# CASE NO.

7053

# APPlication, Transcripts, Small Exhibits,

ETC.



# STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

POST DFFICE BOX 2008 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

November 10, 1930

Mr. C. A. Feezer Dow & Feezer Attorneys at Law P. O. Box 128 Carlsbad, New Mexico 88220 Re: CASE NO. 7053 ORDER NO. R-111-0

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, 611 JOE D. RAMEY Director

### JDR/fd

Copy of order also sent to:

Hobbs OCD \_\_\_\_\_\_ Artesia OCD \_\_\_\_\_ Aztec OCD \_\_\_\_\_

Other

### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

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

> CASE NO. 7053 Order No. R-111-0

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

### ORDER OF THE DIVISION

### BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 15, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>6th</u> day of November, 1980, 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 Chamical 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 24: SE/4 NE/4 and NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 3D EAST, NMPM Section 19: S/2 NW/4

(3) That the evidence establishes that said lands do contain commercial deposits of potash which may reasonably be recovered in commercial quantities.

-2-Case No. 7053 Order No. R-111-0

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(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, 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. (2) 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 Potesh-Oil Area in Eddy County, New Mexico:

> TOWNSHIP 19 SCUTH, RANGE 29 EAST, NMPM Section 24: SE/4 NE/4 and NE/4 SE/4

> TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM Section 19: 5/2 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 hereinaboya designated.

JOE D. RAMEY

Director

STATE OF NEW MEXICO

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		Pegel STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 15 October 1980 EXAMINER HEARING PF:
<ul> <li>A LLY W. BOYD, C.S.R.</li> <li>Rt. 1 Box 193-B</li> <li>nta Fc. New Metoo 97001</li> <li>Phone (203) 433-7409</li> </ul>	1)	-A, Eddy County, New Mexico. ) 7053 ) d L. Stamets TRANSCRIPT OF HEARING APPEARANCES
	20 For the Applic 21 22 23 24 25	ant: DOW & FEEZER Carlsbad, New Mexico 88220

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	Page 2	
1		
2	INDEX	
3		
4	SURESH K. DESAI	4
5	Direct Examination by Mr. Feezer	4
6		
7	MARVIN WATTS	
8	Direct Examination by Mr. Feezer	10
9		
10	ROBERT D. BROWN	
11	Direct Examination by Mr. Feezer	16
12		10
13	STATEMENT BY MR. JOHN BURLESON	19
14		
15		
16	EXHIBITS	
17		r
18	Applicant Exhibit One, Map	5
19	Applicant Exhibit Two, Analyses	11
20	Applicant Exhibit Three, Calculations	6
21		
22		
23		
24		
25		

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc, New Mexico 87501 Phone (505) 455-7409

MR. STAMETS: We'll call at this time Case

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SALLY W. BOYD, C.S.

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

MR. FEEZER: May the record show that my name is Charles A. Feezer, and I am from Carlsbad, New Mexico, and am the attorney representing the applicant, Amax Chemical. We have three, and possibly four, witnesses, Mr. Examiner. I'd like to call them in order of their appearance. Mr. Danny Desai, Mr. Marvin Watts, and Mr. Bob Brown, and I see Mr. John Burleson from the USGS. He would not be a witness but he may feel it appropriate to make some statement if he so desires.

MR. STAMETS: Any other appearances in this case? I'd like to have all the witnesses stand and be sworn at this time, please.

(Witnesses sworn.)

MR. STAMETS: You may proceed, Mr. Feezer. MR. FEEZER: Thank you, sir. First wit-

ness, Mr. Desai.

I have placed before you gentlemen the exhibits in their order with numbers, the first being Exhibit

		Page	
1	Number One, a map,	which I will ask the first witnes	s to talk
2	about.		
3			
4		SURESH K. DESAI	
5	being called as a w	itness and having been duly sworn	upon his
6	oath, testified as	follows, to-wit:	
7			
8		DIRECT EXAMINATION	
9	BY MR. FFEZER:		
10	Q.	Would you please first state you	ır name
11	and address for the	record?	
12	А.	My name is Suresh K. Desai.	
13	Q.	And your residence, Mr. Desai?	
14	А.	1801 Manzano, Carlsbad, New Mexi	
15	Q.	Are you employed by Amox Chemica	al Corpor-
16	ation?		
17	Α.	Yes.	
18	Q.	And what is the job function or	title whice
19	you hold with that	corporation?	
20	А.	I'm a Chief Mine Engineer.	
21	Q.	And have you previously testifie	ed before
22	the Commission rela	ting to potash matters?	
23	Α.	Yes, I have.	9 
24	C.	All right.	
25		MR. FEEZER: May he be accepted	as to his
	14		13

