

CASE 6665: AMAX CHEMICAL CORPORATION FOR
THE AMENDMENT OF ORDER NO. R-111-A, EDDY
COUNTY, NEW MEXICO

CASE NO.

6665

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Amax Chemical Corpor-)
ation for the amendment of Order No.)
R-111-A, Eddy County, New Mexico.)

CASE
6665

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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For the Applicant:

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1 MR. NUTTER: We'll call next Case Number
2 6665.
3 MR. PADILLA: Application of Amax Chemical
4 Corporation for the amendment of Order No. R-111-A, Eddy
5 County, New Mexico.
6 MR. NUTTER: I'll call for appearances in
7 Case Number 6665.
8 MR. FEEZER: My name is Charles A. Feezer,
9 from Carlsbad, New Mexico, the firm of Dow and Feezer, and
10 I am appearing on behalf of the applicant, Amax Chemical
11 Corporation.
12
13 (Witnesses sworn.)
14
15 MR. FEEZER: The first witness is Mr. Bob
16 Kirby, Mr. Nutter.
17
18 BOB KIRBY
19 being called as a witness and having been duly sworn upon
20 his oath, testified as follows, to-wit:
21
22 DIRECT EXAMINATION
23 BY MR. FEEZER:
24 MR. FEEZER: Mr. Examiner, if I may, I
25 will hand you a duplicate of the exhibit which the witness

1 will be testifying from so that you may follow his testimony.

2 Q Would you please state your name, sir?

3 A Robert Kirby.

4 Q And what is your address and occupation?

5 A 1504 Jefferson, Carlsbad. I'm the Super-
6 intendent of Engineering and Mine Planning for Amax Chemical.

7 Q And have you previously testified before
8 the Commission on matters affecting potash and oil and gas?

9 A Yes, I have.

10 MR. FEEZER: Will the Commission accept
11 the qualifications of Mr. Kirby?

12 MR. NUTTER: Mr. Kirby is qualified.

13 Q (Mr. Feezer continuing.) Mr. Kirby, do
14 you have before you what is or will be marked Applicant's
15 Exhibit Number One, a map consisting of a portion of your
16 mine workings and exploratory work in Eddy County, New
17 Mexico?

18 A Yes, I have.

19 Q The applicant, Amax Chemical, has a conso-
20 lidated application in Sections 19, 19, 30 East; and 22, 19,
21 29 East; as well as 22, 19, 29; and 23, 19, 29.

22 Are you familiar with those areas which
23 are in the proximity of Amax Chemical Corporation's mining
24 operations in Eddy County, New Mexico?

25 A Yes, I am.

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1 Q Calling your attention to the Exhibit One
2 as to Sections 19, Township 19 South, Range 30 East, this
3 shows as an 80-acre tract with an orange circle in the ap-
4 proximate center along the -- or near to the north boundary
5 of that 80-acre tract, does it not?

6 A Yes, it does.

7 Q Would you tell the Commission what number
8 154 signifies on this exhibit?

9 A 154 is a potash test which recently was
10 drilled and in the third ore zone assayed 63 inches at 11
11 percent K_2O .

12 Q And you have done other drilling in areas
13 approximately located to 154, for example, hole number 143,
14 149, and 118, as well, have you not?

15 A Yes, we have.

16 Q Now what does -- or do I read correctly
17 the legend on the map that the orange circle, as shown on
18 the legend, is third ore zone potash?

19 A Yes, it is.

20 Q What is the significance of 63 inches of
21 11.0 K_2O ?

22 A It is considered mineable ore grade in
23 thickness.

24 Q There has been attached to the application
25 of Amax a mine plan projecting your anticipated approach to

1 this area, is that correct?

2 A. Yes.

3 Q And as Mine Engineer, when would you anti-
4 cipate, based on your present rate of progress, that this
5 area would be reached for commercial production of potash
6 ore?

7 A We could be mining in this area within
8 three to five years.

9 Q And are you progressing at this time
10 towards that area from the west to the east?

11 A At this particular time, no. We are not
12 advancing from the west to the east; however, we are deve-
13 loping a mining panel in the north to the south which would
14 allow us access into that area.

15 Q And would you tell the Hearing Examiner
16 from which direction that development is going to occur with
17 a little more specific information?

18 A In the -- to the northwest there is an
19 area marked "110 south slope" up in Section 8. We are cur-
20 rently developing a three entry main line directly south.
21 At this point we're approximately 700 feet on the advance.

22 Q Is a test of this nature sufficient in your
23 judgment to merit the necessary investment to proceed toward
24 it in an orderly fashion?

25 A Yes, it is.

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1 Q And is this ore present, in your judgment,
2 in commercially recoverable quantities in the area under
3 discussion?

4 A Yes, it is.

5 Q Moving now to Section 22, Township 19
6 South, Range 29 East, the southeast quarter, containing 160
7 acres, would you tell the Hearing Examiner what the data is
8 relating to this portion of the application?

9 A Which portion was this?

10 Q The southeast quarter of Section 22, 19, 29
11 East.

12 A We have drilled hole number 145 with the
13 results of third ore zone 53 inches thick at 11.3 percent
14 K_2O . This is again mineable ore.

15 Q Has Amax under your direction been pursuing
16 a progressive exploratory program from east to west towards
17 this particular quarter section?

18 A Yes, we have.

19 Q And have you, as you have advanced, going
20 from east to west, discovered commercially recoverable
21 quantities of potash ore in Section 23 to the east of the
22 area we are talking about?

23 A Yes, we have.

24 Q And is it your opinion that hole number 145
25 in this quarter section discloses commercially recoverable

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1 ore --

2 A. Yes, it does.

3 Q. -- that can be profitably mined?

4 A. Yes, it does.

5 Q. Moving to Section 22, Township 19 South,
6 Range 29 East, the northeast quarter, would you tell the
7 Commission what core hole data indicates in that quarter
8 section?

9 A. Hole 77 intercepted third ore zone with a
10 reading of 48 inches of 11 percent K_2O .

11 Hole Number 19 intercepted the third ore
12 zone with an ore bed of 48 inches of 11.5 percent K_2O .

13 Q. And for purposes of the record, would you
14 tell the Commission how close, if you can, is the explora-
15 tory hole number 144 to the boundary line of the northeast
16 quarter of Section 22, 19, 29 East?

17 A. I would say within 300 feet.

18 Q. And what does that core test disclose?

19 A. This test is a little bit better ore, it's
20 48 inches at 15.1 percent, or adding some upper strata onto
21 that, we could mine 75 inches at 12.1 percent, both of which
22 are economical ore.

23 MR. NUTTER: Now, the 75 inches of 12.1
24 percent includes the other 48 inches, is that it?

25 A. Yes, sir.

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1 MR. NUTTER: And these are all in the
2 third zone?

3 A. It's all in the third zone, Mr. Nutter.

4 MR. NUTTER: These are just some little
5 stringers that are up above the main ore body?

6 A. Well, they're lower grade intercepts right
7 at the top of the ore. We just added more analysis to it.

8 MR. NUTTER: All right.

9 Q (Mr. Feezer continuing.) Either way,
10 the results of core test hole number 144 are red. Are the
11 ores there commercially recoverable and would they be
12 profitable to mine at this time?

13 A. Yes, they are.

14 Q And do you project that in the future in
15 your mine plan, as attached to your application, that that
16 will still be the case as you progress westward with your
17 mining?

18 A. All indications tell us that it is.

19 Q Referring now to that portion of the ap-
20 plication touching on the -- in Section 23, Township 19
21 South, Range 29 East, there are two quarter sections and a
22 40-acre tract. Would you outline to the Hearing Examiner
23 what the core tests in that area reveal, as shown on Exhibit
24 One?

25 A. In the southeast quarter we have two holes,

1 number 129, which assayed in the third ore zone 51 inches
2 at 15.3 percent K_2O . Hole number 132 assayed 48 inches at
3 11 percent, 11.7 percent K_2O in the third ore zone.

4 In the southwest quarter we have hole number
5 133, which intercepted 48 inches of 11.5 percent K_2O in the
6 third ore zone and hole number 142, which intercepted 48
7 inches of 10.1 percent K_2O in the third ore zone.

8 MR. NUTTER: Mr. Kirby, just for the re-
9 cord's sake, would you state what is considered to be com-
10 mercial potash ore? Feet and -- or inches and percent?

11 A In regards to thickness we assume that
12 48 inches is the minimum mining height that we could possibly
13 obtain and the ore grade, we are, or have been mining
14 profitably below 11 percent, actually; closer to 9 percent
15 is the real cutoff with 48 inches.

16 MR. NUTTER: Normally hasn't the rule of
17 thumb been 48 inches at 10 percent?

18 A 48 inches at 10 percent and this goes up
19 and down as the economics change.

20 MR. NUTTER: But normally the economic
21 limit is considered to be about 48 inches at 10 percent?

22 A Yes, that's right, sir.

23 Q (Mr. Feezer continuing.) In reference to
24 the 40-acre tract, the southwest of the northwest of 23, 19,
25 29, there is no core test within that 40-acre tract, but in

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1 four test holes southwest and northeast of that 40-acre
2 tract is it your judgment as a mining engineer that that
3 40-acre tract embraces commercially recoverable ore in view
4 of the bracketing by the holes?

5 A. My judgment tells me that I would have to
6 assume that this 40 acres would be all mineable ore.

7 Q. And is the pattern of core testing as
8 shown Exhibit One a standard practice accepted by the
9 potash mining industry insofar as the discovery or estimate
10 of reserves are concerned?

11 A. Yes, it is.

12 Q. Is there anything further regarding Ap-
13 plicant's Exhibit Number One that you can inform the Com-
14 mission about which we haven't so far discussed?

15 A. No, I don't believe there is.

16 MR. NUTTER: Before you get off that ex-
17 hibit, Mr. Kirby, now we've got a yellow line that zigzags
18 across through Sections 14, 13, and down into the northern
19 part of Section 23. What does that yellow line reflect?

