain oil and gas well locations proposed by the other interested parties, and such agreement is reflected by Stipulation dated October 23, 1979, and received by the Division on November 8, 1979, and made a part of the record in this case.

(7) That pursuant to the aforesaid stipulation, Amax Chemical Corporation agrees to, and does, withdraw without prejudice, its Application for Hearing De Novo of Case No. 6495, subject to the Division permitting the re-filing for that portion of its application relating to the general "Area of Interest" defined in the Stipulation, and specifically defined as Sections 11, 13, 14, 23, and 24, Township 19 South, Range 29 East, NMPM, and Section 19, Township 19 South, Range 30 East, NMPM, all in Eddy County, New Mexico, provided however, that Division Order No. R-111-K would remain in full force and effect, and provided further, that Amax will not seek inclusion of the SW/4 of Section 19, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, in the Potash-Oil Area as defined by Division Order No. R-111-A, as amended.

(8) That subject to the provisions of Finding No. (7) above, the application of Amax Chemical Corporation for dismissal of Case No. 6495 De Novo should be approved.

(9) That a copy of this Order of Dismissal and an approved copy of the Stipulation should be mailed by the Division to all signatory parties to the Stipulation.

IT IS THEREFORE ORDERED:

(1) That the Application of Amax Chemical Corporation for Hearing De Novo of Case No. 6495 is hereby dismissed without prejudice.

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Case No. 6495 De Novo
Order No. R-111-K-1

(2) That Amax Chemical Corporation shall have the right to re-file application for inclusion under R-111-A of the lands originally included in Case No. 6495, provided however, that Amax shall not file for inclusion under R-111-A of the SW/4 of Section 19, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That a copy of this Order and an approved copy of the Stipulation dated October 23, 1979, shall be mailed by the Division to Amax Chemical Corporation, The Superior Oil Company, Southland Royalty Company, and Gulf Oil Corporation, provided however, that it is understood that Paragraph 13 of said Stipulation refers to the SW/4 of Section 19, Township 19 South, Range 30 East, NMPM, and not to the SW/4 of Section 19, Township 29 South, Range 30 East, NMPM, as stated.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



ALEX J. ARMIJO, Member

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

S E A L

fd/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

April 9, 1979

POST OFFICE BOX 2060
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. C. A. Feezer
Dow & Feezer
Attorneys at Law
P. O. Box 128
Carlsbad, New Mexico 88220

Re: CASE NO. 6495
ORDER NO. R-111-K

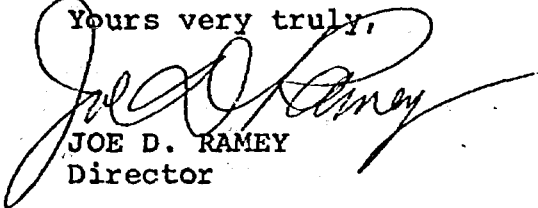
Applicant:

Amax Chemical Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Terry Cross, Michael Campbell

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6495
Order No. R-111-K

APPLICATION OF AMAX CHEMICAL
CORPORATION FOR THE EXTENSION
OF THE POTASH-OIL AREA, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 14, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of April, 1979, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Amax Chemical Corporation, seeks
an extension of the Potash-Oil Area as defined in Order No.
R-111-A, as amended, by the addition of the following described
lands in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 23: NE/4 SE/4

Section 24: SE/4 NE/4 and N/2 S/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: NW/4 NW/4, S/2 NW/4, SW/4,
and S/2 SE/4

Section 4: SE/4 NE/4

Section 5: W/2 NW/4 and NW/4 SW/4

Section 6: SE/4

Section 7: NE/4 NW/4

Section 11: S/2 N/2 and E/2 SE/4

Section 12: All

Section 13: All

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM (continued)

Section 14: E/2 E/2
Section 19: W/2 and SE/4
Section 20: SW/4, N/2 SE/4, and SW/4 SE/4
Section 23: N/2 NE/4
Section 24: N/2 N/2
Section 29: NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: N/2

(3) That the evidence establishes that although certain of the lands described in Finding No. (2) above are barren of commercial potash mineralization, certain remaining lands do contain commercial deposits of potash which may reasonably be recovered in commercial quantities.

(4) That the following described lands comprise those lands which, according to the evidence, contain commercial deposits of potash:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 24: N/2 SW/4 and NW/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 4: SE/4 NE/4
Section 5: SW/4 NW/4 and NW/4 SW/4
Section 6: E/2 SE/4
Section 11: E/2 SE/4
Section 12: SE/4 NW/4 and SW/4
Section 13: W/2
Section 14: E/2 E/2
Section 20: NE/4 SW/4, N/2 SE/4, and SW/4 SE/4
Section 23: N/2 NE/4
Section 24: NW/4 NW/4

(5) That, based upon the evidence submitted at the hearing, it is not established that certain of the lands sought to be included in the Oil-Potash Area contain commercial deposits of potash; that the application for inclusion of said lands in the Oil-Potash Area should be denied; and that said lands are described as follows:

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Case No. 6495

Order No. R-111-K

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 23: NE/4 SE/4

Section 24: SE/4 NE/4 and NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: NW/4 NW/4, S/2 NW/4, SW/4,
and S/2 SE/4

Section 5: NW/4 NW/4

Section 6: W/2 SE/4

Section 7: NE/4 NW/4

Section 11: S/2 N/2

Section 12: W/2 NW/4, NE/4 NW/4, and E/2

Section 13: E/2

Section 19: W/2 and SE/4

Section 20: W/2 SW/4 and SE/4 SW/4

Section 24: NE/4 NW/4 and N/2 NE/4

Section 29: NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: W/2

Section 17: W/2

Section 18: All

Section 19: N/2

(6) That in order to promote the orderly development of the natural resources in the potash-oil area, and prevent waste and protect correlative rights, Order No. R-111-A, as amended, should be further amended to include in the Potash-Oil Area, as defined by said order, the lands described in Finding No. (4) above.

IT IS THEREFORE ORDERED:

(1) That Order No. R-111-A, as amended, is hereby further amended to include the following-described lands within the Potash-Oil Area in Lea and Eddy Counties, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 24: N/2 SW/4 and NW/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 4: SE/4 NE/4

Section 5: SW/4 NW/4 and NW/4 SW/4

Section 6: E/2 SE/4

Section 11: E/2 SE/4

Section 12: SE/4 NW/4 and SW/4

Section 13: W/2

Section 14: E/2 E/2

Section 20: NE/4 SW/4, N/2 SE/4, and
SW/4 SE/4

Section 23: N/2 NE/4

Section 24: NW/4 NW/4

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Case No. 6495
Order No. R-111-K

(2) That the application of Amax Chemical Corporation to include in the Potash-Oil Area, as defined by Order No. R-111-A, as amended, the lands described in Finding No. (5) of this order is hereby denied.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY
Director

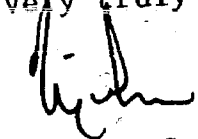
S E A L

fd/

Mr. C. A. Feezer
August 23, 1979
Page Two

of the parties, please notify me immediately.
Thank you for your assistance in this matter.

Very truly yours,



Michael Campbell

MC:ama

enclosures

cc: Mr. Dick Petrie
Mr. Lee Piekarski
Mr. Terry Cross
Mr. Ernie Padilla /

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

Application of Amax Chemical)
Corporation for an Order)
Amending R-111A and Seeking) No. 6495
Extension of the Potash-Oil)
Area in Eddy County, New Mexico)

STIPULATION

Subject to approval by the Oil Conservation Division,
Department of Energy and Minerals, State of New Mexico (Division).
the parties agree and stipulate as follows:

Recitals

1. The general area of interest under this Stipulation is defined as Sections 11, 13, 14, 23 and 24, Township 19 South, Range 29 East, N.M.P.M. Eddy County, New Mexico and Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

2. Southland Royalty Company (Southland), the Superior Oil Company (Superior), and Gulf Oil Corporation (Gulf), are engaged in the business of producing oil and gas and have determined that prospects exist for the production of oil and gas within the general area of interest.

3. Amax Chemical Corporation (Amax) is engaged in the business of producing potash in the general area of interest.

4. On February 12, 1979, Amax filed with the Division an application for Order Amending R-111 seeking extension of the R-111 Area to include certain lands within the general use of interest (Case No. 6495).

5. On March 14, 1979, Southland, Superior and Gulf appeared before the Division and actively opposed and resisted the approval of the Amax application.

6. On April 9, 1979, the Division approved and disapproved extension of the R-111A for certain lands within the general area of interest as more particularly described in Order No. R-111-K.

7. On April 12, 1979, Amax filed with the Division a Motion to Re-Open Case No. 6495 to offer newly discovered evidence with respect to the existence of commercial potash within the general area of interest, which Motion was subsequently withdrawn or superceded.

8. On April 18, 1979, Amax filed with the Oil Conservation Commission (Commission) an Application for De Novo Hearing in Case No. 6495 with respect to the existence of commercial potash within the general area of interest, which Application is pending determination before the Commission.

9. The Parties have engaged in good faith negotiations with respect to the initial development of oil and gas and potash within the general area of interest and have disclosed fully all information and data with respect to such mutual development.

Stipulation and Agreement.

10. Amax agrees and stipulates to and will not oppose in any forum the use of surface locations in the general area of interest and the production of oil and gas at the following locations and in the following manner:

a.) Southland Location in the SE/4, SE/4, Section 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in either the N/2 or W/2 of Section 13.

3.) The specific surface location shall be 950' FSL and 270' FEL

b.) Southland Location in the SW/4, NE/4 of Section 14, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional or straight hole drilling from the surface location in order to drain reserves in the E/2 of Section 14.

3.) The specific surface location shall be along a line generated from the following two points
1900' FNL - 2640' FEL and 1320' FNL - 2300' FEL.

c.) Southland Location in the SE/4, SE/4 of Section 13, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in the S/E or E/2 of Section 13.

3.) The specific surface location shall be 400' FSL - 600' FEL.

d.) Superior Location in Section 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Superior contemplates directional drilling from the surface location in order to drain reserves in the E/2 of Section 24.

3.) The specific surface location shall be, at the sole option of Superior, either of the following two locations:

a.) 1980' FEL - 100' FSL, or;

b.) within 500' of the intersection of Sections 13 and 24 of Township 19 South, Range 29 East, and Sections 18 and 19, Township 19 South, Range 30 East.

e.) Gulf Location in SW/4 of Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

- 1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.
- 2.) Gulf contemplates directional or straight hole drilling from the surface location in order to drain reserves in the W/2 of Section 19.
- 3.) The surface location shall be within the following described area:

BEGINNING at the common corner of Sections 24 and 25, T19S, R29E and Sections 19 and 30, T19S, R30E for the SW corner of this tract.

THENCE 980' North along the common boundary of Section 19, T19S, R30E and Section 24, T19S, R29E to a point.

THENCE 735' North 45° East to a point.

THENCE 2120' East to a point.

THENCE 1500' South to a point in the common boundary line of Sections 19 and 30, T19S, R30E.

THENCE 2640' West to the place of beginning.

11. The locations described in Paragraph 10 are more particularly described in Exhibit "A", attached hereto and incorporated herein, and any discrepancy or variation between the descriptions contained herein and the descriptions contained in Exhibit "A" shall be governed by the descriptions contained in Exhibit "A".

12. The Parties shall abide by all rules and regulations of the Division contained in Order No. R-111-A including the rules and regulations governing drilling and casing programs, plugging

and abandonment of wells, inspection of drilling and mining operations and filing of well surveys, mine surveys and potash development plans.

13. Southland, Superior and Gulf agree, stipulate to and will not oppose in any forum the approval of the Amax Application in Case No. 6495 with respect to extension of the potash-oil area in the area of general interest, providing, however, that the parties stipulate that the SW/4 of Section 19, Township 29 South, Range 30 East, N.M.P.M., Eddy County, New Mexico shall not be included within the R-111-A area, and Order No. R-111-K shall be amended to reflect such deletion.

14. Amax shall withdraw without prejudice subject to the Division's order permitting re-filing, that portion of Case No. 6495 as it relates to extension of the potash-oil area in areas other than the general area of interest, provided, however, that Order No. R-111-K shall remain in full force and effect.

15. From and after the execution and approval of this Stipulation, no Party shall undertake any activity which would impair or impede the operations and safety of any other Party.

16. This Stipulation shall be binding only upon the signatory parties.

Dated: _____

AMAX CHEMICAL CORPORATION

Title

THE SUPERIOR OIL COMPANY

Title

SOUTHLAND ROYALTY COMPANY

Title

GULF OIL CORPORATION

Title

Approved and entered of record by the Oil Conservation
Division, Department of Energy and Minerals, State of New Mexico
the _____ day of _____, 1979.

Hearing Examiner

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
14 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Amax Chemical Cor-
poration for the amendment of
Order No. R-111-A, Eddy County,
New Mexico.

CASE
6495

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

C. A. Feezer, Esq.
DOW AND FEEZER
Carlsbad, New Mexico 88220

For Superior Oil Co.:

Michael Campbell, Esq.
CAMPBELL AND BLACK
Jefferson Place
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

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A P P E A R A N C E S C O N T ' D

For Southland Royalty:

Michael Campbell, Esq.
CAMPBELL AND BLACK
Jefferson Place
Santa Fe, New Mexico 87501

For Gulf Oil Corp.:

Terry I. Cross, Esq.
Gulf Building
P. O. Box 1150
Midland, Texas 79702

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
302 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

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ROBERT E. KIRBY

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SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (SOS) 471-2462
 Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (905) 471-2462
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call Case Number 6495.

2 MS. TESCHENDORF: Case 6495. Application of
3 Amax Chemical Corporation for the amendment of Order No.
4 R-111-A, Eddy County, New Mexico.

5 MR. NUTTER: At this time I'll call for
6 appearances in Case Number 6495.

7 MR. FEEZER: I am Mr. Charles A. Feezer of
8 the firm of Dow and Feezer, P. A., Carlsbad, New Mexico,
9 appearing for Amax Chemical Corporation.

10 MR. CROSS: Terry Cross for Gulf Oil Cor-
11 poration. Mr. Sperling of Albuquerque has entered a letter
12 appearance on my behalf.

13 MR. NUTTER: We have your letter.

14 MR. CAMPBELL: Michael Campbell on behalf
15 of Southland Royalty Company and Superior Oil Company.

16 MR. NUTTER: Are there other appearances?
17 Please proceed, Mr. Feezer.

18 MR. FEEZER: Do you want to swear these
19 witnesses? I have several.

20 MR. NUTTER: Yes.

21 MR. FEEZER: I would like sworn at this time
22 Mr. Bob Kirby, Mr. Everett Jordan, Mr. Robert D. Brown.
23 If you'd stand and raise your right hands at this time.

24 MR. NUTTER: Do the other appearances have
25 witnesses?

1 MR. CAMPBELL: No, sir.

2
3 (Witnesses sworn.)

4
5 MR. FEEZER: If the Examiner please, there
6 are three other individuals in the room who may -- who are
7 neutral parties connected with the United States GS, Mr.
8 John Burleson, Mr. Don Van Sickle, and Mr. Jack Willis, who
9 may wish to make their views known to you at such time as
10 they see fit.

11
12 ROBERT E. KIRBY

13 being called as a witness and having been duly sworn upon
14 his oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. FEEZER:

18 Q Would you please state your name, sir?

19 A Robert Kirby.

20 Q Would you give the Examiner your address
21 and occupation?

22 A 1504 Jefferson, Carlsbad. I'm Superintendent
23 of Engineering and Mine Planning for Amax Chemical.

24 Q Have you previously testified before the
25 Commission as a witness in other matters?

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1 A. Yes, I have.

2 Q And have your qualifications been accepted
3 in those prior proceedings prior to today?

4 A. Yes.

5 MR. FEEZER: Does the Examiner wish to in-
6 quire further?

7 MR. NUTTER: No. The witness is qualified.

8 Q (Mr. Feezer continuing.) Mr. Kirby, in
9 your capacity as a mine engineer with Amax Chemical Corpor-
10 ation, have you prepared what has been marked as Applicant's
11 Exhibit One, which is taped to the wall, a large map
12 showing four areas outlined in blue on the exhibit?

13 A. Yes, I have.

14 Q And calling your attention to the key, or
15 legend, in the upper lefthand corner, so that the Examiner
16 and other interested parties are acquainted with what it
17 is, the hard dark line as shown on Exhibit One indicates
18 what?

19 A. Our Amax lease boundary.

20 Q And I, at least in part, am indicating the
21 east side of that -- a portion of that lease boundary, is
22 that right?

23 A. That's right.

24 Q The next item is a sublease boundary
25 starting at the corner of 22, 23, 27, 26 in Township 19.

1 What is this area and principally embraced
2 in the portion of Exhibit One marked Area 1?

3 A. The two sections, 23 and 24 are subleased.
4 We are mining those.

5 Q. And who are they subleased -- who is the
6 lessee?

7 A. PCA.

8 Q. As further identification on the legend in
9 Exhibit One the dashed red line, as shown on the exhibit,
10 is the R-111-A boundary as it now exists, is that correct?

11 A. That's correct.

12 Q. The full, hard yellow line represented by
13 a portion of which I am outlining for the Examiner, re-
14 presents what?

15 A. That represents our open mine workings in
16 the first ore zone.

17 Q. And for purposes of the record, the first
18 ore zone is at approximately what level or depth below
19 ground?

20 A. Approximately 900 feet.

21 Q. There are two areas on Exhibit One which
22 are cross-hatched and which are on the approximate middle
23 on the west side and in the northwest quadrant of Exhibit
24 One. What do those cross-hatched areas represent?

25 A. Those areas represent our open mine workings

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1 in the third ore zone.

2 Q And the third ore zone is above the first
3 ore zone?

4 A It is above the first ore zone.

5 Q By approximately what distance?

6 A Approximately 28 to 38 feet.

7 Q Calling your attention to the hard red
8 line, which is indicated by not complete lines on the ex-
9 hibit, but in various areas of Exhibit One, what does this
10 indicate?

11 A That indicates our estimate of ore reserve
12 cutoff in the third ore zone.

13 Q And a hard dashed line with a green over-
14 lay, which is indicated in this portion in Area 4 of Ex-
15 hibit One, for example, or in Area 1, for example, indi-
16 cates what?

17 A That indicates areas that we have applied
18 for prospecting permits.

19 Q And lastly, as to a dashed hard line in
20 brown with a yellow overlay, which appears in a portion of
21 Area 2, would you indicate to the Examiner what that is?

22 A That is an estimated ore reserve cutoff in
23 the first ore zone.

24 Q Three other, four other, symbols, a six-
25 sided figure shown in Area 2, primarily, and close to Area

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1 3, indicates what?

2 A. Those are drill hole locations, potash
3 tests which have intercepted mineable ore in the first ore
4 zone.

5 MR. NUTTER: Those are the brown hexagons
6 on there?

7 A. That's the brown hexagons, that's right.

8 Q. And the circle with the orange is a 4-foot
9 and 11 percent K_2O , and they are interspersed or dispersed
10 fairly widely over the entire exhibit?

11 A. Those are third ore zone intercepts of
12 mineable quality.

13 Q. And do each one of those third ore zone
14 intercepts bear on the exhibit the height of the ore zone
15 and the percentage of K_2O ?

16 A. Yes, we've put on the height and grade on
17 those that are pertinent to our problem, not all.

18 Q. The record may show that smaller exhibits
19 which may be read and handled will be available to you so
20 you can read those as we move forward.

21 Would you indicate to the Examiner what the
22 half yellow and half orange circle on Exhibit One indicates?

23 A. Those are intercepts that are grade of 4-
24 feet thick between 9 and 11 percent K_2O . They're just sub-
25 marginal or fringe ore.

1 Q And lastly, a 4-foot 9 percent K_2O is a
2 solid yellow circle, is that correct?

3 A That's correct.

4 Q And like other circle identifying marks on
5 Exhibit One, they show numbers which you will testify to as
6 to what their meaning is, is that correct?

7 A Yes.

8 Q Now, in order of their numbering, Mr. Kirby,
9 I want to start with Area 1.

10 Would the Examiner desire to have the separate
11 Area 1 maps marked as additional exhibits?

12 MR. NUTTER: Yes, I think all of these
13 should be marked as additional exhibits. We can refer to
14 this as Exhibit Two, I presume.

15 MR. FEEZER: Yes, sir. And I'd like the
16 record to reflect that an Area 1 map to Mr. Campbell and
17 to Mr. Cross, and an Area 1 for the witness.

18 Q (Mr. Feezer continuing.) Mr. Kirby, re-
19 ferring to Area 1 on what has been marked by the Examiner as
20 Exhibit Two, I would like you to explain what the situation
21 is regarding your mining engineering data, as well as your
22 mine workings close to this projected area.

23 A We are currently mining to the southwest in
24 the area indicated. We are mining in good quality ore.
25 We have ore intercepts in several holes in the area and we

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1 have just recently cored the hole Number 127, which is
2 furthest to the south.

3 Q Now that shows a 48-inch ore seam with 11.4
4 percent K_2O ?

5 A That's correct.

6 Q How recently was that core test completed?

7 A That core test was -- that core was pulled
8 on Saturday evening.

9 Q Of --

10 A This past Saturday.

11 Q -- March 11th?

12 A March 11th.

13 Q Of '79? Are your current mine workings --

14 are your current mine workings shown on the Area 1 map,
15 Exhibit Two?

16 A Yes, they are.

17 Q And as of the present date, how close are
18 you at the closest point to the south boundary of R-111-A
19 above the PCA sublease?

20 A We'd be approximately 1000 feet from our
21 south boundary.

22 Q And could you tell the Examiner in which
23 direction you are mining on Exhibit Two, where it shows
24 13 West?

25 A We are mining in the direction of the arrow,

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1 to the southwest.

2 Q And does this exhibit, Number Two, accurately
3 reflect your present position, or has it actually extended
4 beyond that point because of its actively moving character?

5 A It has extended beyond that point, yes.
6 We are now over in Section 23, actually, across that line.

7 Q And do your samples at the faces indicate
8 a continuing commercially recoverably quantity or quality,
9 or both, of K_2O ?

10 A Yes, they do.

11 Q And have you prepared an exhibit that re-
12 flects what those face samples are testing?

13 A I have, with current face samples. These
14 are the current, most recent, samples which we have cut in
15 these faces.

16 Q Before we offer that, I would like to hand
17 to you for identification what has been marked as Exhibit
18 Number Three, and ask you what that is?

19 A Exhibit Number Three outlines our mine
20 workings in this area as of February 1, with ore grades of
21 4.7 mining height to the south and to the west and to the
22 east of that.

23 Q Plaintiff's Exhibit Number Three is a blow-
24 up of the area in 13 West, is that right?

25 A Yes, sir.

1 Q And along the portion of Exhibit Number
2 Three where you have 13 West, you have figures showing
3 5.7-11.9. Would you indicate to the Examiner what that
4 means in this portion of the exhibit?

5 A 5.7 feet is the mining height; 11.9 is the
6 percent K_2O .

7 Q And as you extend down the line, those same
8 figures relate to the height of mineable ore and the per-
9 centage of K_2O on the west face, is that correct?

10 A That's correct.

11 Q Is the same true as to the average you have
12 computed on the south portion of Exhibit Number Three,
13 starting with 4.7-12.1 percent K_2O ?

14 A It is the same with the exception that we
15 have on the south and in the east, we have eliminated some
16 of the overbreak, the salt, and reduced the heights to a
17 theoretical perfect mining.

18 Q And to your knowledge as a mining engineer,
19 are those grades and heights of ore mineable, commercial
20 quantities in the present potash market?

21 Is it good ore?

22 A Some of it is good; some of it is not.

23 Q But by and large, as an overall, it is a
24 commercially recoverable product, is that right?

25 A Yes, sir.

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1 Q Returning now to Area 1 in Plaintiff's Ex-
2 hibit Two, you are seeking an extension of R-111-A to the
3 south of your present lease boundary and the sublease
4 boundary with PCA, and can you tell the Examiner what other
5 core samples, as shown on the east side of Area 1, have
6 yielded so far as analysis is concerned?

7 A Our Hole 118 was 56 inches with 15.1 per-
8 cent K_2O .

9 MR. NUTTER: Read that figure again, please.

10 A 56 inches at 15.1 percent K_2O .

11 Q And that's in the northeast quarter of
12 Section 19?

13 A Yes, it is.

14 MR. NUTTER: What a minute. That was Hole
15 Number 118?

16 MR. FEEZER: Yes, sir.

17 MR. NUTTER: Section 21, isn't it? Oh, I'm
18 looking at PCA 118. Okay, I'm on the wrong one.

19 Go ahead.

20 A We have other holes in that area, Hole
21 Number 112 was 48 inches at 13 percent K_2O ; Hole Number 41
22 was 48 inches at 15.5 percent K_2O ; our Hole Number 120 was
23 48 inches at 13.8 percent K_2O ; and further to the east,
24 Hole Number 113 was 48 inches at 9.8 percent K_2O .

25 Q Calling your attention collectively to 119,

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1 29, and 121, your grade and height deteriorate to less than
2 a 10 percent K₂O figure, is that correct?

3 A. That's correct.

4 Q In connection with Hole Number 126 within
5 the PCA sublease, what information can you give the Examiner
6 about that?

7 A. The form taken from that hole was barren;
8 however, we are concerned about the marker beds. There is
9 a disruption. It is not a normal hole. We are at the
10 present time correlating marker beds from the 127 over
11 through the 126, to try and determine whether we've missed
12 that ore bed.

13 Q In looking at the Exhibit One on a larger
14 scale, are you indicating to the Examiner that you are going
15 to -- you encountered difficulty along the line running
16 northeast to southwest, just above W-5 in the southeast of
17 13?

18 A. Yes, we have.

19 Q And you are doing what to go around that
20 geologic disturbance?

21 A. We have backed up to the north, driven to
22 the west again, and to the south, and we are in effect
23 going around that abnormality in the structure.

24 Q And in going around that are you encountering
25 commercially recoverable qualities and quantities of ore?

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1 A. Yes, we are.

2 MR. NUTTER: Mr. Kirby, before you go any
3 further, you encountered difficulty in mining in a south-
4 easterly direction towards W-5, is that it?

5 A. Yes, we have. The bedding started to roll
6 upward and we -- with our mining equipment we couldn't
7 follow it close enough.

8 MR. NUTTER: The ore is there?

9 A. The ore is still there but --

10 MR. NUTTER: It's the tilt of the beds that
11 makes it difficult to mine?

12 A. -- the undulation is too great.

13 MR. NUTTER: So instead, you've diverted
14 south and west?

15 A. That's correct.

16 Q (Mr. Feezer continuing.) Is there anything
17 further pertinent about Area 1 that you can advise the
18 Examiner of, Mr. Kirby?

19 A. With the exception -- I don't think so.
20 We are planning two more potash tests in the near future.
21 We're currently doing the drilling work, which will be to
22 the west and northwest of that Hole Number 27, trying to
23 outline the potash extension that we are currently involved
24 in in that Panel 13 West.

25 Q In view of the information recently obtained

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1 on Hole Number 127, which is in the PCA sublease, is it
2 your opinion as a mining engineer that there is commercially
3 recoverable ore in the area south of the present R-111-A
4 in Section 24?

5 A. Yes, there is.

6 Q. I would now like to call your attention to
7 the map, smaller map, designated as Area 2. Do you have
8 one of those before you yet?

9 You now have before you Applicant's Exhibit
10 Number Four, which is Area Number 2 on the north of Exhibit
11 Number One, still at the same scale of 1000-to-1, I believe,
12 is that correct?

13 A. That's correct.

14 Q. Would you tell the Examiner the significant
15 problems encountered so far as mining is concerned in Area
16 Number 2, and why you seek the extension in this area?

17 A. In Area 2 we have outlined ore reserves be-
18 yond current R-111-A line. We have in addition mined out-
19 side the current R-111-A line, and we intend to do consider-
20 ably more mining in that area outside the current R-111-A
21 line.

22 Q. Now, to the extent that you have open
23 mine workings in the Area 2 beyond R-111-A, I want the Exa-
24 miner to know exactly where those are, if you'll point them
25 out to him, in Section 5, I believe.

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1 A. Its' in Section 5 in the southwest quarter.

2 Q And at that point you show a first ore zone
3 of 4-foot and 11 percent K_2O with a hexagon with a 10.9
4 and a 48-inch height, is that correct?

5 A No, that is not correct. The 48-inch 10.9
6 assay refers to the third ore zone and the main ore zone,
7 or the first ore zone, we have 48 inches at 16.8 percent
8 K_2O .

9 Q Can you tell the Commission what the face
10 sampling is producing so far as height and quantity of
11 K_2O in Area 2 in the active mine workings as shown on the
12 exhibit?

13 A I don't have the face samples along that
14 line, Mr. Feezer.

15 Q But have they been of a satisfactory grade,
16 to your knowledge?

17 A They are of satisfactory grade to go to the
18 west of our current open mine workings.

19 Q And you have a projection as a reserve out-
20 line of the main zone running through a portion of Area 2.
21 Is it a reasonable mining probability, so far as you are
22 concerned, as the chief mine engineer for Amax, that this
23 represents the area of mineable commercial recoverable ore
24 in the third ore zone?

25 A Yes.

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1 Q And what about in the main ore zone, as
2 well?

3 A We are speaking of the main ore zone. The
4 brown dashed line is our estimated limit in the main ore
5 zone.

6 Q Between the hard dashed line over which
7 I'm running my hand now between Section 12, Range 29 East,
8 running into -- across Section 7, Range 30 East, into
9 Section 8, and then north towards Area 2, between the hard
10 yellow line and a dashed line, this is not yet a mined
11 area, is that correct, sir?

12 A No, sir, it is a reserve area.

13 Q And is it a reasonable mining prospect that
14 that would drive into the proposed Area 2 where you seek
15 the extension?

16 A Yes, it is.

17 Q Is there anything further regarding Area 2
18 which you can tell the Commission as to its importance in
19 your judgment for the extension of R-111-A?

20 A No, sir, that's it.

21 Q Referring now to Petitioner's Exhibit Five,
22 which is the third portion of the map, or area, I hand you
23 what has been marked for the Examiner as that Exhibit Number
24 Five, and I would ask you to outline the mining problems
25 and the pertinent details surrounding Area Number 3 on Ex-

hibit Number One and/or smaller Exhibit Five.

A. Our ore reserves calculations indicate a small area within that dashed brown line and the solid yellow in which we have previously left reserves that are now economical to mine.

We have re-opened collapsed ground in order to get there and we will be mining in this area within three months. It appears that upon mining this we will be in very close proximity to the Area 3 outlined in blue, and wish to protect our open mine workings in this area.

Q Now would you outline to the Examiner exactly what the hard yellow line is running across the approximate center of Section 4 and close to Area 3 in Township 19 South, Range 30 East?

A. That line is the extent of our open mine workings of previous years and against the solid virgin ground within the dashed --

Q You are showing along this line on the exhibit a standard 48-inch ore height and fairly high K_2O factors, is that correct?

A. That is correct.

Q And is it a reasonable mining probability that you will drive into the area designated Area 3 and beyond the R-111-A boundary to recover commercial quantities of K_2O ?

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1 A. It appears that we will be very, very close
2 to the R-111-A boundary. We are preparing at this moment
3 to begin mining in this area.

4 Q If you have a scale there, can you tell the
5 Hearing Officer what the present distance is from the mine
6 face to the southeast corner of Area 3, as shown on Exhibit
7 One?

8 A. About 350 feet.

9 Q And because of this proximity, that's why
10 you seek the extension to this 40-acre tract?

11 A. We would like a little more protection
12 from the oil and gas.

13 Q Is there anything further regarding Area 3
14 that you wish to inform the Examiner about as to the perti-
15 nancy of its inclusion in R-111-A?

16 A. No.

17 MR. NUTTER: Before you leave that exhibit,
18 Mr. Kirby, there are some figures here I can't quite read.
19 I'd like to pencil them in on my exhibit.

20 Hole Number 110 there has 48 inches of what
21 percent again?

22 A. On this exhibit I can't read it.

23 MR. FEEZER: 7.7, Mr. Nutter.

24 A. That would be the third ore zone, Mr. Nutter.

25 MR. NUTTER: Okay, and then on Exhibit Number

1 Four, there was a figure there I couldn't read. It's Hole
2 Number 103 in Section 5.

3 A. Exhibit Number Four.

4 MR. NUTTER: Hole Number 103.

5 MR. FEEZER: 40 inches and 10.9 percent
6 K₂O.

7 MR. NUTTER: 10.9 percent. Thank you.

8 A. The other one is 48 inches at 16.8 percent.

9 MR. NUTTER: Well, I think that's the one
10 I was looking at.

11 A. That's the one you're looking at, the main
12 ore zone.

13 MR. NUTTER: Yeah, that's 16.8.

14 A. 16.8, sir.

15 MR. NUTTER: Okay, that blue line obscures
16 the figure here.

17 Thank you.

18 MR. FEEZER: The 10.9, for the purpose of
19 the record, is the non-hexagon next to Hole 103, is that
20 correct, Mr. Kirby?

21 A. No, sir, the 10.9 is the -- indicates the
22 yellow and orange. That's the third ore zone. The main
23 ore zone, or the first, is the brown, which is 48 inches
24 at 16.8 percent.

25 MR. FEEZER: All right. Is that clear, sir?

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1 MR. NUTTER: The 48 inches at 16.8 percent
2 applies to the brown hole?

3 A Yes, sir. It's the same, both those markers
4 are actually the same hole, but you have two intercepts.

5 MR. NUTTER: Oh, I see.

6 A Two ore zones.

7 MR. FEEZER: Oh, I see, all right.

8 MR. NUTTER: And the 48 inches at 10.9
9 percent is the third zone.

10 A Yes, sir.

11 MR. NUTTER: All right.

12 MR. FEEZER: I'd like the record to show
13 that I've drawn an arrow from the 48 and 16.8 to the hexagon
14 on Exhibit One.

15 Q (Mr. Feezer continuing.) Mr. Kirby, moving
16 now to the map showing Area 4, which will be marked Exhibit
17 Number Six, you now have before you what has been marked
18 Exhibit Number Six. I would like you to outline for the
19 Commission the pertinent information that appears on this
20 exhibit and also as shown on Exhibit One, starting, if you
21 would, at the top of the exhibit in Range 30 East at the
22 corner of Section 1 in the northwest corner, and the heavy
23 blue line. Will you indicate what that is and why it is
24 on this exhibit?

25 A We have applied for prospecting permits in

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1 this area, which is outlined by the solid green line.

2 We have limited our request for extension
3 to only portions of Section 1 because of the oil and gas
4 field up in the northeast quarter.

5 Q Of Section 30?

6 A That's Section 1.

7 Q Of Section 1 in --

8 A Yes, there is -- extensive oil and gas
9 wells in that area.

10 Q You, in fact, or Amax has leases which are
11 shown in the hard black line and they run from the top of
12 Section 11 into Section 12 in the northeast quarter, to
13 the south boundary of that section, then east again down
14 through 13 and to the bottom of the map in Section 24, is
15 that correct?

16 A That's correct.

17 Q And in that portion of Area 4 on Exhibit Six
18 there are numerous solid orange circles showing core holes
19 with the height of ore and the K₂O grades, is that correct?

20 A That is correct.

21 Q And in your judgment as a mining engineer,
22 do these core samples reflect that there is commercially
23 recoverable ore beyond your present mine faces and in the
24 area of your present leases?

25 A Our drilling indicates that the probability

1 is such that we could very well delineate ore beyond our
2 current mining -- current lease boundaries.

3 Q Now the R-111-A is to the east of these
4 core holes which are still within your lease boundary just
5 referred to, is that correct?

6 A That is correct.

7 Q And you are presently, insofar as open mine
8 workings are concerned, your furthest east extension is in
9 the east half of Section 14, Range 30 East, is that correct?

10 A That's correct.

11 Q And if you would apply your scale to tell
12 the Examiner for the record the approximate distance from
13 your mine working face in Section 14 to the east boundary
14 of R-111-A.

15 A Approximately 1100 feet at the closest
16 point.

17 Q And almost on that line --

18 A Up in the -- up in Section 11 we are actually
19 closer than that. We are approximately 500 feet to the
20 R-111-A.

21 Q While we're in Section 10, there is a cross
22 hatched area showing the working in the third ore zone, is
23 that correct, sir?

24 A That is correct.

25 Q And is that presently being mined by Amax?

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1 Are you working in the third ore zone?

2 A. That is correct.

3 MR. NUTTER: What was that again, Mr.
4 Feezer?

5 MR. FEEZER: In the cross hatched area in
6 Section 10, Mr. Nutter.

7 Q You are projecting that you will move east-
8 ward to the southeast quarter of Section 11 extracting ore,
9 is that correct?

10 A. That is correct.

11 Q And is there any particular time frame in
12 which this work will occur?

13 A. We are currently mining in that direction.
14 Within six to eight months, probably, we will be in Section
15 11 with the panel going to the southeast.

16 Q And that will be in the third or first ore
17 zone?

18 A. This is the third ore zone.

19 Q Insofar as Area 4, Exhibit Six, is concerned,
20 you show one core hole in Section 8, or almost on the sec-
21 tion line of 8 or 7, whichever the case may be, of 48 inches
22 and 13.6. Would you tell the Examiner about this core hole
23 that's well beyond any workings and well beyond any leases
24 that you presently have?

25 A. That hole was drilled in the early explora-

1 tion years. A third ore zone intercept is indicated by the
2 height and assay at that time and up until the past four
3 years was not considered mineable and no interest was shown
4 in this area.

5 Q Do you have any knowledge of present oil
6 leasing activity in the far eastern portion of Area 4, as
7 shown on Exhibit Six?

8 A I have knowledge of the wells in that area.

9 Q And are they numerous or otherwise?

10 A I would say they are not numerous.

11 Q On Area 4, Exhibit Six, there are two un-
12 closed lines in heavy pink at the south and at the north
13 of this portion of the exhibit, running through a portion
14 of Section 12 and through 22, 14, and 13. What are those
15 lines representative of?

16 A Those lines represent our estimated ore
17 reserve outline in the third ore zone and to show the pos-
18 sible projections out beyond our current lease boundaries.

19 Q Are you knowledgeable regarding when the
20 prospecting permits were applied for beyond your present
21 lease boundaries as they run through Section 13 and 12 on
22 this portion of the exhibit?