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SALLY W. BOYD, C.S.R. Rt. I Box 193-B Senta Fe, New Mexico 87501 Phone (303) 455-7409

		Paga5
1	expertise?	
2		MR. STAMETS: Yes.
3	Q.	Did you prepare or have prepared under
4	your direct supervi	sion, Exhibit Number One, which you have
5	before you, a map?	
6	Α.	Yes, sir.
7	Q.	The area in question, which is under dis-
8	cussion today, base	ed on the application, in where in reference
9	to the exhibit?	
10	А.	The first two areas includes Section 19,
11	Range 19 Townshi	lp 19, Range 30 East.
12	Q.	And that's an 80-acre section?
13	A.	80-acre section.
14	Q.	And that lies in the northeast quarter of
15	this northwest of	quarter of this section?
16	А.	Yes, sir.
17	Q.	And it's the south half, is that right?
18	А.	That is correct.
19	Q.	And the other two 40-acre tracts are
20	located in Section	24, one in the northeast quarter and one
21	in the southeast q	uarter, is that right?
22	A.	That is correct.
23	Q.	Are you familiar with the designations
24	and what they stan	d for as to, for example, 126-A, 143, and
25	149, within the ar	ea just described?
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	1	А.	Yes, sir.					
	2	0	What are those?					
	3	Α.	These are the drillholes and 126-A hole					
	4	represents 84 inch	at 32.8 percent K <sub>2</sub> O value.					
	5	Q.	In your experience as a mining engineer					
	6	what is your commen	t about this depth of ore at that grade?					
	7	A.	It is very economical grade and it is					
	8	mineable.						
	9	Q.	Would the same comment apply to core test					
	10	hole 143 and 149, a	lthough the figures are different?					
455-7409	11	A.	Yes, sir.					
Phone (505) 455-7409	12	Q.	In your opinion are those samples represent	a-				
Pho	13	tive of ore which is commercially recoverable and reachable						
	14	by your normal mining practices at Amax?						
	15	A.	That is correct.					
	16	Q.	Have you had occasion, Mr. Desai, to calcu-					
	17	late for me, as shown on Exhibit Number Three, the mineable						
	18	tons, the percent o	f $K_{2}^{0}$ , and $K_{2}^{0}$ tons and tons of product?					
	19	A.	Yes, sir.					
	20	Q.	Going through the process, would you tell					
	21	the Examiner how yo	u arrived at a million three hundred thousar	bd				
	22	tons of mineable pr	oduct?					
	23	A.	We have calculated these ore reserves, the					
	24	triangulation metho	ds, and break down into the smaller triangle	s				
	25	and each triangle w	ill represent the area and the grade, and					
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Page combine that all areas together and come up with the mineable 2 tons. Is this a standard process used by mining 3 A engineers to calculate recoverable tons of product in a given 5 area fllowing core testing processes? A. Yes, sir. 7 Would you then explain to the Examiner Q. 8 what the percent K<sub>2</sub>O and 17.3 stands for in these? 9 The 17.3 percent  $K_2O$  represents this 160 A. 10 acres, which is also an average of that area, which is a mineable 11  $K_2O$  tons -- I mean the  $K_2O$  grade. 12 All right, and  $K_2O$  tons with the figure Q. 13 234,000, would you explain that to the Examiner, please? 14 We arrive at the K<sub>2</sub>O tons by multiplying A. 15 these mineable tons times 17.3 percent K<sub>2</sub>O grade, and it comes 16 up with K<sub>2</sub>O tons. 17 What does K<sub>2</sub>O stand for? Q. 18 It's potassium oxide. A. 19 And is that your principal product which Q. 20 you seek for market purposes? 21 It is. Α. 22 Lastly, on this Exhibit Number Three, Q. 23 projected tons of product, how do you arrive at 317,000? 24 We take this K<sub>2</sub>O tons and take the middle re-A. 25 covery and divide that two numbers by a factor in order to