20 A. That yellow line is the mining extremities
21 of our first ore zone.

22 Q. Would you explain that more fully to the
23 Commissioner as to whether or not those are open mine
24 workings or otherwise?

25 A. They are open mine workings inside of that

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1 line and outside the line is virgin ground.

2 MR. NUTTER: Now where have you mined in-
3 sofar as the third ore zone is concerned on this exhibit?

4 A. The cross hatched area in Section 24 and 23
5 and 13, the blue cross hatched areas are workings in the
6 third ore zone.

7 MR. NUTTER: And how do you get into that
8 third ore zone for that area, Mr. Kirby?

9 A. We have two slopes coming from our first
10 ore zone. They are located and shown in Section 13.

11 MR. NUTTER: Right in the middle of the
12 northern part of the southwest quarter of Section 13?

13 A. That's right.

14 MR. NUTTER: And is the third ore zone
15 above or below the first ore zone?

16 A. It's above the first ore zone. The interval
17 is 25 to 30 feet above.

18 MR. NUTTER: So those little slopes re-
19 flect little hills where you come off to get into the third
20 ore zone?

21 A. That's right.

22 MR. NUTTER: And then you've mined out
23 this cross hatched area in the third ore zone from where
24 you entered into it.

25 A. Yes, we have.

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1 MR. NUTTER: Now, you were referring to
2 this slope up here in Section 8. Is that another little
3 hill where you're coming up out of the first ore zone into
4 the third ore zone?
5 A. That's right.
6 MR. NUTTER: And what was that 700-foot
7 face that you mentioned?
8 A. We've advanced, at this particular date
9 we're advanced from the point where we were in the first
10 ore zone.
11 MR. NUTTER: And where do you get into it,
12 at the end of the two little vertical slopes there?
13 A. That's right.
14 MR. NUTTER: And you have --
15 A. We've advanced 700 feet from there.
16 MR. NUTTER: South?
17 A. To the south.
18 MR. NUTTER: And it's your intent, then,
19 to come south and then to mine to the west?
20 A. That's right.
21 MR. NUTTER: And eventually to intersect
22 this other mine on the third slope, then.
23 A. Yes, we will eventually open that.
24 MR. NUTTER: I see.
25 Q. (Mr. Feezer continuing.) Are you presently

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1 working the third ore zone in the cross hatched area as
2 shown on Exhibit One?

3 A. We have been working that area diligently
4 up until approximately a month ago, three weeks ago, and
5 due to production problems elsewhere, we had to temporarily
6 stop mining there, but it's our plan to be back in there
7 within several more months.

8 MR. FEEZER: Any further questions, Mr.
9 Examiner?

10 MR. NUTTER: No further questions.

11 MR. FEEZER: We move the introduction of
12 Exhibit One, the map, at this time.

13 MR. NUTTER: Does anyone have any questions
14 of the witness regarding this exhibit? Exhibit One will be
15 admitted in evidence.

16 MR. FEEZER: I'd like to call Mr. Everett
17 Jourdan.

18 MR. NUTTER: Mr. Kirby may be excused.

20 EVERETT JOURDAN

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

24 DIRECT EXAMINATION

25 BY MR. FEEZER:

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Q Would you please state your name?

A Everett C. Jourdan.

Q What is your address and occupation?

A 1106 Tracy Place, Carlsbad, New Mexico.

I am Chief Mining Engineer for Potash Company of America.

Q How long have you been employed in that capacity?

A Approximately thirty years.

Q And have you been present and have you heard the testimony of Mr. Bob Kirby of Amax this morning before the Examiner?

A I have.

Q You have before you a copy of Exhibit One admitted in evidence?

A It's not marked but I assume it is.

Q And assuming it is a copy, are you familiar with the method of exploration for potash ores in the basin in and around Carlsbad, New Mexico?

A I am.

Q Does this map reflect a standard procedure in the industry to advance exploratory drilling to outline and define commercially recoverable bodies of potash ore?

A It does.

Q In reference to the areas under discussion

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1 today in Section 22, 23, and also in the northwest quarter
2 of Section 19, Township 19 South, Range 30 East, do the
3 indications on this map suggest to you that commercially
4 recoverable quantities of potash ore exist, as shown by the
5 data contained herein?

6 A Yes, it does.

7 Q Do any of these lands embraced on this
8 map and under discussion today come under any sub-leases
9 from the Potash Corporation of America?

10 A Yes. We have sub-leases on I think 23,
11 24, 25, and 26.

12 Q And as a matter of fact, this shows on
13 the exhibit in the southeast quarter of Section 23, does it
14 not, as a PCA sub-lease?

15 A PCA sub-lease is on this one between 25
16 and 26, and 24 and 23, yes.

17 Q And is it in the interests of the Potash
18 Company of America and other interested parties that this
19 discovered ore be mined?

20 A It certainly does.

21 Q And is it your opinion that it can be done
22 in the interests of the maximum recovery of this natural
23 resource in a manner suggested and outlined on this map and
24 as testified to by Mr. Kirby?

25 A Yes, it does.

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MR. FEEZER: Mr. Examiner.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Jourdan, where the limits of the PCA
sub-lease to Amax in this area?

A We have the entire 23, 24, 25, and 26 Sec-
tions.

MR. NUTTER: I see.

A The total full sections of State land.

MR. FEEZER: If the Examiner please, I
believe that you will see a black line showing a sub-lease
boundary at the bottom of 26, 25, 27. Does that appear on
your --

MR. NUTTER: Right, in other words, the
area that's marked in black dashed line.

MR. FEEZER: Yes, sir.

MR. NUTTER: Is the PCA property that's
under sub-lease to Amax.

MR. FEEZER: Yes, sir.

A Yes.

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

1 Q (Mr. Nutter continuing.) Mr. Jourdan,
2 PCA doesn't have any mines in this immediate area?

3 A No, we are cut off, Mr. Nutter, by Amax
4 leases. This was an isolated lease we picked up and we are
5 cut off and have no access to it.

6 Q So you sub-leased it to this --

7 A We are some two miles away.

8 Q -- company that did have access.

9 A That's right.

10 MR. NUTTER: Are there any questions of
11 Mr. Jourdan? He may be excused.

12 MR. FEEZER: Mr. Nutter, I would like, if
13 you would do so, to hear whatever comment Mr. John Burleson,
14 the USGS, has in regard to the application of Amax at this
15 time, if he chooses to make some comment.

16 MR. NUTTER: Mr. Burleson?

17 MR. BURLESON: Yes, sir, with the Com-
18 mission's permission.

19 My name is John Burleson. I'm the Mining
20 Supervisor for the U. S. Geological Survey in Carlsbad, New
21 Mexico.

22 Amax has supplied my office with the logs
23 of these holes as well as their mining plan and I do concur
24 in Mr. Kirby's testimony that this is commercial ore; that
25 it is in the planning to be mined by Amax; and I respectfully

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1 recommend to the Commission that this application be favorably
2 considered, and would be prepared to answer any questions
3 that the Commission might wish to ask.

4 MR. NUTTER: Mr. Burleson, the 4 feet of
5 10 percent ore that Mr. Kirby testified is recognized as
6 being a commercial limit, is that similar to the commercial
7 limits that the USGS recognizes as being commercial ore?

8 MR. BURLESON: We had the 4 feet at 10 as
9 a leasable standard, not as an economic limit, and these
10 economic limits are varying from mine to mine, as well as
11 from year to year.

12 MR. NUTTER: And company to company, pro-
13 bably.

14 MR. BURLESON: And company to company,
15 exactly. But the 4 feet at 10 for a sylvite was a leasing
16 standard which was -- has been introduced to this Commission,
17 in the past, but not a commercial limit.

18 MR. NUTTER: Have you found that 4 feet of
19 10 percent can usually be mined commercially by most companies?

20 MR. BURLESON: Not most companies. Amax
21 can do so because they have a higher grade first ore zone,
22 with which this lower grade third ore zone can be blended to
23 make an economic product to ship to the mill, and we do
24 have properties in the potash basin that are mining much
25 lower grade than even the 10 percent, and that is, as you

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1 said, it depends on the company, their -- their ore body,
2 what they have to blend with it, a number of factors, the
3 price of marketable potash, as well.

4 But there's no question that the basin will
5 be going to lower and lower grades and the price of muriate
6 is increasing, which is making this possible.

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

8 MR. BURLESON: Yes, sir.

9 MR. FEEZER: Mr. Marvin Watts.

10
11 MARVIN WATTS

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

14
15 DIRECT EXAMINATION

16 BY MR. FEEZER:

17 Q I hand to you and to the Hearing Examiner
18 what has been marked Exhibit Number Two, which we will dis-
19 cuss in a moment.

20 Would you first give the Hearing Examiner
21 your name, address, and occupation?

22 A I'm Marvin Watts, Box 56, Carlsbad, New
23 Mexico. I'm General Surface Superintendent for Amax
24 Chemical Corporation in Carlsbad.

25 Q Prior to the time of your assumption of

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1 those duties did you hold other offices or jobs with Amax
2 Chemical Corporation?

3 A. Yes, I have been Chief Chemist with Amax
4 Chemical Corporation. I've worked for Amax Chemical for
5 twelve years.

6 Q. Are you thoroughly -- and have you pre-
7 viously testified before this Commission for any purpose?

8 A. I have not.

9 Q. Would you state where you had your training
10 as a chemist and what degrees you hold?

11 A. I hold a Bachelor's degree in Mathematics
12 and Chemistry, a Master's degree in Chemistry, from Eastern
13 New Mexico University; additional graduate work in chemistry
14 from Oklahoma -- University of Oklahoma and Kansas State
15 University.