23 A We made these applications in 1974.

24 Q And since 1974 have you from time to time
25 attempted to ascertain whether or not these permits would

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1 be issued?

2 A. Yes, we have.

3 Q. And to date what has been the response to
4 you?

5 A. There's been no response.

6 Q. Is it your opinion, based on the data which
7 appears on this exhibit, that there is commercially re-
8 coverable K₂O ore beyond the present boundary of R-111-A
9 and to the boundary on the east side as shown on the exhibit
10 where you seek the extension of R-111-A?

11 A. Yes.

12 Q. Is there anything further about Exhibit
13 Six, Area 4, which you wish to inform the Commission?

14 A. No, sir.

15 MR. NUTTER: Before you get off of it,
16 though, Mr. Kirby, now what was this you made application
17 for in 1974?

18 A. Prospecting permits.

19 MR. NUTTER: For what area?

20 A. The area outlined in green.

21 MR. NUTTER: Well now, don't you have
22 permits here? You've got numbers on them in Section --

23 A. These are -- our permit applications were
24 assigned numbers, permit numbers.

25 MR. NUTTER: Oh, I see.

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1 A. But they were not permits.
2 MR. NUTTER: But they have not been issued
3 yet.

4 A. They have not been issued, sir.

5 MR. NUTTER: Oh, I thought that that area
6 had already been permitted since it had a number.

7 A. No, sir.

8 MR. NUTTER: But that is actually the appli-
9 cation processing number.

10 You don't have any prospecting permits here;
11 you do have leases to the west of this green line here in
12 Section 12 and 13, but you actually don't have the pros-
13 pecting permits to the east of that.

14 A. That's correct, Mr. Nutter.

15 MR. FEEZER: Well, I think the record should
16 reflect that we have -- we have applications only, not the
17 permits.

18 MR. NUTTER: Well, now how were these --
19 there are four holes out here on the east side of Exhibit
20 Number Six, the orange hole and the three yellow ones.
21 How were they drilled? Did someone have a prospecting per-
22 mit at one time for that area?

23 A. In the early years that hole was probably
24 drilled in 1950 and Amax Chemical had a prospecting permit
25 at that time.

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1 MR. NUTTER: How about the three yellow
2 holes down here?

3 A. Which yellow holes are you --

4 MR. NUTTER: FS-2, PCA-1 and PCA-115. Do
5 you have any knowledge of the ore that was encountered in
6 those holes?

7 A. The information I have is that those holes
8 were barren, or very low mineralization.

9 MR. NUTTER: They were drilled long ago,
10 also.

11 A. They were drilled long ago, yes, sir.

12 MR. FEEZER: We pass the witness on direct
13 at this time.

14 MR. NUTTER: Are there any questions of
15 the witness? Mr. Campbell?

16
17 CROSS EXAMINATION

18 BY MR. CAMPBELL:

19 Q Mr. Kirby, I would like to briefly discuss
20 with you the proposed extension as it relates to Sections
21 23 and 24 in Area 1 on your Exhibit One.

22 To reiterate, you seek extension in Section
23 23 to include the northeast quarter of the southeast quarter.
24 In Section 24 you seek an extension in the northern half of
25 the southern half, and also in the northeast -- in the south-

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1 east quarter of the northeast quarter, is that correct?

2 A. That's correct, sir.

3 Q Did you or anyone with Amax provide South-
4 land Royalty Company or Superior Oil Company with notice
5 of this proposed extension?

6 A. The only notice was the notice that has
7 been published in newspapers.

8 Q You did not provide them with individual
9 notice of your application for extension?

10 A. No, sir.

11 Q Are you the same Mr. Kirby who testified
12 for Amax in Case Number 5428, which was an Amax application
13 for extension in 1975?

14 A. Yes, sir.

15 Q That hearing was held on February 19th,
16 1975, and I believe that case involved the proposed ex-
17 tension for 880 acres total. Is that your recollection?

18 A. I believe you're right, sir.

19 Q And at that hearing in 1975, is it your
20 recollection that Amax was seeking extensions in Sections
21 23 and 24, Township 19 South, Range 29 East?

22 A. Yes, sir.

23 Q Among others?

24 A. Among others.

25 Q Specifically, is it your recollection in

1 that 1975 case that you sought extensions in Section 23 to
2 include the entire northwest quarter of Section 23, the
3 western half of the northeast quarter, and the northeast
4 quarter of the northeast quarter?

5 A. Could you go over that again, please? I
6 don't have that previous extension on this --

7 Q In Section 23, your application for extension
8 included the entire northwest quarter of 23, the western
9 half of the northeast quarter, and the northeast quarter
10 of the northeast quarter.

11 MR. FEEZER: Mr. Examiner, the best evidence
12 of that application would be on file with the Commission
13 itself, and to ask the witness to recall from memory ex-
14 actly what quarter section, I think might be a bit difficult,
15 and if counsel has a copy of it, and he could examine it
16 for accuracy, he would be better able to testify.

17 MR. CAMPBELL: I believe my question was
18 phrased as a matter of the witness' recollection. I do
19 have the exhibit map of the 1975 hearing, if that would
20 refresh his memory.

21 MR. NUTTER: You might offer him an exhibit
22 and let him look at it, if it shows what they applied for.

23 A This is the area that we applied for in
24 1975.

25 Q Including the previous references that I've

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1 placed on the record, among others?

2 A. You mentioned the entire northwest quarter
3 of Section 23. We only have three 40-acre tracts in that.
4 We don't have -- we didn't extend the R-111-A to include
5 the southwest quarter of the northwest quarter.

6 Q. I believe you may be referring to 23.

7 A. Section 23, that's what I understood you to
8 say.

9 Q. Maybe I made myself misunderstood. I'm
10 referring to Section 24.

11 A. 24, okay.

12 Q. I will ask you whether in reference to
13 your proposed extension in Section 24, during the 1975
14 hearing you made the following statement in reference to
15 that extension: "We feel that we are asking --" "What
16 we are asking for here would be sufficient protection. We
17 know that we are not going to mine farther in this area,
18 and we feel that we would be sufficiently protected if we
19 were granted this extension."

20 Do you recall making that statement?

21 A. It's difficult for me to recall exactly,
22 but it's a good possibility.

23 Q. And your testimony today is now that you
24 anticipate further mining in Section 24.

25 A. We anticipate further mining in both Section

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1 24 and possibly 23. We will --

2 Q Would you relate the reason for the dif-
3 ference between your testimony in 1975 and your testimony
4 today concerning further mining activity in Section 24?

5 A The difference in the testimony is strictly
6 our experience in mining that third ore zone. In 1974 we
7 were just beginning to drive entries into this area. We
8 now have been mining for three, four, years. We have
9 gained considerable experience in the -- in the geology of
10 this bed, and we can make projections now that we couldn't
11 at that time.

12 Q Are you aware that Southland Royalty Com-
13 pany and Superior Oil Company, among others, protested your
14 application for extension in Section 24 in the 1975 pro-
15 ceedings?

16 A Yes, sir.

17 Q Are you aware that Southland and Superior,
18 among others, subsequently withdrew its protest to your
19 1975 proposed extension?

20 A Yes, sir.

21 Q Are you aware of the reason why Superior
22 and Southland, among others, withdrew its protest to your
23 extension in 1975 as they related to Section 24?

24 A I would imagine the reasons would be that
25 our potash intercepts in the test runs showed that we did

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1 have commercially mineable potash in that area, and that
2 we --

3 Q Are you aware of an agreement between Amax,
4 Superior, and Southland, among others, that provided that
5 in consideration for the withdrawal of Southland's and
6 Superior's protest, that Amax agreed to permit the drilling
7 of a well in the southern half of Section 24 at an ortho-
8 dox site? Are you familiar with that agreement?

9 A Yes, sir. Yes, sir, and we did not protest
10 that well.

11 Q Are you aware that your proposed extension
12 in Area 1 to encompass the northern half of the southern
13 half of Section 24 would prohibit a well at an orthodox
14 site in the southern half of Section 24?

15 A Yes, sir.

16 Q Are you aware of any circumstances wherein
17 Amax amended or superseded the agreement that it had with
18 Southland and Superior concerning that orthodox site in
19 the south half of 24?

20 A Would you repeat that, please?

21 Q Are you aware of any amendment to the agree-
22 ment, or superseding agreement, --

23 A No, sir.

24 Q -- between Amax and Superior and Southland
25 which provided that Amax would permit an orthodox site on

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1 the south half of 24?

2 A. No, sir.

3 Q. You were eventually granted the extension
4 for your requested acreage in the northern half of Section
5 24, is that correct, as a result of the '75 hearing?

6 A. Yes, sir.

7 Q. When do you now contemplate full recovery
8 of the upper ore zone in your present open mine workings
9 in the northern half of Section 24?

10 A. I would estimate that within three years
11 we should have completed the mining; however, there are
12 areas ahead. We really have no idea how far this mineral-
13 ization goes in certain directions.

14 Q. Are you indicating today that -- that your
15 time reference is now three years from today?

16 A. It is impossible to put an accurate time
17 reference in this mining area when I do not know for a fact
18 the ore limitations in a certain area.

19 Q. Do you recall making a statement during the
20 1975 hearing that full recovery in the upper ore zone would
21 take approximately five years from the date of that hearing?

22 A. I don't recall but it's possible.

23 Q. Your estimate, then, of three years from
24 today would -- would change that five-year estimate to some-
25 thing like eight years at the present time.

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1 A. Yes, sir.

2 Q. Do you have any -- any indication from this
3 point forward as to the length of time you will -- it will
4 take you to complete full recovery in the upper ore zone
5 in your open mine workings in Section 24?

6 A. It would be difficult to, again, put a
7 definite time limit. I would estimate probably within three
8 years we should be out of there, but without knowing the
9 extent of the mineralization, I couldn't guarantee it.

10 Q. Are you prepared to testify on the economics
11 of what is or what is not commercially productive potash
12 in the industry today?

13 A. Mr. Feezer has another witness who will
14 probably be better prepared.

15 MR. CAMPBELL: That's all. Mr. Examiner, I
16 have no further questions.

17 MR. NUTTER: Are there other questions of
18 Mr. Kirby?

19 MR. CROSS: Yes.

20 MR. NUTTER: Mr. Cross.

21

22

CROSS EXAMINATION

23 BY MR. CROSS:

24 Q. Mr. Kirby, looking at your Exhibit Number
25 Six, showing your Area Number 4, looking at Section 24, the

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1 north half of the northeast quarter, I note that your
2 pink line which indicates the request -- excuse me, the
3 reserve outline on third zone, does not extend into that
4 north half of the northeast quarter in Section 24.

5 A. We've only extended that pink line to our
6 lease boundary. There needs to be additional drilling out
7 beyond that, which we can't do right now.

8 Q. But you have given your opinion that there
9 are commercial deposits of potash there.

10 A. I have given my opinion that the possibility
11 is there that there are commercial potash deposits in that
12 area.

13 Q. That is what you've based your application
14 for the extension on, is the possibility of commercial
15 potash?

16 A. The indications are that the potash extends
17 over beyond our lease boundaries. We have made application
18 for prospecting permits to drill and find out.

19 Q. Referring to the yellow circles in the west
20 half of Section 17, and on the corner of Section 19 and
21 Section 17, do you know by whom those cores were drilled?

22 A. PCA, Potash Company of America, drilled the
23 Number 117. Freeport Sulphur drilled the Number 2 Hole.

24 Q. And those are barren?

25 A. They're barren or extremely low mineralization.

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1 I do not have the logs or the analysis on those holes.

2 Q On what basis do you give your opinion that
3 the north half of Section 19, a part of Section 24, the east
4 half of Section 24, and Section 18 have commercial deposits
5 of potash?

6 A It seems we're extrapolating from barren
7 core holes to establish the existence of potash.

8 A There is a need for potash test drilling in
9 the area. This is our purpose for applying for prospecting
10 permits. We feel as though we should be allowed to drill
11 these areas and find out whether or not this in fact is
12 potash.

13 Q But an order from the OCD extending your
14 R-111-A area will not facilitate your drilling. That does
15 not give you the right to drill.

16 A No, sir. Those permits must be issued by
17 the Bureau of Land Management.

18 Q I'm curious as to what your -- what your --
19 on what basis you establish your opinion that this area,
20 the easternmost area of Area 4 has commercial deposits of
21 potash. It seems we have the one core test drilled in 1950
22 showing 48 inches of 13.6 percent, and there's nothing else
23 out there but barren shows.

24 A There's two barren shows and one mineable
25 potash. The rest is no product. That tells me that the

1 probability is at least fifty-fifty that the mineralization
2 extends from our drilling information within our boundaries
3 out into this area.

4 Q The converse of that is at least fifty-fifty
5 there are no commercial deposits of potash there?

6 A Absolutely.

7 MR. CROSS: I have no further questions.

8 MR. CAMPBELL: Mr. Examiner, I have one
9 more brief question.

10 MR. NUTTER: Mr. Campbell.

11
12 RECROSS EXAMINATION

13 BY MR. CAMPBELL:

14 Q Mr. Kirby, on the Exhibit marked Two,
15 showing a blowup of Area 1, I note that Hole 87 in Section
16 23 is colored in in orange completely, is that correct?

17 A It's half orange and half yellow.

18 Q On Exhibit Two?

19 A On Exhibit Two, yes. Hole 87 in the north-
20 west quarter of Section 23?

21 Q It should be half orange and half yellow?

22 A Yes, sir.

23 Q On Exhibit One it is marked fully yellow.
24 Is that an error?

25 A That's probably an error. The analyses at

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1 48 inches showed --

2 MR. FEEZER: I'd like the record to reflect
3 that it is shown as a half, but it's so dim it looked like
4 it's all yellow.

5 It is in fact orange and yellow, if you
6 would look.

7 Q My question is, did I understand you to
8 classify half orange-half yellow site as a submarginal site?
9 Was that your language on direct testimony?

10 A Using 11 percent as a cutoff, which is still
11 economic lower, the half orange and half yellow would be
12 just beyond that but still economical. It's fringe ore.
13 We would be watching it very closely if we were mining in
14 an area like this.

15 MR. CAMPBELL: That's all I have, Mr.
16 Examiner.

17
18 CROSS EXAMINATION

19 BY MR. NUTTER:

20 Q Mr. Kirby, awhile ago with respect to some
21 questions by Mr. Campbell you were talking about the with-
22 drawal of Superior's objection to the extension of the R-111-A
23 area back in 1975, and the agreement that Amax would waive
24 objection to a well to be drilled by Superior.

25 A Yes.

1 Q Do you know whether Superior drilled the
2 well or not and what's the location of it?

3 A I can't recall. There was one well that
4 was started. They drilled a couple of hundred feet and
5 pulled out and cemented it up.

6 Q I believe there was a well in progress or
7 a well --

8 A A well in progress, which it was never com-
9 pleted. They pulled off it.

10 MR. NUTTER: Mr. Campbell, do you know if
11 any other drilling was ever done in that area?

12 MR. CAMPBELL: Mr. Examiner, I believe the
13 testimony in the 1975 hearing was that the Petroleum Corpor-
14 ation sunk a well in that vicinity to the depth of about
15 200 feet and then plugged and cemented the well for no real
16 explanation.

17 Superior, and we will introduce some docu-
18 mentation about the fact that Superior had filed an appli-
19 cation, a C-101, to drill at an orthodox site in the south
20 half of 24.

21 MR. NUTTER: And what would that site be,
22 do you know?

23 MR. CAMPBELL: I believe it's listed on the
24 application as 1980 from the south and 1980 from the east.

25 MR. NUTTER: Thank you. Does either party

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1 have objection to incorporation by reference of the record
2 in that case back in 1975 so we can clear up some of these
3 questions as to what was said, and so forth?

4 MR. FEEZER: I do not, and I think frankly,
5 that a witness who may have substantial information regarding
6 that is present here and perhaps will be sworn before we're
7 through, and that's Mr. Jason Kellahin.

8 MR. CAMPBELL: Mr. Examiner, if I may, I
9 anticipate, if granted permission, calling Mr. Feezer as an
10 additional witness in the case, and I believe that before
11 we need to call Mr. Kellahin, I would like to elicit some
12 testimony from Mr. Feezer in that regard, because I do have
13 further documentation of the agreement between Amax and
14 other parties.

15 MR. NUTTER: Do you have objection to the
16 incorporation of the record back in that case?

17 MR. CAMPBELL: No, sir, not at all.

18 MR. NUTTER: What was that case number again
19 in 1975?

20 MR. CAMPBELL: 5428, Mr. Examiner.

21 MR. FEEZER: That's right.

22 MR. NUTTER: The record in Case Number 5428
23 will be incorporated in the record of Case Number 6495, and
24 if you guys want to ask each other questions, all you at-
25 torneys, that's going to be something else again, but that

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1 will come later.

2 Are there further questions of Mr. Kirby at
3 this time?

4 MR. CROSS: One.

5 MR. NUTTER: Mr. Cross.

6

7

RECROSS EXAMINATION

8 BY MR. CROSS:

9 Q Refer to your Exhibit Number Two. You show
10 there your Number 1 -- or looking at the northwest quarter
11 of Section 19, or the north half of the northwest quarter
12 of Section 19, you have the core hole Number 92, which
13 shows barren; immediately to the ^{northeast} west of that, Number 93,
14 which seems to be noncommercial, it's shown in yellow, and
15 126, also, on the southwest flank of that.

16 Is it your opinion that there is commercial
17 deposit of potash in the north half of the northwest quarter
18 of Section 19?

19 A In the north half of the northwest quarter,
20 I think there is, yes, sir.

21 Q On what basis do you establish your opinion?

22 A I base that on this indication of Hole 118,
23 which is in the northeast quarter of Section 19, which is
24 an extremely strong intercept of potash.

25 Q And the barren being much closer to that

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1 area than the good show does not persuade you that there's
2 not a commercial deposit of potash there?

3 A. I'm saying that I think there's commercial
4 potash in that area, possibly not over the entire area.

5 Q. Well then, perhaps we need to exclude some
6 of that area from the application to be in the Rule 111-A
7 area.

8 A. No, I don't think so. This barren hole 126,
9 I have to do some geologic correlation. There's a dis-
10 ruption in there and I'm not so sure that we didn't miss
11 the ore zone.

12 Q. What about barren hole 92 right on that --

13 A. Hole 92 is legitimately barren, very low
14 mineralization.

16 RE CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q. Mr. Kirby, historically I believe the Com-
19 mission's cutoff line has been 4 feet of 10 percent, is
20 that correct?

21 A. Yes.

22 Q. And now we're talking about -- you have
23 your codes here, on 4 feet of 11 percent, 4 feet of 9 to 11
24 percent, 4 feet at 9 percent, and you say that you have to
25 watch 4 feet of 9 to 11 percent in some cases. Has the

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1 economics of the potash industry changed to where 11 percent
2 is a limit now?

3 A. The economics have changed to where a lower
4 grade, lower than 11 percent, is still economic.

5 Q Is 10 percent still economic?

6 A. 10 percent is still an economic potash
7 grade.

8 Q Okay. And you stated that the third zone
9 and the first zone are separated by what, 28 to 30 feet?

10 A. 28 to 38 feet. It varies in the interval.

11 Q And does that take more or less a separate
12 mine for each of those two zones, then? One on top of the
13 other?

14 A. Yes, it does. We ramp, or we drive inclines
15 up to get to the upper seam.

16 Q Then the rooms in the one zone are separated
17 from the rooms in the other zone by the intervening 28 to
18 38 feet?

19 A. Yes, sir.

20 Q Now, when you were mining southeasterly up
21 here in Section 13 and encountered these dips in this bed
22 and had to divert to the south and the west, as you have
23 progressed south and west along the southern boundary of
24 that area there, are you on the edge of where it's dipping
25 up again? On your left side as you proceed southwest?

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1 A. As we were going south, that area in there
2 is perfectly level. It has a very slight dip but it's
3 uniform; there's no undulations.

4 Q. You're not mining on the edge of where it
5 dips up.

6 A. No.

7 Q. So this dipping difficulty that you en-
8 countered, has just been in the vicinity of W-5, as far as
9 you know?

10 A. That's right, it seems to be a local undu-
11 lation through there.

12 Q. When your hole Number 91 was drilled, are
13 these cores taken in such a manner that you can determine
14 whether there's a dip to the beds or not?

15 A. No, we can't determine. You can correlate
16 between holes and take an average grade, but it doesn't --
17 it doesn't reflect the local --

18 Q. You don't show the dip of the beds in the
19 core?

20 A. We've done that and couldn't pick up any

21 Q. But as far as you know, then, in the vicinity
22 of Hole 91 would be conceivably mineable because you don't
23 know any dip in the beds there.

24 A. There's no indication of undulation in that
25 area, no, sir.

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1 Q Now, we're talking about potash in this
2 area that's no deeper than 900 feet, is that correct?

3 A In this area it's approximately, that third
4 ore zone is approximately 800 feet.

5 There's a general dip of the bedding to the
6 east, on the far east it's 12-1300 feet deep.

7 Q Now, on Exhibit One you have two areas of
8 cross hatching. We have the first mined and the second
9 mined, and from here I can't see any that's been second
10 mined. Is there any second mining that has been accomplished
11 on that map?

12 A Yes, sir, on the eastern workings of the
13 third ore zone we have done second mining.

14 Q Where would that be? Is that shown on one
15 of these sub-maps?

16 A Yeah, it's the double crossed area, double
17 hatched area.

18 Q Okay, I've got it now, in Sections 3 and 10,
19 that's right. That's the only place that's done any -- in-
20 side that entire yellow area, then, that's the only place
21 you've done any second mining?

22 A The yellow area refers to the first ore
23 zone, we've done considerable second mining in that area.

24 The blue cross hatched area is just strictly
25 a third ore zone.

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1 Q. I see.

2 A. Mined within the past three, four, years.

3 MR. NUTTER: Are there any further questions
4 of Mr. Kirby? He may be excused.

5 MR. FREEZER: Mr. Examiner, in view of
6 statements made by Mr. Campbell, I think it may become
7 material to ask Mr. Kellahin to appear this afternoon so
8 that he can be sworn as a witness, or if he will indicate
9 to the Commission he will return, I'll be glad to leave it
10 at that.

11 MR. NUTTER: Do you plan to be here this
12 afternoon, Mr. Kellahin?

13 (There followed a discussion
14 off the record.)

15 MR. NUTTER: At this time we'll recess the
16 hearing until 1:15.

17 (At this time the noon recess
18 was taken.)

19 MR. NUTTER: The hearing will please come
20 to order. Mr. Kirby, I believe you're still on the stand.
21 If you're not, you are now, and still under oath.
22

23 RE-CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q. I want to ask you a question or two about

1 some of these holes that we don't have identifiable re-
2 serves shown on.

3 Your Exhibit Number Two first. We've got
4 two holes there and one's at the corner of Sections 20, 21,
5 28, and 29. What are the reserves in that hole, PCA 114?

6 A. Where was that hole again, sir?

7 Q. At the intersection of Sections 20, 21, 28,
8 and 29, over on the righthand side of Exhibit Number Two.

9 A. PCA 117.

10 Q. No, 114.

11 A. 114.

12 Q. Do you have Exhibit Two? This is Area 1.

13 A. These are -- this PCA hole, the only informa-
14 tion that I have, I don't have the logs, those are in the
15 Potash Company of America, but they informed me that the
16 grade in that hole was mineable to our specifications.

17 Q. All they would tell you was enough so that
18 you could color it with the orange color.

19 A. That's essentially right.

20 Q. I'll put in here does not have exact data.
21 How about the well to the east of that, which is another
22 PCA hole, I think, right on the edge of the exhibit?

23 A. 121?

24 Q. Well, I don't have a number on it. No,
25 to the east of it. To the east of 114.

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- 1 A. That's another PCA hole.
- 2 Q Uh-huh.
- 3 A I don't have the -- I haven't been able to
- 4 examine an analysis on it. They just tell me that is above
- 5 11 percent.
- 6 Q Now, do you have any information on what
- 7 was encountered in BA Hole Number 92 in Section 24 there?
- 8 A That's barren. BA indicates it's barren?
- 9 Q I see.
- 10 A In the third.
- 11 Q Now on Exhibit Number Six, which is the
- 12 Area 4, you have several PCA holes at the bottom of that
- 13 exhibit. Were you unable to obtain data on those?
- 14 A 117 and 115, PCA 51, the only information
- 15 we have is just verbal and they indicate that it's very
- 16 low mineralization or barren, in the third ore zone.
- 17 Q Now which ones were those?
- 18 A PCA 117, PCA 115, PCA 51. They're outside
- 19 our area interest there.
- 20 Q And then how about PCA 43, 42, and 18, along
- 21 the bottom? No data?
- 22 A I have no documented data on any of these
- 23 PCA holes. All I have is verbal.
- 24 Q I see.
- 25 A Information.

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1 Q Now, what about Hole Number 59 up at the
2 north end of Exhibit Number Six? That's Number 59 in Sec-
3 tion 6? The mineralization does not read on this exhibit.
4 I think it is there but I can't read it.

5 MR. FEEZER: I have 48 inches at 7.9 percent
6 K₂O.

7 Q 7.9. Now on Exhibit Number Five, that's
8 the little exhibit of Area 3. I presume that Number 35 up
9 there, where it says BA is barren?

10 A Number 35, yes, sir.

11 Q And then in Section 5, U-16, what's the
12 data on it?

13 A That is below 7 percent. Is it on that
14 yellow -- I didn't put the ore data on that.

15 Q Well, 4 to 9, so it's in that category.

16 A 4 to 9, it's sub-marginal.

17 Q And do you have any data on Number 25 in
18 Section 4?

19 A It would be in that range 4 to 9, also.

20 Q Now, with respect to Exhibit Number Four,
21 Mr. Kirby. Do you have any data on Hole Number 13 in Section
22 12?

23 MR. FEEZER: In Area 2?

24 Q This is near Area 2, yes, sir. Hole Number
25 12 is just inside Section -- or Hole Number 13 is just in-

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1 side of Section 12, there.

2 A. That would be in the third ore zone. That
3 would be between 4 and 9 percent. I don't have the data
4 with me on that hole.

5 Q. How about 96 in Section 7?

6 A. 96, Section 7. It is also 4 to 9 percent.

7 Q. And Number 69 up there in the north end?

8 It states BA.

9 A. Barren, barren in the third ore zone.

10 Q. And Number 35 in Section 5, barren?

11 A. Barren.

12 Q. Number 76 in Section 8?

13 A. That is between 4 and 9 percent.

14 Q. And U-16, just east of it?

15 A. Less than, somewhat less than 9 percent
16 at 48 inches.

17 Q. Now there's a hole there on the east side
18 of Section 8, just to the east of the orange colored one
19 in 5, and I read that as 48 inches of something and --

20 A. 7.6 percent.

21 Q. That's perhaps on the big map and it just
22 didn't reproduce on this.

23 Q. Okay.

24 MR. NUTTER: Now, Mr. Feezer, you said you
25 had some further questions of Mr. Kirby?

1 MR. FEEZER: Yes.

2
3 REDIRECT EXAMINATION

4 BY MR. FEEZER:

5 Q In connection with the questions asked by
6 the Commissioner, all of the samples that you've just testi-
7 fied to, mostly in the Area 2 on Exhibit One, are in the
8 third ore zone, is that correct? Not your main --

9 A Yeah, answering his questions related to the
10 third ore zone.

11 Q And your primary interest there is in the
12 main body ore zone, Number One?

13 A Ore zone one.

14 Q I would ask you if you prepared prior to
15 this hearing an update of the data on Exhibit One, and the
16 smaller maps showing each area, 1 through 4, of mine face
17 samples with particular reference to Area 1, and if this
18 exhibit, Exhibit Number Seven, which you have in your hand,
19 is that document?

20 A Yes, it is.

21 Q And the average as shown in the column on
22 the righthand side next to the middle, and the righthand
23 side of the righthand side of the page, are the averages of
24 all of those face samples, is that correct?

25 A That's right.

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1 MR. FEEZER: We would offer Exhibit Seven
2 as an update through 3-9-79.

3 MR. NUTTER: Now, Mr. Feezer, if I under-
4 stand you, this is the supporting data or additional data
5 regarding the face that is shown on Exhibit Number Three.

6 MR. FEEZER: That is correct, as well as on
7 the -- within the whole -- well, it relates to both, but
8 primarily to Exhibit Three.

9 Q (Mr. Feezer continuing.) I would now hand
10 you what has been marked as Applicant's Exhibit Number
11 Eight, and ask you if this is a copy of the projection for
12 mine extensions '75 through 1980?

13 A. It is.

14 Q And can you tell the Commission whether or
15 not these projections have kept on schedule or reasonably
16 close thereto since their inception?

17 A. Essentially we're fairly well on schedule.

18 Q And in reference to Area Number 1, the in-
19 terest of Gulf and Superior and others, have you proceeded
20 there upon a mining plan that has kept pace with what you
21 have filed on an annual basis with the Commission?

22 A. We've proceeded with the mining plan; how-
23 ever, we're not as far advanced as would be indicated by
24 this projection.

25 MR. FEEZER: We would offer Applicant's Ex-

hibit Eight.

MR. FEEZER: We have nothing further of this witness on direct or redirect.

RE CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Kirby, with respect to Exhibit Number Seven, the mine samples, this is labeled at the top 13 West. Now the face in the southwesterly direction on Exhibit Number Three is the 13 West face, is that correct?

A That's correct.

Q Then how would these places be identified, 1W-13B?

A On the left half of the sheet we have all the samples cut in the entry. We have nine entries driving to the southwest. 1 West at 14 Break, 2 West at 14 Break, 3 West at 14 Break, and so on, and the column on the right of the sheet are the samples cut in a 14, Number 14 Break-through.

Q Now your terminology is losing me. You have 9 entries, you say?

A 9 faces going to the southwest or parallel.

Q That would be these lines going this direction, southwesterly there.

A That's right, Mr. Nutter.

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1 Q And then one West 14 Break, how is that
2 identified, then, on these entries?

3 A That sample was cut approximately 50 foot
4 west or beyond the center of the -- our Number 14 Break-
5 through. That is the crosscut.

6 Q Okay, where would the 14 Breakthrough be
7 on this?

8 A It would be right at the -- coming across
9 that section line between Section 23 and 24.

10 Q Where do you start counting from to get
11 14?

12 A Right where we turn to the southwest.

13 Q Where you turn?

14 A Yes.

15 I think 1 and 5, I think there are some
16 numbers on there, possibly.

17 Q So these are the entries going this direction;
18 these are the breaks going this direction after you turn.

19 A That's correct.

20 Q Okay, and they're numbered across the bot-
21 tom on entries.

22 A Entries from bottom to top.

23 Q Bottom to top. And the breaks are numbered
24 from right to left as you go west.

25 A Consecutive from right to left, yes.

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1 Q After you turn. Okay.

2 MR. NUTTER: Are there any further questions
3 for Mr. Kirby?

4 MR. CAMPBELL: Mr. Examiner, if I might
5 continue on the inquiry on Exhibit Thirteen, a voir dire
6 setting. I don't know that I have any objection to --

7 MR. NUTTER: Exhibit Thirteen?

8 MR. CAMPBELL: Exhibit Seven, excuse me.

9
10 RECROSS EXAMINATION

11 BY MR. CAMPBELL:

12 Q Mr. Feezer, do I understand that Exhibit
13 Seven is an update on mine face samplings on the -- what
14 could be termed the west or southwest face only?

15 A Yes, it is.

16 Q And it does not represent any update on the
17 figures on Exhibit Three for the mine face samples on what
18 appears to be the south or southeast face?

19 A No, there's been no advance. Those are --
20 those samples on the south face are right at the current
21 edge of the mine workings. We have not advanced in that
22 direction.

23 MR. CAMPBELL: Thank you, I have nothing
24 further.

25 MR. NUTTER: Are there any further questions

1 of Mr. Kirby? He may be excused.

2 Mr. Feezer, will you call your next witness?

3 MR. FEEZER: Mr. Everitt Jourdan.

4
5 EVERITT C. JOURDAN

6 being called as a witness and having been duly sworn upon
7 his oath, testified as follows, to-wit:

8
9 DIRECT EXAMINATION

10 BY MR. FEEZER:

11 Q You've been sworn, have you not?

12 A Yes, I have.

13 MR. FEEZER: May I proceed at this time?

14 MR. NUTTER: Yes, sir.

15 Q Please state your full name and address?

16 A Everitt C. Jourdan, 1106 Tracy Place,
17 Carlsbad, New Mexico.

18 Q What is your occupation, Mr. Jourdan?

19 A Chief Mining Engineer for Potash Company
20 of America.

21 Q And how long have you held that position
22 with PCA?

23 A Oh, approximately twenty years.

24 Q And you have been present in the room today
25 while the testimony has been given so far?

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1 A. Yes, I have.

2 Q. Have you previously testified before the
3 Commission and been recognized and accepted as an expert
4 in the matter of potash mining?

5 A. Yes, I have.

6 MR. FEEZER: Any further inquiry?

7 MR. NUTTER: Mr. Jourdan is qualified.

8 Q. (Mr. Feezer continuing.) Are you familiar
9 with the PCA sublease as shown on Area 1 of Exhibit One in
10 this hearing?

11 A. Yes, I am.

12 Q. And have you heard the testimony here so
13 far today regarding Area 1?

14 A. Yes.

15 Q. Would it be your opinion as a mining engineer
16 that there is a reasonable prospect from a mining stand-
17 point, engineering standpoint, of recoverable commercial
18 K₂O ore in the area beyond R-111-A, as it shows on this ex-
19 hibit?

20 A. I would say yes, because that's the reason
21 we held those leases in the first place. They're about
22 twenty years old or over.

23 Q. And are the samples, as shown in the core
24 on 127 in the south half of Section 24 on Exhibit One, 48
25 inches at 11.4 percent K₂O, is that a commercially recover-

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1 able core, or excuse me, a commercially recoverable ore body
2 assuming it's extensive in that area?

3 A. At the present time we're not mining that
4 low. We're cutting off at about 12, but I think probably
5 Amax is -- or they're making money out of it or they wouldn't
6 be doing it.

7 Q. There are variances, then, in cutoff points
8 between producers?

9 A. True. It's a matter of efficiency, type of
10 mining, distance from the shaft.

11 Q. And is PCA receiving any financial benefit
12 from the sublease as it presently exists?

13 A. Yes, we are subleasing it to Amax Chemical.

14 Q. And in the event that R-111-A is extended
15 and mine workings extend into that area, will your benefits
16 increase as product is removed?

17 A. Yes.

18 MR. FEEZER: Pass the witness.

19 MR. NUTTER: Are there any questions of Mr.
20 Jourdan?

21 MR. CAMPBELL: Yes, Mr. Examiner.

22 MR. NUTTER: Mr. Campbell.

23 CROSS EXAMINATION

24 BY MR. CAMPBELL:

1 Q Mr. Jourdan, when was the sublease between
2 Amax and PCA executed?

3 A Oh, I can't answer. I believe it was about
4 1970.

5 Q Is it your testimony today that PCA would
6 not consider the Area Number 1 commercially mineable?

7 A No. I didn't say that.

8 Q Is it your --

9 A We are -- may I qualify it a little bit?

10 We are now planning to do some drilling to
11 the upper beds above, which we call the third ore zone, and
12 we are prospecting it for future mining.

13 Q Is it a fact that the only test hole drilled
14 in Section 24 within the proposed area of extension was, in
15 fact, barren?

16 A I don't have that information. We have one
17 hole in Section 24. I believe it was a good hole. That's
18 why we held the lease.

19 Q Would you have any explanation as to why the
20 proposed extension would not include the southern half of
21 the southern half of Section 24?

22 A First of all, let me say that I don't have
23 the information that Amax does. We haven't done any drilling.
24 It was all done under Amax's control, and what projections
25 they may have made, I don't know anything about.

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1 MR. CAMPBELL: That's all I have, Mr.
2 Examiner.

3
4 CROSS EXAMINATION

5 BY MR. NUTTER:

6 Q Mr. Jourdan, you said you had one hole in
7 this section that showed good ore. Which was that?

8 A That's -- I think it's right up in -- as I
9 remember, I'm trying to remember -- this one right here,
10 PCA 143, 48 inches at 12.4 percent was the one that was
11 the basis of our holding the leases.

12 Q That was the only hole that PCA drilled?

13 A Yes, sir. The rest of them were drilled by
14 Amax.

15 MR. NUTTER: Mr. Feezer, I'll ask you this
16 question with regard to a question that Mr. Campbell asked
17 Mr. Jourdan. He asked why they hadn't -- why Amax had not
18 included the south half of the south half of Section 24 in
19 their application.

20 It would appear to me that possibly the
21 reason why was because the core was only pulled last Satur-
22 day and there was some debate as to whether last Saturday
23 was the 11th or the 12th, but the core in the south half
24 south half was only pulled a few days ago.

25 MR. FEEZER: I think the conjecture of the

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1 Examiner is my answer to the question, because we just got
2 the core out.

3 MR. NUTTER: And you didn't have that in-
4 formation when you filed the application?

5 MR. FEEZER: No, sir, we did not.

6 MR. NUTTER: Are there any further questions
7 of Mr. Jourdan? He may be excused.

8 MR. FEEZER: If he should desire to return
9 to Carlsbad, may he leave at this time, excused for all pur-
10 poses?

11 MR. NUTTER: I would think so. No one seems
12 to have any further questions of him, unless you intended
13 to recall him.

14 MR. FEEZER: I do not plan to.

15 Our next witness is Robert D. Brown.

16
17 ROBERT D. BROWN

18 being called as a witness and having been duly sworn upon
19 his oath, testified as follows, to-wit:

20
21 DIRECT EXAMINATION

22 BY MR. FEEZER:

23 Q Would you please state your name for the
24 record?

25 A Robert D. Brown.

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1 Q And your address and occupation?

2 A 610 West Riverside Drive, Carlsbad, New
3 Mexico. I'm Vice President and General Manager of Amax
4 Chemical.

5 Q And how long have you occupied that position
6 with that company?

7 A Nine years.

8 Q In connection with the hearing today have
9 you previously testified before this Commission on mining
10 matters in reference to R-111-A applications or other pro-
11 ceedings?