W. BOYD, C.S.R Rt. I Box 193-B Fe, New Mexico 87501

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1 convert these K<sub>2</sub>O tons into a KCL, which is our product. 2 Q. And what factor is considered normal in 3 the industry in the conversion in which you've just referred to? 5 It's .605. A. 6 Q. And from the mineable tons of a million 7 three hundred thousand, you estimate a 317,000 ton recovery, 8 is that right? That is correct. A. 10 In your opinion, based on your experience 0. 11 as a mining engineer, would you anticipate that you would be 12 reaching this ore within a reasonable period of time, projecting 13 your mining plan? 14 Yes, sir. A. 15 And from what area would you be approaching Q. 16 for example, the ore body in Section 19? 17 It will be from the eastern side of this A. 18 map where we have the slopes and free entry, continuous mining 1<del>9</del> panel, and we will be mining towards this acreage. 20 So that the Examiner is following what 0. 21 you are saying, on the map on the righthand side of Exhibit 22 One, there is a column or space approximately a quarter of an 23 inch or a little less wide running up and down parallel to 24 the edge of the exhibit. Would you tell the Examiner what 25 that is?

SALLY W. BOYD, C.S.R.

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1	А.	This is a continuous mining panel where we
2	drive three entr	y panel with a continuous miner, and they are
3	30 feet wide, ea	ch entry is 30 feet wide, and we have a 15-
4	foot pillar betw	een No. 3 and No. 2, and the 2 and 1 entry.
5	Q.	And at the bottom of that portion of this
6	diagram there is	a No. 4 Kelly, which is a designation for an
7	oil well, is tha	t right?
8	A.	That is correct.
9	2.	And are you mining in that area at this
10	time?	
11	А.	That is correct.
12	Q	Would you drive from the direction from
13	the area where t	hat oil well is located to the east in your
14	normal mining pl	an to reach the area under consideration and
15	sought to be inc	luded in R-111-A?
16	А.	That will be west.
17	Q.	Excuse me, west.
18	А.	That is correct.
19	Q.	And in the normal course of events when
20	would you expect	to reach that area, for example?
21	А.	Probably the latter part of 1981.
22	Q.	Is it your opinion from a mining engineering
23	standpoint that	these four 40's or 160 acre sections should be
24	included in R-1	11-A for the reason that they contain, in your
25		erable, commercially recoverable ore?

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (303) 455-7409

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	1	MR. FEEZER: Any questions?						
	2	MR. STAMETS: Nope. Any questions of the						
	3	witness? He may be excused.						
	4	MR. FEEZER: Mr. Watts.						
	5							
	6	MARVIN WATTS						
	7	being called as a witness and having been duly sworn upon his						
	8	oath, testified as follows, to-wit:						
	9							
<b>C.S.R.</b> <sup>87501</sup>	10	DIRECT EXAMINATION						
. BOYD, C. ( 1 Box 193-B New Mexico 8750 (505) 455-7409	11	BY MR. FEEZER:						
LLY W. BOYD, ( Rt. 1 Box 191-B Santa Fc. New Mecico 8: Phone (505) 455-7409	12	Q. Would you state your name and address,						
SALLY W. BOYD, Rt. 1 Box 193-B Santa Fc. New Merico Phone (505) 455-74	13	please?						
0	14	A. My name is Marvin Watts. I live west of						
	15	Carlsbad, New Mexico.						
	16	Q. And your occupation, sir?						
	17	A. My occupation is General Surface Superin-						
	18	tendent for Amax Chemical Corporation in Carlsbad.						
	19	Q. And as General Surface Superintendent for						
	20	Amax, is the laboratory operation of Amax Chemical Corporation						
	21 22	under your direction and supervision?						
	23	A. Yes, it is.						
	23	Q. Did, in fact, you used to occupy the						
	24	position and title of Chief Chemist for Amax?						
		A. Yes. I served for about ten years as						

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Chief Chemist for Amax.

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Q. Calling your attention to what has been marked Exhibit Number Two, which contains a series of documents, I think six pages, Mr. Examiner, are you familiar with these, Mr. Witness, and do you know what they represent?

Yes, I am familiar with it and I do know
 what they represent.

Q Calling your attention to the top sheet on Exhibit Number Two, consisting of six sheets, one -- Hole No. 126-A reflects data received on 4-2-79 and refers to a hole number, a core sample, on Exhibit Number One. Would you tell us what the meaning is of Exhibit Number Two?