16 Q. And how long have you worked in the area
17 of potash chemistry?

18 A. For twelve years.

19 MR. FEEZER: Do you care to make further
20 inquiries to his qualifications?

21 MR. NUTTER: Mr. Watts is qualified.

22 Q. (Mr. Feezer continuing.) Mr. Watts, you
23 have heard briefly some discussion in this hearing as to the
24 technique of blending. Could you inform the Commission of
25 the significance of the test data on Exhibit One and how it

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1 is blended at Amax to make a commercially recoverable pro-
2 duct salable in today's market?

3 A. Yes. The lower grade material coming from
4 this third ore zone is blended with the higher grade material
5 coming from the first ore zone to furnish a mill feed that
6 will be of a higher grade than this third ore zone material.
7 And generally this is limited because of the mill was de-
8 signed many years ago to handle higher grade ores, but by
9 blending we can operate at an economic product ton level by
10 blending this and utilizing the lower grade ore.

11 Q. In Exhibit Number Two, a copy of which
12 you have before you, have you outlined various grades of
13 potash which are now being produced and sold by Amax?

14 A. Yes.

15 Q. And what does this exhibit reflect in
16 addition to those grades and prices?

17 A. At Amax Chemical Corporation we produce
18 three grades of potash, standard, coarse, and granular.

19 The standard material is -- these grades
20 are based on particle sizes, primarily, not on K_2O quality
21 of it. We guarantee a 60 percent K_2O for all of our products
22 but this is primarily based on particle size, the standard
23 being the smaller particle size; coarse, the next in size;
24 and granular is a larger size particle that we make. We
25 compact to make a larger size particle, and today this is

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1 the premium product in the fertilizer industry. Reason for
2 this is that most of the phosphorus and nitrogen fertilizers
3 are prilled and they almost have a set particle size. So
4 to keep from having segregation and dry blended fertilizers,
5 we attempt to make a product of potassium that will blend
6 without segregation.

7 So this is the reason for these various
8 grades. Today Amax is producing primarily granular material,
9 and if you'll notice on the exhibit, the granular material
10 is a premium product as far as price is concerned.

11 Q Is that granular product achieved by
12 blending of the ores we are discussing, which appear to be
13 recoverable on Exhibit One?

14 A Oh, yes, all of the material coming through
15 our processing plant is from the blended ore.

16 Q Is it your opinion, based on your exper-
17 ience in potash production, that the application of Amax
18 should be granted for the purpose of maximizing the recovery
19 of a natural resource under leases which exist from the State
20 and Federal government at this time?

21 A Yes.

22 Q Can you tell the Commission what the
23 present price of potash is per ton FOB Carlsbad, realizing
24 that it's not absolute but fluctuates some?

25 A Yes. This price list, as you see, is stated

1 in terms of price per unit. That's K₂O unit. If you take
2 that price and multiply it by -- if it happens to be exactly
3 60 percent K₂O grade, then you get the price per ton.

4 That price per ton for standard there is
5 about \$53.00 going on up to granular price of about \$63.00.

6 Now this is the posted price for potash.
7 It does vary from that according to grades. If you had a
8 61 percent, of course it would be a little bit higher.

9 Q And at that price per ton of \$50-plus,
10 is all of the potential ore outlined in Exhibit One commer-
11 cially recoverable and in such quantity that you believe it
12 desirable to have an application approved to protect this
13 area for the future production of this ore?

14 A Yes, no question about it.

15 MR. FEEZER: Pass the witness.

16 MR. NUTTER: Are there any questions of
17 Mr. Watts?

18 MR. FEEZER: We'd move the admission of
19 Exhibit Number Two, Mr. Nutter.

20 MR. NUTTER: Mr. Watts may be excused and
21 Exhibit Number Two will be admitted in evidence.

22 MR. NUTTER: We have nothing further for
23 the Examiner at this time.

24 MR. NUTTER: Does anyone have anything they
25 wish to offer in Case Number 6665? Yes, sir.

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1 MR. CREECH: Mr. Examiner, may I make a
2 statement?

3 MR. NUTTER: Yes, sir.

4 MR. CREECH: I'm Bob Creech, independent
5 petroleum landman from Midland, Texas.

6 I do some work for the Petroleum Corpor-
7 ation of Delaware, who has proposed to drill two wells in
8 Section 22, 19, 29, and to prevent waste and promote conser-
9 vation and protect correlative rights, I'd like to request
10 that the Examiner consider deferring the extension of this
11 potash/oil area until some time in the future in order that
12 we may go ahead with the drilling of these wells.

13 MR. NUTTER: Where would the wells be
14 drilled, Mr. Creech?

15 MR. CREECH: My understanding is that one
16 will be in the east -- they'll be 320-acre units; one will
17 be in the east half of Section 22 and one in the west half
18 of Section 22.

19 I believe the proposed location -- well,
20 I don't know the proposed location except as to the east
21 half.

22 MR. NUTTER: Would both locations be in the
23 east half?

24 MR. CREECH: The east, one in the east and
25 one in the west.

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1 MR. NUTTER: I understand. What company --
2 MR. CREECH: At orthodox --
3 MR. NUTTER: What company owns the oil
4 and gas leases there?
5 MR. CREECH: The Petroleum Corporation of
6 Delaware is proposing these.
7 MR. NUTTER: Do you know when they're
8 thinking about drilling those wells?
9 MR. CREECH: I don't know an exact date
10 but it's my understanding that AFEs have been sent out and
11 they are proposed for the immediate future.
12 MR. NUTTER: I see. How do you spell
13 your last name, Mr. Creech?
14 MR. CREECH: C-R-E-E-C-H.
15 MR. NUTTER: And what is your address in
16 Midland, please?
17 MR. CREECH: 518 Petroleum Building,
18 Midland, Texas, 79701
19 MR. NUTTER: Thank you.
20 Are there any other statements to be made?
21 Do you have anything further, Mr. Feezer?
22 MR. FEEZER: No, sir.
23 MR. NUTTER: If there is nothing further
24 in Case Number 6665, we'll take the case under advisement.
25 (Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. 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 the said transcript is a full, true, and correct
record of the said 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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6665
heard by me on 9/19 1979.
[Signature], Examiner
Oil Conservation Division

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BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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October 15, 1979

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

Re: CASE NO. 6665
ORDER NO. R-111-L

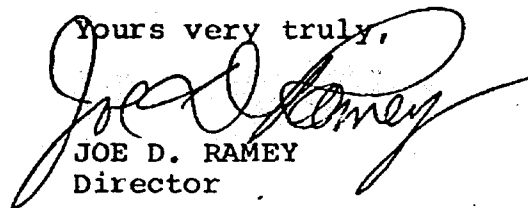
Applicant:

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 Robert Creech

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. 6665
Order No. R-111-L

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 September 19, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of October, 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 22: E/2

Section 23: SW/4 NW/4 and S/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 19: N/2 NW/4

(3) That the evidence presented indicates that the above-described acreage contains potash deposits in commercial quantities.

-2-

Case No. 6665
Order No. R-111-L

(4) That to promote the orderly development of the natural resources in the potash-oil area, Order No. R-111-A should be amended to include the above-described acreage in the Potash-Oil Area.

IT IS THEREFORE ORDERED:

(1) That Order No. R-111-A, as amended, be and the same is hereby amended to include the following-described acreage within the confines of the Potash-Oil Area in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 22: E/2
Section 23: SW/4 NW/4 and S/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 19: N/2 NW/4

(2) 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Amax Chemical Corpor-)
ation for the amendment of Order No.)
R-111-A, Eddy County, New Mexico.)

CASE
6665

BEFORE: Daniel S. Nutter

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 Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

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

SALLY WALTON BOYD
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MARVIN WATTS

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STATEMENT BY MR. J. ROBERT CREECH

25

EXHIBITS

Applicant Exhibit One, Map

4

Applicant Exhibit Two, Document

20

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1 MR. NUTTER: We'll call next Case Number
2 6665.

3 MR. PADILLA: Application of Amax Chemical
4 Corporation for the amendment of Order No. R-111-A, Eddy
5 County, New Mexico.

6 MR. NUTTER: I'll call for appearances in
7 Case Number 6665.

8 MR. FEEZER: My name is Charles A. Feezer,
9 from Carlsbad, New Mexico, the firm of Dow and Feezer, and
10 I am appearing on behalf of the applicant, Amax Chemical
11 Corporation.

12
13 (Witnesses sworn.)
14

15 MR. FEEZER: The first witness is Mr. Bob
16 Kirby, Mr. Nutter.

17
18 BOB KIRBY
19 being called as a witness and having been duly sworn upon
20 his oath, testified as follows, to-wit:

21
22 DIRECT EXAMINATION

23 BY MR. FEEZER:

24 MR. FEEZER: Mr. Examiner, if I may, I
25 will hand you a duplicate of the exhibit which the witness

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1 will be testifying from so that you may follow his testimony.

2 Q Would you please state your name, sir?

3 A Robert Kirby.

4 Q And what is your address and occupation?

5 A 1504 Jefferson, Carlsbad. I'm the Super-
6 intendent of Engineering and Mine Planning for Amax Chemical.

7 Q And have you previously testified before
8 the Commission on matters affecting potash and oil and gas?

9 A Yes, I have.

10 MR. FEEZER: Will the Commission accept
11 the qualifications of Mr. Kirby?

12 MR. NUTTER: Mr. Kirby is qualified.

13 Q (Mr. Feezer continuing.) Mr. Kirby, do
14 you have before you what is or will be marked Applicant's
15 Exhibit Number One, a map consisting of a portion of your
16 mine workings and exploratory work in Eddy County, New
17 Mexico?

18 A Yes, I have.

19 Q The applicant, Amax Chemical, has a conso-
20 lidated application in Sections 19, 19, 30 East; and 22, 19,
21 29 East; as well as 22, 19, 29; and 23, 19, 29.

22 Are you familiar with those areas which
23 are in the proximity of Amax Chemical Corporation's mining
24 operations in Eddy County, New Mexico?