12 A Yes, I have.

13 Q And they have accepted those qualifications
14 in prior proceedings?

15 A Yes, sir.

16 MR. NUTTER: Mr. Brown is qualified.

17 Q (Mr. Feezer continuing.) In connection with
18 the economic aspect of mining operations conducted by Amax
19 on all of the areas described in your application, Exhibit
20 Number One, will you indicate to the Commission what the
21 present overall economic aspects are of the potash business,
22 so far as Amax is concerned?

23 A I'll be glad to. Our projections of sales
24 right now indicate to us -- to try to -- let me say this.
25 If we periodically, and it changes quite often, just like

1 it does for oil and gas, what is economical one year might
2 not be economical the next year, or what is not economical
3 might be economical, but at the present time and at our
4 present sales price and our projected sales price, we think
5 10 percent ore at 4-foot is very economical.

6 Q Has the current market price hardened to
7 what you believe is a firm and reasonably prospective firm
8 price for some period to come?

9 A Yes, sir.

10 Q What do you believe that reasonably firm
11 price is and will continue to be?

12 A I estimate that price to be in -- well,
13 again, it varies from potash company to potash company,
14 depending upon the grade that they sell.

15 We sell mostly premium grades, and our
16 price, we estimate this year, to be \$50.00 per ton. It was
17 \$51.07 per ton in February.

18 Q And by a high grade are you referring to the
19 percentage of K_2O in your product?

20 A No, sir. I'm referring to whether it is
21 granular or coarse, the size of the particulates.

22 Q And, for the record, what type of product
23 does your company principally market?

24 A Principally granular, the rest coarse, both
25 of which sells at a much higher price than standard. We

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1 produce 93 percent of our product as premium grades, which
2 is unique for the industry.

3 Q In connection with the economics of mining
4 within your lease boundary at this time, will you tell the
5 Examiner about the blending procedures now utilized by your
6 company to obtain the product?

7 A What we try to do is maintain a production
8 level to satisfy our customers, and we feel that we can
9 blend low grade ore with the remaining high grade ore at
10 a ratio of about 75 percent now of low grade ore, upper
11 ore zone ore, and even fringe ore in the main ore zone,
12 with the remaining high grade ore, which would represent
13 about 25 percent of our mining, and that we can mine this
14 and mine it very economically.

15 Now, a few years ago, we felt that the
16 ratio was 60-40, but better mining machinery, better mining
17 methods, a higher price for our products, indicate to us
18 that we can change that ratio to a 75-25 percent presently.

19 Q Has your past practice been, in connection
20 with applications for extension of R-111-A, to be of a
21 conservative nature?

22 A Yes, they have. We were very conservative
23 on the last application.

24 Q You heard Mr. Nutter's last question to me
25 regarding the south half of the south half of Section 24,

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1 Range 29 East, as to this most recent core showing 48 inches
2 at 11.4 K₂O?

3 A. Yes, sir.

4 Q. In view of the hard information you now
5 have regarding that, would it be a reasonable business prac-
6 tice upon your part as a mine manager to anticipate that
7 you would wish to extend into the south half of the south
8 half under appropriate conditions?

9 A. Very definitely.

10 Q. And would this core sample be consistent
11 with what you describe as a commercially recoverable potash?

12 A. Yes, sir, definitely is.

13 Q. I hand you what has been marked as Exhibit
14 Nine and ask you if this has been prepared under your
15 direction and supervision as a sample of the third ore zone
16 mineralization and a value calculation done by you?

17 A. Mr. Feezer, I didn't really do the evalua-
18 tion. I have -- I directed that it be done and have looked
19 at it and I agree with the calculation.

20 Q. In reference to the top line of Exhibit
21 Number Nine, it is described as third ore zone mineraliza-
22 tion.

23 Would this not infact apply to first ore
24 zone, as well?

25 A. Certainly.

1 Q Now, starting with Number One and not
2 necessarily describing each item in it, but would you pick
3 out for the Examiner those portions of the eleven items
4 which you believe to be most pertinent in arriving at what
5 you consider your conclusion number eleven?

6 Do you follow my question?

7 A Yes. I feel that this is quite conservative.
8 Our mill recovery probably should be figured a little higher,
9 but it would be typical ore. This is about what we esti-
10 mate the ore grade of our fringe ore and our upper zone
11 ore. It's about 12-1/2 percent grade overall. This is
12 what our mining plan is, to mine that and blend it with the
13 remaining high grade ore, which averages, say, 19, 19-1/2
14 percent, and I really can't answer the question as to what
15 is more important than anything else. I think it's just
16 a typical valuation of 40 acres of ore in the ground, and
17 it is our average of the low grade, low height, ore that
18 we are mining now.

19 Q Do you have a figure which you believe is
20 now economically viable and reasonable as to a cutoff point
21 for grade and percent K₂O?

22 A Yes. Of course, grade and percent K₂O are
23 the same thing.

24 Q Well, I mean, excuse me, I meant grade height.

25 A As I said, it's a very complicated formula.

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1 It's very complicated to work this out and the reason it is
2 is because we want to maintain a certain production volume,
3 and if you mine too much of this low grade ore, naturally
4 your mill, then, cannot get the production volume that you
5 would want, therefore, your unit costs are higher because
6 your overhead is spread over a smaller number of tons.

7 But we assume that we want to produce a
8 minimum of 750,000 tons of product, and then what amount
9 or how much low grade ore can we afford to blend with that,
10 and how far can we take that ore down to and still be econ-
11 omical.

12 We think that is roughly somewhere between
13 9 and 10 percent at the present time.

14 Q With an --

15 A It is not a precise figure that you can
16 get, you know, come right exactly to, but it's in that
17 neighborhood.

18 Q And with what height of ore body?

19 A 4-foot, 4-foot mining height.

20 Q Since 1975 when Amax made its last request
21 for extension in the area close to Area 1 on your exhibit,
22 have you pursued a mining plan as vigorously as was possible
23 from a business standpoint?

24 A Yes, we have. There's always reasons that
25 you change a mining plan but we have followed generally the

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1 mining plan that we set out to do in 1975.

2 Q And are the projections, as you understand
3 them now, such that you intend to proceed in the Areas 1,
4 2, 3, and perhaps 4, depending on leasing, with a part of
5 your overall mining program?

6 A Yes, sir.

7 Q Is it a matter of serious concern to you as
8 to the closeness and, in fact, the already intrusion of
9 mine workings into areas not protected by R-111-A in Area
10 2 and 3?

11 A Yes, it is.

12 Q And do you believe it is necessary for the
13 protection of those workings that those areas be extended?

14 A Very definitely.

15 Q Calling your attention now to Area Number
16 4. What can you tell the Hearing Officer as to your pro-
17 jections from a business standpoint of the prospects for
18 economically recoverable ore in the area beyond R-111-A
19 at this time?

20 A Well, I think it's apparent -- I'm not a
21 mining engineer -- but I think it's apparent -- I've been
22 in the business for many years -- I think it's apparent
23 from the drilling programs and exploration work that we've
24 done in the past, I think it's apparent from the exploration
25 work that we did last year, where we drilled on 27 -- 2157

1 acres, that the pattern shows definitely that the ore re=
2 serves extend out in that Area 4.

3 Now, true, we cannot tell or ascertain ex-
4 actly how far, but we certainly feel we need some protection
5 there, and we feel the area that we've asked for is reason-
6 able to protect potash reserves in that area.

7 MR. FEEZER: I have nothing further of this
8 witness.

9
10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Brown, Items Nine and Ten on Exhibit
13 Nine indicates that for 40 acres you'd recover 41,000 tons
14 of K_2O and you'd have 67,000 tons of product of 61 percent.

15 Well, what do you blow that 41,000 tons up
16 with to make 67,000 tons?

17 A Well, Mr. Nutter, we really don't produce
18 K_2O . K_2O is just a means of valuing potash. We actually
19 produce KCL, or potassium chloride. That's our product,
20 and we sell it on the basis of its theoretical K_2O content,
21 and it's sort of a strange thing in the potash industry, but
22 it is -- it's the theoretical number of K_2O tons that would
23 be in there. The real figure is the KCL, or the product,
24 is the actual tonnage that would be there.

25 Q Yeah, okay, so this figure of tons of K_2O

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1 recovered, while it's 41,000 tons of K_2O , it's actually
2 many more tons of KCL.

3 A. That is correct, sir.

4 Q. Now, your bottom line there is \$3,378,000.

5 What does it cost to mine that total volume of ore to ex-
6 tract 67,000 tons -- 67,560 tons of product?

7 A. I would have to do a little calculation
8 there. It would be approximate.

9 Q. To mine it and mill it and process it. I
10 want to know, does this \$3,000,000 represent a profit?

11 A. Okay.

12 Q. I'm sure it does. It had better.

13 A. I hope it does.

14 It would cost about \$2,000,000 -- it's
15 costing us about -- our operating costs for Carlsbad are
16 about \$30.00 per ton at the present time, and we have a few
17 overhead costs in the New York office, another \$1.50 a ton,
18 so it would be very profitable for us.

19 Q. Okay, thank you.

20 MR. NUTTER: Are there any further questions
21 of Mr. Brown?

22 MR. CAMPBELL: Yes, sir.

23 MR. NUTTER: Mr. Campbell.
24
25

CROSS EXAMINATION

BY MR. CAMPBELL:

Q Mr. Brown, you are the same Mr. Brown that testified in the Amax application in 1975.

A Yes, I am.

Q Could you relate to me in a rough fashion the pricing figures for potash that you based your 1975 application on?

A I really can't. I do know that the price has gone up considerably, both the cost of producing potash and the sales price of potash, but I do -- I know about what they are now, but I do not know what they were. I don't have it with me for 1975.

Q I believe you indicated that the current price is in the range of \$50 to \$51?

A I don't know. Yes, yes, that is correct.

Q Just recently, that is the current price today for your product?

A That is correct.

Q Has the price ever gotten above that \$50?

A Not in the twenty-five and a half years I've been with the company.

Q All right. In that connection, Mr. Brown, I would ask whether you recall during your testimony in 1975 hearing, if you recall making this statement:

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1 "I feel that the price of potash will have
2 to be in the \$50 to \$60 per ton range in the future. If
3 they are not, there will be no further development of
4 potash."

5 Do you recall making that statement?

6 A. I might have.

7 Q. You don't know?

8 A. I don't think I made it exactly that way,
9 but --

10 MR. FEEZER: We object to the examination
11 done --

12 A. I don't remember what I said.

13 MR. FEEZER: Done in this form. If the
14 cross examiner wishes to make available a copy to the wit-
15 ness, or to allow him to examine his testimony and state
16 whether or not he gave such testimony, we think that would
17 be the appropriate technique, not the one being presently
18 employed, does he recall four years later.

19 MR. CAMPBELL: Mr. Examiner, I'll be happy
20 to comply with that request.

21 MR. NUTTER: You might -- you might read the
22 question to him and ask him what his answer was.

23 Q. (Mr. Campbell continuing.) Mr. Brown,
24 during that 1975 hearing, I will ask you whether you recall --

25 MR. NUTTER: Again, Mr. Campbell, he can't

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1 recall what he said in 1975. Just hand him the transcript
2 and see what he says.

3 MR. CAMPBELL: Well, it is somewhat out of
4 reference, Mr. Examiner, but I will -- will comply.

5 MR. NUTTER: That might be the problem, it's
6 out of reference.

7 MR. CAMPBELL: Mr. --

8 A. I think that's exactly what the problem is.

9 Q. (Mr. Campbell continuing.) Mr. Brown, I
10 would ask you to refer to page 53 of the transcript of
11 proceedings in Case Number 5428, refer specifically to the
12 question and series of answers marked on page 53, and ask
13 whether you recall that as your testimony at that time?

14 MR. FEEZER: Object to the form in which
15 the question is asked. You may go ahead and answer it.

16 A. Okay.

17 Q. Have you reviewed that transcript reference?

18 A. Yes, I have, and again, you're putting words
19 in my mouth. Let me say this. I still feel the same way.
20 I think it has to be more than that.

21 The reason we can mine these low grade ore
22 reserves economically is because we have a mine down there.
23 We have a mine there. We have workings there. We can get
24 to them. We, nor no one else, could mine this ore if we had
25 to sink a shaft and spend \$150,000,000, or whatever it takes

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1 to put in a refinery to refine it.

2 The only reason we can mine it economically
3 is because we've already spent the money. We have the
4 equipment there. We are there. And we don't have to spend
5 that money. We just mine it in with the other ore.

6 But my statement is still the same, if we
7 are going to develop further potash in the Carlsbad area,
8 and that's what I was referring to there, low grade ore de-
9 posits similar to that, that be away from our mine area,
10 that we can't mine from our present shafts, then I think the
11 price of potash has to go even higher than that \$50 to \$60
12 before anyone's going to spend the money and make the in-
13 vestment.

14 So that is the context in which I answered
15 that question.

16 Q Now you spoke of a blending process used
17 by Amax in connection with a finished product, a blend of
18 low and high grade ores.

19 A No, sir. Blending of ores, not of products.

20 Q Well, all right, a blending of ores.

21 A Right.

22 Q And what is the blend that Amax seeks to
23 end up with, what percentage of K_2O ?

24 A We -- it depends, you know, from year to
25 year or month to month, it's never the same.

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1 Q What would it be today?

2 A Oh, we're mining about 15.6 average.

3 Q And I believe that you testified that your
4 high grade ore is in the vicinity of 19 percent K_2O ?

5 A 19 to 20.

6 Q And I believe that you've further testified
7 that with that high grade ore at 19 to 20 percent, that you
8 can use 75 percent low grade ore in reaching your expected
9 blend, is that correct?

10 A That's correct.

11 Q Referring you now to your Exhibit Number
12 Three, I would request that you examine mine face samples
13 on the south to southeast face.

14 MR. FEEZER: You might need this.

15 A Okay.

16 Q Now I believe that it has been related here
17 that there are no further updates on the -- on the mine
18 face samples on that south side, is that correct?

19 A That's correct.

20 Q Now, looking at those block samples there,
21 I would, just as a matter of reference, pick the fourth one
22 from the top, indicating, I assume, is that a 4-foot 7-inch
23 seam?

24 A Uh-huh.

25 Q Yielding a 1.3 percent KO_2 content -- K_2O

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1 content?

2 A. Yes.

3 Q. You have a correlation to get that back to
4 a 4-foot seam?

5 A. That particular area we have a problem there.
6 We are at almost 4-foot in some areas. In this particular
7 section we have ore, low grade ore, well, you can see it
8 better on the Exhibit Number Seven.

9 Q. Well, now, Exhibit Seven shows an update
10 on the facings to the west, does it not?

11 A. Right.

12 Q. And does not -- does not change the figures
13 on Exhibit Three concerning those facings to the south.

14 A. What I'm trying to tell you is that it is
15 difficult in that section to hold it to a 4-foot height,
16 because there is ore both in the top and the bottom that
17 is submarginal. In other words, we have about a 2-foot
18 seam that's real high and then we might have another 8 inches
19 or a foot that is 6 or 7 percent K_2O , and sometimes it's
20 higher than that. So we take it all the way. So we have
21 not, and for good reason, not gotten our mining heights down
22 to 4 feet.

23 Q. All right, but again referring to that fourth
24 reference down on the southeast face, is it correct to say
25 that that particular block yields 1.3 percent K_2O ?

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1 A. In that -- in that particular block in that
2 one particular place where they took the sample. That's
3 not unusual at all in a mine. What you look at is across
4 the whole thing, which averages 5-foot-1 at 12.3.

5 Q That's what I want to talk about, how that
6 average was reached. In reviewing the samples, the mine
7 face samples on that south side, I count more than a majority
8 of the blocks there as yielding less than 10.7 percent,
9 which is indicated on your exhibit as to be marginal or
10 submarginal recoverable ore.

11 A. Well, Mr. Kirby calculated this. He'd have
12 to answer that question. I really don't know.

13 Q You did not calculate that, then.

14 A. No, me personally? No, I did not.

15 MR. CAMPBELL: Mr. Examiner, that's all the
16 questions I have.

17 MR. NUTTER: Are there further questions
18 of Mr. Brown?

19 MR. CROSS: I have some.

20 MR. NUTTER: Mr. Cross.

21
22 CROSS EXAMINATION

23 BY MR. CROSS:

24 Q Mr. Brown, in response to a question by Mr.
25 Feezer, you stated that it has been Amax's policy to be con-

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1 servative in its applications. Do you feel that the inclu-
2 sion of Area 4 is an extension of that policy of conservatism?

3 A. I certainly do.

4 Q. I don't understand. How do you see commer-
5 cial deposits of potash there?

6 A. Because we've got commercial potash all the
7 way up and down right next to it. I don't see how you could
8 say we don't.

9 Q. Well, I'm looking at two miles apart from
10 your production.

11 A. I realize that.

12 Q. But you don't have any present -- you don't
13 have any present mining plans for that area?

14 A. Yes, we do, if the BLM would issue us our
15 prospecting permits we would be in there immediately drilling
16 with an exploration program to see what's there, and we
17 would delineate the ore body there and find out what we
18 have, very definitely.

19 Q. You wouldn't start mining it till you found
20 out what was there?

21 A. Why, of course not.

22 MR. CROSS: I have no further questions.

23 A. Well, I wouldn't say that either. We would
24 be going that way. We know there's ore right up to it and
25 we would continue as long as there was ore. We wouldn't

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1 start over.

2 MR. CROSS: One other question.

3 Q (Mr. Cross continuing.) Referring to Ex-
4 hibit Nine, that is the 40-acre -- your value calculation
5 of typical third ore zone, approximately how long would it
6 take to mine 40 acres?

7 A I really don't know. We mine on the average --
8 this is -- that's a month and a half's mining.

9 MR. CAMPBELL: Mr. Examiner, two more brief
10 questions.

11 MR. NUTTER: Mr. Campbell.

12
13 RECROSS EXAMINATION

14 BY MR. CAMPBELL:

15 Q Mr. Brown, as I understand it, your open
16 workings in Sections 13 and 24 close to Area 1, have not
17 been the subject of any second mining activity. You have
18 not pulled the pillars there, is that correct?

19 A Not in 13. We have pulled some pillars --
20 no, we've not pulled any pillars there, I guess.

21 Q You have not pulled any pillars in the --
22 in the open mine area in 13 or 24?

23 A Not as far as I know.

24 Q You have, however, pulled the pillars in
25 the -- in the third zone in another area of your existing

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1 potash development, is that correct?

2 A. That is correct.

3 Q. What economic decision need take place which
4 determines whether you first pull the pillars in your existing
5 third zone operations or whether you continue to extend the
6 open mine workings in a first mining sense?

7 A. Generally what you do is you first mine
8 until you have reached the economic limits of your ore body
9 at that particular point. And when you think you do, then
10 you retreat and pull out the pillars.

11 Q. All right. So in your -- in the area where
12 you have second mined, are you saying that it is your con-
13 tention, because you second mined, that you had reached the
14 end of the -- of the recoverable reserves in that area?

15 A. Well, possibly. We can always go around,
16 and we do many times, we go out and we stop because the ore
17 grade goes down. Then we -- maybe we were going west.
18 Then we go south, and as we go south, maybe the righthand
19 side of that entry might look good. Then we'll go back west
20 again, and then north, and get back behind where we were.
21 We've done it many times.

22 Q. All right.

23 A. That doesn't necessarily mean that there's
24 no ore on the other side.

25 Q. Now, referring to your Exhibit One, noting

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1 directly to the west of that area where you have completed
2 second mining operations, directly to the west, by approx-
3 imately a quarter quarter section, you are seeking a --
4 looks to be a three or -- looks to be a four to seven mile
5 extension of your potash area, is that correct?

6 A. That is absolutely correct.

7 Q. When would you anticipate beginning a second
8 mining operation in the area approaching Area 1?

9 A. Mr. Kirby answered that question, that some-
10 time within the next three years.

11 Q. Now, Mr. Brown, I believe that you said that
12 your Hole 127 in the south half of the south half of 24,
13 that you did not have any data on that when you filed your
14 application for extension, is that correct?

15 A. That is correct.

16 Q. Well, what would cause you then to include
17 the north half of the south half of 24 within your proposed
18 extension?

19 A. I assume the hole that's up above there,
20 plus the open workings, which is all in economical ore going
21 down that direction.

22 Q. Well, the hole above there and the open
23 workings were present during your 1975 application, were
24 they not?

25 A. No, they weren't. I know the open workings

1 were not down that, not nearly down that far.

2 Q The test hole was there, however, was it not?

3 A I don't know. I really don't.

4 MR. CAMPBELL: That's all I have, Mr. Examiner.

5 MR. NUTTER: Are there any other questions
6 for Mr. Brown? He may be excused.

7 Do you have any other witnesses?

8 MR. FEEZER: We would move the introduction
9 of Exhibits One through Nine at this time, and that would --
10 well, that would conclude the testimony from the witnesses
11 on behalf of the company, other than the possibility that
12 neutral parties in the form of USGS personnel are here,
13 JOHN Burleson, Don Van Sickle, and Jack Willock (sic), and
14 they may or may not wish to make some comment to the Com-
15 mission.

16 MR. NUTTER: Well, Amax Exhibits One through
17 Nine will be admitted in evidence.

18 Does anyone wish to put any testimony on
19 at this time?

20 MR. BURLESON: Yes, Mr. Examiner.

21 I'm John Burleson, the Mining Supervisor at
22 Carlsbad, the U. S. Geological Survey, and although I cannot
23 officially testify, I would like to submit a statement,
24 with the permission of the Commission.

25 MR. NUTTER: Yes, sir, we'll call for state-

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1 ments and I think it would be appropriate that you give your
2 statement at this time, Mr. Burleson.

3 MR. BURLESON: For the benefit of the Com-
4 mission, I would like to briefly explain the duties of my
5 office, and that is to administer the Federal potash leases,
6 and that entails the approval of the mining plans of the
7 potash operators, their exploration plans, collection of
8 the royalty, conservation of minerals, and maximum extraction
9 of ore, as well as the safety aspects of what takes place
10 in the mining operation, although that responsibility has
11 more or less been taken away from us by first MESA and now
12 EMSHA, we still feel that we have a responsibility.

13 I get quite concerned when deep gas wells
14 approach mine workings, and I'm sure the Commission is
15 familiar with the practice within the known potash area as
16 to the allowing of the drilling of those. These are gas-
17 free mines. They use a different type of equipment to mine
18 than a gassy mine would have to use.

19 There is the hazard of gas entering the
20 mine when gas wells are drilled, and although this is a
21 State matter, it's State minerals, it's the State R-111
22 boundary, because of the overall mining I would like to ex-
23 press my concern.

24 I feel that the request by Amax for the
25 extension of the R-111-A boundary is very reasonable. The

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1 prospecting permits applications, both to the south and to
2 the east of their present operations, received the approval
3 of the USGS to the BLM to be issued. They were held up for
4 a number of years while the environmental analysis record
5 was completed by the BLM, at which time the go-ahead was
6 given to the BLM State Director to start issuing these
7 prospecting permits. During the years approximately 150
8 prospecting permits were applied for within the potash basin.
9 The BLM had issued approximately 20 of those permits when
10 the authority was withdrawn from the State Director of the
11 BLM and a secretarial review was required.

12 Over a year has elapsed for this secretarial
13 review and I have been assured that the authority for the
14 State Director to issue these prospecting permits has been
15 restored to him, and that these prospecting permits appli-
16 cations of Amax will be issued within Lord knows when, cer-
17 tainly not the near future, because we government agencies
18 don't move that fast, but within a year or so I'm sure they
19 will be issued.

20 The area on the east is within noncompetitive
21 leases, which were recently issued to Amax. Immediately
22 upon the issuance of those leases they put drills in to
23 explore them. As a result you can see their findings. It
24 is very favorable.

25 MR. NUTTER: Now which area would you mean,

1 that was --

2 MR. BURLESON: The area right under the "A".

3 MR. NUTTER: Okay.

4 MR. BURLESON: That was a noncompetitive
5 lease which was issued less than two years ago to Amax.

6 They have explored it thoroughly and, as
7 testimony bore out, they will be mining it within a very
8 few years.

9 I do think it's reasonable, in light of that
10 finding, to project that the ore is not going to stop at
11 the boundary of that noncompetitive lease; that it will ex-
12 tend, because of the one drill hole, certainly towards that
13 direction into the prospecting permit areas.

14 Therefore, I feel, in light of that, that
15 that is not an unreasonable request, although it is great
16 in the number of acres that Amax is applying for.

17 I think that the Commission is going to be
18 faced with a number of applications for extension or the
19 re-boundarying of their R-111-A bounds, because the stan-
20 dards for the potash industry, which originally set those
21 boundaries, has changed because of economics and because of
22 the fact that the bloom is off the rose, so to speak. The
23 high grade ore is rapidly going. We are trending more and
24 more to the lower grade ores. Those companies which have
25 high grade ore remaining to blend with the lower grade ore

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1 are the fortunate ones. I think that you will see a lot of
2 low grade ores mined even if you don't have the high grade
3 ores to blend with it, as long as the price of potash in-
4 creases, which it is surely to do from what I read concerning
5 the world demand for potash.

6 For those reasons, especially my concern
7 for the safety of open mine workings and the possibility of
8 gas getting into an operating mine, I respectfully request
9 a favorable consideration of the Commission for this boundary
10 application.

11 MR. NUTTER: Thank you, Mr. Burleson.

12 Are there other statements?

13 MR. Van Sickle?

14 MR. VAN SICKLE: I'm the Area Geologist for
15 the Southern Rocky Mountain Area. I'll just state the
16 Department policy of protecting known potash reserves, and
17 after I have an opportunity to go over the exhibits, I'll
18 have a more detailed opinion of what I would say should be
19 included in R-111-A and what may not quite fit the ground
20 rules as I see them.

21 But the Department does have a policy to
22 protect potash ore.

23 MR. NUTTER: Thank you, Mr. Van Sickle.

24 Are there other statements?

25 MR. CROSS: Will we have an opportunity

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1 later to make a statement?

2 MR. NUTTER: This is it.

3 MR. FEEZER: I have a concluding statement,
4 if you don't, Mr. Cross.

5 MR. NUTTER: Mr. Feezer, you're applicant,
6 you get to go last.

7 MR. CROSS: I do have a statement to make.

8 MR. CAMPBELL: Mr. Examiner, I indeed, with
9 the Examiner's permission, had anticipated soliciting testi-
10 mony from Mr. Feezer in connection with a claim of opposition
11 lodged by Southland and Superior in connection with the
12 extension, particularly as it relates to Section 24.

13 We do have a closing statement I would
14 briefly like to make after I could examine Mr. Feezer. I
15 believe it's particularly appropriate to our opposition as
16 it relates to Section 24, and I do have some documentary
17 evidence that I believe Mr. Feezer could identify and I
18 would tender to the Examiner, together with two other ex-
19 hibits that we would offer in support.

20 MR. NUTTER: You don't plan any witnesses
21 of your own? This would be just --

22 MR. CAMPBELL: No, sir. Yes, sir.

23 MR. NUTTER: -- the calling of Mr. Feezer.

24 MR. CAMPBELL: Yes, sir.

25 MR. NUTTER: Mr. Feezer, do you have any ob-

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1 jection to taking the stand?

2 MR. FEEZER: Well, I think it's highly un-
3 usual that opposite parties would call counsel for the ap-
4 plicant, and I had no advance notice of this and I'm reluc-
5 tant to agree without at least getting a chance to examine
6 these documents. I might well be able to stipulate with
7 him but he hasn't given me the opportunity.

8 MR. NUTTER: How about if we take a fifteen
9 minute recess and you can talk with him.

10 MR. FEEZER: I'll be glad to try.

11 MR. NUTTER: Thank you.

12 (Thereupon a recess was
13 taken.)

14 MR. NUTTER: We'll call Case 6495 back on.
15 Mr. Campbell, I believe that we were talking about Mr.
16 Feezer when we recessed.

17 MR. CAMPBELL: Mr. Examiner, Mr. Feezer and
18 I have discussed the procedure during the recess and would
19 request that we be able to stipulate the introduction of
20 certain correspondence in the possession of Mr. Feezer, that
21 I believe he might explain.

22 After that stipulated entry I would request
23 and Mr. Feezer has agreed to testify concerning the
24 authenticity of a letter between Mr. Feezer and Mr. Kellahin.
25 I believe we'll be very brief.

1 MR. NUTTER: Okay.

2 MR. FEEZER: In connection with our stipu-
3 lation, Mr. Nutter, I have marked a series of documents as
4 Exhibit Number Ten, consisting of eight pages, which relates
5 to correspondence between Jason Kellahin and Willard Wagner.

6 I call the Commission's attention particularly
7 to a letter of February 25th, and again, Mr. Kellahin's
8 letter of March 11th -- excuse me, April 15th, 1975.

9 MR. NUTTER: Who was Mr. Kellahin repre-
10 senting in that?

11 MR. FEEZER: At that time he was representing,
12 as I understand it, Superior Oil Company.

13 MR. NUTTER: And who is Mr. Wagner?

14 MR. FEEZER: It is my understanding that
15 he is an officer or agent of the Superior Oil Company in
16 Houston, Texas.

17 MR. NUTTER: I see.

18 MR. FEEZER: And it so shows on the corres-
19 pondence.

20 And I would like one thing further in con-
21 nection with this, this is my only copy of this exhibit,
22 and could I either make an additional copy so I retain one
23 in my files, or request that somebody in your office supply
24 me with a copy of this.

25 MR. NUTTER: And this would be Exhibit Ten,

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1 your Exhibit Ten in this hearing.

2 MR. FEEZER: Yes, sir.

3 MR. NUTTER: Well, if you'll give it to us,
4 we'll make a copy and return it to you.

5 MR. FEEZER: Fine, and we would offer that
6 in evidence at this time.

7 And the letter which Mr. Campbell wishes me
8 to acknowledge as having been received, is among others, in
9 Xerox form within Exhibit Ten itself. And that is my sig-
10 nature and I authenticate it as having been received and
11 sent back to Mr. Jason Kellahin on the date indicated.

12 MR. CAMPBELL: Mr. Examiner, then may I
13 proceed very briefly to introduce -- my understanding was
14 the --

15 MR. FEEZER: The original of it?

16 MR. CAMPBELL: Well, no, that I would be
17 able to examine you regarding the contents of that letter.

18 MR. FEEZER: Yes, you may. Let me have a
19 copy of it.

20
21 CHARLES A. FEEZER

22 being called as a witness, testified as follows, to-wit:
23

24 DIRECT EXAMINATION

25 BY MR. CAMPBELL:

1 Q Mr. Feezer, are you the same Mr. Feezer who
2 appeared on behalf of Amax in Case Number 5428 in the 1975
3 Division proceeding?

4 A I am.

5 Q Are you aware that a hearing was held on
6 that matter on February 19, 1975, and that the case was
7 continued on grounds that Southland, Superior, and Gulf could
8 properly prepare its opposition to the application for ex-
9 tension?

10 A That's correct.

11 Q Are you aware that thereafter negotiations
12 between Amax, Southland, Superior, and Gulf began concerning
13 the withdrawal of their protest to the application for ex-
14 tension?

15 A I am.

16 Q Are you aware that a hearing was held on
17 the continued setting in Case Number 5428 before the Com-
18 mission on March 19, 1975?

19 A If so, I didn't appear at that time.

20 Q That is correct.

21 MR. CAMPBELL: Mr. Examiner, I would only
22 offer that in addition to the incorporation of the proceeding
23 at the February 19th hearing, that the March 19th supple-
24 mental continued hearing in the Case 5428 be incorporated
25 into the record.

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1 MR. NUTTER: The entire record in Case
2 Number 5428, both hearings, will be incorporated.

3 Q (Mr. Campbell continuing.) Did you some-
4 time thereafter receive a letter dated March 21, 1975,
5 from Jason Kellahin?

6 A I did.

7 Q I will hand you what has been marked as
8 Superior Exhibit Number One, and ask you to identify whether
9 that is a fair representation of the letter?

10 A It is with the exception of the fact that
11 the portion which is marked "agreed" does not show my sig-
12 nature, but I in fact signed it and marked it "by C. A.
13 Feezer" and underneath that in typescript, "C. A. Feezer,
14 Esquire."

15 Q Does that letter accurately reflect the
16 stipulated agreement between Amax, Superior -- Amax and
17 Superior?

18 A As far as I can tell you, it does.

19 Q Does that agreement provide as part of the
20 stipulation that Amax would not oppose a well site at an
21 orthodox location in the south half of Section 24?

22 A That is correct.

23 Q Has that letter been amended or superseded
24 by a new agreement between Amax and Superior?

25 A Not to my knowledge.

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1 Q Are you aware that the extension proposed
2 today would prevent the drilling of a well at an orthodox
3 location in the south half of Section 24?

4 A No, I am not aware that that would prevent
5 it. I'm only aware that it might delay it.

6 Q Could you estimate the length of that delay?

7 A That would be a mining engineering judgment,
8 which I am not qualified to make.

9 Q Would you oppose the -- if Superior is to
10 file an application to drill at an orthodox site in the
11 south half of 24, will you oppose that application?

12 A I think this is a business judgment that
13 would be made by management, not by counsel.

14 MR. CAMPBELL: Mr. Examiner, that's all
15 the questions I have. I do have two other exhibits to
16 introduce.

17 MR. NUTTER: Mr. Campbell, what is a stan-
18 dard location in the south half of Section 24?

19 MR. CAMPBELL: Mr. Examiner, one of the
20 other documents that I intend to introduce is an applica-
21 tion filed by the Superior Oil Company with the Oil Conser-
22 vation Division, mailing date of March the 12th. I don't
23 know whether it's been received.

24 The location requested on that permit to
25 drill is 1980 from the south, 1980 from the east. I believe

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1 that an orthodox location may indeed be 1980 from the south
2 and 660 from the east, either of which locations would be
3 within the contemplated extension of the potash field.

4 MR. NUTTER: Well now, what would they
5 intend to dedicate to the well, the east half or the south
6 half?

7 MR. CAMPBELL: It's my understanding that
8 they would dedicate the east half of 24.

9 MR. NUTTER: And so the standard location
10 would be for the east half, would either be the southwest
11 of the northeast, southeast of the northeast, the northeast
12 of the southeast, or the northwest of the southeast, any
13 of those four 40's.

14 MR. CAMPBELL: Yes, sir, I believe that's
15 right.

16 MR. NUTTER: And all of those 40's would
17 be in R-111-A if it were extended as Amax has requested.

18 MR. CAMPBELL: Yes, sir.

19 MR. NUTTER: Is the west half of Section 24
20 dedicated to a well, do you know?

21 MR. CAMPBELL: Yes, sir, I believe that
22 Southland has a well. My information is, on very short
23 notice of this proceeding, is that Southland has a farmout
24 and a well sunk in the Morrow in the west half of 24.

25 MR. NUTTER: I see, so all that's left to

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1 dedicate is the east half, then.

2 MR. CAMPBELL: That is my understanding,
3 yes, sir.

4 MR. NUTTER: Okay.

5 MR. CAMPBELL: In that connection, I would
6 offer additionally, Superior Exhibits Numbers Two and Three,
7 Number Two is a cover letter to the Oil Conservation Com-
8 mission, dated March the 12th, conveying a C-101, a request
9 for permission to drill at an orthodox location in the
10 south half of 24. Those, the originals of these documents
11 were mailed by the Commission. These are telecopy copies,
12 Superior Exhibits Two and Three.

13 I would also tender, Mr. Examiner, South-
14 land's Exhibit Number One, which is a statement that was
15 likewise telecopied, the original of which is being mailed,
16 a statement in protest of the extension made on behalf of
17 Southland.

18 MR. NUTTER: So you have Superior Exhibits
19 One through Three and Southland Exhibit One.

20 MR. CAMPBELL: Yes, sir.

21 MR. NUTTER: Okay. Without objection, those
22 exhibits will be admitted into the record.

23 Did you have any further questions of Mr.
24 Feezer?

25 MR. CAMPBELL: No, sir.

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1 MR. NUTTER: Okay, now we'll get back to --
2 are you through, then, with your direct case?

3 MR. CAMPBELL: Yes, sir.

4 MR. NUTTER: We'll get back to closing
5 statements, then, if anyone has one.

6 Mr. Cross?

7 MR. CROSS: Mr. Examiner, I would, with some
8 trepidation, like to move for a continuance of this hearing.

9 We, Gulf received only the published notice.
10 We have not had the time to prepare for a hearing of this
11 magnitude. I think the evidence presented by Amax in it-
12 self raised some serious questions about whether or not
13 there is commercial deposits of potash in this entire area.
14 I think the Division should not render an order without
15 hearing further expert testimony on that.

16 Gulf would bring expert testimony at the
17 continued portion of this hearing.

18 MR. NUTTER: How long do you think it's
19 going to take you to get your evidence together, Mr. Cross?

20 MR. CROSS: I would like to have four weeks.

21 MR. NUTTER: Mr. Feezer, it's your case.

22 MR. FEEZER: Well, we're, of course, anxious
23 to have the Commission proceed, but on the other hand, we
24 have to live with our corporate neighbors, and I think it's
25 primarily a question for you to pass on.

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1 MR. NUTTER: Well, what type of testimony
2 would you try to prepare for your case, Mr. Cross?

3 MR. CROSS: I would hope to have an expert,
4 potash expert, to render an opinion as to whether or not
5 the core samples in certain areas prove the existence of
6 commercial deposits of potash.

7 MR. NUTTER: Would you plan to do any coring
8 yourself or would you rely on the --

9 MR. CROSS: At this point I don't anticipate
10 that.

11 MR. NUTTER: Or would you rely on the core
12 holes that we've got?

13 MR. CROSS: Well, I'd hate to commit myself.
14 We would not expect to do any coring.

15 MR. FEEZER: In view of that fact, it would
16 seem that all reliable evidence is before the Commission.

17 MR. CAMPBELL: Mr. Examiner, if I may in-
18 terrupt you, I did mean to make it clear that Superior and
19 Southland would join in the request for a continuance for
20 further study of any data available, and that we have made
21 efforts this morning to contact a potash expert to gain some
22 knowledge of the time frame that we are speaking of.

23 We would not anticipate any other core
24 drilling, but we would like to possibly -- we would antici-
25 pate that our expert would like to review the logs of the

1 cores at this point drilled, and further analyze the data
2 on which the extension is based.