A Exhibit Number Two is a complete analysis of samples taken from the particular holes. This one happens to be 126-A, and it shows the ionic constituents of the hole, and then at the bottom of the sheet we have these totaled. IN fact, in the first column you see total  $K_20$ , and then down at the far bottom we have sylvite  $K_20$  as 32.8 percent. That is the amount of potassium calculated as potassium oxide that's in the sylvite in that hole. Now the hole does contain some other minerals as you can see from the ionic constituents.

Q And those are designated across the top where it starts with SNO, which means sample number, if I'm correct, Mr. Watts?

Yes, it does.

Α.

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12 1 And the sample contains at each level, 0 2 looking down the column on the righthand -- on the lefthand 3 side of the page, various distances, is that right? That's correct, yes. 4 E. 5 So the Examiner understands that completely, 0 6 looking at the figure on the third line, 7.5 down through 2.5, 7 would you explain what that means? 8 Those are the intervals that the sample A. 9 was taken from in inches. 10 All right. 0. SALLY W. BOYD, C.S. Rt. 1 Box 193-B 11 In other words, for each hole there are A. 12 several samples. In this particular one there were fifteen 13 samples that was taken out of that particular core of 83 inches. 14 Q. And would this be --15 MR. STAMETS: Let me see if I can under-16 stand that. There were fifteen cores in this hole, is that 17 correct? 18 There were fifteen samples out of the core. A. 19 MR. STAMETS: Fifteen. 20 Out of the core. In other words, they Δ 21 had a 83-inch sample of the core and then that was divided 22 into fifteen portions. 23 MR. STAMETS: And sample number three was 24 7-1/2 inches long? 25 I think the 7.5 was the first one. Now

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those were just put in there to -- to get the total amount. There was no intent to put those intervals on there at the time of analysis, but later on when we did calculate these out, of course, you have to put a weighted average on those to get the 83 percent.

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SALLY W. BOYD, C.S.

Q. You mean the 32.3 percent.
 A. Yes, 32.8 percent; 83 inches at 32.8.
 MR. STAMETS: I'm trying to figure out the relationship between the numbers on the left side and the numbers in the sample number column.

A. The sample numbers, it was divided into various samples. As the engineers sample the core, they do it by visual observation as to where the higher grade material is, and they divide that into samples that -- portions of the core that they think are representative for a certain interval. It may be 2 inches or 3 inches. It may be 10 inches for that individual sample. And that's what the number someone has taken over to the side there to calculate the 83 inches there, and I believe the 7.5 probably represents the first one. Now it may represent the first and second, but it probably represents the first one. As I say, in the calculation for the total core of 83 inches they have to use that interval, but in the laboratory analysis originally it was not put on there. That was added to that sheet later,

Can you tell --

14 1 MR. FEEZER: Excuse me, did you have any 2 further questions, Mr. Examiner? 3 MR. STAMETS: It would appear as though looking at this, that it's not -- you're not able to take 4 5 sample number one and say how many inches that represents. 6 Yes, we do. A. 7 MR. STAMETS: But a person could not look 8 at this thing? 9 Not -- not from that, no. A: 10 MR. STAMETS: Okay, thank you. That 11 helps. 12 Yes. No, the sheet was for the laboratory A. 13 analysis of the particular samples. Those samples come into 14 the laboratory and they are analyzed and generally, then, 15 from the mine engineer department they get the interval that 16 that sample represents. 17 As far as the analyst is concerned when 18 he analyzes these, he just determines what is in that parti-19 cular sample, the constituents within it. 20 MR. STAMETS: Okay. 21 And then to get an average of what that A. 22 what is the mineable ore in that, then they do use the inter-23 val to calculate that, and these are weighted averages to 24 obtain the final -- you see an average of 48 inches there 25 was 44.20 down toward the bottom of the sheet. And 83 inches

SALLY W. BOYD, C.S.

Page 15

then of total  $K_2$  0 was 35.42, and then of that 32.8 percent  $K_2$  0 represented the sylvite. Now in some of the other minerals that exist in that hole, the potassium is not recoverable, and so it does not show in that sylvite portion of the  $K_2$  0. Q. Does each sample, when the Examiner questioned you about sample number three, for example, come to

7 you separately or segregated so that you run it as a separate
8 analytical problem?