25 A Yes, I am.

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1 Q Calling your attention to the Exhibit One
2 as to Sections 19, Township 19 South, Range 30 East, this
3 shows as an 80-acre tract with an orange circle in the ap-
4 proximate center along the -- or near to the north boundary
5 of that 80-acre tract, does it not?

6 A Yes, it does.

7 Q Would you tell the Commission what number
8 154 signifies on this exhibit?

9 A 154 is a potash test which recently was
10 drilled and in the third ore zone assayed 63 inches at 11
11 percent K_2O .

12 Q And you have done other drilling in areas
13 approximately located to 154, for example, hole number 143,
14 149, and 118, as well, have you not?

15 A Yes, we have.

16 Q Now what does -- or do I read correctly
17 the legend on the map that the orange circle, as shown on
18 the legend, is third ore zone potash?

19 A Yes, it is.

20 Q What is the significance of 63 inches of
21 11.0 K_2O ?

22 A It is considered mineable ore grade in
23 thickness.

24 Q There has been attached to the application
25 of Amax a mine plan projecting your anticipated approach to

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1 this area, is that correct?

2 A Yes.

3 Q And as Mine Engineer, when would you anti-
4 cipate, based on your present rate of progress, that this
5 area would be reached for commercial production of potash
6 ore?

7 A We could be mining in this area within
8 three to five years.

9 Q And are you progressing at this time
10 towards that area from the west to the east?

11 A At this particular time, no. We are not
12 advancing from the west to the east; however, we are deve-
13 loping a mining panel in the north to the south which would
14 allow us access into that area.

15 Q And would you tell the Hearing Examiner
16 from which direction that development is going to occur with
17 a little more specific information?

18 A In the -- to the northwest there is an
19 area marked "110 south slope" up in Section 8. We are cur-
20 rently developing a three entry main line directly south.
21 At this point we're approximately 700 feet on the advance.

22 Q Is a test of this nature sufficient in your
23 judgment to merit the necessary investment to proceed toward
24 it in an orderly fashion?

25 A Yes, it is.

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1 Q And is this ore present, in your judgment,
2 in commercially recoverable quantities in the area under
3 discussion?

4 A Yes, it is.

5 Q Moving now to Section 22, Township 19
6 South, Range 29 East, the southeast quarter, containing 160
7 acres, would you tell the Hearing Examiner what the data is
8 relating to this portion of the application?

9 A Which portion was this?

10 Q The southeast quarter of Section 22, 19, 29
11 East.

12 A We have drilled hole number 145 with the
13 results of third ore zone 53 inches thick at 11.3 percent
14 K_2O . This is again mineable ore.

15 Q Has Amax under your direction been pursuing
16 a progressive exploratory program from east to west towards
17 this particular quarter section?

18 A Yes, we have.

19 Q And have you, as you have advanced, going
20 from east to west, discovered commercially recoverable
21 quantities of potash ore in Section 23 to the east of the
22 area we are talking about?

23 A Yes, we have.

24 Q And is it your opinion that hole number 145
25 in this quarter section discloses commercially recoverable

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Kansas City, New Mexico 87101

1 ore --

2 A Yes, it does.

3 Q -- that can be profitably mined?

4 A Yes, it does.

5 Q Moving to Section 22, Township 19 South,
6 Range 29 East, the northeast quarter, would you tell the
7 Commission what core hole data indicates in that quarter
8 section?

9 A Hole 77 intercepted third ore zone with a
10 reading of 48 inches of 11 percent K_2O .

11 Hole Number 19 intercepted the third ore
12 zone with an ore bed of 48 inches of 11.5 percent K_2O .

13 Q And for purposes of the record, would you
14 tell the Commission how close, if you can, is the explora-
15 tory hole number 144 to the boundary line of the northeast
16 quarter of Section 22, 19, 29 East?

17 A I would say within 300 feet.

18 Q And what does that core test disclose?

19 A This test is a little bit better ore, it's
20 48 inches at 15.1 percent, or adding some upper strata onto
21 that, we could mine 75 inches at 12.1 percent, both of which
22 are economical ore.

23 MR. NUTTER: Now, the 75 inches of 12.1
24 percent includes the other 48 inches, is that it?

25 A Yes, sir.

1 MR. NUTTER: And these are all in the
2 third zone?

3 A It's all in the third zone, Mr. Nutter.

4 MR. NUTTER: These are just some little
5 stringers that are up above the main ore body?

6 A Well, they're lower grade intercepts right
7 at the top of the ore. We just added more analysis to it.

8 MR. NUTTER: All right.

9 Q (Mr. Feezer continuing.) Either way,
10 the results of core test hole number 144 are red. Are the
11 ores there commercially recoverable and would they be
12 profitable to mine at this time?

13 A Yes, they are.

14 Q And do you project that in the future in
15 your mine plan, as attached to your application, that that
16 will still be the case as you progress westward with your
17 mining?

18 A All indications tell us that it is.

19 Q Referring now to that portion of the ap-
20 plication touching on the -- in Section 23, Township 19
21 South, Range 29 East, there are two quarter sections and a
22 40-acre tract. Would you outline to the Hearing Examiner
23 what the core tests in that area reveal, as shown on Exhibit
24 One?

25 A In the southeast quarter we have two holes,

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1 number 129, which assayed in the third ore zone 51 inches
2 at 15.3 percent K_2O . Hole number 132 assayed 48 inches at
3 11 percent, 11.7 percent K_2O in the third ore zone.

4 In the southwest quarter we have hole number
5 133, which intercepted 48 inches of 11.5 percent K_2O in the
6 third ore zone and hole number 142, which intercepted 48
7 inches of 10.1 percent K_2O in the third ore zone.

8 MR. NUTTER: Mr. Kirby, just for the re-
9 cord's sake, would you state what is considered to be com-
10 mercial potash ore? Feet and -- or inches and percent?

11 A In regards to thickness we assume that
12 48 inches is the minimum mining height that we could possibly
13 obtain and the ore grade, we are, or have been mining
14 profitably below 11 percent, actually; closer to 9 percent
15 is the real cutoff with 48 inches.

16 MR. NUTTER: Normally hasn't the rule of
17 thumb been 48 inches at 10 percent?

18 A 48 inches at 10 percent and this goes up
19 and down as the economics change.

20 MR. NUTTER: But normally the economic
21 limit is considered to be about 48 inches at 10 percent?

22 A Yes, that's right, sir.

23 Q (Mr. Feezer continuing.) In reference to
24 the 40-acre tract, the southwest of the northwest of 23, 19,
25 29, there is no core test within that 40-acre tract, but in

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1 four test holes southwest and northeast of that 40-acre
2 tract is it your judgment as a mining engineer that that
3 40-acre tract embraces commercially recoverable ore in view
4 of the bracketing by the holes?

5 A My judgment tells me that I would have to
6 assume that this 40 acres would be all mineable ore.

7 Q And is the pattern of core testing as
8 shown Exhibit One a standard practice accepted by the
9 potash mining industry insofar as the discovery or estimate
10 of reserves are concerned?

11 A Yes, it is.

12 Q Is there anything further regarding Ap-
13 plicant's Exhibit Number One that you can inform the Com-
14 mission about which we haven't so far discussed?

15 A No, I don't believe there is.

16 MR. NUTTER: Before you get off that ex-
17 hibit, Mr. Kirby, now we've got a yellow line that zigzags
18 across through Sections 14, 13, and down into the northern
19 part of Section 23. What does that yellow line reflect?

20 A That yellow line is the mining extremities
21 of our first ore zone.

22 Q Would you explain that more fully to the
23 Commissioner as to whether or not those are open mine
24 workings or otherwise?

25 A They are open mine workings inside of that

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1 line and outside the line is virgin ground.

2 MR. NUTTER: Now where have you mined in-
3 sofar as the third ore zone is concerned on this exhibit?

4 A The cross hatched area in Section 24 and 23
5 and 13, the blue cross hatched areas are workings in the
6 third ore zone.

7 MR. NUTTER: And how do you get into that
8 third ore zone for that area, Mr. Kirby?

9 A We have two slopes coming from our first
10 ore zone. They are located and shown in Section 13.

11 MR. NUTTER: Right in the middle of the
12 northern part of the southwest quarter of Section 13?

13 A That's right.

14 MR. NUTTER: And is the third ore zone
15 above or below the first ore zone?

16 A It's above the first ore zone. The interval
17 is 25 to 30 feet above.

18 MR. NUTTER: So those little slopes re-
19 flect little hills where you come off to get into the third
20 ore zone?

21 A That's right.

22 MR. NUTTER: And then you've mined out
23 this cross hatched area in the third ore zone from where
24 you entered into it.

25 A Yes, we have.

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1 MR. NUTTER: Now, you were referring to
2 this slope up here in Section 8. Is that another little
3 hill where you're coming up out of the first ore zone into
4 the third ore zone?
5 A That's right.
6 MR. NUTTER: And what was that 700-foot
7 face that you mentioned?
8 A We've advanced, at this particular date
9 we're advanced from the point where we were in the first
10 ore zone.
11 MR. NUTTER: And where do you get into it,
12 at the end of the two little vertical slopes there?
13 A That's right.
14 MR. NUTTER: And you have --
15 A We've advanced 700 feet from there.
16 MR. NUTTER: South?
17 A To the south.
18 MR. NUTTER: And it's your intent, then,
19 to come south and then to mine to the west?
20 A That's right.
21 MR. NUTTER: And eventually to intersect
22 this other mine on the third slope, then.
23 A Yes, we will eventually open that.
24 MR. NUTTER: I see.
25 Q (Mr. Feezer continuing.) Are you presently

1 working the third ore zone in the cross hatched area as
2 shown on Exhibit One?

3 A We have been working that area diligently
4 up until approximately a month ago, three weeks ago, and
5 due to production problems elsewhere, we had to temporarily
6 stop mining there, but it's our plan to be back in there
7 within several more months.