3 MR. NUTTER: I think, in view of the data
4 that we have, and also considering that no one is planning
5 to do any additional coring, that we'll just take the case
6 under advisement today, rather than continue it.

7 If any party to the hearing is -- you don't
8 even have to be a party to the hearing -- if anyone is dis-
9 satisfied with the order that is issued from this hearing,
10 they can always have a de novo hearing, and maybe they'll
11 have some new evidence or have some more detailed analysis
12 of the evidence at hand.

13 So I think we'll not continue the case, so
14 if you'd like to make a statement, Mr. Cross.

15 MR. CROSS: Yes, I would.

16 I'd like to make it clear exactly why Gulf
17 is here. Gulf has approximately 480 acres under oil and
18 gas leases in the Area 4, what's been designated Area 4
19 by Amax on their exhibits.

20 There's a very promising Morrow pay imme-
21 diately to the east of that area, and we see that it's a
22 very promising area for Morrow gas.

23 Gulf also has acreage in the west half of
24 Section 19 in Area 1. We are offset by some very good wells
25 in Section 24 and in Section 23. That, too, is very promising

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1 from an oil and gas aspect.

2 We'd urge the Commission, in view of the
3 promise of oil and gas, not to include areas that show only
4 marginal prospect for potash. I submit that this applica-
5 tion is not conservative in nature but it asks the Commission
6 to include acreage which is entirely speculative from a
7 potash point of view.

8 I think the statute governing the Division
9 in this matter is quite clear. It requires a finding that
10 there is commercial potash deposits. Despite the preferences
11 of Amax, or the preferences of the USGS, the statutory
12 mandate is clear. I think the evidence presented by Amax
13 as to certain areas, at least, is very weak or is non-
14 existent.

15 They've admitted that more core needs to
16 be done in Area 4, and as far as I'm concerned, that's
17 fatal to the case. They have not proved the commercial
18 deposits of potash.

19 MR. NUTTER: Mr. Campbell?

20 MR. CAMPBELL: Mr. Examiner, I would only
21 point out specifically as the proposed extension relates
22 to Section 24, that Southland has and Superior has interests
23 in the southern half of Section 13; that they had anticipated
24 a surface location in the southeast quarter of the north-
25 east quarter, a surface location there to realize their

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1 interests in the south half of 13; that with the proposed
2 extension not only would that directional drilling possi-
3 bility be greatly hampered, if not completely prohibited,
4 but that a well site, straight up site, on the east half
5 of 24 would not be orthodox, and in light of further testi-
6 mony today, that Amax will at some point seek the inclusion
7 of the southern half of the southern half of 24, it would
8 appear that not only are the interests in 13 not going to
9 be realized from an oil and gas production viewpoint, but
10 that the interests in Section 24, or at least the eastern
11 half of 24, are going to be prohibited, and we would assert
12 that under the -- under the exhibits, the only hole in the
13 proposed extension in Section 24 is barren, and that there
14 is no evidence there to indicate justifiable commercial
15 production necessary to support the extension.

16 MR. NUTTER: Thank you, Mr. Campbell.

17 MR. FEEZER: The statute relative to this
18 matter is 70-2-3 of the NMSA '78 Compilation, and I think
19 I hardly need to read it into the record, but the portion
20 of it which states that "if there is an effect unduly to
21 reduce the total quantity of such commercial deposits of
22 potash which may reasonably be recovered in commercial
23 quantities, or where such operations would interfere unduly
24 with the orderly commercial development of such potash
25 deposits."

1 I think those are the key words.

2 In connection with our application, we be-
3 lieve that notice was properly given according to the
4 statute. We think we've met the test regarding the commer-
5 cial deposits of potash, and as to the northern boundary
6 of the property, I think that there is no question but what
7 we need extension. We're already open mine workings in an
8 area not covered by the protecting mantle of R-111-A, as to
9 Area 2, and we're within a very short distance in the 40-
10 acre tract in Area 3.

11 These projections of mine development on
12 file with the Commission for '75 - '80, have reasonably
13 been met, taking into consideration the variability of
14 economic and mining conditions. We are within a time frame-
15 work which is reasonable.

16 The potash reserves in Eddy and Lea Counties
17 are certainly as the years go by, becoming more marginal,
18 as compared to the reserves in North America, and I think
19 that living as well as we can with our corporate neighbors,
20 who have oil and gas interests, the Commission has heard the
21 argument many times, but within this area a substantial
22 amount of potash is lost or is reduced in value at such time
23 as a well is allowed to be drilled within or close to a
24 boundary where we're seeking extension.

25 It's a balancing of benefits. We are heartily

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1 in agreement with policies that protect energy resources
2 and we think the spreading of that risk over a period of
3 time so that the equally viable potash industry has its
4 opportunity to extract whereas the oil and gas industry may
5 well be delayed but not totally stymied over the long term,
6 is the effective approach which the Commission has, we
7 think, properly taken in the past, and we would submit we've
8 met the test and would request that the application be
9 granted as made.

10 MR. NUTTER: Are there further statements?
11 Telegrams?

12 MS. TESCHENDORF: We received a telegram
13 yesterday from Natural Gas Pipeline Company, stating that
14 as operators of the Benson Deep Unit they're opposing the
15 requested amendment to Order R-111-A.

16 MR. NUTTER: Thank you. If there is nothing
17 further in Case Number 6495, we'll take the case under
18 advisement.

19 (Hearing concluded.)
20
21
22
23
24
25

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

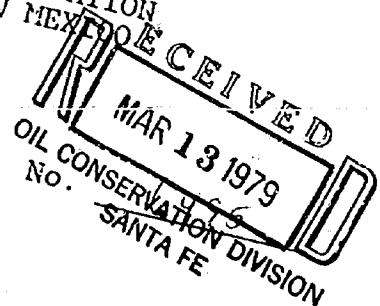
Sally W. Boyd
 Sally W. Boyd, C.S.R.

I hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6495
 heard by me on 3/14 1979.
[Signature] Examiner
 Oil Conservation Division

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BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL
CORPORATION FOR AN ORDER AMENDING
R-111A AND SEEKING AN EXTENSION OF
THE POTASH-OIL AREA IN EDDY COUNTY,
NEW MEXICO.



A P P L I C A T I O N

COMES NOW Amax Chemical Corporation, a Delaware Corporation,
and authorized to do business in the State of New Mexico, states:
1. Amax Chemical Corporation is the owner of the following
described potash leases and sub-leases, to-wit:

Federal - LC067319 A, B and C; NM 21604, NM 21606, and NM 22001
State - M2657A
State - M373 Sub-lease.

which leases and permits cover among other property the following
described lands, to-wit:

<u>STATE</u>		(LEASED LAND)	
SECTION 23	NE $\frac{1}{4}$ SE $\frac{1}{4}$	Township 19S	Range 29E
		Containing approximately	40 acres
SECTION 24	N $\frac{1}{2}$ S $\frac{1}{2}$	Township 19S	Range 29E
	SE $\frac{1}{4}$ NE $\frac{1}{4}$	Containing approximately	160 acres
FEDERAL		Containing approximately	40 acres
SECTION 19	N $\frac{1}{2}$ SE $\frac{1}{4}$	Township 19S	Range 30E
	SE $\frac{1}{4}$ SE $\frac{1}{4}$	Containing approximately	80 acres
FEDERAL		"	40 acres
SECTION 20	SW $\frac{1}{4}$	Township 19S	Range 30E
	N $\frac{1}{2}$ SE $\frac{1}{4}$	Containing approximately	160 acres
FEDERAL	SW $\frac{1}{4}$ SE $\frac{1}{4}$	"	80 acres
SECTION 29	NE $\frac{1}{4}$ NW $\frac{1}{4}$	Township 19S	Range 30E
		Containing approximately	40 acres

FEDERAL	SECTION 11	Township 19S	Range 30E
	S $\frac{1}{2}$ N $\frac{1}{2}$	Containing approximately	160 acres
	E $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres
FEDERAL	SECTION 12	Township 19S	Range 30E
	SW $\frac{1}{4}$	Containing approximately	160 acres
	S $\frac{1}{2}$ NW $\frac{1}{4}$	" "	80 acres
	W $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres
	SW $\frac{1}{4}$ NE $\frac{1}{4}$	" "	40 acres
FEDERAL	SECTION 13	Township 19S	Range 30E
	W $\frac{1}{2}$	Containing approximately	320 acres
FEDERAL	SECTION 14	Township 19S	Range 30E
	E $\frac{1}{2}$ E $\frac{1}{2}$	Containing approximately	160 acres
FEDERAL	SECTION 23	Township 19S	Range 30E
	N $\frac{1}{2}$ NE $\frac{1}{4}$	Containing approximately	30 acres
FEDERAL	SECTION 24	Township 19S	Range 30E
	N $\frac{1}{2}$ NW $\frac{1}{4}$	Containing approximately	80 acres
FEDERAL	SECTION 7	Township 19S	Range 30E
	NE $\frac{1}{4}$ NW $\frac{1}{4}$	Containing approximately	40 acres
FEDERAL	SECTION 6	Township 19S	Range 30E
	SE $\frac{1}{4}$	Containing approximately	160 acres
FEDERAL	SECTION 5	Township 19S	Range 30E
	W $\frac{1}{2}$ NW $\frac{1}{4}$	Containing approximately	80 acres
	NW $\frac{1}{4}$ SW $\frac{1}{4}$	" "	40 acres
FEDERAL	SECTION 4	Township 19 S	Range 30E
	SE $\frac{1}{4}$ NE $\frac{1}{4}$	Containing approximately	40 acres

PROSPECTING PERMITS

FEDERAL	SECTION 19	Township 19S	Range 30E
	NW $\frac{1}{4}$	Containing approximately	160 acres
	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" "	40 acres
	SW $\frac{1}{4}$	" "	160 acres

<u>FEDERAL</u>		
<u>SECTION 1</u>	<u>Township 19S</u>	<u>Range 30E</u>
S $\frac{1}{2}$ SE $\frac{1}{4}$	Containing approximately	80 acres
SW $\frac{1}{4}$	" "	160 acres
S $\frac{1}{2}$ NW $\frac{1}{4}$	" "	80 acres
NW $\frac{1}{4}$ NW $\frac{1}{4}$	" "	40 acres

<u>FEDERAL</u>		
<u>SECTION 12</u>	<u>Township 19S</u>	<u>Range 30E</u>
N $\frac{1}{2}$ N $\frac{1}{2}$	Containing approximately	160 acres
SE $\frac{1}{4}$ NE $\frac{1}{4}$	" "	40 acres
E $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres

<u>FEDERAL</u>		
<u>SECTION 13</u>	<u>Township 19S</u>	<u>Range 30E</u>
E $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>		
<u>SECTION 24</u>	<u>Township 19S</u>	<u>Range 30E</u>
N $\frac{1}{2}$ NE $\frac{1}{4}$	Containing approximately	80 acres

<u>FEDERAL</u>		
<u>SECTION 7</u>	<u>Township 19S</u>	<u>Range 31E</u>
All	Containing approximately	640 acres

<u>FEDERAL</u>		
<u>SECTION 18</u>	<u>Township 19S</u>	<u>Range 31E</u>
All	Containing approximately	640 acres

<u>FEDERAL</u>		
<u>SECTION 19</u>	<u>Township 19S</u>	<u>Range 31E</u>
N $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>		
<u>SECTION 8</u>	<u>Township 19S</u>	<u>Range 31E</u>
W $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>		
<u>SECTION 17</u>	<u>Township 19S</u>	<u>Range 31E</u>
W $\frac{1}{2}$	Containing approximately	320 acres

2. Federal and State leased lands comprise approximately 2,230 acres. The prospecting permit lands, all of which are federal, comprise approximately 3,640 acres, for a total extension of R-111A acreage of approximately 3,920 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Commission, a copy of which is attached hereto and marked Exhibit "A".

4. Attached hereto and marked Exhibit "B" is an oil and gas map current to January 24, 1979 so far as known to the Applicant and bears various markings, to-wit:

(a) The area outlined in red represents the present boundaries material to this Application which are in R-111A.

(b) That portion of Exhibit "B" colored in light blue represents the areas sought to be included as extensions of R-111A, which is broken down into four areas described as Area 1: the Southwest extension; Area 2: the Northwest extension; Area 3: the North Central extension; and Area 4: the East extension.

(c) The area outlined in green represents the Applicant's current lease holdings in the vicinity.

5. As to Area 1 described in paragraph 4 (b), approximately two-thirds of this area is already within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which the Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 1 is comprised of approximately 1,040 total acres (approximately 240 acres are state leased; approximately 360 acres are under Federal Prospecting Permit No. 21658; and approximately 440 acres are under Federal Lease.

6. As to Area 2 described in Paragraph 4 (b), all of this area is within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which the Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 2 contains approximately 320 total acres comprised of federal leased land.

Case 6495

A D D E N D U M

RE: APPLICATION OF AMAX CHEMICAL CORPORATION FOR AN ORDER AMENDING R-111A AND SEEKING EXTENSION OF THE POTASH-OIL AREA IN EDDY COUNTY, NEW MEXICO.

In paragraph 8, page 5 of the above captioned Application, an error was made. Said paragraph is corrected to read as follows, to-wit:

8. Area 4 contains approximately 4,520 total acres comprised of approximately 2,240 acres under Federal Prospect Permit No. 24584, approximately 400 acres under Federal Prospect Permit No. 21659, approximately 640 acres under Federal Prospect Permit No. NM 21660, and approximately 1,240 acres under federal lease. Approximately one-fourth of Area 4 is in the leased boundaries of the Applicant and three-fourths of the area is beyond the Applicant's leases and is in a large measure unexplored by core testing as to its potash potential; nonetheless, in the W $\frac{1}{2}$ of Section 8, T19S, R21E, under a now expired prospecting permit, potash in commercially usable quantities was discovered in a core test and coupled with the known core tests within the leased portion of Area 4 of this Application, the Applicant is able to state with reasonably engineering certainty that in this area and all other areas mentioned herein, potash in commercially recoverable quantities exists or there is a fifty percent probability that commercially recoverable potash ores are present in this Area.

Respectfully submitted,

DOW & FEEZER, P. A.

By


C. A. Feezer

Attorneys for Amax Chemical Corporation
P.O. Box 128
Carlsbad, NM 88220

Phone No. 385-2185

7. As to Area 3 described in Paragraph 4 (b), all of this area is within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 3 contains approximately 40 total acres of federal leased land.

*para 8
Amended*

8. Area 4 contains approximately 4,520 total acres comprised of approximately 2,240 acres under Federal Prospect Permit No. 21659, approximately 640 acres under Federal Prospect Permit No. NM 21660, and approximately 1,240 acres under federal lease. Approximately one-fourth of Area 4 is in the leased boundaries of the Applicant and three-fourths of the area is beyond the Applicant's leases and is in a large measure unexplored by core testing as to its potash potential; nonetheless, in the W $\frac{1}{2}$ of Section 8, T19S, R21E, under a now expired prospecting permit, potash in commercially usable quantities was discovered in a core test and coupled with the known core tests within the leased portion of Area 4 of this Application, the Applicant is able to state with reasonably engineering certainty that in this area and all other areas mentioned herein, potash in commercially recoverable quantities exists or there is a fifty percent probability that commercially recoverable potash areas are present in this Area.

9. A further basis for the Application to extend R-111A is to protect both current and future open mine workings within the areas under lease. In Area 2, the Applicant is currently mining open workings outside the boundaries of R-111A.

10. In Area 3, open mine workings are now within 500 feet of the oil potash boundaries of R-111A as amended and your Applicant seeks the protection of a Commission Order extending this boundary and all others referred to in this Application.

11. As to Area 4, the long term orderly development of mining of potash requires the coordination of both State and Federal agencies and even though the proximity of open mine workings now in operation by Applicant from the area sought to be included in R-111A and designated by this Applicant on the attached map Exhibit "B" is an area which at the time of the Application is not extensively leased by oil and gas interests and is further subject to long term delays by the Department of Interior, Bureau of Land Management, in the issuance of prospecting permits. The Applicant states on information and belief that the best interests of the State for the full recovery of mineral resources dictates that Area 4 as per Applicant's map Exhibit "B", should be included within R-111A.

12. The names and address of parties interested in the Application as known to the Applicant are as follows:

Clifford Cone
Box 1116
Lovington, NM 88260

Southwestern, Inc.
208 East Washington
Lovington, NM 88260

Burleson & Huff
Box 2479
Midland, Texas 79702

Mabel E. Hale
120 Requa Road
Piedmont, CA 94611

J. I. O'Neill, et al.
Box 2840
Midland, Texas 79701

Gus G. Panos
527 East 6270 South
Murray, Utah 84107

Collier & Collier
Box 798
Artesia, NM 88210

Bass Enterprises Production Co.
Box 2760
Midland, Texas 79702

The Superior Oil Company
Box 71
Conroe, Texas 77301

Dale K. Hatch
327 Crestview Drive
Price, Utah 84501

Petroleum Corporation of Texas
West. Div. - NM District
Box 108
Seminole, Texas 79360

Bruce Bumgarner
Box 1433
Wichita, Kansas 67201

Roger C. Hostetler
425 Hallen - Apt. #209
Waterloo, Iowa 50701

Kerr-McGee
Box 25861
Oklahoma City, Oklahoma 73215

Rutter & Wilbanks
500 N. Big Spring Street
Midland, Texas 79701

LaRue & Muncy
Box 196
Artesia, NM 88210

Kersey & Company
808 Grand Avenue
Artesia, NM 88210

T. W. Bauerdorf & C. B. Cartwright
Trustees: George F. Bauerdorf, Dec.
9363 Wilshire Blvd.
Beverly Hills, CA 90210

Yates Drilling Co. - Yates Petroleum
Corporation, et al.
207 South 4th Street
Artesia, NM 88210

Gulf
Box 3786
Odessa, Texas 79760

Culbertson & Irwin
Box 1071
Midland, Texas 79702

Getty Oil Company
Box 1650
Tulsa, Oklahoma 74102

page 7
Application for Order Amending R-111A

Lynn Godfrey
Box 3060
Dallas, Texas 75205

Scope Industries
C/o Culbertson & Irwin
Box 1071
Midland, Texas 79702

Southland Royalty
1100 Wall Towers West
Midland, Texas 79701

Harvey Yates, et al.
Suite No. 1000
Security National Bank Bldg.
Roswell, NM 88201

H. J. Ledbetter
1002 Sayles Blvd.
Abilene, Texas 79605

WHEREFORE, Amax Chemical Corporation requests that the Commission fix a time and place for hearing before the Commission, after proper notice, to determine the propriety of the request as set forth herein.

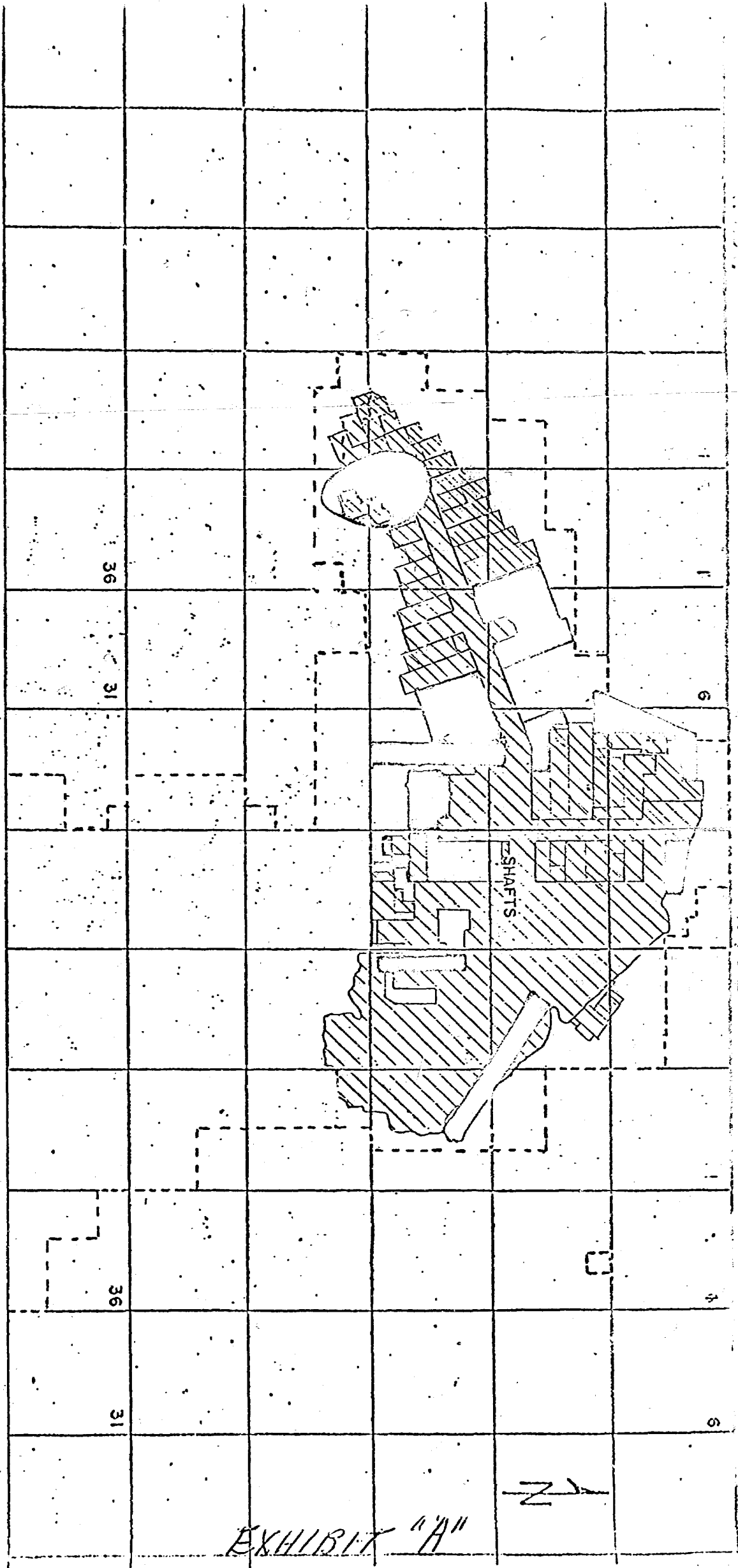
Respectfully submitted,

AMAX CHEMICAL CORPORATION

By C. A. Feezer
C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 385-2185
Attorneys for Applicant

OPEN MINE WORKINGS--DEC 31, 1978
R-III-A OIL - POTASH AREA
PROJECTION 1979 - 1983

AMAX CHEMICAL CORP.
FORMERLY
SOUTHWEST POTASH CORP.
CARLSBAD, N. M.
SCALE 1" = 1 MILE
JAN 1979



BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
CORPORATION FOR AN ORDER AMENDING)
R-111A AND SEEKING AN EXTENSION OF)
THE POTASH-OIL AREA IN EDDY COUNTY,)
NEW MEXICO.)

No. 10495

A P P L I C A T I O N

COMES NOW Amax Chemical Corporation, a Delaware Corporation,
and authorized to do business in the State of New Mexico, states:

1. Amax Chemical Corporation is the owner of the following
described potash leases and sub-leases, to-wit:

Federal - LC067319 A, B and C; NM 21604, NM 21606, and NM 22001

State - M2657A

State - M373 Sub-lease.

which leases and permits cover among other property the following
described lands, to-wit:

(LEASED LAND)

STATE

SECTION 23	Township 19S	Range 29E
NE $\frac{1}{4}$ SE $\frac{1}{4}$	Containing approximately	40 acres

STATE

SECTION 24	Township 19S	Range 29E
N $\frac{1}{2}$ S $\frac{1}{2}$	Containing approximately	160 acres
SE $\frac{1}{4}$ NE $\frac{1}{4}$	Containing approximately	40 acres

FEDERAL

SECTION 19	Township 19S	Range 30E
N $\frac{1}{2}$ SE $\frac{1}{4}$	Containing approximately	80 acres
SE $\frac{1}{4}$ SE $\frac{1}{4}$	" "	40 acres

FEDERAL

SECTION 20	Township 19S	Range 30E
SW $\frac{1}{4}$	Containing approximately	160 acres
N $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres
SW $\frac{1}{4}$ SE $\frac{1}{4}$	" "	40 acres

FEDERAL

SECTION 20	Township 19S	Range 30E
NE $\frac{1}{4}$ NW $\frac{1}{4}$	Containing approximately	40 acres

FEB - 9 1979

CONSERVATION COM.

<u>FEDERAL</u>		
SECTION 11	Township 19S	Range 30E
S $\frac{1}{2}$ N $\frac{1}{2}$	Containing approximately	160 acres
E $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres
<u>FEDERAL</u>		
SECTION 12	Township 19S	Range 30E
SW $\frac{1}{4}$	Containing approximately	160 acres
S $\frac{1}{2}$ NW $\frac{1}{4}$	" "	80 acres
W $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres
SW $\frac{1}{4}$ NE $\frac{1}{4}$	" "	40 acres
<u>FEDERAL</u>		
SECTION 13	Township 19S	Range 30E
W $\frac{1}{2}$	Containing approximately	320 acres
<u>FEDERAL</u>		
SECTION 14	Township 19S	Range 30E
E $\frac{1}{2}$ E $\frac{1}{2}$	Containing approximately	160 acres
<u>FEDERAL</u>		
SECTION 23	Township 19S	Range 30E
N $\frac{1}{2}$ NE $\frac{1}{4}$	Containing approximately	80 acres
<u>FEDERAL</u>		
SECTION 24	Township 19S	Range 30E
N $\frac{1}{2}$ NW $\frac{1}{4}$	Containing approximately	80 acres
<u>FEDERAL</u>		
SECTION 7	Township 19S	Range 30E
NE $\frac{1}{4}$ NW $\frac{1}{4}$	Containing approximately	40 acres
<u>FEDERAL</u>		
SECTION 6	Township 19S	Range 30E
SE $\frac{1}{4}$	Containing approximately	160 acres
<u>FEDERAL</u>		
SECTION 5	Township 19S	Range 30E
W $\frac{1}{2}$ NW $\frac{1}{4}$	Containing approximately	80 acres
NW $\frac{1}{4}$ SW $\frac{1}{4}$	" "	40 acres
<u>FEDERAL</u>		
SECTION 4	Township 19 S	Range 30E
SE $\frac{1}{4}$ NE $\frac{1}{4}$	Containing approximately	40 acres

PROSPECTING PERMITS

<u>FEDERAL</u>		
SECTION 19	Township 19S	Range 30E
NW $\frac{1}{4}$	Containing approximately	160 acres
SW $\frac{1}{4}$ SE $\frac{1}{4}$	" "	40 acres
SW $\frac{1}{4}$	" "	160 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 30E</u>
<u>SECTION 1</u>		
S $\frac{1}{2}$ SE $\frac{1}{4}$	Containing approximately	80 acres
SW $\frac{1}{4}$	" "	160 acres
S $\frac{1}{2}$ NW $\frac{1}{4}$	" "	80 acres
NW $\frac{1}{4}$ NW $\frac{1}{4}$	" "	40 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 30E</u>
<u>SECTION 12</u>		
N $\frac{1}{2}$ N $\frac{1}{2}$	Containing approximately	160 acres
SE $\frac{1}{4}$ NE $\frac{1}{4}$	" "	40 acres
E $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 30E</u>
<u>SECTION 13</u>		
E $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 30E</u>
<u>SECTION 24</u>		
N $\frac{1}{2}$ NE $\frac{1}{4}$	Containing approximately	80 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 31E</u>
<u>SECTION 7</u>		
A11	Containing approximately	640 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 31E</u>
<u>SECTION 18</u>		
A11	Containing approximately	640 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 31E</u>
<u>SECTION 19</u>		
N $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 31E</u>
<u>SECTION 8</u>		
W $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>	<u>Township 19S</u>	<u>Range 31E</u>
<u>SECTION 17</u>		
W $\frac{1}{2}$	Containing approximately	320 acres

2. Federal and State leased lands comprise approximately 2,230 acres. The prospecting permit lands, all of which are federal, comprise approximately 3,640 acres, for a total extension of R-111A acreage of approximately 5,920 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Commission, a copy of which is attached hereto and marked Exhibit "A".

4. Attached hereto and marked Exhibit "B" is an oil and gas map current to January 24, 1979 so far as known to the Applicant and bears various markings, to-wit:

(a) The area outlined in red represents the present boundaries material to this Application which are in R-111A.

(b) That portion of Exhibit "B" colored in light blue represents the areas sought to be included as extensions of R-111A, which is broken down into four areas described as Area 1: the Southwest extension; Area 2: the Northwest extension; Area 3: the North Central extension; and Area 4: the East extension.

(c) The area outlined in green represents the Applicant's current lease holdings in the vicinity.

5. As to Area 1 described in paragraph 4 (b), approximately two-thirds of this area is already within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which the Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 1 is comprised of approximately 1,040 total acres (approximately 240 acres are state leased; approximately 360 acres are under Federal Prospecting Permit No. 21658; and approximately 440 acres are under Federal Lease.

6. As to Area 2 described in Paragraph 4 (b), all of this area is within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which the Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 2 contains approximately 320 total acres comprised of federal leased land.

7. As to Area 3 described in Paragraph 4 (b), all of this area is within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 3 contains approximately 40 total acres of federal leased land.

*Para 8
Amended*

8. Area 4 contains approximately 4,520 total acres comprised of approximately 2,240 acres under Federal Prospect Permit No. 21659, approximately 640 acres under Federal Prospect Permit No. NM 21660, and approximately 1,240 acres under federal lease. Approximately one-fourth of Area 4 is in the leased boundaries of the Applicant and three-fourths of the area is beyond the Applicant's leases and is in a large measure unexplored by core testing as to its potash potential; nonetheless, in the W₂ of Section 8, T19S, R21E, under a now expired prospecting permit, potash in commercially usable quantities was discovered in a core test and coupled with the known core tests within the leased portion of Area 4 of this Application, the Applicant is able to state with reasonably engineering certainty that in this area and all other areas mentioned herein, potash in commercially recoverable quantities exists or there is a fifty percent probability that commercially recoverable potash areas are present in this Area.

9. A further basis for the Application to extend R-111A is to protect both current and future open mine workings within the areas under lease. In Area 2, the Applicant is currently mining open workings outside the boundaries of R-111A.

10. In Area 3, open mine workings are now within 500 feet of the oil potash boundaries of R-111A as amended and your Applicant seeks the protection of a Commission Order extending this boundary and all others referred to in this Application.

11. As to Area 4, the long term orderly development of mining of potash requires the coordination of both State and Federal agencies and even though the proximity of open mine workings now in operation by Applicant from the area sought to be included in R-111A and designated by this Applicant on the attached map Exhibit "B" is an area which at the time of the Application is not extensively leased by oil and gas interests and is further subject to long term delays by the Department of Interior, Bureau of Land Management, in the issuance of prospecting permits. The Applicant states on information and belief that the best interests of the State for the full recovery of mineral resources dictates that Area 4 as per Applicant's map Exhibit "B", should be included within R-111A.

page 6

Application for Order Amending R-111A

12. The names and address of parties interested in the Application as known to the Applicant are as follows:

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Lovington, NM 88260

Southwestern, Inc.
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Lovington, NM 88260

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Midland, Texas 79702

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Midland, Texas 79701

Gus G. Panos
527 East 6270 South
Murray, Utah 84107

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Artesia, NM 88210

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Box 2760
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West. Div. - NM District
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T. W. Bauerdorf & C. B. Cartwright
Trustees, George F. Bauerdorf, Dec.
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Odessa, Texas 79760

Culbertson & Irwin
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Midland, Texas 79702

Getty Oil Company
Box 1650
Tulsa, Oklahoma 74102

page 7
Application for Order Amending R-111A

Lynn Godfrey
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Harvey Yates, et al.
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Security National Bank Bldg.
Roswell, NM 88201

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H. J. Ledbetter
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Abilene, Texas 79605

Southland Royalty
1100 Wall Towers West
Midland, Texas 79701

WHEREFORE, Amax Chemical Corporation requests that the Commission fix a time and place for hearing before the Commission, after proper notice, to determine the propriety of the request as set forth herein.

Respectfully submitted,

AMAX CHEMICAL CORPORATION

By C. A. Feezer

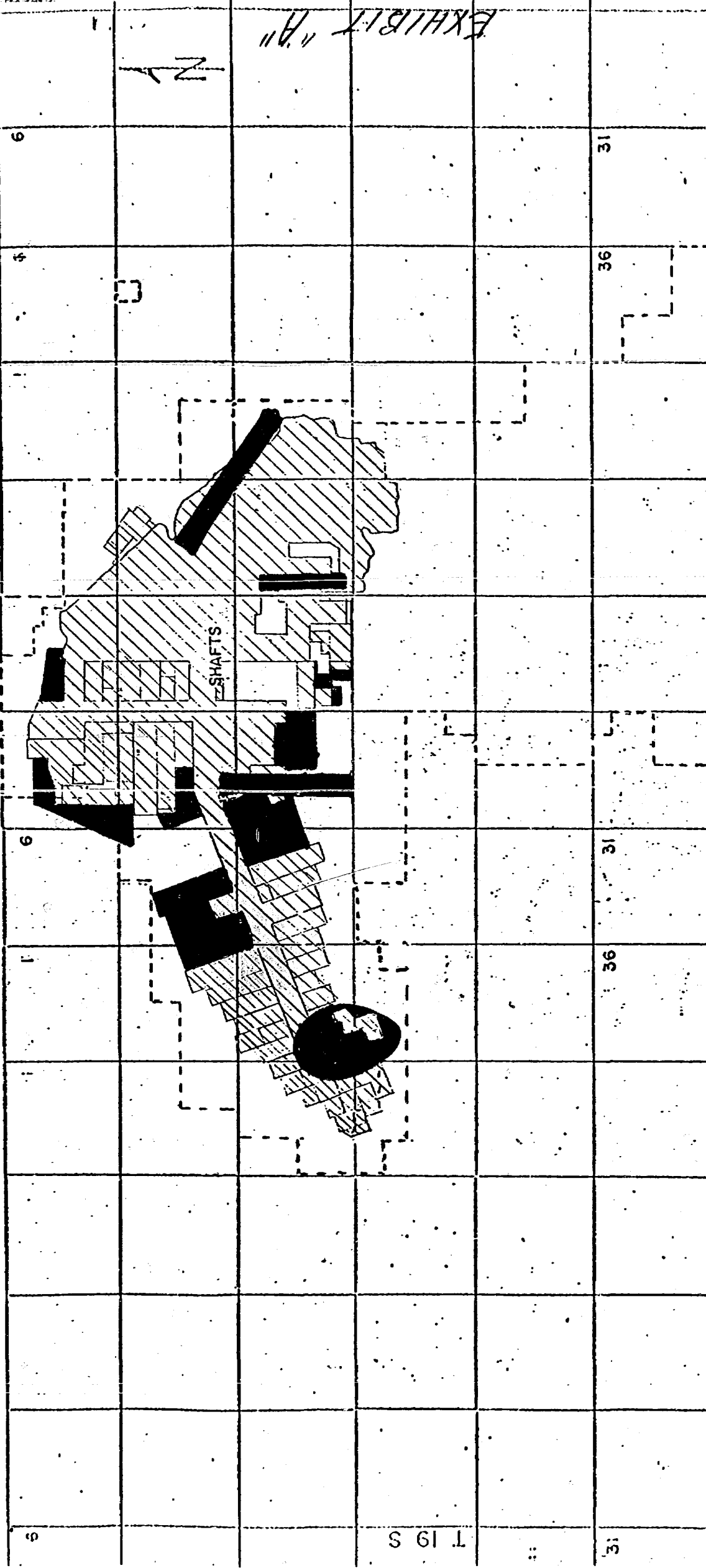
C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 385-2185

Attorneys for Applicant

R 31

Y 30 E

W 30 L



AMAX CHEMICAL CORP.

FORMERLY

SOUTHWEST POTASH CORP.

CARLSBAD, N. M.

JAN 1979

SCALE 1" = 1 MILE

OPEN MINE WORKINGS - DEC 31, 1978

R-III-A OIL - POTASH AREA

PROJECTION 1979 - 1983

FEB 14 1973
A D D E N D U M

RE: APPLICATION OF AMAX CHEMICAL
CORPORATION FOR AN ORDER AMENDING
R-111A AND SEEKING EXTENSION OF
THE POTASH-OIL AREA IN EDDY COUNTY,
NEW MEXICO.

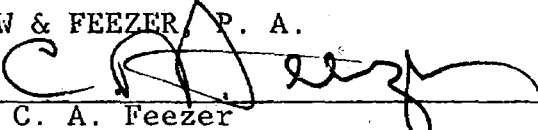
In paragraph 8, page 5 of the above captioned Application, an
error was made. Said paragraph is corrected to read as follows, to-
wit:

8. Area 4 contains approximately 4,520 total acres com-
prised of approximately 2,240 acres under Federal Prospect
Permit No. 24584, approximately 400 acres under Federal
Prospect Permit No. 21659, approximately 640 acres under
Federal Prospect Permit No. NM 21660, and approximately
1,240 acres under federal lease. Approximately one-fourth
of Area 4 is in the leased boundaries of the Applicant and
three-fourths of the area is beyond the Applicant's lea-
ses and is in a large measure unexplored by core testing as
to its potash potential; nonetheless, in the W $\frac{1}{2}$ of Section 8,
T19S, R21E, under a now expired prospecting permit, potash
in commercially usable quantities was discovered in a core
test and coupled with the known core tests within the leased
portion of Area 4 of this Application, the Applicant is
able to state with reasonably engineering certainty that
in this area and all other areas mentioned herein, potash
in commercially recoverable quantities exists or there is
a fifty percent probability that commercially recoverable
potash ores are present in this Area.

Respectfully submitted,

DOW & FEEZER, P. A.