Yes, it does.

Q. And that is true for all fifteen, is that right?

A. That is correct.

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W. BOYD, C.S.

Q And then you reach your final conclusion, you average it to determine whether or not you have a commercially recoverable product?

A. That's correct.

Q In your opinion as a chemist familiar with the potash industry, do you believe that this particular exhibit, consisting of six pages, and covering all of the appropriate test holes in the area sought to be included, represent commercially recoverable ore?

A.

Yes, I'm positive of that.

Q. Looking further through Exhibit Number Two, as an example, hole number 143 on page three of Exhibit Number Two, would your testimony regarding the procedure be

	1	Page16					
	1	the same for this example as it was for hole number 126-A?					
	2	A. Yes, it would.					
	3	MR. FEEZER: Does the Examiner have any					
	4	further questions?					
	5	MR. STAMETS: No, does that conclude this					
	6	witness' testimony?					
	7	MR. FEEZER: Yes, sir.					
	8	MR. STAMETS: Any questions of the wit-					
	9	ness? He may be excused.					
87501 19	10	MR. FEEZER: Mr. Bob Brown, please.					
Santa Fe, New Mexico 87501 Phone (505) 455-7409	11						
Fe, New hone (505	12	SOBERT D. BROWN					
Santa Pl	13	being called as a witness and having been duly sworn upon his					
	14	oath, testified as follows, to-wit:					
	15						
	16	DIRECT EXAMINATION					
	17	BY MR. FEEZER:					
	18 19	Q. Would you please state your name and ad-					
	20	dress for the Examiner here?					
	20	A. Robert D. Brown. 610 West Riverside Drive					
	22	Carlsbad, New Mexico.					
	23	Q. And your occupation?					
	24	A. I am Vice President and General Manager					
	25	of the Carlsbad operation of Amax Chemical Corporation.					
		0. How long have you been connected with					

SALLY W. BOYD, C.S.R.

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1	Amax, Mr. Brown?				
2	А.	Twenty-seven years.			
3	Q.	And as Resident Manager and Vice President			
4	have you previously	had occasion to testify before this Com-			
5	mission relating to	potash matters?			
6	A.	Yes, I have.			
7		MR. FEEZER: May his expertise be ac-			
8	cepted as qualified	?			
9		MR. STAMETS: Yes.			
10	о. О.	You have before you, Mr. Brown, what has			
11	been marked as Exhil	bit Number Three in this case. Are you			
12	familiar with the process by which the mineable tons and				
13	tons of product is	estimated for your purposes?			
14	Α.	Yes, I am.			
15	Q.	Are you satisfied that these figures are			
16	not inflated but ar	e in fact conservatively treated?			
17	Α.	I think they're very conservative, yes.			
18	Q.	Are you familiar, as the present Resident			
19	Manager, with the e	xisting world and domestic market for			
20	potash and the pric	es which are obtainable at this time?			
21	А.	Yes, I am.			
22	Q.	On the bottom of Exhibit Number Three			
23	various values have	been allocated to potash or tons of			
24	product at \$63.90.	Nould you tell the Examiner what your in-			
25	terpretation of thi	s data is connected to the top portion,			

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc, New Mexico 87501

Page \_\_\_\_\_ 18

which Mr. Desai testified about?

A. It's the gross value of the tons of potash
contained in the ore from this area, at \$60, \$70, and \$80.00
per ton gross value, and I might say that at the present time
potash is selling for about, at our particular mine, about
\$80.00 per ton of product.

Do you believe that \$25,360,000 of recoverable tons of product is a conservative estimate as a gross figure that can be extracted from this area by regular mining practices?

Yes, sir.

Q. And in your judgment is that an estimate which is representative of commercially recoverable ore body at this time?

Yes.

Ρ.

A.

Q And in your judgment does it deserve the protection of R-111-A to allow that recovery?

A. Very definitely. It's -- this is very
 good ore compared with the rest of the ore that we have there.
 It's exceptionally good ore.

Q. In fact, hole number 126-A is one of the highest ones we have seen in a long time?

A. That's correct.

MR. FEEZER: Pass the witness, Mr. Examiner. Any questions?