8 MR. FEEZER: Any further questions, Mr.
9 Examiner?

10 MR. NUTTER: No further questions.

11 MR. FEEZER: We move the introduction of
12 Exhibit One, the map, at this time.

13 MR. NUTTER: Does anyone have any questions
14 of the witness regarding this exhibit? Exhibit One will be
15 admitted in evidence.

16 MR. FEEZER: I'd like to call Mr. Everett
17 Jourdan.

18 MR. NUTTER: Mr. Kirby may be excused.

19
20 EVERETT JOURDAN
21 being called as a witness and having been duly sworn upon
22 his oath, testified as follows, to-wit:

23
24 DIRECT EXAMINATION

25 BY MR. FEEZER:

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Q Would you please state your name?

A Everett C. Jourdan.

Q What is your address and occupation?

A 1106 Tracy Place, Carlsbad, New Mexico.

I am Chief Mining Engineer for Potash Company of America.

Q How long have you been employed in that capacity?

A Approximately thirty years.

Q And have you been present and have you heard the testimony of Mr. Bob Kirby of AMAX this morning before the Examiner?

A I have.

Q You have before you a copy of Exhibit One admitted in evidence?

A It's not marked but I assume it is.

Q And assuming it is a copy, are you familiar with the method of exploration for potash ores in the basin in and around Carlsbad, New Mexico?

A I am.

Q Does this map reflect a standard procedure in the industry to advance exploratory drilling to outline and define commercially recoverable bodies of potash ore?

A It does.

Q In reference to the areas under discussion

1 today in Section 22, 23, and also in the northwest quarter
2 of Section 19, Township 19 South, Range 30 East, do the
3 indications on this map suggest to you that commercially
4 recoverable quantities of potash ore exist, as shown by the
5 data contained herein?

6 A Yes, it does.

7 Q Do any of these lands embraced on this
8 map and under discussion today come under any sub-leases
9 from the Potash Corporation of America?

10 A Yes. We have sub-leases on I think 23,
11 24, 25, and 26.

12 Q And as a matter of fact, this shows on
13 the exhibit in the southeast quarter of Section 23, does it
14 not, as a PCA sub-lease?

15 A PCA sub-lease is on this one between 25
16 and 26, and 24 and 23, yes.

17 Q And is it in the interests of the Potash
18 Company of America and other interested parties that this
19 discovered ore be mined?

20 A It certainly does.

21 Q And is it your opinion that it can be done
22 in the interests of the maximum recovery of this natural
23 resource in a manner suggested and outlined on this map and
24 as testified to by Mr. Kirby?

25 A Yes, it does.

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Santa Fe, New Mexico 87501

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CERTIFIED SHORTHAND REPORTER
3016 Plaza Blanca (955) 471-2193
Santa Fe, New Mexico 87501

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MR. FEEZER: Mr. Examiner.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Jourdan, where the limits of the PCA
sub-lease to Amax in this area?

A We have the entire 23, 24, 25, and 26 Sec-
tions.

MR. NUTTER: I see.

A The total full sections of State land.

MR. FEEZER: If the Examiner please, I
believe that you will see a black line showing a sub-lease
boundary at the bottom of 26, 25, 27. Does that appear on
your --

MR. NUTTER: Right, in other words, the
area that's marked in black dashed line.

MR. FEEZER: Yes, sir.

MR. NUTTER: Is the PCA property that's
under sub-lease to Amax.

MR. FEEZER: Yes, sir.

A Yes.

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

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza, El Paso, Texas 79905
El Paso, Texas 79905

1 Q (Mr. Nutter continuing.) Mr. Jourdan,
2 PCA doesn't have any mines in this immediate area?

3 A No, we are cut off, Mr. Nutter, by Amax
4 leases. This was an isolated lease we picked up and we are
5 cut off and have no access to it.

6 Q So you sub-leased it to this --

7 A We are some two miles away.

8 Q -- company that did have access.

9 A That's right.

10 MR. NUTTER: Are there any questions of
11 Mr. Jourdan? He may be excused.

12 MR. FEEZER: Mr. Nutter, I would like, if
13 you would do so, to hear whatever comment Mr. John Burleson,
14 the USGS, has in regard to the application of Amax at this
15 time, if he chooses to make some comment.

16 MR. NUTTER: Mr. Burleson?

17 MR. BURLESON: Yes, sir, with the Com-
18 mission's permission.

19 My name is John Burleson. I'm the Mining
20 Supervisor for the U. S. Geological Survey in Carlsbad, New
21 Mexico.

22 Amax has supplied my office with the logs
23 of these holes as well as their mining plan and I do concur
24 in Mr. Kirby's testimony that this is commercial ore; that
25 it is in the planning to be mined by Amax; and I respectfully

1 recommend to the Commission that this application be favorably
2 considered, and would be prepared to answer any questions
3 that the Commission might wish to ask.

4 MR. NUTTER: Mr. Burleson, the 4 feet of
5 10 percent ore that Mr. Kirby testified is recognized as
6 being a commercial limit, is that similar to the commercial
7 limits that the USGS recognizes as being commercial ore?

8 MR. BURLESON: We had the 4 feet at 10 as
9 a leasable standard, not as an economic limit, and these
10 economic limits are varying from mine to mine, as well as
11 from year to year.

12 MR. NUTTER: And company to company, pro-
13 bably.

14 MR. BURLESON: And company to company,
15 exactly. But the 4 feet at 10 for a sylvite was a leasing
16 standard which was -- has been introduced to this Commission,
17 in the past, but not a commercial limit.

18 MR. NUTTER: Have you found that 4 feet of
19 10 percent can usually be mined commercially by most companies?

20 MR. BURLESON: Not most companies. Amax
21 can do so because they have a higher grade first ore zone,
22 with which this lower grade third ore zone can be blended to
23 make an economic product to ship to the mill, and we do
24 have properties in the potash basin that are mining much
25 lower grade than even the 10 percent, and that is, as you

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 said, it depends on the company, their -- their ore body,
2 what they have to blend with it, a number of factors, the
3 price of marketable potash, as well.

4 But there's no question that the basin will
5 be going to lower and lower grades and the price of muriate
6 is increasing, which is making this possible.

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

8 MR. BURLESON: Yes, sir.

9 MR. FEEZER: Mr. Marvin Watts.

10
11 MARVIN WATTS

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

14
15 DIRECT EXAMINATION

16 BY MR. FEEZER:

17 Q I hand to you and to the Hearing Examiner
18 what has been marked Exhibit Number Two, which we will dis-
19 cuss in a moment.

20 Would you first give the Hearing Examiner
21 your name, address, and occupation?

22 A I'm Marvin Watts, Box 56, Carlsbad, New
23 Mexico. I'm General Surface Superintendent for Amax
24 Chemical Corporation in Carlsbad.

25 Q Prior to the time of your assumption of

SALLY WALTON BOYD
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2020 Plaza Blanca (505) 471-2442
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
4424 Plaza Blanca, Dallas, Texas 75219
Dallas, Texas 75219

1 those duties did you hold other offices or jobs with Ama^x
2 Chemical Corporation?

3 A Yes, I have been Chief Chemist with Amax
4 Chemical Corporation. I've worked for Amax Chemical for
5 twelve years.

6 Q Are you thoroughly --- and have you pre-
7 viously testified before this Commission for any purpose?

8 A I have not.

9 Q Would you state where you had your training
10 as a chemist and what degrees you hold?

11 A I hold a Bachelor's degree in Mathematics
12 and Chemistry, a Master's Degree in Chemistry, from Eastern
13 New Mexico University; additional graduate work in chemistry
14 from Oklahoma -- University of Oklahoma and Kansas State
15 University.

16 Q And how long have you worked in the area
17 of potash chemistry?

18 A For twelve years.

19 MR. FEEZER: Do you care to make further
20 inquiries to his qualifications?

21 MR. NUTTER: Mr. Watts is qualified.

22 Q (Mr. Feezer continuing.) Mr. Watts, you
23 have heard briefly some discussion in this hearing as to the
24 technique of blending. Could you inform the Commission of
25 the significance of the test data on Exhibit One and how it

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 is blended at Amax to make a commercially recoverable pro-
2 duct salable in today's market?

3 A. Yes. The lower grade material coming from
4 this third ore zone is blended with the higher grade material
5 coming from the first ore zone to furnish a mill feed that
6 will be of a higher grade than this third ore zone material.
7 And generally this is limited because of the mill was de-
8 signed many years ago to handle higher grade ores, but by
9 blending we can operate at an economic product ton level by
10 blending this and utilizing the lower grade ore.

11 Q. In Exhibit Number Two, a copy of which
12 you have before you, have you outlined various grades of
13 potash which are now being produced and sold by Amax?

14 A. Yes.

15 Q. And what does this exhibit reflect in
16 addition to those grades and prices?

17 A. At Amax Chemical Corporation we produce
18 three grades of potash, standard, coarse, and granular.

19 The standard material is -- these grades
20 are based on particle sizes, primarily, not on K_2O quality
21 of it. We guarantee a 60 percent K_2O for all of our products,
22 but this is primarily based on particle size, the standard
23 being the smaller particle size; coarse, the next in size;
24 and granular is a larger size particle that we make. We
25 compact to make a larger size particle, and today this is

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1 the premium product in the fertilizer industry. Reason for
2 this is that most of the phosphorus and nitrogen fertilizers
3 are prilled and they almost have a set particle size. So
4 to keep from having segregation and dry blended fertilizers,
5 we attempt to make a product of potassium that will blend
6 without segregation.

7 So this is the reason for these various
8 grades. Today Amax is producing primarily granular material,
9 and if you'll notice on the exhibit, the granular material
10 is a premium product as far as price is concerned.

11 Q Is that granular product achieved by
12 blending of the ores we are discussing, which appear to be
13 recoverable on Exhibit One?