By


C. A. Feezer

Attorneys for Amax Chemical Corporation
P.O. Box 128
Carlsbad, NM 88220

Phone No. 885-2185

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

*Rec'd OCD
Nov 8, 1979*

Application of Amax Chemical)
Corporation for an Order)
Amending R-111A and Seeking) No. 6495
Extension of the Potash-Oil)
Area in Eddy County, New Mexico)

STIPULATION

Subject to approval by the Oil Conservation Division,
Department of Energy and Minerals, State of New Mexico (Division),
the parties agree and stipulate as follows:

Recitals

1. The general area of interest under this Stipulation is defined as Sections 11, 13, 14, 23 and 24, Township 19 South, Range 29 East, N.M.P.M. Eddy County, New Mexico and Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.
2. Southland Royalty Company (Southland), the Superior Oil Company (Superior), and Gulf Oil Corporation (Gulf), are engaged in the business of producing oil and gas and have determined that prospects exist for the production of oil and gas within the general area of interest.
3. Amax Chemical Corporation (Amax) is engaged in the business of producing potash in the general area of interest.
4. On February 12, 1979, Amax filed with the Division an application for Order Amending R-111 seeking extension of the R-111 Area to include certain lands within the general use of interest (Case No. 6495).

5. On March 14, 1979, Southland, Superior and Gulf appeared before the Division and actively opposed and resisted the approval of the Amax application.

6. On April 9, 1979, the Division approved and disapproved extension of the R-111A for certain lands within the general area of interest as more particularly described in Order No. R-111-K.

7. On April 12, 1979, Amax filed with the Division a Motion to Re-Open Case No. 6495 to offer newly discovered evidence with respect to the existence of commercial potash within the general area of interest, which Motion was subsequently withdrawn or superseded.

8. On April 18, 1979, Amax filed with the Oil Conservation Commission (Commission) an Application for De Novo Hearing in Case No. 6495 with respect to the existence of commercial potash within the general area of interest, which Application is pending determination before the Commission.

9. The Parties have engaged in good faith negotiations with respect to the initial development of oil and gas and potash within the general area of interest and have disclosed fully all information and data with respect to such mutual development.

Stipulation and Agreement.

10. Amax agrees and stipulates to and will not oppose in any forum the use of surface locations in the general area of interest and the production of oil and gas at the following locations and in the following manner:

a.) Southland Location in the SE/4, SE/4, Section 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial
potash in the area.

2.) Southland contemplates directional drilling
from the surface location in order to drain
reserves in either the N/2 or W/2 of Section
13.

3.) The specific surface location shall be 950'
FSL and 270' FEL

b.) Southland Location in the SW/4, NE/4 of Section 14,
Township 19 South, Range 29 East, N.M.P.M., Eddy
County, New Mexico.

1.) The general location is outside the present
open-mine workings of Amax and Amax has con-
ceded the non-existence of commercial potash
in the area.

2.) Southland contemplates directional or straight
hole drilling from the surface location in
order to drain reserves in the E/2 of Section
14.

3.) The specific surface location shall be along
a line generated from the following two points:
1900' FNL - 2640' FEL and 1320' FNL - 2300'
FEL.

c.) Southland Location in the SE/4, SE/4 of Section 13,
Township 19 South, Range 29 East, N.M.P.M., Eddy
County, New Mexico.

1.) The general location is outside the present
open-mine workings of Amax and Amax has

This location later approved by R. 6190 for Marrow: 1325' FNL 2303' FEL E/2 dedicated

9/5/80

They propose to recomplete in the Block - I told them we would approve this without hearing if they get a waiver from 100,000 otherwise we were sued a hearing to discuss R 6190.

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in the S/E or E/2 of Section 13.

3.) The specific surface location shall be 400' FSL - 600' FEL.

d.) Superior Location in Section 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Superior contemplates directional drilling from the surface location in order to drain reserves in the E/2 of Section 24.

3.) The specific surface location shall be, at the sole option of Superior, either of the following two locations:

a.) 1980' FEL - 100' FSL, or;

b.) within 500' of the intersection of Sections 13 and 24 of Township 19 South, Range 29 East, and Sections 18 and 19, Township 19 South, Range 30 East.

e.) Gulf Location in SW/4 of Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

- 1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.
- 2.) Gulf contemplates directional or straight hole drilling from the surface location in order to drain reserves in the W/2 of Section 19.
- 3.) The surface location shall be within the following described area:

BEGINNING at the common corner of Sections 24 and 25, T19S, R29E and Sections 19 and 30, T19S, R30E for the SW corner of this tract.

THENCE 980' North along the common boundary of Section 19, T19S, R30E and Section 24, T19S, R29E to a point.

THENCE 735' North 45° East to a point.

THENCE 2120' East to a point.

THENCE 1500' South to a point in the common boundary line of Sections 19 and 30, T19S, R30E.

THENCE 2640' West to the place of beginning.

11. The locations described in Paragraph 10 are more particularly described in Exhibit "A", attached hereto and incorporated herein, and any discrepancy or variation between the descriptions contained herein and the descriptions contained in Exhibit "A" shall be governed by the descriptions contained in Exhibit "A".

12. The Parties shall abide by all rules and regulations of the Division contained in Order No. R-111-A including the rules and regulations governing drilling and casing programs, plugging

and abandonment of wells, inspection of drilling and mining operations and filing of well surveys, mine surveys and potash development plans.

13. Southland, Superior and Gulf agree, stipulate to and will not oppose in any forum the approval of the Amax Application in Case No. 6495 with respect to extension of the potash-oil area in the area of general interest, providing, however, that the parties stipulate that the SW/4 of Section 19, Township 29 South, Range 30 East, N.M.P.M., Eddy County, New Mexico shall not be included within the R-111-A area, and Order No. R-111-K shall be amended to reflect such deletion.

14. Amax shall withdraw without prejudice subject to the Division's order permitting re-filing, that portion of Case No. 6495 as it relates to extension of the potash-oil area in areas other than the general area of interest, provided, however, that Order No. R-111-K shall remain in full force and effect.

15. From and after the execution and approval of this Stipulation, no Party shall undertake any activity which would impair or impede the operations and safety of any other Party.

16. This Stipulation shall be binding only upon the signatory parties.

Dated: October 23, 1979

AMAX CHEMICAL CORPORATION

R.D. Brown
Vice President
Title

THE SUPERIOR OIL COMPANY

E.J. Dinkerton
Title: Vice President

ATTEST:

R.T. Peterson
Assistant Secretary

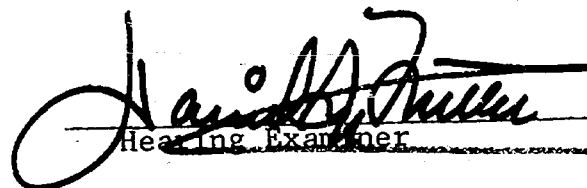
SOUTHLAND ROYALTY COMPANY

C.E. Mear
Title Exploration Manager

GULF OIL CORPORATION

W.S. Kunkin
Title Attorney-in-Fact

Approved and entered of record by the Oil Conservation
Division, Department of Energy and Minerals, State of New Mexico
the 10th day of December, 1979.


Hearing Examiner

The Gulf Companies

LAW DEPARTMENT

Terry I. Cross
ATTORNEY

August 28, 1979

P. O. Box 1150
Midland, TX 79702

RECEIVED
AUG 30 1979
BY GENERATION

Mr. Robert D. Brown
Amax Chemical Corporation
P. O. Box 279
Carlsbad, New Mexico 88220

Re: NMOCD Case No. 6495

Dear Mr. Brown:

Enclosed please find two copies of a Stipulation. If this document is acceptable to Amax, please execute one copy and return it to me.

The purpose of this Stipulation is to clarify the status of the N/2 of NW/4 of Section 19, Township 19 South, Range 30 East, N.M.P.M. Eddy County, New Mexico. As the Stipulation recites, this acreage was included in Amax's application in Case No. 6495 and is also included in Amax's application dated August 20, 1979, which does not yet have a docket number. The enclosed Stipulation merely eliminates this acreage from the application in Case No. 6495, and will not prejudice Amax in its pending application dated August 20, 1979.

I am confident that Gulf and Amax can reach an agreement which will make it unnecessary for Gulf to contest the Amax application dated August 20, 1979; however, I do not want negotiations regarding that matter to delay the settlement of Case No. 6495.

If after consulting with Mr. Feezer, either of you have any questions, please call me. Your prompt attention to this matter will be appreciated, since Gulf's execution of the Stipulation generated by Mr. Michael Campbell will be delayed pending Amax's execution of the enclosed Stipulation.

Very truly yours,

ORIGINAL
SIGNED BY TERRY I. CROSS

Terry I. Cross

TIC:rh
Enclosure

cc: Charles A. Feezer
Michael B. Campbell
Ernest Padilla

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

Application of Amax Chemical)
Corporation for an Order)
Amending R-111A and Seeking) No. 6495
Extension of the Potash-Oil)
Area in Eddy County, New Mexico)

STIPULATION

Subject to approval by the Oil Conservation Division, Department
of Energy and Minerals, State of New Mexico (Division), the parties agree
and stipulate as follows:

Recitals

1. On February 12, 1979 Amax Chemical Corporation (Amax) filed
with the Division an Application for Order Amending R-111 seeking extension
of the R-111 Area to include the N/2 of the NW/4 of Section 19, Township 19
South, Range 30 East, N. M. P. M. Eddy County, New Mexico (Case No. 6495).
2. On March 14, 1979 Gulf Oil Corporation (Gulf) appeared before
the Division and actively opposed and resisted the approval of the Amax appli-
cation in Case No. 6495.
3. On April 9, 1979 the Division issued Order R-111-K, which denied
Amax's application in Case No. 6495 in part, excluding the N/2 of the NW/4
of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County,
New Mexico from the R-111 Area.
4. On April 18, 1979 Amax filed with the Oil Conservation Commission
(Commission) an Application for De Novo Hearing in Case No. 6495, which
application is pending determination before the Commission.
5. On August 20, 1979 Amax filed with the Division an Application
for Order Amending R-111 seeking extension of the R-111 Area to include the
N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M.
Eddy County, New Mexico, which application does not yet have a docket num-
ber.

Stipulation and Agreement

1. Amax stipulates and agrees to withdraw that portion of Case No. 6495 as it relates to extension of the potash-oil area to include the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico.

2. The withdrawal of Amax's application in Case No. 6495 as it relates to this acreage will not prejudice Amax's right to pursue its application dated August 20, 1979 or to file subsequent applications covering the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico.

3. This Stipulation is entered into in conjunction with and as a part of the Stipulation attached hereto as Exhibit A, which is incorporated herein and made a part hereof for all purposes, and Amax's execution of this Stipulation is done as an inducement to and in consideration for Gulf Oil Corporation's execution of the Stipulation attached hereto as Exhibit A.

Dated _____.

AMAX CHEMICAL CORPORATION

Title

Approved and entered of record by the Oil Conservation Division,
Department of Energy and Minerals, State of New Mexico the _____
day of _____, 1979.

Hearing Examiner

EXHIBIT A

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

Application of Amax Chemical)
Corporation for an Order)
Amending R-111A and Seeking) No. 6495
Extension of the Potash-Oil)
Area in Eddy County, New Mexico)

STIPULATION

Subject to approval by the Oil Conservation Division,
Department of Energy and Minerals, State of New Mexico (Division).
the parties agree and stipulate as follows:

Recitals

1. The general area of interest under this Stipulation is defined as Sections 11, 13, 14, 23 and 24, Township 19 South, Range 29 East, N.M.P.M. Eddy County, New Mexico and Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.
2. Southland Royalty Company (Southland), the Superior Oil Company (Superior), and Gulf Oil Corporation (Gulf), are engaged in the business of producing oil and gas and have determined that prospects exist for the production of oil and gas within the general area of interest.
3. Amax Chemical Corporation (Amax) is engaged in the business of producing potash in the general area of interest.
4. On February 12, 1979, Amax filed with the Division an application for Order Amending R-111 seeking extension of the R-111 Area to include certain lands within the general use of interest (Case No. 6495).

5. On March 14, 1979, Southland, Superior and Gulf appeared before the Division and actively opposed and resisted the approval of the Amax application.

6. On April 9, 1979, the Division approved and disapproved extension of the R-111A for certain lands within the general area of interest as more particularly described in Order No. R-111-K.

7. On April 12, 1979, Amax filed with the Division a Motion to Re-Open Case No. 6495 to offer newly discovered evidence with respect to the existence of commercial potash within the general area of interest, which Motion was subsequently withdrawn or superceded.

8. On April 18, 1979, Amax filed with the Oil Conservation Commission (Commission) an Application for De Novo Hearing in Case No. 6495 with respect to the existence of commercial potash within the general area of interest, which Application is pending determination before the Commission.

9. The Parties have engaged in good faith negotiations with respect to the initial development of oil and gas and potash within the general area of interest and have disclosed fully all information and data with respect to such mutual development.

Stipulation and Agreement.

10. Amax agrees and stipulates to and will not oppose in any forum the use of surface locations in the general area of interest and the production of oil and gas at the following locations and in the following manner:

a.) Southland Location in the SE/4, SE/4, Section 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in either the N/2 or W/2 of Section 13.

3.) The specific surface location shall be 950' FSL and 270' FEL

b.) Southland Location in the SW/4, NE/4 of Section 14, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional or straight hole drilling from the surface location in order to drain reserves in the E/2 of Section 14.

3.) The specific surface location shall be along a line generated from the following two points: 1900' FNL - 2640' FEL and 1320' FNL - 2300' FEL.

c.) Southland Location in the SE/4, SE/4 of Section 13, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in the S/E or E/2 of Section 13.

3.) The specific surface location shall be 400' FSL - 600' FEL.

d.) Superior Location in Section 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Superior contemplates directional drilling from the surface location in order to drain reserves in the E/2 of Section 24.

3.) The specific surface location shall be, at the sole option of Superior, either of the following two locations:

a.) 1980' FEL - 100' FSL, or;

b.) within 500' of the intersection of Sections 13 and 24 of Township 19 South, Range 29 East, and Sections 18 and 19, Township 19 South, Range 30 East.

e.) Gulf Location in SW/4 of Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

- 1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.
- 2.) Gulf contemplates directional or straight hole drilling from the surface location in order to drain reserves in the W/2 of Section 19.
- 3.) The surface location shall be within the following described area:

BEGINNING at the common corner of Sections 24 and 25, T19S, R29E and Sections 19 and 30, T19S, R30E for the SW corner of this tract.

THENCE 980' North along the common boundary of Section 19, T19S, R30E and Section 24, T19S, R29E to a point.

THENCE 735' North 45' East to a point.

THENCE 2120' East to a point.

THENCE 1500' South to a point in the common boundary line of Sections 19 and 30, T19S, R30E.

THENCE 2640' West to the place of beginning.

11. The locations described in Paragraph 10 are more particularly described in Exhibit "A", attached hereto and incorporated herein, and any discrepancy or variation between the descriptions contained herein and the descriptions contained in Exhibit "A" shall be governed by the descriptions contained in Exhibit "A".

12. The Parties shall abide by all rules and regulations of the Division contained in Order No. R-111-A including the rules and regulations governing drilling and casing programs, plugging

and abandonment of wells, inspection of drilling and mining operations and filing of well surveys, mine surveys and potash development plans.

13. Southland, Superior and Gulf agree, stipulate to and will not oppose in any forum the approval of the Amax Application in Case No. 6495 with respect to extension of the potash-oil area in the area of general interest, providing, however, that the parties stipulate that the SW/4 of Section 19, Township 29 South, Range 30 East, N.M.P.M., Eddy County, New Mexico shall not be included within the R-111-A area, and Order No. R-111-K shall be amended to reflect such deletion.

14. Amax shall withdraw without prejudice subject to the Division's order permitting re-filing, that portion of Case No. 6495 as it relates to extension of the potash-oil area in areas other than the general area of interest, provided, however, that Order No. R-111-K shall remain in full force and effect.

15. From and after the execution and approval of this Stipulation, no Party shall undertake any activity which would impair or impede the operations and safety of any other Party.

16. This Stipulation shall be binding only upon the signatory parties.

Dated: _____

AMAX CHEMICAL CORPORATION

SOUTHLAND ROYALTY COMPANY

Title _____

Title _____

THE SUPERIOR OIL COMPANY

GULF OIL CORPORATION

Title _____

Title _____

City of

Approved and entered of record by the Oil Conservation
Division, Department of Energy and Minerals, State of New Mexico
the _____ day of _____, 1979.

Hearing Examiner

NMOC DATA

CURRENT TO: 1-24-79

TURKEY

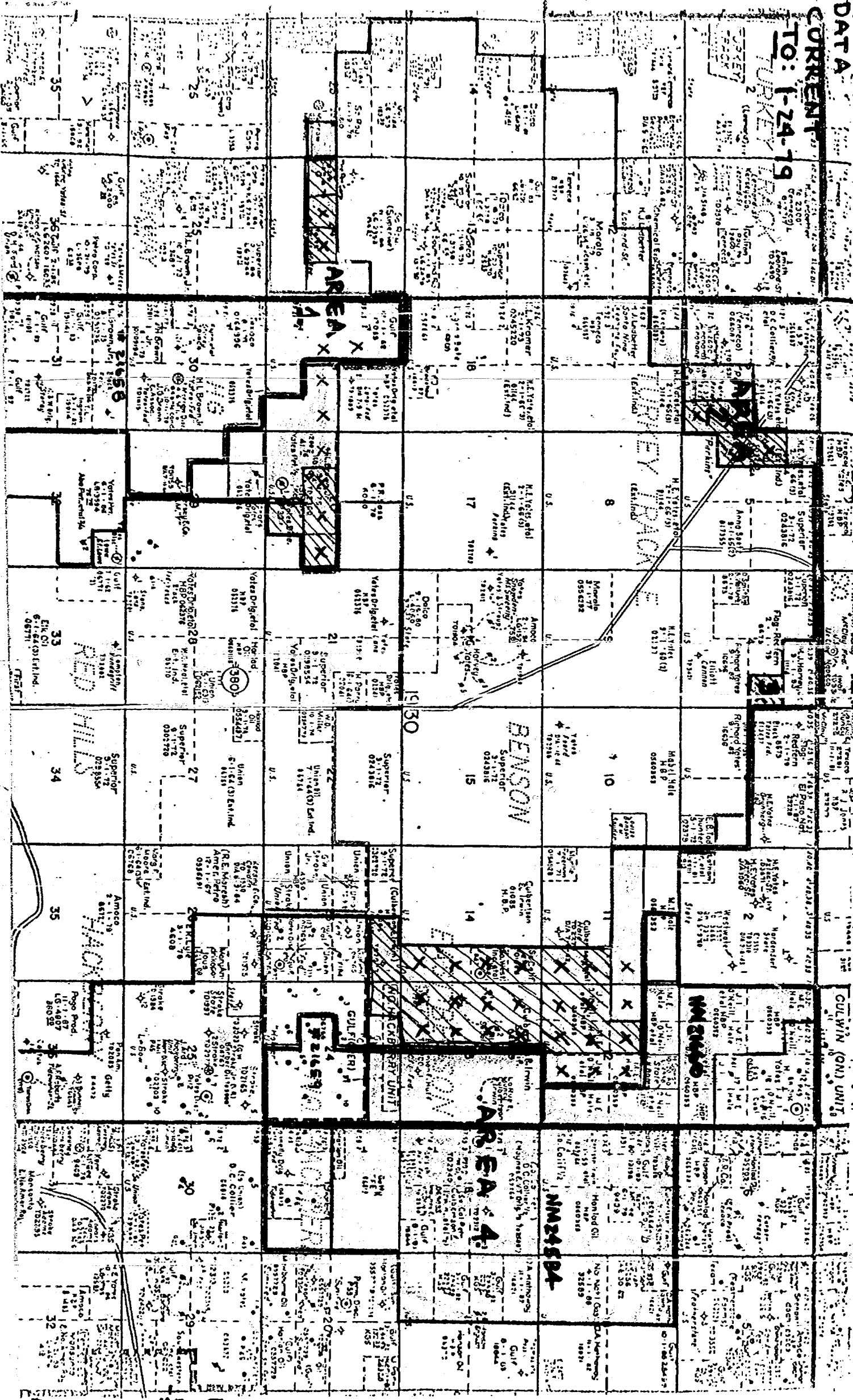
BOUNDARY

AMAX PROSPECT RESULTS

PROPOSED EXTENSION R-11-A

CULWIN (ON) UNIT

EXHIBIT "B"



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 21, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Alex J. Armijo, Member
Joe D. Ramey, Member & Secretary

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: The hearing will come to order, please. The only case on the docket today is the application of Amax Chemical Corporation for Hearing De Novo of Case No. 6495.

MR. PADILLA: If the Commission please, we are in receipt of a stipulation agreed to by Amax Chemical Corporation, the applicant in Case No. 6495, and by Gulf Oil Corporation, The Superior Oil Company, and Southland Royalty Company, who were also parties to Case No. 6495. As part of the stipulation Amax agrees to withdraw its application for hearing de novo provided that it shall have the right to re-file for inclusion in the R-111-A area at a later date all but certain specified lands. Amax also agrees to not protest certain specified well locations and the oil and gas companies agree not to oppose inclusion of certain lands in R-111-A. I move that the stipulation be accepted and that the hearing de novo of Case No. 6495 be dismissed.

MR. RAMEY: Is there objection to the dismissal of Case No. 6495 pursuant to the provisions of the stipulation? If not, the stipulation will be accepted as part of the record in this case and the case is dismissed and the hearing adjourned.

Whereupon the hearing was adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 21, 1979

COMMISSION HEARING

IN THE MATTER OF:)
)
)

Application of Amax Chemical Corporation)
for the amendment of Order No. R-111-A,)
Eddy County, New Mexico.)

CASE 6495
(DE NOVO)

BEFORE: Alex J. Armijo, Member
Joe D. Ramey, Member & Secretary

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: The hearing will come to order, please. The only case on the docket today is the application of Amax Chemical Corporation for Hearing De Novo of Case No. 6495.

MR. PADILLA: If the Commission please, we are in receipt of a stipulation agreed to by Amax Chemical Corporation, the applicant in Case No. 6495, and by Gulf Oil Corporation, The Superior Oil Company, and Southland Royalty Company, who were also parties to Case No. 6495. As part of the stipulation Amax agrees to withdraw its application for hearing de novo provided that it shall have the right to re-file for inclusion in the R-111-A area at a later date all but certain specified lands. Amax also agrees to not protest certain specified well locations and the oil and gas companies agree not to oppose inclusion of certain lands in R-111-A. I move that the stipulation be accepted and that the hearing de novo of Case No. 6495 be dismissed.

MR. RAMEY: Is there objection to the dismissal of Case No. 6495 pursuant to the provisions of the stipulation? If not, the stipulation will be accepted as part of the record in this case and the case is dismissed and the hearing adjourned.

Whereupon the hearing was adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 30, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Cass Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. Applicant requests that this case be continued.

MR. RAMEY: The case is hereby continued to December 21, 1979. The hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 30, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Cass Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. Applicant requests that this case be continued.

MR. RAMEY: The case is hereby continued to December 21, 1979. The hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 16, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

)
)
) CASE 6495
) (DE NOVO)
)
)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. Applicant requests that this case be continued.

MR. RAMEY: The case is hereby continued to October 30, 1979. The hearing is adjourned.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

December 31, 1979

Re: CASE NO. 6495
ORDER NO. R-111-K-1

Mr. C. A. Feezer
Dow and Feezer
Attorneys at Law
P. O. Box 128
Carlsbad, New Mexico 88220

Applicant:

~~Amax Chemical Corporation~~

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Michael Campbell, James Sperling, Terry Cross

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Commission
State Land Office Bldg.
Santa Fe, New Mexico
4 October 1979

IN THE MATTER OF:

Application of Amax Chemical Corpor-) CASE
ation for amendment of Order No.) 6495
R-111-A, Eddy County, New Mexico.)

BEFORE: Commissioner Ramey
Commissioner Arnold

COMMISSION HEARING
TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel for the Commission
State Land Office Bldg.
Santa Fe, New Mexico 87503

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3050 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

MR. RAMEY: We'll call now Case Number 6495.

MR. PADILLA: Application of Amax Chemical Corporation for amendment of Order No. R-111-A, Eddy County, New Mexico.

Mr. Chairman, a proposed stipulation is being settled in this case, but it's not been yet ratified by all parties to that stipulation.

We have agreed to continue the case until such time as that stipulation has been signed by all parties, and the parties have requested that the case be continued to the next Commission hearing.

MR. RAMEY: Okay, the case will be continued to the October 16th hearing in the OCC conference room, and the hearing is adjourned.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the Oil Conservation Commission was re-
ported by me; that the said transcript is a full, true, and
correct record of the hearing, prepared by me to the best
of my ability, from my notes taken at the time of the
hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2030 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Commission
State Land Office Bldg.
Santa Fe, New Mexico
4 October 1979

IN THE MATTER OF:

Application of Amax Chemical Corpor-
ation for amendment of Order No.
R-111-A, Eddy County, New Mexico.

CASE
6495

BEFORE: Commissioner Ramey
Commissioner Arnold

COMMISSION HEARING
TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Commission
State Land Office Bldg.
Santa Fe, New Mexico 87503

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3330 Plaza Blanca (SSE) 471-2462
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-3462
Santa Fe, New Mexico 87501

MR. RAMEY: We'll call now Case Number
6495.

MR. PADILLA: Application of Amax Chemi-
cal Corporation for amendment of Order No. R-111-A,
Eddy County, New Mexico.

Mr. Chairman, a proposed stipulation is
being settled in this case, but it's not been yet ratified
by all parties to that stipulation.

We have agreed to continue the case until
such time as that stipulation has been signed by all
parties, and the parties have requested that the case be
continued to the next Commission hearing.

MR. RAMEY: Okay, the case will be con-
tinued to the October 16th hearing in the OCC conference
room, and the hearing is adjourned.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the Oil Conservation Commission was re-
ported by me; that the said transcript is a full, true, and
correct record of the hearing, prepared by me to the best
of my ability, from my notes taken at the time of the
hearing.

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (608) 471-2462
Santa Fe, New Mexico 87501

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 16, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. Applicant requests that this case be continued.

MR. RAMEY: The case is hereby continued to October 30, 1979. The hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 25, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico,

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. This case was continued from the August 24, 1979, Commission hearing and the applicant requests that it be continued further.

MR. RAMEY: This case is hereby continued to the Commission hearing to be held on October 3, 1979. The hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 25, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. This case was continued from the August 24, 1979, Commission hearing and the applicant requests that it be continued further.

MR. RAMEY: ~~This case is hereby continued to the Commission~~ hearing to be held on October 3, 1979. The hearing is adjourned.

Dockets Nos. 38-79 and 39-79 are tentatively set for October 2 and October 17, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - SEPTEMBER 25, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6495: (DE NOVO) (Continued from August 24, 1979, Commission Hearing)

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 36-79

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 19, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6656: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Energy Oil & Gas Corp., The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Sadler Well No. 1 located in Unit I of Section 3, Township 24 North, Range 29 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6652: (Continued from September 5, 1979, Examiner Hearing)

Application of Shell Oil Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the North Hobbs Grayburg-San Andres Unit encompassing 10,650 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Sections 13, 14, 23, 24, 25, 26, and 36, Township 18 South, Range 37 East; Sections 17 through 21 and 27 through 34, Township 18 South, Range 38 East.

The unitized interval would be the Grayburg-San Andres Formation between the depths of 3,698 feet and 4,500 feet in Shell's State A Well No. 7, located in Unit H of Section 32, Township 18 South, Range 38 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations. (This case will be continued to the October 3, 1979, Commission Hearing.)

CASE 6653: (Continued from September 5, 1979, Examiner Hearing)

Application of Shell Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its North Hobbs Grayburg-San Andres Unit, by the injection of water through 70 wells into the Grayburg-San Andres formation, and the adoption of special rules governing said project. (This case will be continued to the October 3, 1979, Commission Hearing.)

CASE 6657: Application of Petroleum Development Corporation for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the South Hope-Pennsylvanian Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.

- CASE 6658: Application of Texas Pacific Oil Company, Inc. for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the S/2 NE/4 and N/2 SE/4 of Section 14, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to its J. W. Cooper Well No. 8 at an unorthodox location 2010 feet from the North line and 2310 feet from the East line of said Section 14.
- CASE 6659: Application of Amoco Production Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in several unlined surface pits located in Sections 27, 34 and 35, Township 18 South, Range 31 East.
- CASE 6660: Application of B. & W. Oil Reclaiming for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 NE/4 NE/4 of Section 34, Township 18 South, Range 26 East.
- CASE 6661: Application of LaRue and Muncy for an exception to R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order R-111-A to permit a well to be drilled in Unit C of Section 22, Township 18 South, Range 30 East, Leo Queen-Grayburg Pool, to be cased by setting surface casing at the top of the salt, circulating cement on the oil string, and omitting the intermediate casing required by R-111-A; applicant further requests special rules to apply to all of Sections 15 and 22 of said township to permit additional wells to be completed in the same manner.
- CASE 6662: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla "A" Well No. 22Y located in Unit K of Section 24, Township 26 North, Range 4 West, to produce gas from the Blanco Mesaverde Pool through tubing and to commingle and produce the Wildhorse Gallup and Basin-Dakota Zones through a parallel tubing string.
- CASE 6663: Application of Doyle Hartman for an unorthodox well location and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a well at an unorthodox location 330 feet from the South line and 2310 feet from the West line of Section 36, Township 23 South, Range 36 East, Jalmat Gas Pool, is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.
- CASE 6664: Application of Doyle Hartman for an unorthodox well location, two non-standard proration units and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 SW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 1, and also a 120-acre unit comprising the E/2 SW/4 and SW/4 SW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the South and West lines of the section; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.
- CASE 6647: (Continued from September 5, 1979, Examiner Hearing)
- Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Seven Rivers well to be located 1650 feet from the North line and 330 feet from the East line of Section 15, Township 24 South, Range 36 East, Jalmat Gas Pool, the NE/4 of said Section 15 to be dedicated to the well.
- CASE 6665: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 22 and 23, Township 19 South, Range 29 East, and Section 19, Township 19 South, Range 30 East.
- CASE 6666: Application of Exxon Corporation for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 377.57-acre non-standard gas proration unit comprising Lots 1, 2, 3, and 4 and the N/2 N/2 of Section 36, Township 26 South, Range 25 East, and Lots 3 and 4 and the N/2 NW/4 of Section 31, Township 26 South, Range 26 East, to be dedicated to a Morrow test well to be located in Unit A of said Section 36.
- CASE 6667: Application of Exxon Corporation for a non-standard proration unit, an unorthodox well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 320-acre non-standard gas proration unit comprising the W/2 of Section 10, Township 21 South, Range 36 East, Eumont Pool, to be simultaneously dedicated to its A. J. Adkins Com Well No. 1 located in Unit L, and to its Well No. 2, at an unorthodox location 1650 feet from the North and West lines of said Section 10.

CASE 6668: Application of Delta Drilling Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bone Spring production for its SCB Unit Well No. 3 in Unit G of Section 23, Township 23 South, Range 28 East, and special rules therefor, including 80-acre spacing.

CASE 6669: Application of Mesa Petroleum Company for the amendment of Order No. R-6078, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6078 to cover the Wolfcamp and Pennsylvanian formations in the compulsory pooling of the E/2 of Section 10, Township 16 South, Range 27 East, rather than the Morrow formation only.

CASE 6644: (Continued from September 5, 1979, Examiner Hearing)

Application of Tenneco Oil Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbores of its State K Com Well No. 12 located in Unit E of Section 16, Township 30 North, Range 9 West, and its Florence Well No. 60R in Unit L of Section 1, Township 29 North, Range 9 West.

CASE 6670: Application of BTA Oil Producers for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Devonian gas pool for its 7811 JV-P Rojo Well No. 1 located in Unit D of Section 27, Township 25 South, Range 33 East, and special rules therefor, including 640-acre gas well spacing.

CASE 6671: Application of Chapman and Schneider for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Seven Rivers Reef formation in the open-hole interval from 3422 feet to 3504 feet in its I. B. Ogg "A" Well No. 3 located in Unit E of Section 35, Township 24 South, Range 36 East, Jalmat Pool.

CASE 6672: Application of Coquina Oil Corporation for an exception to Rule 303C, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Division's Rule 303C to permit its Vivian Well No. 1 located in Unit F of Section 30, Township 22 South, Range 38 East, in which Drinkard and Granite Wash production is commingled in the wellbore, to produce in excess of the 50-barrel limit imposed by said rule.

CASE 6673: Application of Conoco Inc. for a non-standard proration unit, unorthodox well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 440-acre non-standard gas proration unit comprising the SW/4 and S/2 NW/4 of Section 17 and the N/2 NE/4, SE/4 NE/4, and N/2 SE/4 of Section 18, all in Township 21 South, Range 36 East, Eumont Pool, to be simultaneously dedicated to the following wells at unorthodox locations: Meyer A-1 Wells Nos. 11 in Unit K of Section 17 and 6 and 14 in Units B and J of Section 18.

CASE 6580: (Continued from August 22, 1979, Examiner Hearing)

Application of Continental Oil Company for a carbon dioxide injection project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot carbon dioxide injection project in the Grayburg-San Andres formation in Units H and I of Section 20, Township 17 South, Range 32 East, Maljamar Pool, for tertiary recovery purposes.

COMMISSION HEARING

CASE 6495
(DE NOVO)

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. The applicant requests that this case be continued.

MR. RAMEY: This case is hereby continued to September 25, 1979. The hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 24, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. The applicant requests that this case be continued.

MR. RAMEY: This case is hereby continued to September 25, 1979. The hearing is adjourned.

(2) EXTEND the Wild Horse-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 16: S/2

Docket No. 33-79

DOCKET: COMMISSION HEARING - FRIDAY - AUGUST 24, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6495: (DE NOVO) (Continued from June 6, 1979, Commission Hearing)

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 34-79

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 28, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6555: (DE NOVO) (Continued from August 7, 1979, Commission Hearing)

Application of Jake L. Hanon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

Upon application of Texas Oil & Gas Corp. this case will be heard De Novo pursuant to the provisions of Rule 1220.

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM
Section 35: N/2 and SE/4

- (q) EXTEND the Harris Mesa-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
Section 5: NE/4

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
Section 32: E/2

- (r) EXTEND the Kutz-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
Section 32: NE/4

- (s) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
Section 26: SW/4

- (t) EXTEND the La Plata-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
Section 32: N/2 and SW/4

- (u) EXTEND the West Lindbergh Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 6: S/2 (Partial Section)
Section 18: All (Partial Section)

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 5: N/2
Section 6: N/2
Section 24: SE/4
Section 25: NE/4

- (v) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 3: All
Section 4: All
Section 10: N/2 and SE/4

- (w) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
Section 20: SE/4
Section 21: E/2 and SW/4

- (x) EXTEND the Straight Canyon-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 14: SE/4

- (y) EXTEND the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 29: S/2
Section 30: E/2
Section 32: N/2

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM
Section 13: E/2 and SW/4
Section 14: SE/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 18: E/2

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 28: SW/4
Section 33: NW/4

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
Section 7: All (Partial Section)
Section 8: E/2
Section 11: E/2
Section 12: All (Partial Section)
Section 13: NW/4
Section 14: N/2

(j) EXTEND the East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
Section 8: NE/4
Section 9: W/2

(k) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 18: E/2

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 36: SE/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 19: SE/4
Section 30: All
Section 31: All
Section 32: All

(l) EXTEND the Bloomfield-Farmington Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 25: N/2

(m) EXTEND the Chacon-Dakota Associated Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 3 WEST, NMPM
Section 3: W/2
Section 10: W/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Section 25: SW/4
Section 26: SE/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 31: S/2
Section 34: SW/4

(n) EXTEND the Choza Mesa-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
Section 15: SE/4
Section 22: NE/4

(o) EXTEND the Escrito-Gallup Associated Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 26: SW/4

(p) EXTEND the Harper Hill Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM
Section 2: SE/4

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 4: N/2 and SE/4
Section 5: N/2
Section 6: N/2
Section 9: NE/4
Section 10: NW/4

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 19: SW/4
Section 20: W/2
Section 31: W/2

(c) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Farmer-Fruitland Pool. The discovery well is Manana Gas, Incorporated Bobbie Herrera Well No. 1 located in Unit K of Section 4, Township 30 North, Range 11 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 4: SW/4

(d) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Big Gap-Pennsylvanian Oil Pool. The discovery well is Bass Enterprises Production Company Navajo 20 Well No. 1 located in Unit O of Section 20, Township 27 North, Range 19 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 19 WEST, NMPM
Section 20: SE/4

(e) EXTEND the Aztec-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 29: NE/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 25: SE/4

(f) EXTEND the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM
Section 35: E/2

(g) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM
Section 9: E/2 SE/4
Section 10: SW/4
Section 15: N/2 NE/4

(h) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 4: N/2

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 30: All (Partial Section)
Section 31: All (Partial Section)

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM
Section 16: W/2
Section 20: E/2
Section 21: NW/4

(i) EXTEND the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM
Section 4: NW/4
Section 5: NE/4

- CASE 6635: Application of Exxon Corporation for an unorthodox well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of the W/2 of Section 31, Township 20 South, Range 37 East, Eumont Pool, to its Aggies State Well No. 4 located in Unit F, and to its Well No. 13, at an unorthodox location 660 feet from the South line and 1650 feet from the West line, both in said Section 31.
- CASE 6636: Application of Exxon Corporation for an unorthodox well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of all of Section 23, Township 21 South, Range 36 East, Eumont Pool, to its New Mexico "G" State Well No. 5 located in Unit E, and to its Well No. 20, at an unorthodox location in Unit M, both in said Section 23.
- CASE 6637: Application of Exxon Corporation for an unorthodox well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of the E/2 of Section 10, Township 21 South, Range 36 East, Eumont Pool, to its Knox Well No. 1 located in Unit J, and to its Well No. 13, at an unorthodox location 1650 feet from the North line and 990 feet from the East line, both in said Section 10.
- CASE 6638: Application of Ladd Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Largo-Gallup and Basin-Dakota production in the wellbore of its Lindrith Well No. 24 located in Unit F of Section 4, Township 26 North, Range 7 West.
- CASE 6610: (Continued from July 25, 1979, Examiner Hearing)
- Application of Koch Industries, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Rustler formation through the perforated interval from 1190 feet to 1210 feet in its Wills "A" Well No. 7 located in Unit E of Section 35, Township 26 South, Range 37 East, Rhodes Field.
- CASE 6579: (Continued from July 25, 1979, Examiner Hearing)
- Application of R. N. Hillin for an unorthodox well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a Morrow gas well at an unorthodox location 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the E/2 of said Section 34 which cannot be so drained by the existing well.
- CASE 6580: (Continued from July 25, 1979, Examiner Hearing)
- Application of Continental Oil Company for a carbon dioxide injection project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot carbon dioxide injection project in the Grayburg-San Andres formation in Units II and I of Section 20, Township 17 South, Range 32 East, Maljamar Pool, for tertiary recovery purposes.
- CASE 6622: (Continued from August 8, 1979, Examiner Hearing)
- Application of Adams Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 15, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6639: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in McKinley, Rio Arriba, Sandoval, and San Juan Counties, New Mexico:
- (a) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Mesaverde production and designated as the Star-Mesaverde Oil Pool. The discovery well is WTR Oil Company State Well No. 1 located in Unit D of Section 16, Township 19 North, Range 6 West, NMPM. Said pool would comprise:
- TOWNSHIP 19 NORTH, RANGE 6 WEST, NMPM
Section 16: NW/4
- (b) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Farmington production and designated as the Bisti-Farmington Pool. The discovery well is Dome Petroleum Corporation Manlad Federal Well No. 1 located in Unit F of Section 31, Township 26 North, Range 12 West, NMPM. Said pool would comprise:

Dockets Nos. 35-79 and 36-79 are tentatively set for September 5 and 19, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 22, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6545: (Continued from July 25, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6626: Application of T. H. McElvain Oil & Gas Properties for pool commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the commingling of Gallup and Dakota production in its Miller B Well No. 6 located in Unit C of Section 12, Township 24 North, Range 7 West.