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19 1 MR. STAMETS: Any questions of the witness 2 He may be excused. 3 MR. FEEZER: We would move the admission of Exhibits One, Two, Three into the record. 5 These exhibits will be ad-MR. STAMETS: 6 mitted. 7 MR. FEEZER: And that concludes the testi-8 mony we have to offer, Mr. Examiner. 9 MR. STAMETS: Is there anything further 10 The case will be taken under advisement. in this case? 11 MR. FEEZER: Thank you, sir. 12 MR. BURLESON: Mr. Examiner, may I make 13 just a statement? 14 MR. FEEZER: Oh, excuse me. 15 MR. STAMETS: Yes, we will allow --16 MR. FEEZER: I beg your pardon. I men-17 tioned his name at the beginning and then proceeded not to 18 recognize him. Excuse me. 19 MR. STAMETS: Would you identify yourself 20 for the record, and --21 MR. BURLESON: Yes. I'm John Burleson, 22 the Mining Supervisor for the U.S. Geological Survey, head-23 quartered in Carlsbad, New Mexico, and I am very familiar 24 with this operation. My office has examined these cores and 25 the logs, and we would like to verify the statements that

SALLY W. BOYD, C.S.R. (505) 455-7409

have been presented here today as to grade and thickness. And also we are, the USGS is in whole-hearted support of the R-111-A, especially where State lands are concerned, and I would respectfully request that the Exa-miner and the Commission extend the protection of R-111-A as applied for today, by Amax. MR. STAMETS: Mr. Burleson, we certainly appreciate your participation in this case. Is there anything further that anyone wishes to add? (505) 455-7409 We will, then, finally, take Case 7053 under advisement. (Hearing concluded.) 

SALLY W. BOYD, C.S.R. Rt. I Box 193-B

Page \_\_\_\_\_ 21

## CERTIFICATE

SALLY W. BOYD, C.S.

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing 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 hearing, prepared by me to the best of my ability.

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I do hereby carlify that the for "COT IS a corest the 🗁 hease

Oll Conservation Division



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SURESH	к.	DESAL					
		Direct	Examination	by	Hr.	Feezer	4
MARVIN	WAT	TTS					
		Direct	Framination	ьу	Mr.	Poozon	10
ROBERT	D.	BROWN					
		Direct	Examination	bу	Mr.	Feezer.	16
STATEM	ent	BY MR.	JOHN BURLES	ON			19

EXHIBITS

Applicant Exhibit One, Map	5
Applicant Exhibit Two, Analyses	11
Applicant Exhibit Three, Calculations	6

bl. MANUME. Nell's call at this time Case

7053.

En. EDEFIL: Appleadion of Fran Chemical Corporation for an arendrent of Order Lo. 2011-A, 26dy County, New Mexico.

IR. FARMER: May the record show that my name is Charles A. Peezer, and I am from Carlsbad, New Mexico, and am the attorney representing the applicant, Amax Chemical. We have three, and possibly four, witnesses, Mr. Examiner. I'd like to call them in order of their appearance. Mr. Danny Desai, Mr. Marvin Watts, and Mr. Bob Brown, and I see Mr. John Burleson from the USGS. He would not be a witness but he may feel it appropriate to make some statement if he so desires.

MR. STAMETS: Any other appearances in this case? I'd like to have all the witnesses stand and be sworn at this time, please.

(Witnesses sworn.)

MR. STAMETS: You may proceed, Mr. Feezer. MR. FEEZER: Thank you, sir. First wit-

ness, Mr. Desai.

I have placed before you gentlemen the exhibits in their order with numbers, the first being Exhibit Number One, a man, which h will add the first witness to talk about.

### CUBLEE & DESEA

being called as a wigness and having been daly sworn upon his oath, testified as follows, to-wit:

### DINCT ENABRIMETON

BY MR. FERSUR:

0. Would you please first state your name and address for the record?

λ.	My nore is Suresh K. Desai.
Q.	And your residence, Mr. Desai?
λ.	1901 Manzano, Carlsbad, New Mexico.

Q Are you employed by Amox Chemical Corpor-

ation?

Yes.

Α.

Q. And what is the job function or title which you hold with that corporation?

A I'm a Chief Mine Ungineer.

Q. And have you previously testified before

the Commission relating to potash matters?

A. Yes, I have.

Q All right.

MR. FEEZER: May he be accepted as to his

2. Add you be made of love propagate under your direct or contribute, the didde there the, which you have before you, a map?