14 A Oh, yes, all of the material coming through
15 our processing plant is from the blended ore.

16 Q Is it your opinion, based on your exper-
17 ience in potash production, that the application of Amax
18 should be granted for the purpose of maximizing the recovery
19 of a natural resource under leases which exist from the State
20 and Federal government at this time?

21 A Yes.

22 Q Can you tell the Commission what the
23 present price of potash is per ton FOB Carlsbad, realizing
24 that it's not absolute but fluctuates some?

25 A Yes. This price list, as you see, is stated

SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

1 in terms of price per unit. That's K_2O unit. If you take
2 that price and multiply it by -- if it happens to be exactly
3 60 percent K_2O grade, then you get the price per ton.

4 That price per ton for standard there is
5 about \$53.00 going on up to granular price of about \$63.00.

6 Now this is the posted price for potash.
7 It does vary from that according to grades. If you had a
8 61 percent, of course it would be a little bit higher.

9 Q And at that price per ton of \$50-plus,
10 is all of the potential ore outlined in Exhibit One commer-
11 cially recoverable and in such quantity that you believe it
12 desirable to have an application approved to protect this
13 area for the future production of this ore?

14 A Yes, no question about it.

15 MR. FEEZER: Pass the witness.

16 MR. NUTTER: Are there any questions of
17 Mr. Watts?

18 MR. FEEZER: We'd move the admission of
19 Exhibit Number Two, Mr. Nutter.

20 MR. NUTTER: Mr. Watts may be excused and
21 Exhibit Number Two will be admitted in evidence.

22 MR. NUTTER: We have nothing further for
23 the Examiner at this time.

24 MR. NUTTER: Does anyone have anything they
25 wish to offer in Case Number 6665? Yes, sir.

1 MR. CREECH: Mr. Examiner, may I make a
2 statement?

3 MR. NUTTER: Yes, sir.

4 MR. CREECH: I'm Bob Creech, independent
5 petroleum landman from Midland, Texas.

6 I do some work for the Petroleum Corpor-
7 ation of Delaware, who has proposed to drill two wells in
8 Section 22, 19, 29, and to prevent waste and promote conser-
9 vation and protect correlative rights, I'd like to request
10 that the Examiner consider deferring the extension of this
11 potash/oil area until some time in the future in order that
12 we may go ahead with the drilling of these wells.

13 MR. NUTTER: Where would the wells be
14 drilled, Mr. Creech?

15 MR. CREECH: My understanding is that one
16 will be in the east -- they'll be 320-acre units; one will
17 be in the east half of Section 22 and one in the west half
18 of Section 22.

19 I believe the proposed location -- well,
20 I don't know the proposed location except as to the east
21 half.

22 MR. NUTTER: Would both locations be in the
23 east half?

24 MR. CREECH: The east, one in the east and
25 one in the west.

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3030 Plaza Blanca, Suite 100
Santa Fe, New Mexico 87501

1 MR. NUTTER: I understand. What company ---
2 MR. CREECH: At orthodox --
3 MR. NUTTER: What company owns the oil
4 and gas leases there?
5 MR. CREECH: The Petroleum Corporation of
6 Delaware is proposing these.
7 MR. NUTTER: Do you know when they're
8 thinking about drilling those wells?
9 MR. CREECH: I don't know an exact date
10 but it's my understanding that AFEs have been sent out and
11 they are proposed for the immediate future.
12 MR. NUTTER: I see. How do you spell
13 your last name, Mr. Creech?
14 MR. CREECH: C-R-E-E-C-H.
15 MR. NUTTER: And what is your address in
16 Midland, please?
17 MR. CREECH: 518 Petroleum Building,
18 Midland, Texas, 79701
19 MR. NUTTER: Thank you.
20 Are there any other statements to be made?
21 Do you have anything further, Mr. Feezer?
22 MR. FEEZER: No, sir.
23 MR. NUTTER: If there is nothing further
24 in Case Number 6665, we'll take the case under advisement.
25 (Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. 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 the said transcript is a full, true, and correct
 record of the said 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 (S.W.) 471-4462
 Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 66-55
 heard by me on 9/19 1979.
 [Signature], Examiner
 Oil Conservation Division

AMAX Chemical Corporation

35 MASON STREET, GREENWICH, CONNECTICUT 06830

May 4, 1979

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Amay EXHIBIT NO. *92*

CASE NO. *5555 6665*

HIGH-K^R

MURIATE OF POTASH - AGRICULTURAL GRADE

IN MINIMUM CAR LOTS OF 40 TONS

JUNE 1, 1979 THROUGH MAY 31, 1980

(SUBJECT TO CHANGE WITHOUT NOTICE)

MATERIAL
AND PRICE:

ON ORDERS ACCEPTED AND CONTRACTS MADE FOR DELIVERY JUNE 1, 1979 THROUGH MAY 31, 1980.

MURIATE OF POTASH (60% K₂O MINIMUM)

IN BULK - PER UNIT K₂O

SHIPMENTS F.O.B. CARLSBAD, NEW MEXICO

(U.S. FUNDS)

	<i>for exactly 60% 553"/ton</i>	<u>STANDARD</u> <i>smallest grain</i>	<u>COARSE</u>	<u>GRANULAR</u> <i>largest grain 63"/ton for exactly 653"</i>
June-August, 1979		81¢	95¢	97¢
Sept.-Dec. 1979		89¢	\$1.03	\$1.05
Jan.-Feb. 1980		94¢	\$1.08	\$1.10
March-May, 1980		\$1.01	\$1.15	\$1.17

MINE RUN SALTS - 17.65¢ PER UNIT K₂O (bulk form only)

PRICE BASIS:

F.O.B. CARS CARLSBAD, NEW MEXICO

CUSTOMERS' TRUCKS WILL BE LOADED AT CARLSBAD, NEW MEXICO ONLY BY PRE-ARRANGEMENT AND AT AN ADDITIONAL CHARGE OF \$2.50 PER TON.

FREIGHT:

ALL SHIPMENTS WILL BE MADE FREIGHT COLLECT.

COMPETITION:

WE RESERVE THE RIGHT TO MEET COMPETITION OF OTHER POTASH PRODUCERS ON A DELIVERED PRICE BASIS.

SCHEDULE OF
SHIPMENTS:

APPROXIMATELY EQUAL MONTHLY, OR AS MUTUALLY AGREED.

TERMS:

NET 30 DAYS, SERVICE CHARGE OF 1½% PER MONTH AFTER 30 DAYS FROM DATE OF INVOICE.

PAYMENT:

U.S. FUNDS.

REGISTRATION:

WE HAVE NOT REGISTERED OUR POTASH IN ANY STATE OR PROVINCE. REGISTRATION, WHERE NECESSARY, AND COMPLIANCE WITH OTHER GOVERNMENT REGULATIONS, IS THE RESPONSIBILITY OF BUYER.

Any Future Sales, Manufacturer's Excise or Similar Taxes or any Increase in such Taxes Payable by Us and Hereafter Imposed by any Federal, State, Provincial, or Municipal Government shall be Added to the Prices Set Forth Herein and Paid by the Buyer to the Extent Permissible Under Applicable Laws and Regulations.

HEADQUARTERS
TELEPHONE (203) 622-3600

ORDER DEPARTMENT
TOLL-FREE TELEPHONE 800-243-2980

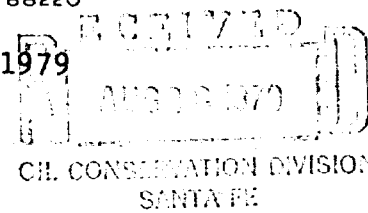
TWX
TELETYPE 710-578-2955

JAMES L. DOW
CHARLES A. FEEZER

DOW & FEEZER, P. A.
ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P. O. BOX 128
CARLSBAD, NEW MEXICO 88220

885-2185
AREA CODE 505

August 20, 1979



Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 6665

Re: Application of Amax Chemical
Corporation for an Order Amending
R-111A.


Dear Sir:

In re our telephone conversation last week regarding the consolidation of the Application you received August 14, 1979 and the one I enclose in triplicate, I would appreciate your advising me of the hearing date at your early convenience.

Thank you for your past courtesies and cooperation.

Very truly yours,

DOW & FEEZER, P. A.


C. A. Feezer

CAF:ah

Encl.

cc: Amax Chemical Corporation

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. 6665

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 State Lease
M 2657A and Federal Lease NM 21658, which leases cover, among other
property, the following described lands:

<u>SECTION 19</u>	<u>TOWNSHIP 19 SOUTH</u>	<u>RANGE 30 EAST</u>
N/2 NW/4	Containing approximately	30 Acres
<u>SECTION 22</u>	<u>TOWNSHIP 19 SOUTH</u>	<u>RANGE 29 EAST</u>
SE/4	Containing approximately	160 Acres

All of the lands embraced in this Application are under the
above numbered State and Federal Lease and consists of 240 acres.

2. That all of the lands sought to be included in R-111A
et seq. boundaries by this Application are believed to contain com-
mercially recoverable quantities of potash ore.

3. The Oil Conservation Commission received an Application
on August 14, 1979. There is attached to said Application an exhibit
consisting of the mine plan projection 1979 through 1983. The Appli-
cant believes it is in the best interests of the Commission and other
interested parties that this Application and the above referenced
Application be consolidated for the purposes of a single hearing for
the reason that so far as is known to the Applicant, all of the lease-
hold interests for oil and gas purposes and potash are similar in
each Application insofar as they are set forth herein.

4. The names and addresses of the parties interested in the
Application as known to the Applicant are as follows:

Atlantic Richfield
P. O. Box 1710
Hobbs, NM 88240

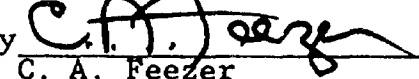
Dalco Corporation
Address Unknown

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

Attorneys for Applicant

DOW & FEEZER, P. A.

P. O. Box 128

Carlsbad, New Mexico 88220

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.)