CASE 6627: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying a previously approved 64.32-acre non-standard unit comprising the NW/4 NW/4 and that portion of Lot 5 lying north of the San Juan River, all in Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6628: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Skaggs-Glorieta, Skaggs-Drinkard and East Weir-Blinberry production in the wellbore of its M. B. Weir "B" Well No. 9 located in Unit O of Section 12, Township 20 South, Range 37 East.

CASE 6629: Application of Hilliard Oil & Gas, Inc. for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Hanson Bonds Well No. 1 located 1650 feet from the North line and 330 feet from the East line of Section 20, Township 9 South, Range 35 East, to a Devonian bottom hole location within 100 feet of a point 1325 feet from the North line and 430 feet from the East line of said Section 20.

CASE 6630: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and BS Mesa-Gallup production in the wellbore of its San Juan 27-4 Unit Well No. 37 located in Unit N of Section 33, Township 27 North, Range 4 West.

CASE 6631: Application of Reserve Oil, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat gas and Langlie Mattix oil production in the wellbore of its Cooper Jal Unit Well No. 149-306 located in Unit J of Section 18, Township 24 South, Range 37 East.

CASE 6632: Application of Mesa Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Frank State Well No. 1 located in Unit I of Section 7, Township 19 South, Range 23 East, to produce gas from the Abo and Morrow formations, Runyan Ranch Field, through the casing-tubing annulus and through tubing.

CASE 6633: Application of Mesa Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Yates Federal Com Well No. 1-Y located in Unit J of Section 20, Township 17 South, Range 27 East, to produce gas from the Logan Draw-Cisco Canyon Gas Pool and an undesignated Morrow pool through the casing-tubing annulus and through tubing.

CASE 6634: Application of Durham Inc. for special pool rules or a spacing exception, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Lake Arthur-Pennsylvanian Gas Pool to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing. In the alternative applicant seeks to limit the application of the pool's rules to the horizontal limits of the pool, being the SW/4 of Section 31, Township 15 South, Range 27 East.

JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES A. PARKER
JOHN R. COONEY
KENNETH L. HARRIGAN
PETER J. ADAMS
DALE W. EK
DENNIS J. FALK
JOE R. G. FULCHER
ARTHUR D. MELENDRES
JAMES P. HOUGHTON

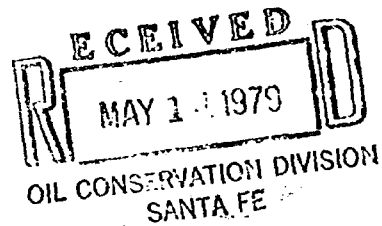
LAW OFFICES
MODRALL, SPERLING, ROEHL, HARRIS & SISK

PUBLIC SERVICE BUILDING
P. O. BOX 2188
ALBUQUERQUE, NEW MEXICO 87103
505-243-4511

JOHN F. SIMMS (1885-1954)
J. R. MODRALL (1902-1977)
AUGUSTUS T. SEYMOUR (1907-1985)

JUDY A. FRY
PAUL M. FISH
MARK B. THOMPSON III
GEORGE J. HOPKINS
JEFFREY W. LOUBET
RUTH M. SCHIFANI
THOMAS L. JOHNSON
LYNN H. SLADE
ALAN KONRAD
ZACHARY L. MCCORMICK
THURMAN W. MOORE II
CLIFFORD K. ATKINSON
DOUGLAS A. BAKER
DEBORAH J. HERZBERG
SUSAN R. STOCKSTILL

May 11, 1979



Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Division
Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Amax Chemical Corporation
for De Novo Hearing Concerning Amax's
Original Application for Amendment of
Order No. R-111-A, Eddy County, New Mexico

Dear Mr. Ramey:

Enclosed is Entry of Appearance on behalf of Gulf Oil Corporation in the above-captioned matter, which we understand is tentatively set for hearing during the last week in May or the first week in June.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James E. Sperling".

James E. Sperling

/jev
Enclosure

cc: Mr. Morgan L. Copeland, w/encl.
Mr. Terry I. Cross, w/encl.

BEFORE THE OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF AMAX CHEMICAL CORPORATION FOR
DE NOVO HEARING CONCERNING AMAX'S
ORIGINAL APPLICATION FOR AMENDMENT
OF ORDER R-111-A, EDDY COUNTY, NEW
MEXICO

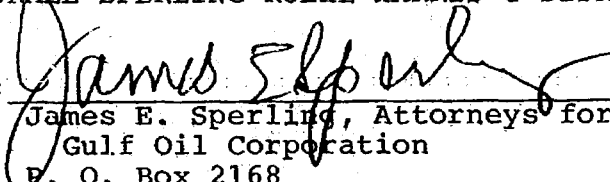
Case No. 6495

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris & Sisk,
of Albuquerque, New Mexico, hereby enter their appearance on
behalf of Gulf Oil Corporation with its house counsel of
Midland, Texas.

~~MODRALL SPERLING ROEHL HARRIS & SISK~~

By:


James E. Sperling, Attorneys for
Gulf Oil Corporation
P. O. Box 2168
Albuquerque, New Mexico 87103
Telephone: (505) 243-4511

CAMPBELL AND BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

July 26, 1979



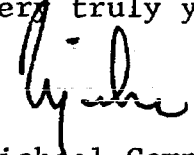
Mr. Ernie Padilla
Oil Conservation Division
Department of Energy and Minerals
State of New Mexico
Santa Fe, New Mexico 87501

Re: Oil Conservation Division Case No. 6495

Dear Ernie:

Please be advised that Southland Royalty Company, The Superior Oil Company, Gulf Oil Corporation and Amax Chemical Corporation are continuing negotiations for settlement of the above noted action. I do not believe that we will be prepared to present a settlement to the Commission prior to the end of August. Mr. C. A. Feezer, attorney for Amax, joins me in requesting that the Commission refrain from hearing this matter until settlement is reached or settlement possibilities become futile.

Very truly yours,


Michael Campbell

MC:ama

cc: Mr. Richard Petrie
Ms. Gail Eustler
Mr. Terry Cross
Mr. C. A. Feezer

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
22 June 1979

COMMISSION HEARING

IN THE MATTER OF:

CASE
6495

Application of Amax Chemical Corporation for
the amendment of Order No. R-111-A, Eddy
County, New Mexico.

BEFORE: Commissioner Joe Ramey

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

MR. RAMEY: The hearing will come to order, please. The only case on the docket today is Case No. 6495.

MR. PADILLA: Case No. 6495: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation, this is a hearing De Novo of Case No. 6495.

MR. RAMEY: The interested parties in this case have agreed to a continuance. Case No. 6495 will be continued to 9 a.m. August 24, 1979, at this same place, and the hearing is adjourned.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
22 June 1979

COMMISSION HEARING

IN THE MATTER OF:

CASE
6495

Application of Amax Chemical Corporation for
the amendment of Order No. R-111-A, Eddy
County, New Mexico.

BEFORE: Commissioner Joe Ramey

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

MR. RAMEY: The hearing will come to order, please. The only case on the docket today is Case No. 6495.

MR. PADILLA: Case No. 6495: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation, this is a hearing De Novo of Case No. 6495.

MR. RAMEY: The interested parties in this case have agreed to a continuance. Case No. 6495 will be continued to 9 a.m. August 24, 1979, at this same place, and the hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 6, 1979

COMMISSION HEARING

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495.

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. It is requested that this case be continued.

MR. RAMEY: This case is hereby continued to June 22, 1979. The hearing is adjourned.

IN THE MATTER OF:

Application of Amax Chemical Corporation
for the amendment of Order No. R-111-A,
Eddy County, New Mexico.

CASE 6495
(DE NOVO)

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Ernest L. Padilla
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. RAMEY: Call Case 6495. .

MR. PADILLA: Case 6495, application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Upon application of Amax Chemical Corporation this case will be heard De Novo. It is requested that this case be continued.

MR. RAMEY: This case is hereby continued to June 22, 1979. The hearing is adjourned.

Dockets Nos. 24-79 and 25-79 are tentatively set for hearing on June 27 and July 11, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 6, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6495: (DE NOVO)

Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

Upon application of Amax Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 13, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6560: Application of Exxon Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its "AB" State Well No. 4 located in Unit A of Section 16, Township 24 South, Range 37 East, to produce gas from the Langlie Mattix Pool and oil from the Fowler-Upper Yeso Pool, through parallel strings of casing cemented in a common well bore.

CASE 6561: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, proposes to directionally drill its State "HC" Well No. 1 located 1980 feet from the South and West lines of Section 21, Township 16 South, Range 35 East, Townsend Field, to a bottom hole location within 100 feet of a point 990 feet from the South line and 2310 feet from the East line of said Section 21, the S/2 of said Section 21 to be dedicated to the well.

CASE 6562: Application of Orla Petco, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ramsey Sand of the Bell Canyon formation through the open hole interval from 2498 feet to 2508 feet in its Gourley-Federal Well No. 4 located in Unit J of Section 31, Township 22 South, Range 28 East, Herradura Bend-Delaware Pool.

CASE 6563: Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.

CASE 6564: Application of Herndon Oil & Gas Co. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O. A. Woody Well No. 1 in the center of Unit E, Section 35, Township 16 South, Range 38 East, Knowles-Devonian Pool.

CASE 6565: Application of Lewis B. Burleson, Inc. for compulsory pooling, a non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the W/2 SE/4 of Section 20, Township 25 South, Range 37 East, to form an 80-acre non-standard gas proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South and East lines of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 6566: Application of Lewis B. Burleson, Inc. for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 10, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled 2310 feet from the South and West lines of said Section 10.
- CASE 6567: Application of Newbourne Oil Company for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 25 Com Well No. 1 660 feet from the South line and 1650 feet from the West line of Section 25, Township 14 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, the S/2 of said Section 25 to be dedicated to the well.
- CASE 6568: Application of Dallas McCasland for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of his Woolworth Well No. 5 located in Unit P of Section 28, Township 24 South, Range 37 East, Jalmat Gas Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6569: Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Lockhart A-17 Well No. 2 located in Unit I of Section 17, Township 21 South, Range 37 East, to produce gas from the Eumont Gas Pool through the casing-tubing annulus and oil from the Blinbry Oil and Gas Pool through tubing.
- CASE 6570: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 2, 3, and 4, located in Units O, K, and M, respectively, of said Section 18.
- CASE 6571: Application of Continental Oil Company for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the following described lands: SW/4 W/2 SE/4 and SE/4 SE/4 of Section 35, Township 23 South, Range 36 East; and NW/4, W/2 NE/4, and SE/4 NE/4 of Section 1, Township 24 South, Range 36 East.
- CASE 6537: (Continued from May 9, 1979, Examiner Hearing)
- Application of Harper Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its West Ranger Lake Unit Area, comprising 1,120 acres, more or less, of State lands in Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 6553: (Continued from May 23, 1979, Examiner Hearing)
- Application of The Atlantic Richfield Company for approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Empire Abo Unit located in Townships 17 and 18 South, Ranges 27, 28 and 29 East, which could not be so drained by the existing wells.
- CASE 6572: Application of ARCO Oil and Gas Company to drill a horizontal drainhole, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill and complete its Empire Abo Unit Well No. K-142, located in Unit K of Section 2, Township 18 South, Range 27 East, Empire-Abo Pool, with a single horizontal drainhole of about 200 feet in length in the Abo formation.
- CASE 6573: Application of Mesa Petroleum Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of its Well No. 7 in the Nash Unit, the surface location of which would be 685 feet from the North line and 1295 feet from the West line of Section 18, to be vertically drilled to approximately 7,000 feet, and then directionally drilled to a bottom hole location in the Morrow formation within 400 feet of a point 1315 feet from the South line and 1320 feet from the West line of Section 7, all in Township 23 South, Range 30 East.
- CASE 6574: Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6535: (Continued from May 23, 1979, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.

CASE 6575: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting the vertical limits, and extending the horizontal limits of certain pools in Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Cass Draw-Wolfcamp Gas Pool. The discovery well is Black River Corporation Miller Com Well No. 1 located in Unit C of Section 10, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 10: N/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the Runyan Ranch-Abo Gas Pool. The discovery well is Mesa Petroleum Company Runyan Federal Com Well No. 1 located in Unit E of Section 17, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 17: NW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Runyan Ranch-Morrow Gas Pool. The discovery well is Mesa Petroleum Company Gardner State Well No. 1 located in Unit K of Section 8, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 8: W/2

(d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: SE/4
Section 17: NE/4

(e) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 28: N/2

(f) EXTEND the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 21: SW/4
Section 28: N/2

(g) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: N/2

(h) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 12: S/2
Section 13: N/2

(i) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 34: SW/4

(j) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 22: N/2
Section 35: N/2

- (k) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 12: N/2

- (l) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2

- (m) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2

- (n) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2

- (o) EXTEND the Eumont Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 32: W/2

- (p) EXTEND the Hardy-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: E/2 SE/4 and SW/4 SE/4

- (q) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 5: E/2 NW/4

- (r) EXTEND the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2
Section 36: W/2

- (s) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 10: S/2
Section 11: S/2
Section 16: E/2

- (t) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 32: W/2

- (u) EXTEND the Logan Draw-Cisco Canyon Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 28: W/2

- (v) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 16: N/2

- (w) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 25: N/2

- (x) EXTEND the South Peterson-Fusselman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 31: NW/4

CASE 6535: (Continued from May 23, 1979, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.

CASE 6575: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting the vertical limits, and extending the horizontal limits of certain pools in Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Cass Draw-Wolfcamp Gas Pool. The discovery well is Black River Corporation Miller Com Well No. 1 located in Unit C of Section 10, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 10: N/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the Runyan Ranch-Abo Gas Pool. The discovery well is Mesa Petroleum Company Runyan Federal Com Well No. 1 located in Unit E of Section 17, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 17: NW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Runyan Ranch-Morrow Gas Pool. The discovery well is Mesa Petroleum Company Gardner State Well No. 1 located in Unit K of Section 8, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 8: W/2

(d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: SE/4
Section 17: NE/4

(e) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 28: N/2

(f) EXTEND the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 21: SW/4
Section 28: N/2

(g) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: N/2

(h) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 12: S/2
Section 13: N/2

(i) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 34: SW/4

(j) EXTEND the South Cuiebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 22: N/2
Section 35: N/2

(y) CONTRACT the vertical limits of the Shoe Bar-Pennsylvanian Gas Pool in Lea County, New Mexico, to the Atoka formation only and redesignate said pool as the Shoe Bar-Atoka Gas Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 34: SW/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 3: N/2

(z) EXTEND the Teague-Abo Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: S/2
Section 27: NE/4

(aa) EXTEND the Todd-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM
Section 22: NE/4

(bb) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: W/2

(cc) EXTEND the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 7: NW/4

(dd) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 14: W/2
Section 15: E/2
Section 23: All
Section 24: W/2

(ee) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: SE/4
Section 10: NE/4

JAMES L. DOW
CHARLES A. FEEZER

DOW AND FEEZER
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P.O. BOX 128
CARLSBAD, NEW MEXICO 88220

885 - 2185
AREA CODE 505

May 24, 1979

Ernest Padilla
Attorney at Law
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Amax Chemical Corporation
Application for Extension of R-111A
Case No. 6495.

Dear Mr. Padilla:

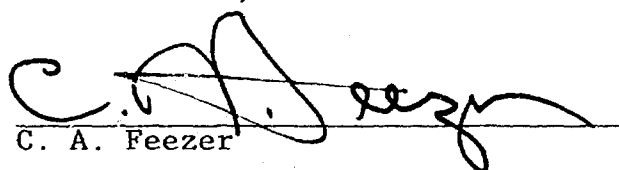
This letter will confirm our conversation this date at 1:30 p.m. Mr. Campbell and I have missed each other by a telephone communication; but, our understanding is that the Commission looks at approval on a vacating of the De Novo Hearing re the above cause set on June 6, 1979.

Unless I hear to the contrary from you, I am assuming that this extension of time will be granted and that the affected companies; Southland Royalty, Superior and Gulf can hopefully work out an agreed solution to the problem.

If for any reason I am mistaken about this or this is not what Mr. Campbell desired, I need to know immediately because I will not be back in my office from Chicago until the evening of June 4th and I would frankly be very hard pressed to get to Santa Fe and be properly prepared to present this matter to the Commission.

Very truly yours,

DOW & FEEZER, P. A.


C. A. Feezer

CAF:ah
cc: Michael Campbell
cc: Bob Kirby

JAMES L. DOW
CHARLES A. FEEZER

DOW AND FEEZER
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P.O. BOX 128
CARLSBAD, NEW MEXICO 88220

885 - 2185
AREA CODE 505

April 18, 1979

Ms. Lynn Teschendorf
Legal Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Amax Chemical Corporation
Application for De Novo Hearing
Case No. 6495.

Dear Ms. Teschendorf:

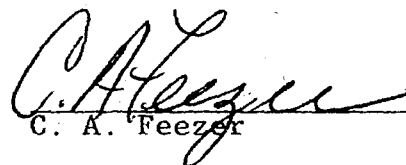
I am in some doubt as to whom I should address this letter. I presume that you are the appropriate party and that you will bring this matter to the attention of the Commission. I enclose the original and two copies of the Application for De Novo Hearing re the above cause.

As to a setting for this matter, my request is personal in nature. I have a daughter who has completed her second degree as a nuclear pharmacist after nine years of college work. I promised her a vacation at the time she completed her degree and would like to keep this long-standing promise to my daughter. It is scheduled for May 12th to May 24th.

I hope that you will call these particular dates to the attention of the appropriate party so that this hearing will not be set on the above dates. Thank you.

Very truly yours,

DOW & FEEZER, P. A.


C. A. Feezer

CAF:ah

Encls.

RECEIVED
APR 20 3/79

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

APPLICATION OF AMAX CHEMICAL)
CORPORATION FOR AN ORDER AMENDING)
R-111A AND SEEKING AN EXTENSION)
OF THE POTASH-OIL AREA IN EDDY)
COUNTY, NEW MEXICO.)

No. 6495

APPLICATION FOR DE NOVO HEARING

COMES NOW Amax Chemical Corporation, a Delaware Corporation, authorized to do business in the State of New Mexico and states:

1. That heretofore by Order of the Division, the original Application for Extension of R-111A was set before the Honorable Daniel S. Nutter, Examiner, on March 14, 1979, in Santa Fe, New Mexico.
2. That thereafter and before receipt of any Order, Applicant herein filed a Motion to Re-Open the above cause, which apparently was not received by the Examiner Daniel S. Nutter until the same day he had entered the Order of the Division dated April 9, 1979.
3. Pursuant to §70-2-13, NMSA, 1973 Compilation, Applicant alleges that it was adversely affected by the Order of the Examiner and that this Application for De Novo Hearing is timely filed.
4. Applicant, by this Motion for De Novo Hearing, seeks a determination of all issues as heretofore raised in the original Application on file herein as to all lands and all interested parties as may be affected by said proceeding.

WHEREFORE, APPLICANT PRAYS that the full Commission, through its Director, fix a time and place for a De Novo hearing; that proper notice as be given any and all interested parties whose interests would be directly affected by any Order of this Commission.

Respectfully submitted,

AMAX CHEMICAL CORPORATION

By C. A. Feezer
C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185
Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
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R-111A AND SEEKING AN EXTENSION)
OF THE POTASH-OIL AREA IN EDDY)
COUNTY, NEW MEXICO.)

No. 6495

CERTIFICATE OF SERVICE

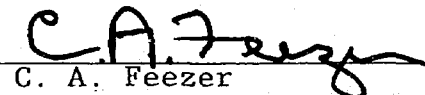
I HEREBY CERTIFY that I have mailed a true and correct copy
of the Application for De Novo Hearing for extension of R-111A in
re the above styled and numbered cause, postage prepaid, to the
following persons:

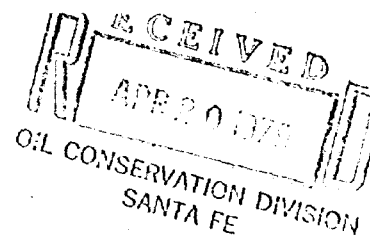
Michael Campbell, Esquire
Campbell and Black
Jefferson Place
Santa Fe, New Mexico 87501
Attorneys for Superior Oil Company and Southland Royalty.

Terry I. Cross, Esquire
Gulf Building
P. O. Box 1150
Midland, Texas 79702
Attorneys for Gulf Oil Corporation.

DOW & FEEZER, P. A.

By


C. A. Feezer
Attorneys for Applicant
Amax Chemical Corporation
P.O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185



BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
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Respectfully submitted,

AMAX CHEMICAL CORPORATION

By C. A. Feezer
C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185
Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
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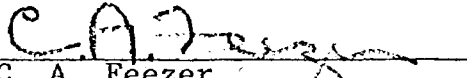
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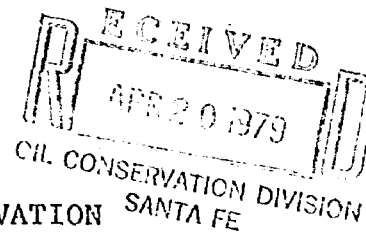
Michael Campbell, Esquire
Campbell and Black
Jefferson Place
Santa Fe, New Mexico 87501
Attorneys for Superior Oil Company and Southland Royalty.

Terry I. Cross, Esquire
Gulf Building
P. O. Box 1150
Midland, Texas 79702
Attorneys for Gulf Oil Corporation.

DOW & FEEZER, P. A.

By


C. A. Feezer
Attorneys for Applicant
Amax Chemical Corporation
P.O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185



BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
CORPORATION FOR AN ORDER AMENDING)
R-111A AND SEEKING AN EXTENSION)
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Respectfully submitted,

AMAX CHEMICAL CORPORATION

By

C. A. Feezer
C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185
Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION
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OF THE POTASH-OIL AREA IN EDDY)
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No. 6495

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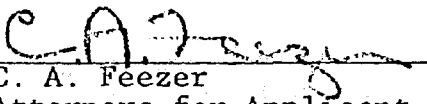
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following persons:

Michael Campbell, Esquire
Campbell and Black
Jefferson Place
Santa Fe, New Mexico 87501
Attorneys for Superior Oil Company and Southland Royalty.

Terry I. Cross, Esquire
Gulf Building
P. O. Box 1150
Midland, Texas 79702
Attorneys for Gulf Oil Corporation.

DOW & FEEZER, P. A.

By


C. A. Feezer
Attorneys for Applicant
Amax Chemical Corporation
P.O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6495 DE NOVO

Order No. R-111-K-1

APPLICATION OF AMAX CHEMICAL
CORPORATION FOR THE AMENDMENT
OF ORDER NO. R-111-A, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing De Novo at 9 a.m. on
_____, 19_____, at Santa Fe, New Mexico, before the
Oil Conservation Commission of New Mexico, hereinafter referred to
as the "Commission."

NOW, on this _____ day of _____, 19_____, the
Commission, a quorum being present, having considered the testimony,
the record, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant in Case No. 6495, Amax Chemical
Corporation, seeks the amendment of Order No. R-111-A, as amended
by Orders Nos. R-111-B through R-111-J, inclusive, to extend the
boundaries of the Potash-Oil Area by the inclusion of certain
lands in Sections 23 and 24, Township 19 South, Range 29 East,
NMPM, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and
29, Township 19 South, Range 30 East, NMPM, and Sections 7, 8,
17, 18, and 19, Township 19 South, Range 31 East, NMPM, all in
Eddy County, New Mexico.

(3) That this cause came on for hearing before Examiner
Daniel S. Nutter on March 14, 1979, and the Division entered its
Order No. R-111-K on April 9, 1979, approving certain of the
requested extensions to the Potash-Oil Area and denying certain
others of the requested extensions.

(4) That on April 20, 1979, Amax Chemical Corporation filed timely application for Hearing De Novo of Case No. 6495, whereupon this matter was set for Hearing De Novo on June 6, 1979.

(5) That Case No. 6495 came on for Hearing De Novo on June 6, 1979, and was continued to several subsequent hearing dates while Amax Chemical Corporation and other interested parties to Case No. 6495 negotiated an agreement relative to certain of the extensions originally sought by Amax in Case No. 6495, and opposed by said other interested parties.

(6) That the parties to Case No. 6495 reached agreement as to certain of the extensions proposed by Amax as well as to certain oil and gas well locations proposed by the other interested parties, and such agreement is reflected by Stipulation dated October 23, 1979, and received by the Division on November 8, 1979, *and made a part of the record in this case.*

(7) That pursuant to the aforesaid stipulation, Amax Chemical Corporation agrees to, and does, withdraw without prejudice, its Application for Hearing De Novo of Case No. 6495, subject to the Division permitting the re-filing for that portion of its application relating to the general "Area of Interest" defined in the Stipulation, and specifically defined as Sections 11, 13, 14, 23, and 24, Township 19 South, Range 29 East, NMPM, and Section 19, Township 19 South, Range **30** East, NMPM, all in Eddy County, New Mexico, provided however, that Division Order No. R-111-K would remain in full force and effect, and provided further, that Amax will not seek inclusion of the SW/4 of Section 19, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, in the ~~P~~otash-Oil area as defined by Division Order No. R-111-A, as amended.

(8) That subject to the provisions of Finding No. (7) above, the application of Amax Chemical Corporation for dismissal of Case No. 6495 De Novo should be approved.

(9) That a copy of this Order of Dismissal and an approved copy of the Stipulation should be mailed by the Division to all signatory parties to the Stipulation.

IT IS THEREFORE ORDERED:

(1) That the Application of Amax Chemical Corporation for Hearing De Novo of Case No. 6495 is hereby dismissed without prejudice.

(2) That Amax Chemical Corporation shall have the right to re-file application for inclusion under R-111-A of the lands originally included in Case No. 6495, provided however, that Amax shall not file for inclusion under R-111-A of the SW/4 of Section 19, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

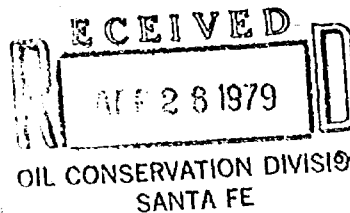
(3) That a copy of this Order and an approved copy of the Stipulation dated October 23, 1979, shall be mailed by the Division to Amax Chemical Corporation, The Superior Oil Company, Southland Royalty Company, and Gulf Oil Corporation, provided however, that it is understood that Paragraph 13 of said Stipulation refers to the SW/4 of Section 19, Township 19 South, Range 30 East, NMPM, and not to the SW/4 of Section 19, Township 29 South, Range 30 East, NMPM, *as stated*.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL



POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

April 25, 1979

C. A. Feezer
Post Office Box 128
Carlsbad, New Mexico 88220

Re: Application of Amax Chemical Corporation for Extension
of the Potash-Oil Area, Eddy County, New Mexico;
Oil Conservation Commission Case No. 6495.

Dear Mr. Feezer:

This letter will advise you of the existence of a producing gas well at Morrow depth located 1980' FSL and 660' FWL in Section 24, T19S, R29E, N.M.P.M., Eddy County, New Mexico.

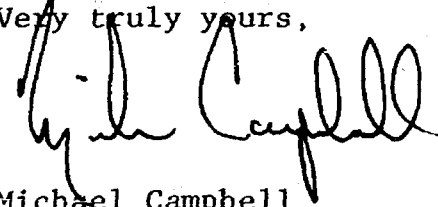
The well, Southland Royalty State Comm. "24" No. 1, was spudded on January 5, 1979 at a time when the location was not within the R-111-A potash area and prior to the filing of your application seeking inclusion of this acreage with the R-111-A area.

The acreage in issue, the NW/4, SW/4 of Section 24, was included within Division's extension by Order No. R-111-K issued April 9, 1979.

Southland contends that spudding the well at a time when the location was not within the R-111-A area protects the location from intrusion by potash operations. Specifically, in the event the location remains within the potash area, Rule III-(2) of Order R-111-A prohibits mining operations which would constitute a hazard to oil and gas production.

Please be advised that Southland will continue to produce gas from its State Comm. "24" No. 1 well and will hold Amax strictly liable for any interference with its operations at the location.

Very truly yours,


Michael Campbell

Mr. C. A. Feezer
April 25, 1979
Page Two

MC:ama

cc: Mr. Joe Ramey ✓
Director, Oil Conservation Division
Mr. Don Plattsmier
Mr. Don Chrestman
Mr. Richard Petrie
Mr. Charlie Davidson

JAMES L. DOW
CHARLES A. FEEZER

DOW AND FEEZER
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P.O. BOX 128
CARLSBAD, NEW MEXICO 88220

885-2185
AREA CODE 505

April 6, 1979

Recd Apr 9, 1979
[Signature]

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Motion to Re-Open Application
for Extension of R-111A - No. 6495.

Dear Sir:

Enclosed herein is the original and two copies of the
above captioned Motion.

I would appreciate your advising me of the hearing date
at your early convenience. Thank you.

Very truly yours,

DOW & FEEZER, P. A.

[Signature]
C. A. Feezer

CAF:ah

CERTIFIED MAIL NO. 561237

*4-10-79 Called Feezer - advised him of the
extensions approved by R-111-K on 4-9.
Also that motion to re-open would
not be granted but now that
an order has been issued,
anybody can re-open by asking
for a de novo within 30 days.*

JAMES L. DOW
CHARLES A. FEEZER

DOW AND FEEZER
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P. O. BOX 128
CARLSBAD, NEW MEXICO 88220

885 - 2185
AREA CODE 505

April 4, 1979

CERTIFIED MAIL NO. 561236 to Superior Oil Company

CERTIFIED MAIL NO. 561237 to OIL CONSERVATION COMMISSION

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Superior Oil Company Application C-101
for an orthodox location in the S/2
of Section 24, T19S, T29E, Eddy County,
New Mexico.

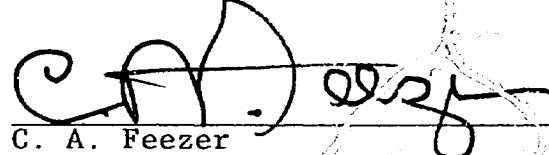
Dear Sir:

Amax Chemical Corporation, by and through its undersigned attorney, hereby objects to the Application of Superior Oil Company to drill an orthodox location in the above described lands for the reasons that:

1. Contemporaneously with the issuance of this letter objecting to the drilling of the above described orthodox location, a Motion seeking the re-opening of No. 6495 now pending before the Commission has been filed.
2. Further objection to Superior Oil Company for a C-101 well location is based upon the fact that new evidence relative to potash deposits is not before the Commission except in the form of allegations and pleadings and that any issuance of the C-101 location in the above described section prior to a full determination of the existence of commercially recoverable potash should not occur.

Respectfully submitted,

DOW & FEEZER, P. A.


C. A. Feezer

CAF:ah
cc: Michael Campbell, Esq.
Jefferson Place
Santa Fe, New Mexico 87501
Attorneys for Superior Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
CORPORATION FOR AN ORDER AMENDING)
R-111A AND SEEKING AN EXTENSION)
OF THE POTASH-OIL AREA IN EDDY)
COUNTY, NEW MEXICO.)

No. 6495

MOTION TO RE-OPEN
APPLICATION FOR EXTENSION OF R-111A

COMES NOW Amax Chemical Corporation and in support of this Motion, states:

1. Paragraph 1 through 11 of the original Application are incorporated herein as though set forth in full to the extent that they materially apply to the following information relative to this Motion.
2. The hearing heretofore held in this cause was on March 14, 1979. The Transcript of the record of that hearing was received by the Applicant on April 2, 1979.
3. The examining officer, Mr. Daniel S. Nutter, at the March 14, 1979 hearing took the Application of Amax Chemical Corporation under consideration subject to his opportunity to review the record prior to the entry of any decision and no such decision regarding the request of the Applicant as of the date of this Motion has been rendered.
4. At the time of the hearing on the original Application, Amax Chemical Corporation had information which was inconclusive as to the location of potash deposits in the E/2 and S/2 of Section 24, T19S, R29E. At the time of hearing, hole number 126 in said section appeared to be barren; but, testimony indicated that there was something wrong with the core test in that it was inconclusive.
5. As of April 3, 1979, new evidence in the form of a redrilling of core hole number 126 indicates that there is an eighty-eight inch thickness of potash with a 37 per cent K₂O content which is extremely high grade and tremendous commercial value does exist.
6. The importance of the core data in number 126 is such that the Applicant is obligated to report to the Commission and on strength of this information moves the Commission for an Order to re-open for reception of evidence relative to Sections 23 and 24, T19S, R29E of Area 1 as shown on Applicant's exhibits to the record.

7. On or about March 21, 1979, new evidence in the form of core hole 128 located 1,174 feet from the West and 1820 feet from the South in the SW/4 of Section 24, T19S, R29E, disclosed commercially recoverable potash ore of fifty-five inch thickness with a 23 percent K₂O content which is extremely high grade.

8. The importance of the core data in number 128 is such that the Applicant is obligated to report to the Commission and on strength of this information moves the Commission for an Order to re-open for reception of evidence relative to the above described land.

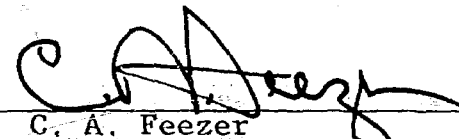
9. The examiner received exhibits from Superior Oil Company, none of which were delivered to Applicant, indicating a C-101 request to drill an orthodox location in the S/2 of Section 24. In the face of the new core hole data, this Application should be denied by reason of the now discovered potash deposits as described in paragraphs 5 and 7 of this Motion.

WHEREFORE, Applicant moves the Commission to republish by notification its Order fixing a time and place for hearing on this Motion to receive the newly discovered evidence as set forth herein and to further notify any and all interested parties, particularly those parties having an interest in Sections 23 and 24, T19S, R29E and whose interests would be directly affected by any Order of this Commission.

Respectfully submitted,

AMAX CHEMICAL CORPORATION

By



C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 385-2185

-Attorneys for Applicant-

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
CORPORATION FOR AN ORDER AMENDING)
R-111A AND SEEKING AN EXTENSION)
OF THE POTASH-OIL AREA IN EDDY)
COUNTY, NEW MEXICO.)

No. 6495

CERTIFICATE OF SERVICE

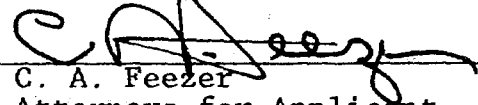
I HEREBY CERTIFY that I have mailed a true and correct copy
of the Motion to Re-Open Application for Extension of R-111A in re
the above styled and numbered cause, postage prepaid, to the follow-
ing persons:

Michael Campbell, Esquire
Campbell and Black
Jefferson Place
Santa Fe, New Mexico 87501
Attorneys for Superior Oil Company and Southland Royalty.

Terry I. Cross, Esquire
Gulf Building
P. O. Box 1150
Midland, Texas 79702
Attorneys for Gulf Oil Corporation.

DOW & FEEZER, P. A.

By


C. A. Feezer
Attorneys for Applicant
Amax Chemical Corporation
P. O. Box 128
Carlsbad, NM 88220
Phone No. 885-2185

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

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R-111A AND SEEKING AN EXTENSION)
OF THE POTASH-OIL AREA IN EDDY)
COUNTY, NEW MEXICO.)

No. 6495

MOTION TO RE-OPEN
APPLICATION FOR EXTENSION OF R-111A

COMES NOW Amax Chemical Corporation and in support of this Motion, states:

1. Paragraph 1 through 11 of the original Application are incorporated herein as though set forth in full to the extent that they materially apply to the following information relative to this Motion.

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5. As of April 3, 1979, new evidence in the form of a redrilling of core hole number 126 indicates that there is an eighty-eight inch thickness of potash with a 37 per cent K_2O content which is extremely high grade and tremendous commercial value does exist.

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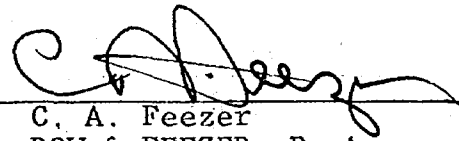
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C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 385-2185

-Attorneys for Applicant-

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OF THE POTASH-OIL AREA IN EDDY)
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No. 6495

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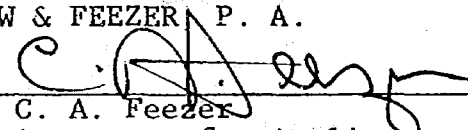
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Gulf Building
P. O. Box 1150
Midland, Texas 79702
Attorneys for Gulf Oil Corporation.

DOW & FEEZER P. A.