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SE/4	Containing approximately	160 Acres

All of the lands embraced in this Application are under the
above numbered State and Federal Lease and consists of 240 acres.

2. That all of the lands sought to be included in R-111A
et seq. boundaries by this Application are believed to contain com-
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Atlantic Richfield
P. O. Box 1710
Hobbs, NM 88240

Dalco Corporation
Address Unknown

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

Attorneys for Applicant

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P. O. Box 128

Carlsbad, New Mexico 88220

JAMES L. DOW
CHARLES A. FEEZER

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ATTORNEYS AT LAW
BUS TERMINAL BUILDING
P. O. BOX 128
CARLSBAD, NEW MEXICO 88220

885-2185
AREA CODE 505

August 13, 1979

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Superior Oil Company
Box 71
Conroe, Texas 77301

Gulf Oil Corporation
Box 3786
Odessa, Texas 79702

Southland Royalty
1100 Wall Towers West
Midland, Texas 79701

Michael Campbell
Attorneys for Superior and Southland Royalty
Campbell and Black
P. O. Box 2208
Santa Fe, New Mexico 87501

Amax Chemical Corporation
P. O. Box 279
Carlsbad, New Mexico 88220

Re: Application of Amax Chemical
Corporation for an Order Amending
R-111A.

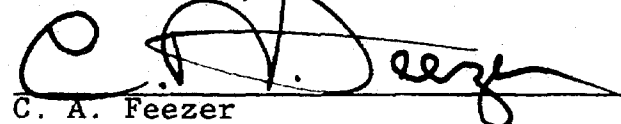
TO ALL INTERESTED PARTIES:

The above captioned Application was filed this date with the OCC. All of the lands sought to be embraced in this extension are in Sections 22 and 23, Township 19 South, Range 29 East, Eddy County, New Mexico. (NOT Township 29 South).

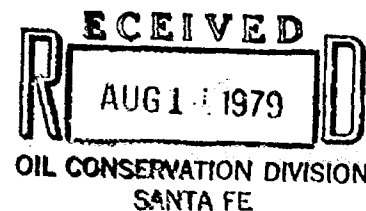
I would appreciate your correcting your copy. Thank you.

Very truly yours,

DOW & FEEZER, P. A.

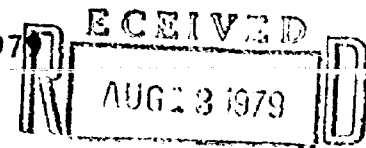

C. A. Feezer

CAF:ah



885-2185
AREA CODE 505

August 10, 197



OIL CONSERVATION DIVISION
SANTA FE

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501


Re: Application of Amax Chemical Corporation for an Order Amending R-111A.

Dear Sir:

I enclose an Application for extension of R-111A for Amax Chemical Corporation in triplicate.

Very truly yours,

DOW & FEEZER, P. A.


C. A. Feezer

CAF : ah

Encls.

cc: The Superior Oil Company w/ copy of Application
cc: Gulf Oil Corporation " "
cc: Southland Royalty " "
cc: Amax Chemical Corporation w/ 3 copies of Application.
cc: Michael Campbell, Attorney for Superior Oil and Southland Royalty
w/copy of Application.

BEFORE THE NEW MEXICO OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

RECEIVED
AUG 23 1979
OIL CONSERVATION DIVISION
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. 6665

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 State leases, to-wit: M 873 and M 2657A, which leases cover,
among other property, the following described lands:

SECTION 22	TOWNSHIP ¹⁹ 29 SOUTH	RANGE 29 EAST
NE/4	Containing approximately	160 acres
SECTION 23	TOWNSHIP ¹⁹ 29 SOUTH	RANGE 29 EAST
SW/4 NW/4	" "	40 acres
SW/4	" "	160 "
SE/4	" "	160 "

All of the lands embraced in this Application are under State
lease to the Applicant or are under sub-lease to the Applicant from
Potash Company of America and consists of a total proposed extension
to R-111A of 520 acres.

3. Amax Chemical 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. (a) That all of the lands sought to be included in R-111A,
et seq. boundaries by this Application are believed to contain com-
mercially recoverable quantities of potash ore for the reason that
Applicant has proceeded vigorously with an exploratory drilling pro-
gram to the extent that seven core tests have been drilled within the
520 acre area, all of which core holes show commercially recoverable
quantities of potash ore reaching from a low of 48 inches of 11 per-
cent K₂O to a high of 51 inches of 15.3 percent K₂O.

page 2

Application for Order Amending R-111A

(b) Pursuant to Order R-111K of the Division in Case No. 6495, the Hearing Examiner denied the inclusion of the NE/4 SE/4 of Section 23, Township 19 South, Range 29 East, as not showing commercially recoverable deposits of potash; however, the extensive exploratory drilling since said date discloses commercially recoverable quantities of potash ore South and East of NE/4 SE/4, Section 23, Township 19 South, Range 29 East, and Applicant seeks to have the Commission re-determine the validity of its allegation that commercially recoverable ore exists within the above described 40 acre tract.

5. The names and addresses of the parties interested in the Application as known to the Applicant are as follows:

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Box 71
Conroe, Texas 77301

Gulf Oil Corporation
Box 3786
Odessa, Texas 79702

Southland Royalty
1100 Wall Towers West
Midland, Texas 79701

Dalco Corporation
Address unknown

In view of the fact that three of the four above named interested parties are also interested parties in Case No. 6495, the Applicant has sent directly to their last known addresses copies of said Application.

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
Attorneys for Applicant
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220

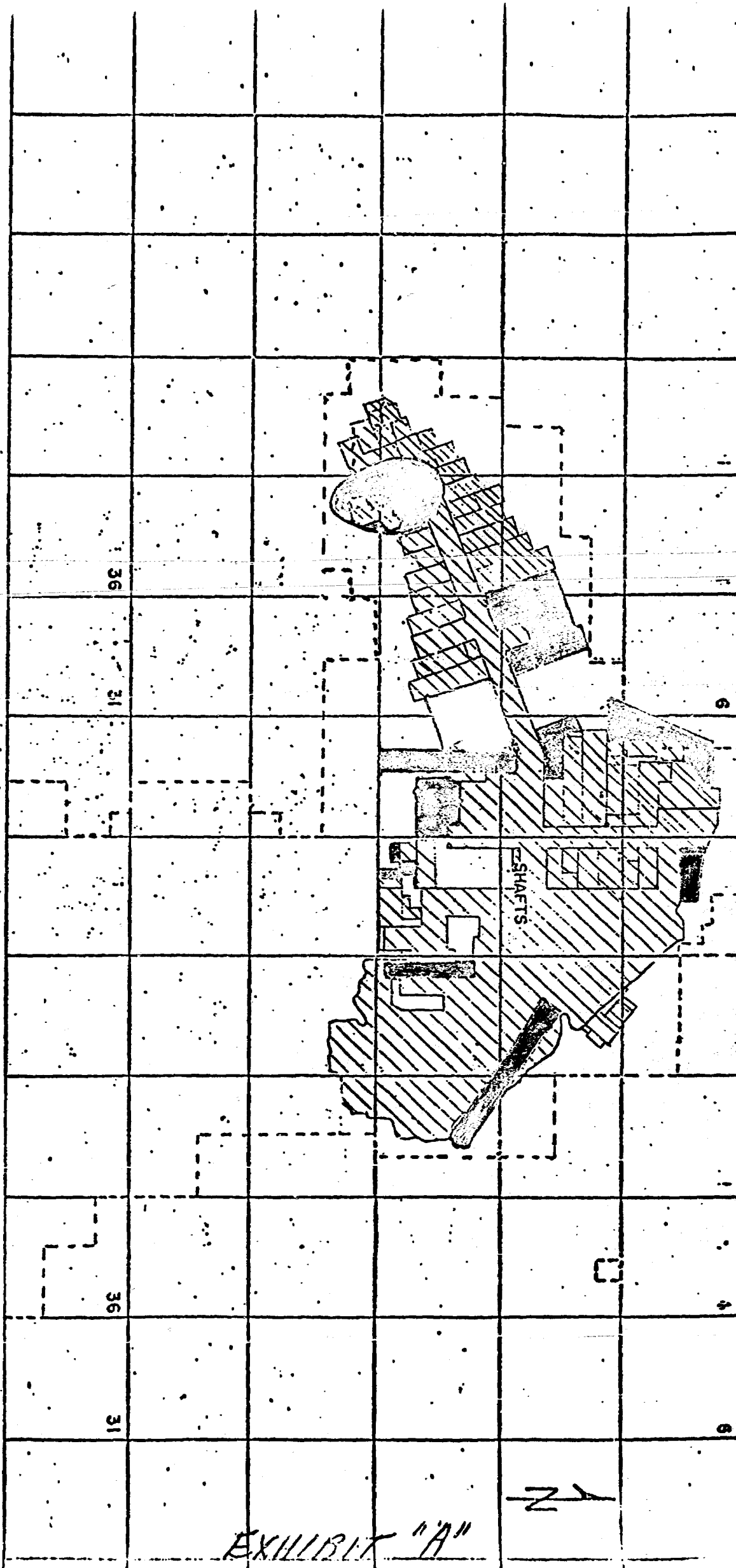


EXHIBIT "A"

OPEN MINE WORKINGS - DEC 31, 1978

R-III-A OIL - POTASH AREA

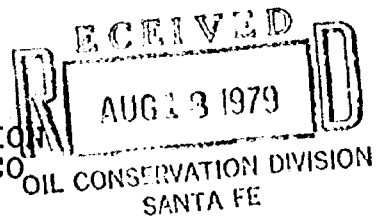
PROJECTION 1979 - 1983

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. 6665

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 State leases, to-wit: M 873 and M 2657A, which leases cover,
among other property, the following described lands:

SECTION 22	TOWNSHIP ¹⁹ 29 SOUTH	RANGE 29 EAST
NE/4	Containing approximately	160 acres
SECTION 23	TOWNSHIP ¹⁹ 29 SOUTH	RANGE 29 EAST
SW/4 NW/4	" "	40 acres
SW/4	" "	160 "
SE/4	" "	160 "

All of the lands embraced in this Application are under State
lease to the Applicant or are under sub-lease to the Applicant from
Potash Company of America and consists of a total proposed extension
to R-111A of 520 acres.

3. Amax Chemical 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. (a) That all of the lands sought to be included in R-111A,
et seq. boundaries by this Application are believed to contain com-
mercially recoverable quantities of potash ore for the reason that
Applicant has proceeded vigorously with an exploratory drilling pro-
gram to the extent that seven core tests have been drilled within the
520 acre area, all of which core holes show commercially recoverable
quantities of potash ore reaching from a low of 48 inches of 11 per-
cent K₂O to a high of 51 inches of 15.3 percent K₂O.

page 2

Application for Order Amending R-111A

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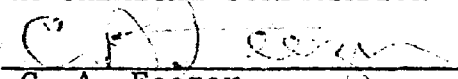
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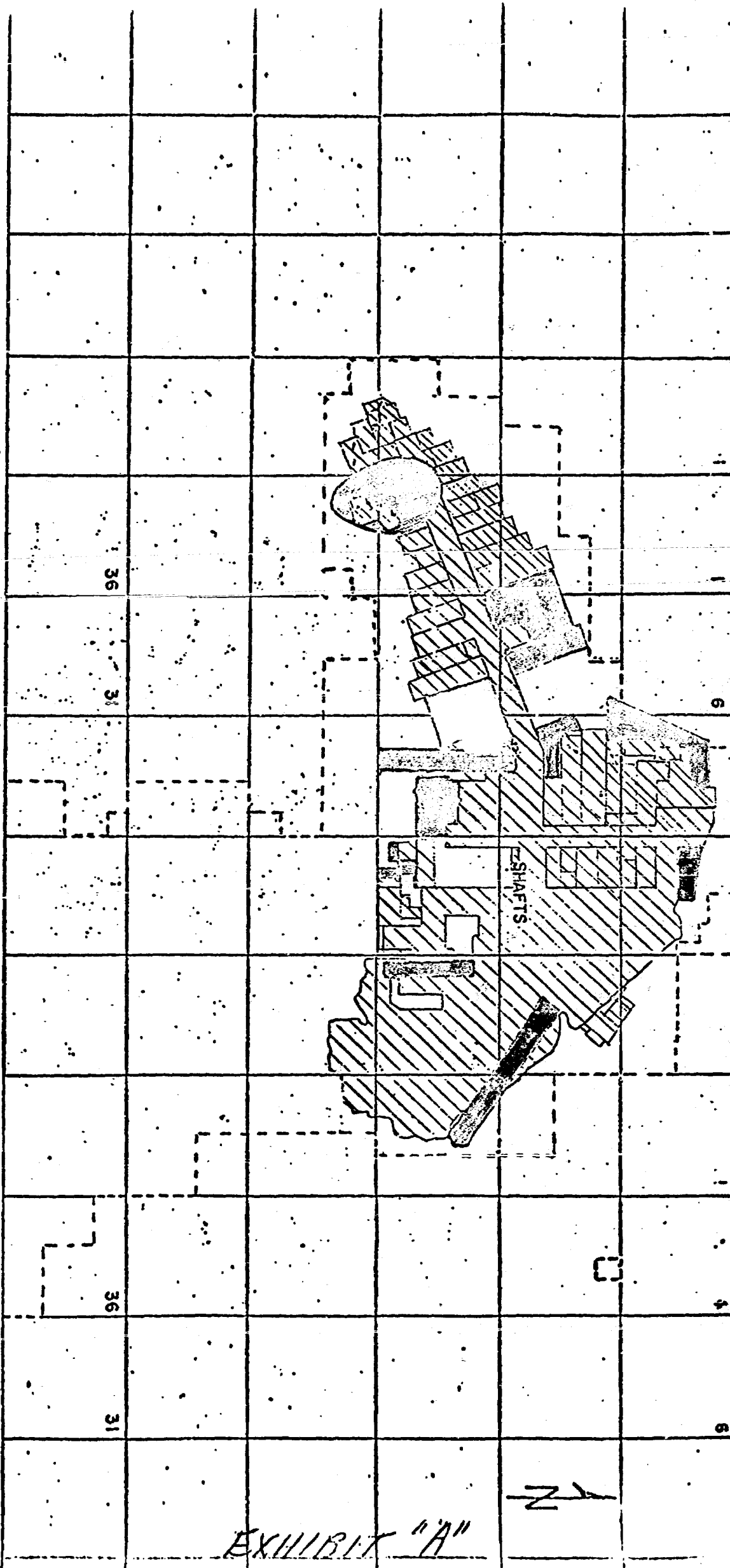
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By


C. A. Feezer
Attorneys for Applicant
DOW & FEEZER, P. A.
P. O. Box 128
Carlsbad, NM 88220



OPEN MINE WORKINGS - DEC 31, 1973

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

RECEIVED
AUG 13 1979
OIL CONSERVATION DIVISION
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. 66665

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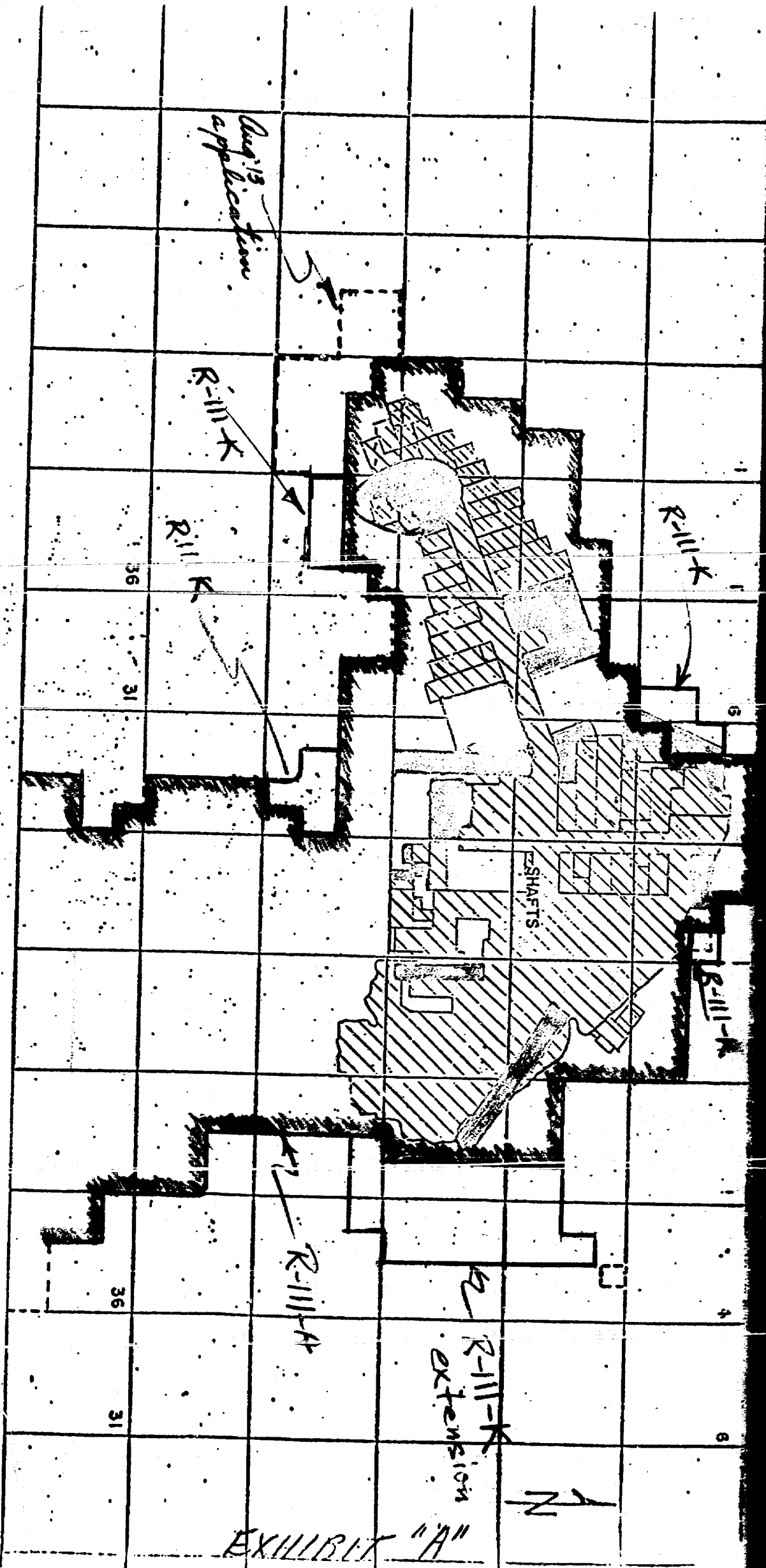
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OPEN MINE WORKINGS - DEC 31, 1978

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 OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

NEW HEARINGS

CASE NO. 6665
Order No. R-111-L

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 September 19, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 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 22: E/2
Section 23: SW/4 NW/4 and S/2
TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 19: N/2 NW/4
- (3) That the evidence presented indicates that the above-
described acreage contains potash deposits in commercial quanti-
ties.
- (4) That to promote the orderly development of the natural
resources in the potash-oil area, Order No. R-111-A should be
amended to include the above-described acreage in the Potash-
Oil Area.

IT IS THEREFORE ORDERED:

(1) That Order No. R-111-A, as amended, be and the same is hereby amended to include the following-described acreage within the confines of the Potash-Oil Area in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 22: E/2

Section 23: SW 1/4 NW 1/4 and S 1/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 19: N 1/2 NW 1/4

(2) 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

Phil R. Lucero
PHIL R. LUCERO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

jr/