By


C. A. Feezer
Attorneys for Applicant
Amax Chemical Corporation
P. O. Box 128
Carlsbad, NM 88220
Phone No. 885-2135

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OF THE POTASH-OIL AREA IN EDDY)
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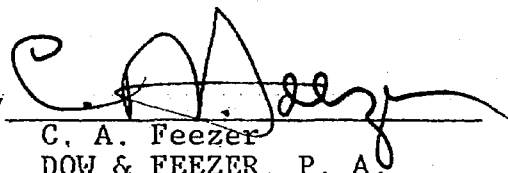
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By


C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 385-2135

-Attorneys for Applicant-

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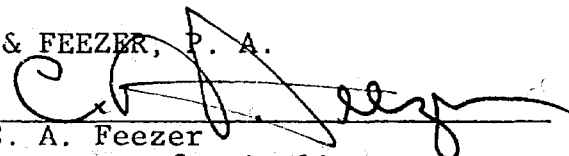
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By


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Attorneys for Applicant
Amax Chemical Corporation
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Carlsbad, NM 88220
Phone No. 885-2185

JASON W. KELLAHIN
ROBERT C. FOX
WILLIAMS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
808 SUN BELLEVUE AVENUE
SANTA FE, NEW MEXICO 87501

TELEPHONE 696-4310
AREA CODE 505

March 21, 1975

C. A. FEEZER, Esq.
DOW & FEEZER
Post Office Box 128
Carlsbad, New Mexico 88220

Re: Amax Chemical Corporation Application
for Extension of the Potash Area, Oil
Conservation Commission Case No. 5428

Dear Mr. Feezer:

In accordance with our telephone conversation, the Oil Conservation Commission has been notified that we have reached an agreement on the above case, and the scheduled hearing on March 19 was cancelled.

We have agreed with you and your clients that Superior Oil Company, Gulf Oil Company, and Southland Royalty Company would withdraw their opposition to extension of the area covered by Oil Conservation Commission's Order No. K-111-A. In return you and your clients would agree that they would not oppose an orthodox well location in the South half of the governmental sections in which they hold an interest, being Sections 23 and 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

For purposes of this agreement, an orthodox well location is the location defined by Commission Rule 104, which provides in Section B as to wildcat wells, and in Section C as to development wells, and that any well projected to a formation of Pennsylvanian age or older shall be located on a tract consisting of 320 acres, and shall not be located closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the 320-acre unit. Any well drilled would be located in the South half of the section.

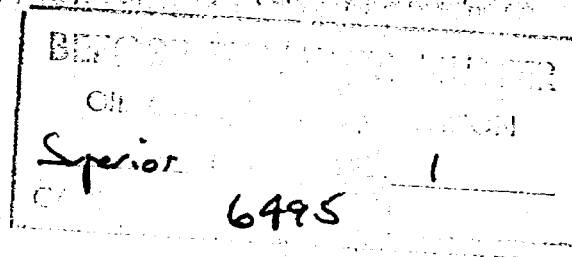
If you are in agreement with this statement, would you kindly sign and return the enclosed copy to me.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:ksh
Enclosure
cc: Willard B. Wagner, Jr., Esq.
R. T. Robberson, Esq.
Mr. Raymond Parker
Charles C. Hairston, Esq.
Mr. Daniel F. Becker

FILED	DATE	TIME	RECEIVED	INITIALS
3-22	4:10		Mr. B. Becker	1
79			Charles C. Hairston	



Page 1 of 1
TO: Mr. W. A. Gressett

THE SUPERIOR OIL COMPANY

P. O. BOX 71
CONROE, TEXAS 77301

March 12, 1979

Oil Conservation Commission
District II
Artesia, New Mexico 88210

Attention: Mr. W. A. Gressett,
Supervisor

Re: Application for Drilling Permit
Parkway (Morrow) Field
Eddy County, New Mexico

Gentlemen:

Please find enclosed our Notice of Intention to Drill
(Form C-101) for our NM State Lease #2352 Well #1 located 1980'
FS&EL of Sec. 24, T19S-R29E. Our Location Plat Form C-102 will
be mailed to your office tomorrow from Hobbs, New Mexico by
Mr. John West, a licensed surveyor, acting as our agent.

The East half of Sec. 24 is being dedicated to this well;
but, the acreage is not dedicated to a gas purchaser.

If additional information is required, please advise.

Yours very truly,

J. S. Eads
J. S. Eads
Manager Western Division
(713) 539-1771

JSL/FKS:ps

Enclosure

SUPERIOR OIL COMPANY	
C. O. BOX 71	
Superior	2
6495	

NO. OF COPIES RECEIVED	
DISTRIBUTION	
DATE	
FILE	
S.O.B.	
AND OFFICE	
PERATOR	

TO THE NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-4-65

5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEDERAL <input type="checkbox"/>
5. State Oil & Gas Lease No. LG-2352
7. Unit Agreement No.
8. Name of Lease Owner State LG-2352
9. Well No. 1
10. Field and Tract, or Wellhead Parkway
12. County Eddy
13. Proposed Depth 11950'
14A. Formation Morrow
14B. Rotary or C.T. Rotary
15. Approx. Date Work will start Within 90 Days

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Well: DRILL ☒ DEEPEN ☐ PLUG BACK ☐

Oil Well ☐ Gas Well ☒ Other ☐ Single Zone ☒ Multiple Zone ☐

Name of Operator
THE SUPERIOR OIL COMPANY

Address of Operator
P. O. Box 71, Conroe, Texas 77301

Location of Well
NE 1/4 Sec. 1, T. 19N, R. 29E, S. 1E
1980 FEET FROM THE East LINE OF SEC. 24 T. 19S R. 29E S. 1E

11. Proposed Depth
11950'

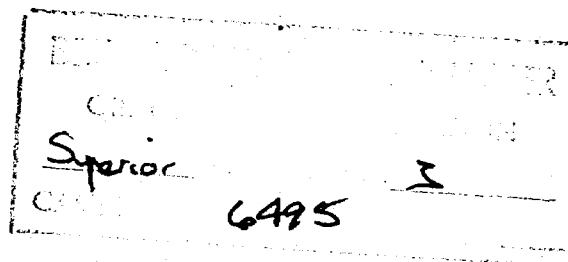
14A. Formation
Morrow

14B. Rotary or C.T.
Rotary

15. Approx. Date Work will start
Within 90 Days

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	54.5	700	825	Surface
10-3/4"	8-5/8"	24.0	3100	1200	Surface
7-7/8"	5-1/2"	17.0	11950	600	9000



ABOVE SPACE DESCRIBE PROPOSED PROGRAM IF DEEPEN OR PLUG BACK. GIVE DATA ON PRESENT PRODUCTION RATE AND PROPOSED NEW PRODUCTION RATE. GIVE DETAILED PRODUCTION PROGRAM IF ANY.

I hereby certify that the information shown is true and complete to the best of my knowledge and belief.

By J. S. Eads Title Manager Western Division Date March 12, 1979

PROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Attachment (A)

CASE NO. 6495
 7

MINE SAMPLES

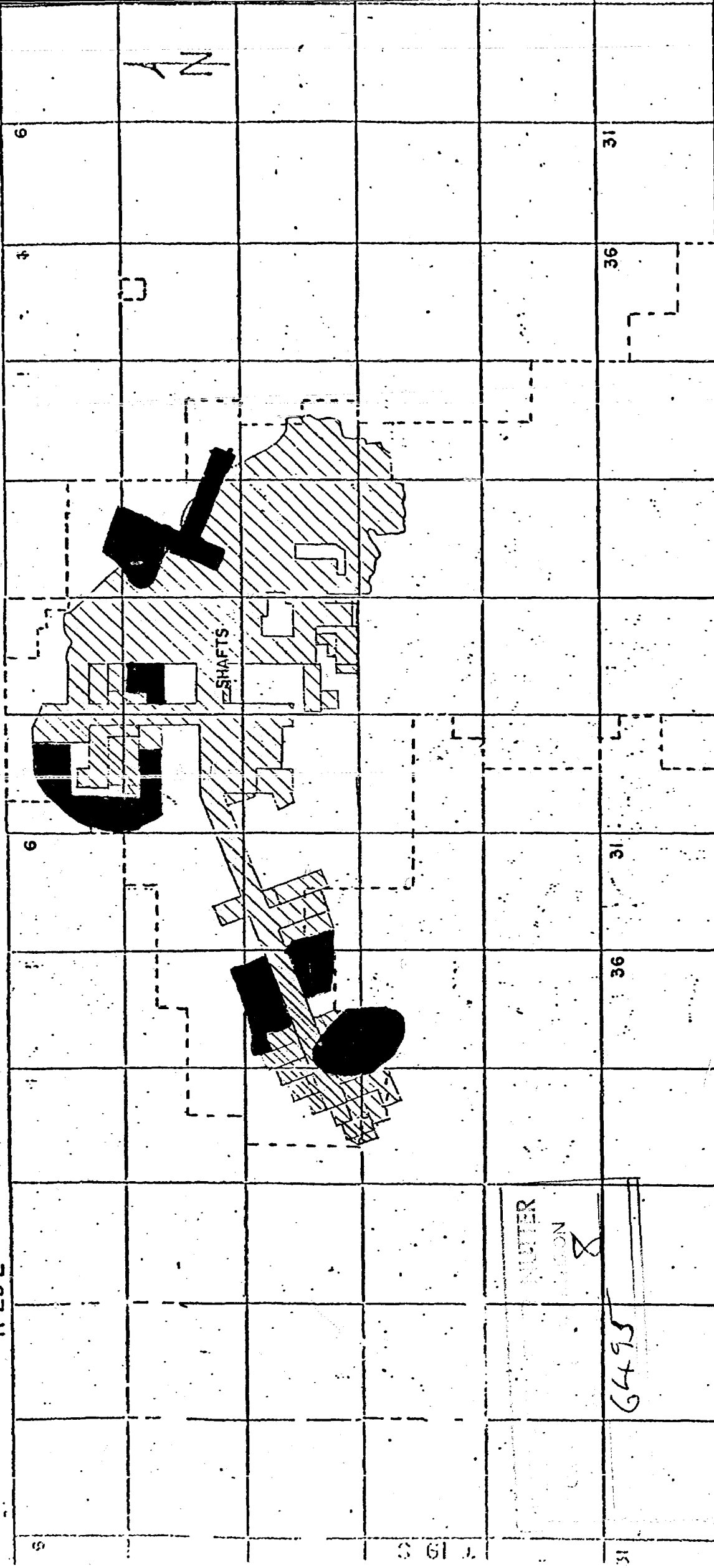
13 WEST

DATE: 3-9-79

SAMPLE NO.	PLACE	HT.	% K ₂ O	AVERAGE	SAMPLE NO.	PLACE	HT.	% K ₂ O	AVERAGE
7-3748	1W-14B	0.6	7.9	6.0-13.5-13.0	7-3747	14B-1W	1.1	5.1	6.6-10.2-9.6
	50'W	3.1	9.7			50'S	2.3	4.3	
		1.2	27.9				1.7	25.4	
		1.1	11.7				1.5	5.7	
7-3750	2W-14B	2.2	5.5	5.7-9.3-8.6	7-3749	14B-1W	1.3	1.7	6.0-10.2-9.6
	"	1.3	21.3			50'N	2.5	7.5	
		2.2	5.9	L.G. TO TOP			1.5	24.2	
7-3752	3W-14B	1.5	1.4	6.3-4.4-4.1			0.7	5.4	
		2.5	7.3	R.O. IN FLOOR - ALL	7-3751	14B-2W	0.7	3.4	6.3-12.4-11.9
		2.3	3.2			"	2.5	5.1	
7-3754	4W-14B	0.4	9.2	5.8-13.2-12.1			2.0	19.3	
		2.7	7.2				1.1	22.3	
		1.7	26.3		7-3753	14B-5W	1.9	2.0	7.6-12.2-11.8
		1.0	8.6				3.7	9.9	
7-3756	5W-14B	0.8	0.4	6.5-11.1-10.7			1.2	31.7	
		2.2	3.6				0.8	17.4	
		2.0	29.5		7-3755	14B-4W	0.5	2.5	5.8-10.6-9.6
		1.5	5.7				2.7	2.5	
7-3758	6W-14B	0.5	5.9	5.1-13.2-12.8			1.4	24.9	
		2.1	7.5				1.2	3.0	
		1.4	23.2		7-3757	14B-5W	0.7	2.6	6.4-11.2-10.7
		1.1	15.9				2.8	6.6	
7-3760	7W-14B	1.0	7.2	6.5-9.1-8.7			1.6	24.0	
		2.1	5.3				1.3	10.2	
		1.6	20.6		7-3759	14B-4W	0.6	8.2	6.2-12.1-11.6
		1.8	4.5				2.0	11.7	
7-3762	8W-14B	2.3	4.3	5.9-9.7-9.1			1.5	25.8	
		1.5	29.3				2.1	5.1	
		2.1	1.5		7-3761	14B-7W	0.8	7.5	6.5-14.2-13.5
7-3764	9W-14B	2.5	9.1	7.0-9.8-9.2			2.4	5.6	
		1.8	26.6				2.1	5.2	
		5.2	3.5		7-3763	14B-5W	2.0	10.1	6.2-8.5-8.0
							1.1	20.1	
					7-3765	14B-2W	2.1	2.9	6.3-12.6-11.7
							3.5	2.2	
							2.3	8.1	
							1.7	4.3	
TOTAL KENTUCK				6.1-10.3-9.7					
TOTAL BRIS				6.0-11.5-10.8					

R 29 E

R 30 E



AMAX CHEMICAL CORP.

FORMERLY

SOUTHWEST POTASH CORP.

CARLSBAD, N. M.

SCALE 1" = 1 MILE

JAN 1975

OPEN MINE WORKINGS - DEC 31, 1974

CIL - POTASH AREA

PROJECTION 1975 - 1980

JASON W. KELLAHIN
ROBERT L. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
600 SUN AVE. S.W. ALBUQUERQUE
POST OFFICE BOX 1700
SANTA FE, NEW MEXICO 87501

TELEPHONE 592-4311
AREA CODE 505

March 21, 1975

C. A. Fecner, Esq.
Dow & Fecner
Post Office Box 128
Carlsbad, New Mexico 88220

Re: Amax Chemical Corporation Application
for Extension of the Potash Area, Oil
Conservation Commission Case No. 5428

Dear Mr. Fecner:

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If you are in agreement with this statement, would you kindly sign and return the enclosed copy to me.

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Jason W. Kellahin

JWK:ksh
Enclosure

cc: Willard B. Wagner, Jr., Esq.
R. T. Robberson, Esq.
Mr. Raymond Parker
Charles C. Bairston, Esq.
Mr. Daniel F. Secker

Original Filed Date	Date Sent	Time Sent	Person Receiving	Person Receiving
3-12-75	4:10		Mr. L. B. Secker	1
			Complete Letter	

BEFORE ELEANOR M. BUTTER
OIL CONSERVATION COMMISSION
Sydney DEPT. NO. 1
CASE NO. 6495

JASON W. KELLAHIN
ROBERT L. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
800 BOX CASPAR AVENUE
POST OFFICE BOX 100
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4314
AREA CODE 505

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Dear Mr. Foezner:

In accordance with our telephone conversation, the Oil Conservation Commission has been notified that we have reached an agreement on the above case, and the scheduled hearing on March 19 was cancelled.

We have agreed with you and your clients that Superior Oil Company, Gulf Oil Company, and Southland Royalty Company would withdraw their opposition to extension of the area covered by Oil Conservation Commission's Order No. R-111-A. In return you and your clients would agree that they would not oppose an orthodox well location in the South half of the governmental sections in which they hold an interest, being Sections 23 and 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

For purposes of this agreement, an orthodox well location is the location defined by Commission Rule 104, which provides in Section B as to wildcat wells, and in Section C as to development wells, and that any well projected to a formation of Pennsylvanian age or older shall be located on a tract consisting of 370 acres, and shall not be located closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the 320-acre unit. Any well drilled would be located in the South half of the section.

If you are in agreement with this statement, would you kindly sign and return the enclosed copy to me.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:ksh

Enclosure

cc: Willard S. Wagner, Jr., Esq.
R. T. Robberson, Esq.
Mr. Raymond Parker
Charles C. Hirston, Esq.
Mr. Daniel F. Secker

FILED	Date Recd.	Date Sent	By Whom	Received By Whom	Initials
	3-12-75	4/10	Mr. Bue	Mr. Bue	1

*Agreed:
C.A. Foezner*

Sprior
6495

THE SUPERIOR OIL COMPANY

P. O. BOX 71
CONROE, TEXAS 77301

March 12, 1979

Oil Conservation Commission
District II
Artesia, New Mexico 88210

Attention: Mr. W. A. Gressett,
Supervisor

Re: Application for Drilling Permit
Parkway (Morrow) Field
Eddy County, New Mexico

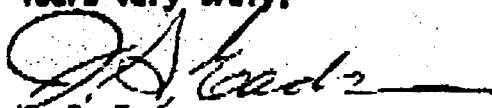
Gentlemen:

Please find enclosed our Notice of Intention to Drill
(Form C-101) for our NM State Lease #2352 Well #1 located 1980'
FS&EL of Sec. 24, T19S-R29E. Our Location Plat Form C-102 will
be mailed to your office tomorrow from Hobbs, New Mexico by
Mr. John West, a licensed surveyor, acting as our agent.

The East half of Sec. 24 is being dedicated to this well;
but, the acreage is not dedicated to a gas purchaser.

If additional information is required, please advise.

Yours very truly,


J. S. Eads
Manager Western Division
(713) 539-1771

JSE/FKS:ps

Enclosure

DEF	100
CO	100
Superior	2
6495	

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IND OFFICE	
ERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE <input checked="" type="checkbox"/> MULTIPLE <input type="checkbox"/>		6. Indicate Type of Lease LEASE <input checked="" type="checkbox"/> FCC <input type="checkbox"/> 7. State Oil & Gas Lease No. LG-2352
Name of Operator THE SUPERIOR OIL COMPANY Address of Operator P. O. Box 71, Conroe, Texas 77301		8. Name of Lease Owner State LG-2352
Location of Well NE 1/4, Sec. 1, T. 19N, R. 29E, S. 1E 1980 FEET FROM THE East LINE OF SEC. 24 TWP. 19S. SEC. 29E		9. Well No. 1
10. Field and Road, or Wellhead Parkway		11. County Eddy
12. Proposed Depth 11950'		13. Formation Morrow
14. Rotary or C.T. Rotary		15. Approx. Date Work will start Within 90 Days
16. Kind & Status Plug. Bond Blanket on File		17. Drilling Contractor Unknown
18. Closures (Name whether DP, RT, etc.) 3322'		

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	54.5	700	825	Surface
10-3/4"	8-5/8"	24.0	3100	1200	Surface
7-7/8"	5-1/2"	17.0	11950	600	9000

RECEIVED BY OIL CONSERVATION COMMISSION Superior 6495	3
--	---

LEAVE SPACE DESCRIBE PROPOSED PROGRAM IF PERMIT IS TO DEEPEN OR PLUG BACK. GIVE DATA ON PRESENT PRODUCTION ZONE AND PROPOSED NEW PRODUCTION ZONE. GIVE PROPOSED PRODUCTION ZONE IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

and J. S. Eads Manager Western Division Date March 12, 1979
(This space for Sign (44))

APPROVED BY _____ TITLE _____ DATE _____
ADDITIONS OF APPROVAL, IF ANY:

Attachment (15)

Dockets Nos. 11-79 and 12-79 are tentatively set for hearing on March 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - MARCH 7, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6489: Application of J. V. Fritts and Wm. B. Barnhill for review of Order No. R-4831, Eddy County, New Mexico. Applicants, in the above-styled cause, seek the review and interpretation of Order No. R-4831 to permit them the opportunity to join in the drilling of the Federal "B" Well No. 1 located in Unit P of Section 1, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy County, New Mexico, and to determine the applicability of the 200% risk factor.

CASE 6398: (DE NOVO)

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.

Upon application of Texas Oil & Gas Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 14, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6490: Application of L. C. Harris for a unit agreement, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for his Walnut Draw Unit Area comprising 9,797 acres, more or less, of Federal, state and fee lands in Townships 15 and 16 South, Ranges 23 and 24 East, Chaves and Eddy Counties, New Mexico.

CASE 6491: Application of C & E Operators, Inc. for an unorthodox well location and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of Section 10, Township 30 North, Range 11 West, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to a well to be located 1700 feet from the South line and 1760 feet from the West line of said Section 10.

CASE 6477: (Continued from February 28, 1979, Examiner Hearing)

Application of Sun Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Millman Pool Unit Area by the injection of water into the Queen and Grayburg formations through eleven wells located in Sections 12 and 13 of Township 19 South, Range 28 East, East Millman Pool, Eddy County, New Mexico.

CASE 6492: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6072: (Reopened and Readvertised)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6493: Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling, prior to measurement, of Pictured Cliffs production from the Hi Roll Wells Nos. 1 and 2 located in Units O and K of Section 35, Township 27 North, Range 13 West, San Juan County, New Mexico.

CASE 6494: Application of Morris R. Antweil for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Mesa Macho Well No. 1 located in Unit O of Section 24, Township 20 South, Range 27 East, Morrow formation, Eddy County, New Mexico, the E/2 of said Section 24 to be simultaneously dedicated to the aforesaid well and to applicant's Macho Norte Well No. 1 located in Unit G of Section 24.

CASE 6495: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

CASE 6496: Application of Llano, Inc. for rescission of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-3006, which promulgated 640-acre spacing for the Grama Ridge-Morrow Gas Pool, Lea County, New Mexico. Applicant proposes that said pool be developed and operated under 320-acre spacing and well location requirements.

CASE 6497: Application of Llano, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, Lea County, New Mexico, the E/2 of said Section 34 to be dedicated to the well.

CASE 6498: Application of Pogo Producing Company to limit application of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to limit the application of the Grama Ridge-Morrow Gas Pool Rules to the horizontal limits of said pool, being all of Sections 2, 3, 4, and 10, Township 22 South, Range 34 East and Sections 33 and 34, Township 21 South, Range 34 East, Lea County, New Mexico.

CASE 6499: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending horizontal limits and contracting vertical limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Antelope Sink-Morrow Gas Pool. The discovery well is Maddox Energy Corporation State 32 Well No. 1 located in Unit I of Section 32, Township 18 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 32: E/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Baldridge Canyon-Morrow Gas Pool. The discovery well is W. A. Moncrief, Jr., Baldridge Canyon Com Well No. 1 located in Unit G of Section 13, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 13: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Burton Flat-Delaware Pool. The discovery well is Yates Petroleum Corporation Stonewall EP State Well No. 3 located in Unit N of Section 19, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 19: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the East Crossroads-San Andres Pool. The discovery well is MGF Oil Corporation Santa Fe Railway Well No. 1 located in Unit A of Section 13, Township 10 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
Section 13: NE/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the South Culebra Bluff-Atoka Gas Pool. The discovery well is Delta Drilling Company South Culebra Bluff Unit Well No. 1 located in Unit G of Section 23, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 14: E/2
Section 23: All
Section 26: All

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Dublin Ranch-Morrow Gas Pool. The discovery well is J. C. Barnes Oil Company Big Chief Com Well No. 1 located in Unit F of Section 22, Township 22 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 22: All
Section 27: N/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Gardner Draw-Morrow Gas Pool. The discovery well is Phoenix Resources Company Gardner Draw Unit Well No. 1 located in Unit C of Section 20, Township 19 South, Range 21 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 17: W/2
Section 19: N/2
Section 20: N/2

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Jubilee-Pennsylvanian Gas Pool. The discovery well is Tom L. Ingram Jubilee Well No. 1 located in Unit E of Section 28, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 28: W/2

(i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the King-Mississippian Gas Pool. The discovery well is Cabot Corporation J. L. Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 35: NE/4

(j) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Lone Wolf-Atoka Gas Pool. The discovery well is Depco, Inc. Sundance A Federal Well No. 1 located in Unit J of Section 25, Township 12 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 29 EAST, NMPM
Section 25: S/2

(k) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Strawn production and designated as the Lost Lake-Strawn Gas Pool. The discovery well is Texas Oil & Gas Corporation O'Brien Well No. 1 located in Unit I of Section 11, Township 9 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 2: S/2
Section 11: All
Section 14: N/2

(l) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Mescalero-Morrow Gas Pool. The discovery well is Natomas North America, Inc. New Mexico State Well No. 1 located in Unit M of Section 19, Township 10 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 19: W/2

(m) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permo-Penn production and designated as the Penasco Draw Permo-Penn Gas Pool. The discovery well is Yates Petroleum Corporation La Cama Com Well No. 1 located in Unit F of Section 20, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 18: S/2
Section 19: All
Section 20: All
Section 21: W/2
Section 30: All
Section 31: All

(n) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Siegreist Draw-Morrow Gas Pool. The discovery well is Yates Petroleum Corporation Siegreist JS State Com Well No. 1 located in Unit C of Section 30, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 30: N/2

(o) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Turkey Track-Atoka Gas Pool. The discovery well is Amoco Production Company State ER Com Well No. 1 located in Unit G of Section 6, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 6: N/2

(p) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2

(q) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 17: S/2

(r) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4 SW/4

(s) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 25: W/2
Section 26: E/2
Section 36: NW/4

(t) EXTEND the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM
Section 9: E/2 NE/4
Section 10: W/2 NW/4

(u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

- (v) EXTEND the Double L Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 24: NW/4 and E/2 SW/4
Section 36: NW/4 NW/4, S/2 NW/4 and SW/4

- (w) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 18: SE/4

- (x) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 7: N/2

- (y) EXTEND the Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 35: All

- (z) REDEFINE the vertical limits of the Monument Tubb-Drinkard Pool in Lea County, New Mexico, to include only the Tubb formation and redesignate said pool as the Monument-Tubb Pool.

- (aa) EXTEND the West Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 23: E/2

- (bb) EXTEND the Millman-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 12: E/2

- (cc) EXTEND the South Prairie-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 20: N/2

- (dd) EXTEND the Querecho Plains-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 34: NW/4

- (ee) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 7: All
Section 18: N/2

- (ff) EXTEND the Round Tank-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
Section 30: NE/4

- (gg) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 5: Lots 11, 12, 13, 14 and SW/4

- (hh) EXTEND the North Teague-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: NW/4

- (ii) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: SW/4

(jj) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 36: NE/4

Docket No. 12-79

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 15, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6222: (Rehearing) (Continued from March 2, 1979, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.



Southland Royalty Company

March 13, 1979

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe Ramey,
Director, Energy & Minerals Division

Re: Docket No. 11-79, Examiner
Hearing, Wednesday,
March 14, 1979, at 9:00 A.M.
Examiner-Daniel S. Mutter;
Alternate Examiner-Richard L.
Stamets

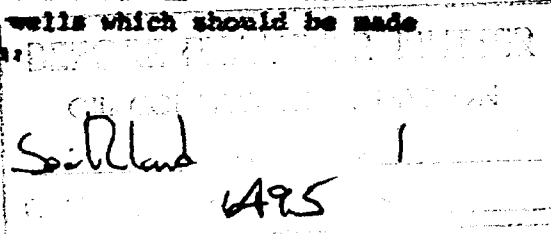
CASE NO. 6495 - Application of
AMAX Chemical Corporation for
Amendment of Order No. R-111-A,
Eddy County, New Mexico

Gentlemen:

Reference is made to the captioned whereby Amax Chemical Corporation proposes and requests that the Oil Conservation Division of New Mexico extend the limits of the R-111 area and include additional lands therein for the purpose of mining Potash deposits. This letter is intended to respectfully assert the opposition of Southland Royalty Company to the applicant's position in Case 6495.

I was graduated from Oklahoma State University with a Bachelor's Degree in Business Administration. I was employed by Continental Oil Company for eleven years and have been employed by Southland Royalty Company since June of 1977. I have been the Midland District Landman since February of 1978. As District Landman for Southland's Midland District, I am responsible for all land functions in West Texas, New Mexico and Southeast Arizona.

Since September of 1978, Southland Royalty Company has drilled and completed, or is completing four wells to the Morrow formation (11,000+ feet subsurface) in the immediate area, and in close proximity to the R-111 area. I have listed below some pertinent data regarding these wells which should be made known to the applicant as well as to the Division:



3000 WALL TOWERS WEST (915) 682-8641 MIDLAND, TEXAS 79701

WELL NAME	LOCATION	DELIVERABILITY (MCFGPD) *
SRC State Comm. "23" #1	1980' FSL&FEL Sec. 23, T-19-S, R-29-E	1,000
SRC State Comm. "23A" #1	660' FWL & 1980' FSL, Sec. 23, T19S, R29E	1,000
SRC State Comm. "24" #1	660' FWL & 1980' FSL Sec. 24, T19S, R29E	1,500
SRC State "14" Comm. #1	660' FWL & 1980' FNL, Sec. 14, T19S, R29E	1,000
TOTAL DAILY		4,500 MCFGPD

* 1,000 Cubic Feet of Gas Per Day

In addition to this present deliverability, each of these wells has one or more anticipated commercial gas zones present in each well bore, which will be produced after the present producing zones are depleted. The four wells listed above represent a cost to the owners of nearly \$650,000 each, for a total of \$2,600,000 which was injected into the economy of New Mexico. One can easily deduce that when all four wells are connected to a sales outlet, the State of New Mexico will own one-eighth (1/8th) of all production or approximately 562.5 MCF of the daily gas production. Southland Royalty Company specifically objects to any encroachment by the applicant upon the well bores of the three wells listed first above, which are located on tracts named in this case by applicant.

Finally, due to the competitive nature of the oil and gas exploration industry, Southland Royalty Company is reluctant to graphically demonstrate to the Division that the expansion of the R-111 area will preclude additional drilling. However, this Company has a drilling project budgeted for 1979 which will require a surface location on lands requested by applicant for inclusion in the R-111 area. Southland specifically requests that the R-111 area not be enlarged to include additional lands in Section 24, T19S, R29E, Eddy County, New Mexico. This exception will prevent waste and serve to protect the correlative rights of all parties.

The consideration of the Division is respectfully requested.

Respectfully,

Richard W. Petrie
Richard W. Petrie
District Landman

RMP:am



Southland Royalty Company

March 12, 1979

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe Ramay,
Director, Energy & Minerals Division

Re: Docket No. 11-79, Examiner
Hearing, Wednesday,
March 14, 1979, at 9:00 A.M.
Examiner-Daniel S. Wutter;
Alternate Examiner-Richard L.
Stamets

CASE NO. 6495 - Application of
AMAX Chemical Corporation for
Amendment of Order No. R-111-A,
Eddy County, New Mexico

Gentlemen:

Reference is made to the captioned whereby Amax Chemical Corporation proposes and requests that the Oil Conservation Division of New Mexico extend the limits of the R-111 area and include additional lands therein for the purpose of mining Potash deposits. This letter is intended to respectfully assert the opposition of Southland Royalty Company to the applicant's position in Case 6495.

I was graduated from Oklahoma State University with a Bachelors Degree in Business Administration. I was employed by Continental Oil Company for eleven years and have been employed by Southland Royalty Company since June of 1977. I have been the Midland District Landman since February of 1978. As District Landman for Southland's Midland District, I am responsible for all land functions in West Texas, New Mexico and Southeast Arizona.

Since September of 1978, Southland Royalty Company has drilled and completed, or is completing four wells to the Morrow formation (11,000+ feet subsurface) in the immediate area, and in close proximity to the R-111 area. I have listed below some pertinent data regarding these wells which should be made known to the applicant as well as to the Division:

EXHIBIT	FILED
OF CONSERVATION DIVISION	
<i>S. Wutter</i>	
CASE NO.	6495

2088 WALL TOWERS WEST (915) 482-8441 MIDLAND, TEXAS 79701

<u>WELL NAME</u>	<u>LOCATION</u>	<u>DELIVERABILITY (MCFGPD) *</u>
SRC State Comm. "23" #1	1980' PSL&FEL Sec. 23, T-19-S, R-29-E	1,000
SRC State Comm. "23A" #1	660' FWL & 1980' PSL, Sec. 23, T19S, R29E	1,000
SRC State Comm. "24" #1	660' FWL & 1980' PSL Sec. 24, T19S, R29E	1,500
SRC State "14" Comm. #1	660' FWL & 1980' FNL, Sec. 14, T19S, R29E	1,000
TOTAL DAILY		4,500 MCFGPD

* 1,000 Cubic Feet of Gas Per Day

In addition to this present deliverability, each of these wells has one or more anticipated commercial gas zones present in each well bore, which will be produced after the present producing zones are depleted. The four wells listed above represent a cost to the owners of nearly \$650,000 each, for a total of \$2,600,000 which was injected into the economy of New Mexico. One can easily deduce that when all four wells are connected to a sales outlet, the State of New Mexico will own one-eighth (1/8th) of all production or approximately 562.5 MCF of the daily gas production. Southland Royalty Company specifically objects to any encroachment by the applicant upon the well bores of the three wells listed first above, which are located on tracts named in this case by applicant.

Finally, due to the competitive nature of the oil and gas exploration industry, Southland Royalty Company is reluctant to graphically demonstrate to the Division that the expansion of the R-111 area will preclude additional drilling. However, this Company has a drilling project budgeted for 1979 which will require a surface location on lands requested by applicant for inclusion in the R-111 area. Southland specifically requests that the R-111 area not be enlarged to include additional lands in Section 24, T19S, R29E, Eddy County, New Mexico. This exception will prevent waste and serve to protect the correlative rights of all parties.

The consideration of the Division is respectfully requested.

Respectfully,

Richard W. Petrie
Richard W. Petrie
District Landman

DWP:am

JAMES L. DOW
CHARLES A. FEEZER

DOW AND FEEZER
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P.O. BOX 128
CARLSBAD, NEW MEXICO 88220

885 - 2185
AREA CODE 505

February 12, 1979

Oil Conservation Commission
P. O. Box 2083
Santa Fe, New Mexico 87501

Re: Application of Amax Chemical Corpora-
tion for an Order Amending R-111A and
Seeking an Extension of the Potash-Oil
Area in Eddy County, New Mexico.

Dear Sir:

On February 8, 1979, I sent you the above captioned Appli-
cation in triplicate. An error was made in one of the paragraphs
and I enclose an Addendum in triplicate to correct this mistake.
Please attach this Addendum to the Application.

Thank you very much for your cooperation.

Very truly yours,

DOW & FEEZER, P. A.


C. A. Feezer

CAF:ah

cc: Mr. Bob Kirby
Amax Chemical Corporation
P. O. Box 279
Carlsbad, NM 88220

LAW OFFICES
MODRALL, SPERLING, ROEHL, HARRIS & SISK

JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES A. PARKER
JOHN R. COONEY
KENNETH L. HARRIGAN
PETER J. ADAMS
DALE W. EK
DENNIS J. FALK
JOE R. O. FULCHER
ARTHUR D. MELENDRES
JAMES P. HOUGHTON

PUBLIC SERVICE BUILDING
P. O. BOX 2188
ALBUQUERQUE, NEW MEXICO 87103

505-243-4511

JOHN F. SIMMS
(1885-1954)
AUGUSTUS T. SEYMOUR
(1907-1965)
J. R. MODRALL
(1902-1977)

GEORGE J. HOPKINS
PAUL M. FISH
JUDY A. FRY
MARK B. THOMPSON III
JEFFREY W. LOUBET
RUTH M. SCHIFANI
THOMAS L. JOHNSON
LYNN H. SLADE
ALAN KONRAD
ZACHARY L. MCCORMICK
ROGER VONK. EATON
THURMAN W. MOORE II
CLIFFORD K. ATKINSON
DOUGLAS A. BAKER
DEBORAH J. HERZBERG
SUSAN R. STOCKSTILL

March 8, 1979

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Division
Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Amax Chemical Corporation
for Amendment of Order No. R-111-A -
Case No. 6495

Dear Mr. Ramey:

Enclosed is Entry of Appearance on behalf of Gulf Oil
Corporation in Case No. 6495, which has been docketed
for the Examiner's Hearing on March 14, 1979.

Very truly yours,

James E. Sperling
James E. Sperling

/jev
Enclosure

cc: Mr. Morgan L. Copeland, w/encl.
Mr. Terry I. Cross, w/encl.

BEFORE THE OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF AMAX CHEMICAL CORPORATION FOR
AMENDMENT OF ORDER NO. R-111-A,
EDDY COUNTY, NEW MEXICO.

Case No. 6495

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris & Sisk,
of Albuquerque, New Mexico, hereby enter their appearance on
behalf of Gulf Oil Corporation, with its house counsel of
Midland, Texas, in the above-captioned case.

MODRALL SPERLING ROEHL HARRIS & SISK

By: 

James E. Sperling, Attorneys for
Gulf Oil Corporation
P. O. Box 2168
Albuquerque, New Mexico 87103
Telephone: (505) 243-4511

Telegram Western Union Telegram

Rec'd 3-13-79
LJ

IPMFEKA SANA
4-054599E072 03/13/79
ICS IPMBNGZ CSP
9156846383 TDBN MIDLAND TX 33 03-13 0514P EST
PMS OIL CONSERVATION DIVN

STATE LAND OFFICE BLDG, REPORT DELIVERY BY MAILGRAM, PLS DLR
IMMY, DLR
SANTA FE NM
ATTN DANIEL S NUTTER OR RICHARD L STAMETS

CASE #6495 AMAX CHEMICAL CORP
GENTLEMEN,

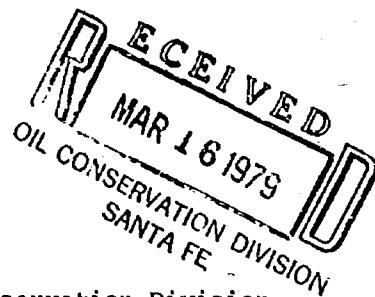
NAPECO INC OPERATOR OF BENSON DEEP UNIT OPPOSES THE REQUESTED
AMENDMENT TO ORDER R-111-A. LETTER OF EVEN DATE TO FOLLOW.

NAPECO INC
MICHAEL R GOODE
DIVN LAND MANAGER

(NATURAL GAS PIPELINE CO
PO BOX 236
MIDLAND TX 79702)

1718 EST

IPMFEKA SANA



Southland Royalty Company

March 13, 1979

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe Ramey,
Director, Energy & Minerals Division

Re: Docket No. 11-79, Examiner
Hearing, Wednesday,
March 14, 1979, at 9:00 A.M.
Examiner-Daniel S. Nutter;
Alternate Examiner-Richard L.
Stamets

CASE NO. 6495 Application of
AMAX Chemical Corporation for
Amendment of Order No. R-111-A,
Eddy County, New Mexico

Gentlemen:

Reference is made to the captioned whereby Amax Chemical Corporation proposes and requests that the Oil Conservation Division of New Mexico extend the limits of the R-111 area and include additional lands therein for the purpose of mining Potash deposits. This letter is intended to respectfully assert the opposition of Southland Royalty Company to the applicant's position in Case 6495.

I was graduated from Oklahoma State University with a Bachelors Degree in Business Administration. I was employed by Continental Oil Company for eleven years and have been employed by Southland Royalty Company since June of 1977. I have been the Midland District Landman since February of 1978. As District Landman for Southland's Midland District, I am responsible for all land functions in West Texas, New Mexico and Southeast Arizona.

Since September of 1978, Southland Royalty Company has drilled and completed, or is completing four wells to the Morrow formation (11,000+ feet subsurface) in the immediate area, and in close proximity to the R-111 area. I have listed below some pertinent data regarding these wells which should be made known to the applicant as well as to the Division:

1100 WALL TOWERS WEST (915) 682-8641 MIDLAND, TEXAS 79701

WELL NAME	LOCATION	DELIVERABILITY (MCFGPD) *
SRC State Comm. "23" #1	1980' FSL&FEL Sec. 23, T-19-S, R-29-E	1,000
SRC State Comm. "23A" #1	660' FWL & 1980' FSL, Sec. 23, T19S, R29E	1,000
SRC State Comm. "24" #1	660' FWL & 1980' FSL Sec. 24, T19S, R29E	1,500
SRC State "14" Comm. #1	660' FWL & 1980' FNL, Sec. 14, T19S, R29E	1,000
TOTAL DAILY		4,500 MCFGPD

* 1,000 Cubic Feet of Gas Per Day

In addition to this present deliverability, each of these wells has one or more anticipated commercial gas zones present in each well bore, which will be produced after the present producing zones are depleted. The four wells listed above represent a cost to the owners of nearly \$650,000 each, for a total of \$2,600,000 which was injected into the economy of New Mexico. One can easily deduce that when all four wells are connected to a sales outlet, the State of New Mexico will own one-eighth (1/8th) of all production or approximately 562.5 MCF of the daily gas production. Southland Royalty Company specifically objects to any encroachment by the applicant upon the well bores of the three wells listed first above, which are located on tracts named in this case by applicant.

Finally, due to the competitive nature of the oil and gas exploration industry, Southland Royalty Company is reluctant to graphically demonstrate to the Division that the expansion of the R-111 area will preclude additional drilling. However, this Company has a drilling project budgeted for 1979 which will require a surface location on lands requested by applicant for inclusion in the R-111 area. Southland specifically requests that the R-111 area not be enlarged to include additional lands in Section 24, T19S, R29E, Eddy County, New Mexico. This exception will prevent waste and serve to protect the correlative rights of all parties.

The consideration of the Division is respectfully requested.

Respectfully,

Richard W. Petrie
Richard W. Petrie
District Landman

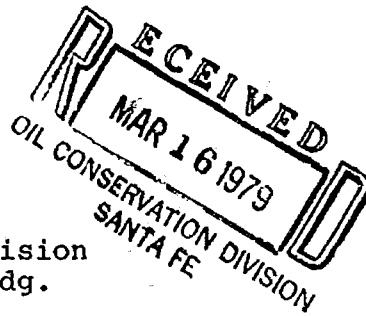
RWP:am

NAPECO INC.

P.O. Box 236 - Midland, Texas 79702

915/684-6383

March 13, 1979



State of New Mexico
Oil Conservation Division
State Land Office Bldg.
Santa Fe, NM

Attention: Mr. Daniel S. Nutter or
Mr. Richard L. Stamets
Examiner

Re: Case 6495
AMAX Chemical Corporation
Amendment of Order R-111-A
Eddy County, New Mexico

Gentlemen:

NAPECO Inc. is operator of the Benson Deep Unit,
comprising the following acreage in Eddy County, New Mexico:

Township 18 South, Range 30 East N.M.P.M.

Section 33: All

Section 34: W 1/2

Township 19 South, Range 30 East N.M.P.M.

Section 3: Lots 3, 4 (N1/2 NW1/4),
S1/2 SW1/4, SW1/4

Section 4: Lots 1, 2, 3, 4 (N1/2 N1/2),
S1/2 N1/2, S1/2

The Benson Deep Unit has been designated by the United States Geological Survey as "a logical unit area" and is "subject to exploration and development under the unitization provision of the Mineral Leasing Act, as amended." At this time we are engaged in the drilling of the test well, the Benson Deep Unit #1, in the SE1/4 Section 33, Township 18 South, Range 30 East, N.M.P.M.

NAPECO Inc., as Operator of the Benson Deep Unit, opposes Amax Chemical Corporation's request for an amendment to Order R-111-A to extend the boundaries of the Potash-Oil Area.

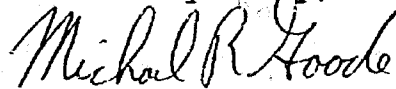
State of New Mexico
Page Two
March 13, 1979

We are specifically opposed to the inclusion of Section 4, Township 19 South, Range 30 East N.M.P.M. Section 4, which is included within the unit boundary for the Benson Deep Unit, is also partially within the existing boundary of the Potash-Oil Area. Lots 1 and 2 and the SE1/4 of the NE1/4 of Section 4 are outside the Potash-Oil Area, and said land represents a possible development location for the Benson Deep Unit.

The existing boundaries of the Potash-Oil Area, and the possible additional drilling expense for development of the Benson Deep Unit beneath the Potash-Oil Area, were duly considered prior to the formation of the unit and commencement of drilling activity on the Benson Deep Unit #1 well. We feel that the inclusion of Section 4 within the boundary of the Potash-Oil Area would create an undue financial burden to the working interest owners of the Benson Deep Unit for the exploration and development of the unit in accordance with the provisions of the "Unit Agreement for the Development of the Benson Deep Unit Area."

Your consideration of our objection is appreciated.

Yours very truly,



Michael R. Goode
Division Land Manager

MRG/mkd

cc: Working Interest Owners
Benson Deep Unit

JAMES L. DOW
CHARLES A. FEEZER

DOW AND FEEZER
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P.O. BOX 128
CARLSBAD, NEW MEXICO 88220

885 - 2185
AREA CODE 505

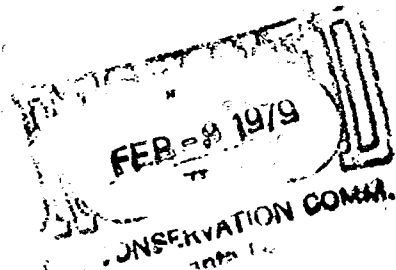
February 7, 1979

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501


Re: Application for Order Amending
R-111A - AMAX CHEMICAL CORPORATION.

Dear Sir:

Enclosed herein is the Application for Order Amending
R-111A in triplicate.



Very truly yours,
DOW & FEEZER, P. A.


C. A. Feezer

CAF:ah

cc: Bob Kirby
Amax Chemical Corporation
P. O. Box 279
Carlsbad, New Mexico 88220

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

CASE NO. 6495
Order No. R-111-K

APPLICATION OF AMAX CHEMICAL
CORPORATION FOR THE EXTENSION
OF THE POTASH-OIL AREA, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 14, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this April day of March, 1979, the Division
Director, James S. Nutter, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Amax Chemical Corporation, seeks
an extension of the Potash-Oil Area as defined in Order No.
R-111-A, as amended, by the addition of the following described
lands in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 23: NE 1/4 SE 1/4
Section 24: SE 1/4 NE 1/4 and N 1/2 S 1/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: NW 1/4 NW 1/4, S 1/2 NW 1/4, SW 1/4,
and S 1/2 SE 1/4

Section 4: SE 1/4 NE 1/4

Section 5: W 1/2 NW 1/4 and NW 1/4 SW 1/4

Section 6: SE 1/4

Section 7: NE 1/4 NW 1/4

Section 11: S 1/2 N 1/2 and E 1/2 SE 1/4

Section 12: All

Section 13: All

Section 14: E 1/2 E 1/2

Section 19: W 1/2 and SE 1/4

Section 20: SW 1/4, N 1/2 SE 1/4, and SW 1/4 SE 1/4

Section 23: N 1/2 NE 1/4

Section 24: N 1/2 N 1/2

Section 29: NE 1/4 NW 1/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: W 1/2

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this ^{April} day of March, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Amax Chemical Corporation, seeks an extension of the Potash-Oil Area as defined in Order No. R-111-A, as amended, by the addition of the following described lands in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

~~Section 23: NE/4 SE/4~~
Section 24: SE/4 NE/4 and N/2 S/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: NW/4 NW/4, S/2 NW/4, SW/4,
and S/2 SE/4

Section 4: SE/4 NE/4

Section 5: W/2 NW/4 and NW/4 SW/4

Section 6: SE/4

Section 7: NE/4 NW/4

Section 11: S/2 N/2 and E/2 SE/4

Section 12: All

Section 13: All

Section 14: E/2 E/2

Section 19: W/2 and SE/4

Section 20: SW/4, N/2 SE/4, and SW/4 SE/4

Section 23: N/2 NE/4

Section 24: N/2 N/2

Section 29: NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: W/2

Section 17: W/2

Section 18: All

Section 19: N/2

- (3) That the evidence establishes that although certain of the lands described in Finding No. (2) above are barren of ~~mineralization~~ commercial potash mineralization, certain remaining lands do contain commercial deposits of potash which may reasonably be recovered in commercial quantities.
- (4) That the following described lands comprise those lands which, according to the evidence, contain commercial deposits of potash: ~~and should be included in the Potash-Oil Area:~~

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 24: N/2 SW/4, ~~and~~ NW/4 SE/4, ~~and SE/4 NW/4~~

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 4: SE/4 NW/4

Section 5: SW/4 NW/4 and NW/4 SW/4

Section 6: E/2 SE/4

Section 11: E/2 SE/4

Section 12: SE/4 NW/4 and SW/4

Section 13: W/2

Section 14: E/2 E/2

~~Section 19:~~

Section 20: NE/4 SW/4, N/2 SE/4, and SW/4 SE/4

Section 23: N/2 NE/4 and NW/4 NW/4

Section 24: NW/4 NW/4

- (5) That, based upon the evidence submitted at the hearing, it is not established that certain of the lands sought to be included in the Oil-Potash Area contain commercial deposits of potash; that the application for inclusion of said lands in the Oil-Potash Area should be denied; and that said lands are described as follows:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

→ Section 24: SE/4 NE/4 and NE/4 SE/4

Section 23: NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPMSection 1: NW/4 NW/4, S/2 NW/4,
SW/4, and S/2 SE/4

Section 5: NW/4 NW/4

Section 6: W/2 SE/4

Section 7: NE/4 NW/4

Section 11: S/2 N/2

Section 12: W/2 NW/4, NE/4 NW/4,
and E/2

Section 13: E/2

Section 19: W/2 and SE/4

Section 20: W/2 SW/4 and SE/4 SW/4

Section 24: NE/4 NW/4 and N/2 NE/4

Section 29: NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: W/2

Section 17: W/2

Section 18: All

Section 19: N/2

(4) That in order to promote the orderly development of the natural resources in the potash-oil area, and prevent waste and protect correlative rights, ~~the~~ Order No. R-111-A, as amended, should be further amended to include in the Potash-Oil Area, as defined by said order, the lands described in Finding No. (4) above.

IT IS THEREFORE ORDERED:

(1) That Order No. R-111-A, as amended, is hereby further amended to include the following described lands within the Potash-Oil Area in Lea and Eddy Counties, New Mexico:

4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 24: $N/2 SW/4$ ^{and} $NW/4 SE/4$

~~N/2 SE/4 SW/4~~

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 4: $SE/4 NE/4$

Section 5: $SW/4 NW/4$ and $NW/4 SW/4$

Section 6: $E/2 SE/4$

Section 11: $E/2 SE/4$

Section 12: $SE/4 NW/4$ and $SW/4$

Section 13: $W/2$

Section 14: $E/2 E/2$

Section 20: $NE/4 SW/4$, $N/2 SE/4$,
and $SW/4 SE/4$

Section 23: $N/2 NE/4$

Section 24: $NW/4 NW/4$

(2) That the application of Amay Chemical Corporation to include in the Potash-Oil Area, as defined by Order No. R-111-A, as amended, the lands described in Finding No. (5) of this order is hereby denied.

(3) Jurisdiction

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF AMAX CHEMICAL)
CORPORATION FOR AN ORDER AMENDING)
R-111A AND SEEKING AN EXTENSION OF)
THE POTASH-OIL AREA IN EDDY COUNTY,)
NEW MEXICO.)

No. 6495

A P P L I C A T I O N

COMES NOW Amax Chemical Corporation, a Delaware Corporation,
and authorized to do business in the State of New Mexico, states:

1. Amax Chemical Corporation is the owner of the following
described potash leases and sub-leases, to-wit:

Federal - LC067319 A, B and C; NM 21604, NM 21606, and NM 22001

State - M2657A

State - M373 Sub-lease.

which leases and permits cover among other property the following
described lands, to-wit:

(LEASED LAND)

STATE

SECTION 23 Township 19S Range 29E

NE $\frac{1}{4}$ SE $\frac{1}{4}$ Containing approximately 40 acres

STATE

SECTION 24 Township 19S Range 29E

N $\frac{1}{2}$ S $\frac{1}{2}$ Containing approximately 160 acres

SE $\frac{1}{4}$ NE $\frac{1}{4}$ Containing approximately 40 acres

FEDERAL

SECTION 19 Township 19S Range 30E

N $\frac{1}{2}$ SE $\frac{1}{4}$ Containing approximately 80 acres

SE $\frac{1}{4}$ SE $\frac{1}{4}$ " " 40 acres

FEDERAL

SECTION 20 Township 19S Range 30E

SW $\frac{1}{4}$ Containing approximately 160 acres

N $\frac{1}{2}$ SE $\frac{1}{4}$ " " 80 acres

SW $\frac{1}{4}$ SE $\frac{1}{4}$ " " 40 acres

FEDERAL

SECTION 29 Township 19S Range 30E

NE $\frac{1}{4}$ NW $\frac{1}{4}$ Containing approximately 40 acres

FEDERAL	SECTION 11	Township 19S	Range 30E
	S $\frac{1}{2}$ N $\frac{1}{2}$	Containing approximately	160 acres
	E $\frac{1}{2}$ SE $\frac{1}{2}$	" "	80 acres
FEDERAL	SECTION 12	Township 19S	Range 30E
	SW $\frac{1}{4}$	Containing approximately	160 acres
	S $\frac{1}{2}$ NW $\frac{1}{4}$	" "	80 acres
	W $\frac{1}{2}$ SE $\frac{1}{2}$	" "	80 acres
	SW $\frac{1}{4}$ NE $\frac{1}{4}$	" "	40 acres
FEDERAL	SECTION 13	Township 19S	Range 30E
	N $\frac{1}{2}$	Containing approximately	320 acres
FEDERAL	SECTION 14	Township 19S	Range 30E
	E $\frac{1}{2}$ E $\frac{1}{2}$	Containing approximately	160 acres
FEDERAL	SECTION 23	Township 19S	Range 30E
	N $\frac{1}{2}$ NE $\frac{1}{4}$	Containing approximately	80 acres
FEDERAL	SECTION 24	Township 19S	Range 30E
	N $\frac{1}{2}$ NW $\frac{1}{4}$	Containing approximately	80 acres
FEDERAL	SECTION 7	Township 19S	Range 30E
	NE $\frac{1}{4}$ NW $\frac{1}{4}$	Containing approximately	40 acres
FEDERAL	SECTION 6	Township 19S	Range 30E
	SE $\frac{1}{4}$	Containing approximately	160 acres
FEDERAL	SECTION 5	Township 19S	Range 30E
	W $\frac{1}{2}$ NW $\frac{1}{4}$	Containing approximately	80 acres
	NW $\frac{1}{4}$ SW $\frac{1}{4}$	" "	40 acres
FEDERAL	SECTION 4	Township 19 S	Range 30E
	SE $\frac{1}{4}$ NE $\frac{1}{4}$	Containing approximately	40 acres

PROSPECTING PERMITS

FEDERAL	SECTION 19	Township 19S	Range 30E
	NW $\frac{1}{4}$	Containing approximately	160 acres
	SW $\frac{1}{4}$ SE $\frac{1}{4}$	" "	40 acres
	SW $\frac{1}{4}$	" "	160 acres

<u>FEDERAL</u>		
<u>SECTION 1</u>	<u>Township 19S</u>	<u>Range 30E</u>
S $\frac{1}{2}$ SE $\frac{1}{4}$	Containing approximately	80 acres
SW $\frac{1}{4}$	" "	160 acres
S $\frac{1}{2}$ NW $\frac{1}{4}$	" "	80 acres
NW $\frac{1}{4}$ NW $\frac{1}{4}$	" "	40 acres

<u>FEDERAL</u>		
<u>SECTION 12</u>	<u>Township 19S</u>	<u>Range 30E</u>
N $\frac{1}{2}$ N $\frac{1}{2}$	Containing approximately	160 acres
SE $\frac{1}{4}$ NE $\frac{1}{4}$	" "	40 acres
E $\frac{1}{2}$ SE $\frac{1}{4}$	" "	80 acres

<u>FEDERAL</u>		
<u>SECTION 13</u>	<u>Township 19S</u>	<u>Range 30E</u>
E $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>		
<u>SECTION 24</u>	<u>Township 19S</u>	<u>Range 30E</u>
N $\frac{1}{2}$ NE $\frac{1}{4}$	Containing approximately	80 acres

<u>FEDERAL</u>		
<u>SECTION 7</u>	<u>Township 19S</u>	<u>Range 31E</u>
All	Containing approximately	640 acres

<u>FEDERAL</u>		
<u>SECTION 18</u>	<u>Township 19S</u>	<u>Range 31E</u>
All	Containing approximately	640 acres

<u>FEDERAL</u>		
<u>SECTION 19</u>	<u>Township 19S</u>	<u>Range 31E</u>
N $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>		
<u>SECTION 8</u>	<u>Township 19S</u>	<u>Range 31E</u>
W $\frac{1}{2}$	Containing approximately	320 acres

<u>FEDERAL</u>		
<u>SECTION 17</u>	<u>Township 19S</u>	<u>Range 31E</u>
W $\frac{1}{2}$	Containing approximately	320 acres

2. Federal and State leased lands comprise approximately 2,230 acres. The prospecting permit lands, all of which are federal, comprise approximately 3,640 acres, for a total extension of R-111A acreage of approximately 5,920 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Commission, a copy of which is attached hereto and marked Exhibit "A".

4. Attached hereto and marked Exhibit "B" is an oil and gas map current to January 24, 1979 so far as known to the Applicant and bears various markings, to-wit:

(a) The area outlined in red represents the present boundaries material to this Application which are in R-111A.

(b) That portion of Exhibit "B" colored in light blue represents the areas sought to be included as extensions of R-111A, which is broken down into four areas described as Area 1: the Southwest extension; Area 2: the Northwest extension; Area 3: the North Central extension; and Area 4: the East extension.

(c) The area outlined in green represents the Applicant's current lease holdings in the vicinity.

5. As to Area 1 described in paragraph 4 (b), approximately two-thirds of this area is already within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which the Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 1 is comprised of approximately 1,040 total acres (approximately 240 acres are state leased; approximately 360 acres are under Federal Prospecting Permit No. 21658; and approximately 440 acres are under Federal Lease.

6. As to Area 2 described in Paragraph 4 (b), all of this area is within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which the Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 2 contains approximately 320 total acres comprised of federal leased land.

A D D E N D U M

RE: APPLICATION OF AMAX CHEMICAL CORPORATION FOR AN ORDER AMENDING R-111A AND SEEKING EXTENSION OF THE POTASH-OIL AREA IN EDDY COUNTY, NEW MEXICO.

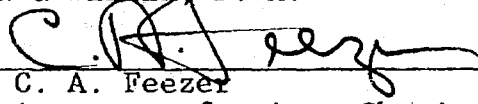
In paragraph 8, page 5 of the above captioned Application, an error was made. Said paragraph is corrected to read as follows, to-wit:

8. Area 4 contains approximately 4,520 total acres comprised of approximately 2,240 acres under Federal Prospect Permit No. 24584, approximately 400 acres under Federal Prospect Permit No. 21659, approximately 640 acres under Federal Prospect Permit No. NM 21660, and approximately 1,240 acres under federal lease. Approximately one-fourth of Area 4 is in the leased boundaries of the Applicant and three-fourths of the area is beyond the Applicant's leases and is in a large measure unexplored by core testing as to its potash potential; nonetheless, in the W $\frac{1}{2}$ of Section 8, T19S, R21E, under a now expired prospecting permit, potash in commercially usable quantities was discovered in a core test and coupled with the known core tests within the leased portion of Area 4 of this Application, the Applicant is able to state with reasonably engineering certainty that in this area and all other areas mentioned herein, potash in commercially recoverable quantities exists or there is a fifty percent probability that commercially recoverable potash ores are present in this Area.

Respectfully submitted,

DOW & FEEZER, P. A.

By


C. A. Feezer

Attorneys for Amax Chemical Corporation
P.O. Box 128
Carlsbad, NM 88220

Phone No. 885-2185

7. As to Area 3 described in Paragraph 4 (b), all of this area is within the leased boundaries of the Applicant and also contains certain oil and/or gas wells which are already in or close to the areas in which Applicant seeks extension of R-111A. In the judgment of the Amax mining engineers, recoverable ore in commercial quantities exists in this designated area. Area 3 contains approximately 40 total acres of federal leased land.

*Para 8
Amended*

8. Area 4 contains approximately 4,520 total acres comprised of approximately 2,240 acres under Federal Prospect Permit No. 21659, approximately 640 acres under Federal Prospect Permit No. NM 21660, and approximately 1,640 acres under federal lease. Approximately one-fourth of Area 4 is in the leased boundaries of the Applicant and three-fourths of the area is beyond the Applicant's leases and is in a large measure unexplored by core testing as to its potash potential; nonetheless, in the $\frac{W}{2}$ of Section 8, T19S, R21E, under a now expired prospecting permit, potash in commercially usable quantities was discovered in a core test and coupled with the known core tests within the leased portion of Area 4 of this Application, the Applicant is able to state with reasonably engineering certainty that in this area and all other areas mentioned herein, potash in commercially recoverable quantities exists or there is a fifty percent probability that commercially recoverable potash oreas are present in this Area.

9. A further basis for the Application to extend R-111A is to protect both current and future open mine workings within the areas under lease. In Area 2, the Applicant is currently mining open workings outside the boundaries of R-111A.

10. In Area 3, open mine workings are now within 500 feet of the oil potash boundaries of R-111A as amended and your Applicant seeks the protection of a Commission Order extending this boundary and all others referred to in this Application.

11. As to Area 4, the long term orderly development of mining of potash requires the coordination of both State and Federal agencies and even though the proximity of open mine workings now in operation by Applicant from the area sought to be included in R-111A and designated by this Applicant on the attached map Exhibit "B" is an area which at the time of the Application is not extensively leased by oil and gas interests and is further subject to long term delays by the Department of Interior, Bureau of Land Management, in the issuance of prospecting permits. The Applicant states on information and belief that the best interests of the State for the full recovery of mineral resources dictates that Area 4 as per Applicant's map Exhibit "B", should be included within R-111A.

12. The names and address of parties interested in the Application as known to the Applicant are as follows:

Clifford Cone
Box 1116
Lovington, NM 88260

Southwestern, Inc.
208 East Washington
Lovington, NM 88260

Burleson & Huff
Box 2479
Midland, Texas 79702

Mabel E. Hale
120 Requa Road
Piedmont, CA 94611

J. I. O'Neill, et al.
Box 2840
Midland, Texas 79701

Gus G. Panos
527 East 6270 South
Murray, Utah 84107

Collier & Collier
Box 798
Artesia, NM 88210

Bass Enterprises Production Co.
Box 2760
Midland, Texas 79702

The Superior Oil Company
Box 71
Conroe, Texas 77301

Dale K. Hatch
327 Crestview Drive
Price, Utah 84501

Petroleum Corporation of Texas
West. Div. - NM District
Box 108
Seminole, Texas 79360

Bruce Bumgarner
Box 1433
Wichita, Kansas 67201

Roger C. Hostetler
425 Hallen - Apt. #209
Waterloo, Iowa 50701

Kerr-McGee
Box 25861
Oklahoma City, Oklahoma 73215

Rutter & Wilbanks
500 N. Big Spring Street
Midland, Texas 79701

LaRue & Muncy
Box 196
Artesia, NM 88210

Kersey & Company
808 Grand Avenue
Artesia, NM 88210

T. W. Bauerdorf & C. B. Cartwright
Trustees: George F. Bauerdorf, Dec.
9363 Wilshire Blvd.
Beverly Hills, CA 90210

Yates Drilling Co. - Yates Petroleum
Corporation, et al.
207 South 4th Street
Artesia, NM 88210

Gulf
Box 3786
Odessa, Texas 79760

Culbertson & Irwin
Box 1071
Midland, Texas 79702

Getty Oil Company
Box 1650
Tulsa, Oklahoma 74102

page 7
Application for Order Amending R-111A

Lynn Godfrey
Box 3060
Dallas, Texas 75205

Scope Industries
C/o Culbertson & Irwin
Box 1071
Midland, Texas 79702

Southland Royalty
1100 Wall Towers West
Midland, Texas 79701

Harvey Yates, et al.
Suite No. 1000
Security National Bank Bldg.
Roswell, NM 88201

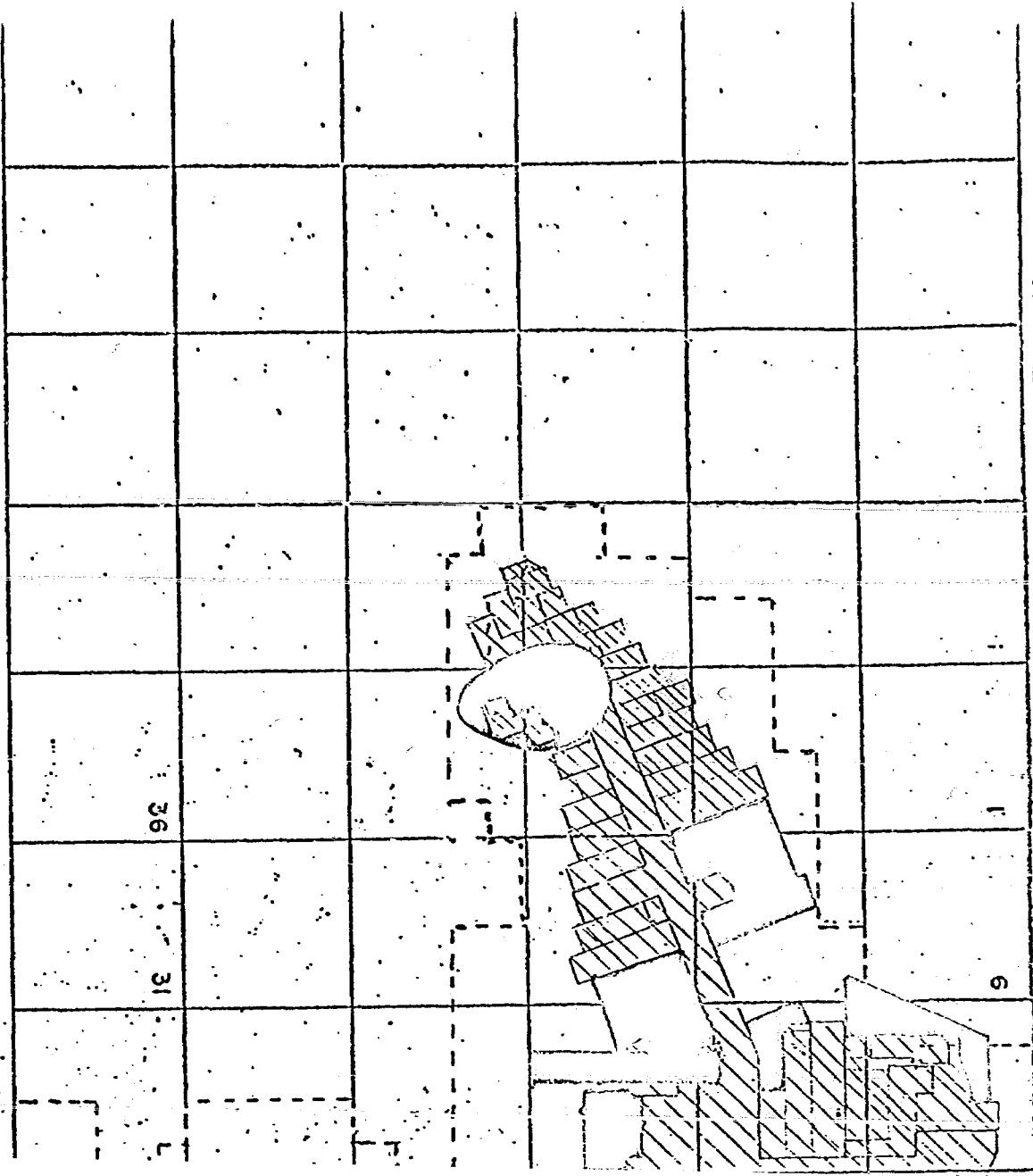
H. J. Ledbetter
1002 Sayles Blvd.
Abilene, Texas 79605

WHEREFORE, Amax Chemical Corporation requests that the Commission fix a time and place for hearing before the Commission, after proper notice, to determine the propriety of the request as set forth herein.

Respectfully submitted,

AMAX CHEMICAL CORPORATION

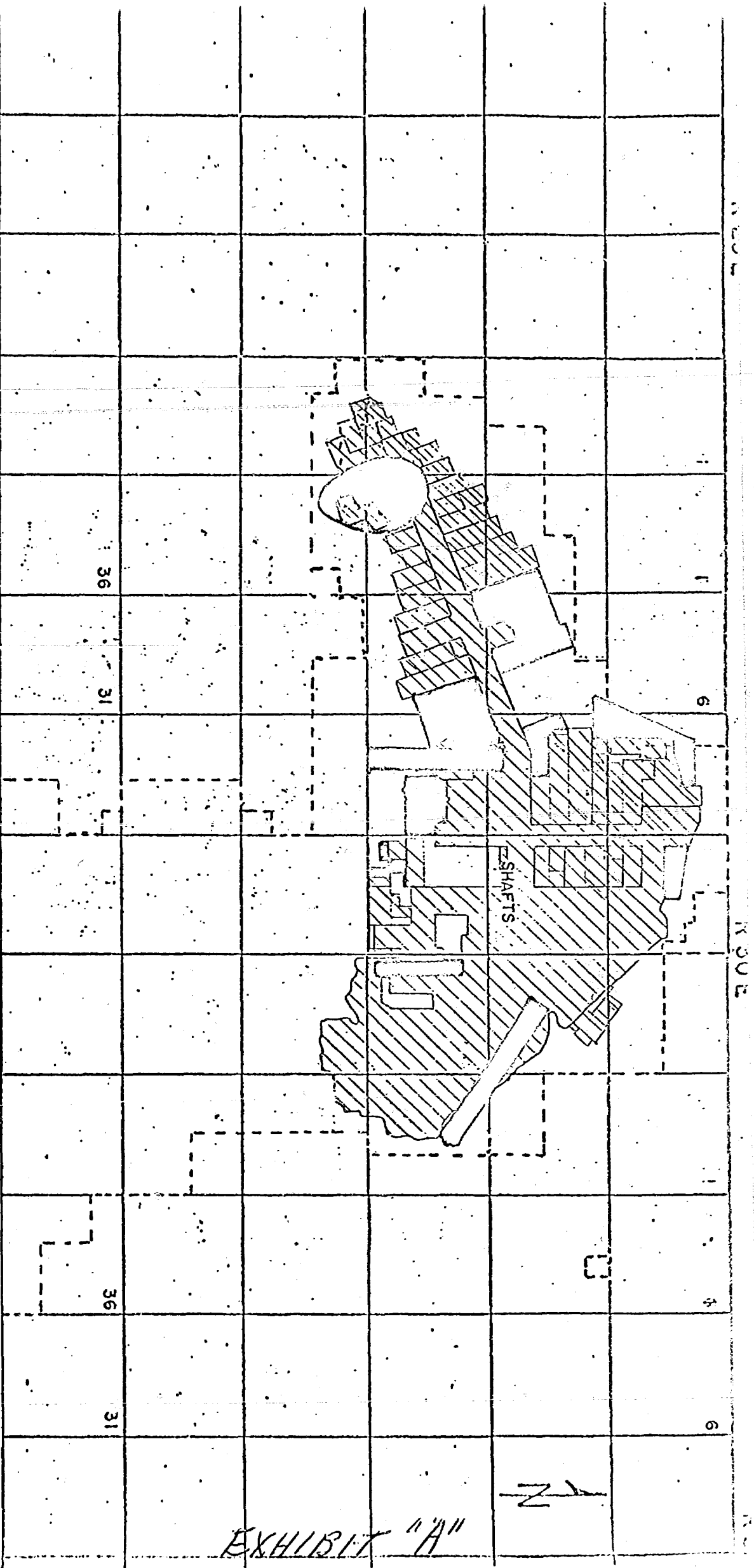
By C. A. Feezer
C. A. Feezer
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220
Phone No. 385-2185
Attorneys for Applicant



OPEN MINE WORKINGS - DEC 31, 1978

R-III-A OIL - POTASH AREA

PROJECTION 1979 - 1983



OPEN MINE WORKINGS-DEC 31, 1978
 R-II-A OIL - POTASH AREA
 PROJECTION 1979 - 1983

AMAX CHEMICAL CORP.
 FORMERLY
 SOUTHWEST POTASH CORP.
 CARLSBAD, N. M.
 SCALE 1" = 1 MILE
 JAN 1979

EXHIBIT "B"

— CURRENT R-111A BOUNDARY

— AMAX PROSPECT PERMITS

— PROPOSED EXTENSION R-111A

— AMAX USA

DATA

CURRENT

TO: 1-24-79

TURKEY

AREA 1

AREA 2

AREA 3

AREA 4

AREA 5

AREA 6

AREA 7

AREA 8

AREA 9

AREA 10

AREA 11

AREA 12

AREA 13

AREA 14

AREA 15

AREA 16

AREA 17

AREA 18

AREA 19

AREA 20

AREA 21

AREA 22

AREA 23

AREA 24

AREA 25

AREA 26

AREA 27

AREA 28

AREA 29

AREA 30

AREA 31

AREA 32

AREA 33

AREA 34

AREA 35

AREA 36

COLUMBIA (ON) UNIT

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AMAX
NO
SCALE
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

//CASE NO. 6495
Order No. R-111-K

APPLICATION OF AMAX CHEMICAL
CORPORATION FOR THE EXTENSION
OF THE POTASH-OIL AREA, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 14, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 1979, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Amax Chemical Corporation, seeks
an extension of the Potash-Oil Area as defined in Order No.
R-111-A, as amended, by the addition of the following described
lands in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 23: NE/4 SE/4

Section 24: SE/4 NE/4 and N/2 S/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: NW/4 NW/4, S/2 NW/4, SW/4,
and S/2 SE/4

Section 4: SE/4 NE/4

Section 5: W/2 NW/4 and NW/4 SW/4

Section 6: SE/4

Section 7: NE/4 NW/4

Section 11: S/2 N/2 and E/2 SE/4

Section 12: All

Section 13: All

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM (continued)

Section 14: E/2 E/2
Section 19: W/2 and SE/4
Section 20: SW/4, N/2 SE/4, and SW/4 SE/4
Section 23: N/2 NE/4
Section 24: N/2 N/2
Section 29: NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: N/2

(3) That the evidence establishes that although certain of the lands described in Finding No. (2) above are barren of commercial potash mineralization, certain remaining lands do contain commercial deposits of potash which may reasonably be recovered in commercial quantities.

(4) That the following described lands comprise those lands which, according to the evidence, contain commercial deposits of potash:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 24: N/2 SW/4 and NW/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 4: SE/4 NE/4
Section 5: SW/4 NW/4 and NW/4 SW/4
Section 6: E/2 SE/4
Section 11: E/2 SE/4
Section 12: SE/4 NW/4 and SW/4
Section 13: W/2
Section 14: E/2 E/2
Section 20: NE/4 SW/4, N/2 SE/4, and SW/4 SE/4
Section 23: N/2 NE/4
Section 24: NW/4 NW/4

(5) That, based upon the evidence submitted at the hearing, it is not established that certain of the lands sought to be included in the Oil-Potash Area contain commercial deposits of potash; that the application for inclusion of said lands in the Oil-Potash Area should be denied; and that said lands are described as follows:

Case No. 6495
Order No. R-111-K

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 23: NE/4 SE/4
Section 24: SE/4 NE/4 and NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: NW/4 NW/4, S/2 NW/4, SW/4,
and S/2 SE/4
Section 5: NW/4 NW/4
Section 6: W/2 SE/4
Section 7: NE/4 NW/4
Section 11: S/2 N/2
Section 12: W/2 NW/4, NE/4 NW/4, and E/2
Section 13: E/2
Section 19: W/2 and SE/4
Section 20: W/2 SW/4 and SE/4 SW/4
Section 24: NE/4 NW/4 and N/2 NE/4
Section 29: NE/4 NW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: N/2

(6) That in order to promote the orderly development of the natural resources in the potash-oil area, and prevent waste and protect correlative rights, Order No. R-111-A, as amended, should be further amended to include in the Potash-Oil Area, as defined by said order, the lands described in Finding No. (4) above.

IT IS THEREFORE ORDERED:

(1) That Order No. R-111-A, as amended, is hereby further amended to include the following-described lands within the Potash-Oil Area in Lea and Eddy Counties, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 24: N/2 SW/4 and NW/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 4: SE/4 NE/4
Section 5: SW/4 NW/4 and NW/4 SW/4
Section 6: E/2 SE/4
Section 11: E/2 SE/4
Section 12: SE/4 NW/4 and SW/4
Section 13: W/2
Section 14: E/2 E/2
Section 20: NE/4 SW/4, N/2 SE/4, and
SW/4 SE/4
Section 23: N/2 NE/4
Section 24: NW/4 NW/4

-4-

Case No. 6495
Order No. R-111-K

(2) That the application of Amax Chemical Corporation to include in the Potash-Oil Area, as defined by Order No. R-111-A, as amended, the lands described in Finding No. (5) of this order is hereby denied.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S E A L

fd/