P. Cost, oil.

p. The area in question, which is under discussion today, based on the application, in where in reference to the exhibit?

*L* The first two areas includes Section 19,
 Range 19 -- Township 19, Range 30 Rast.

Q End that's an 80-acre section?

P. 80-acre section.

p And that lies in the northeast quarter of this -- northwest quarter of this section?

A. Yes, sir.

And it's the south half, is that right?A. That is correct.

Q And the other two 40-acre tracts are located in Section 24, one in the northeast quarter and one in the southeast quarter, is that right?

A That is correct.

Q Are you familiar with the designations and what they stand for as to, for example, 126-A, 143, and 149, within the area just described? E. State site.
C. Show and Chorest

6 In your experience of a pining or gineor vhat is your commutations this, depth expose at that grade?

It is very occordinal gade and it is mineable.

Q Voule the case consent apply to core test hole 143 and 149, although the figures are different?

A. Yes, six.

Q In your opinion and those samples representative of one which is concercially recoverable and reachable by your normal mining practices at Maax?

h. Shat is correct.

 $\rho$  Have you had occasion, Mr. Desai, to calculate for me, as shown on Exhibit Number Three, the mineable tons, the percent of  $K_20$ , and  $K_20$  tons and tons of product?

A. Yes, sir.

Q Going through the process, would you tell the Examiner how you arrived at a million three hundred thousand tons of mineable product?

A. We have calculated these ore reserves, the triangulation methods, and break down into the smaller triangles and each triangle will represent the area and the grade, and

5

combine that all area together and a structule to minerable tons.

engineers to collect the sectors and by plaing engineers to collect the sectors to the product in a given area filowing core bootday processes?

6 Usuald you then and in to the Duratiner what the personal LoC and it. a standard on in these?

The 17.0 percente  $z_2^0$  represents this 160 acres, which is also an average of their area, which is a mineable  $K_20$  tons --- I mean the  $K_20$  grade.

 $\emptyset$  All right, and  $K_2 \otimes$  bons with the figure 234,000, would you explain that to the Examiner, please?

A. We arrive at the  $\pi_20$  tons by multiplying these mineable tons times 17.3 percent  $\pi_20$  grade, and it comes up with  $\kappa_20$  tons.

What does N20 stand for?

A It's potassium oxide.

Q. And is that your principal product which you seek for market purposes?

A. It is.

0

Q Lastly, on this Exhibit Number Shree,

projected tons of product, how do you arrive at 317,000?

h We take this  $K_20$  tons and take the middle recovery and divide that two numbers by a factor in order to convert these X20 to be a succe delay delay a product.

9. Sud the inclusion is considered normal in the industry in the conversion in this: yestwo just referred to?

7. This .605.

Q Ind from the nine like tons of a million three hundred thousand, you estimate = 227,000 ton recovery, is that right?

A that is correct.

6 In your opinion, based on your experience as a mining engineer, would you anticipate that you would be reaching this ore within a reasonable period of time, projecting your mining plan?

L. Yes, sir.

And from what area would you be approaching for example, the one body in Section 19?

A It will be from the eastern side of this map where we have the slopes and free entry, continuous mining panel, and we will be mining towards this acreage.

So that the Examiner is following what you are saying, on the map on the righthand side of Exhibit One, there is a column or space approximately a quarter of an inch or a little less wide running up and down parallel to the edge of the exhibit. Would you tell the Examiner what that is? A. This is a continuous mining panel where we drive three entry panel with a continuous miner, and they are 30 feet wide, each entry is 30 feet wide, and we have a 15foot pillar between No. 3 and No. 2, and the 2 and 1 entry.

Q And at the bottom of that portion of this diagram there is a No. 4 Kelly, which is a designation for an oil well, is that right?

That is correct.

0. And are you mining in that area at this time?

That is correct.

A.

A.

A.

0.

Α.

Ã.

Q Would you drive from the direction -- from the area where that oil well is located to the east in your normal mining plan to reach the area under consideration and sought to be included in R-111-A?

That will be west.

Excuse me, west.

That is correct.

0. And in the normal course of events when

would you expect to reach that area, for example?

Probably the latter part of 1981.

Q Is it your opinion from a mining engineering standpoint that these four 40's or 160 acre sections should be included in R-111-A for the reason that they contain, in your judgment, recoverable, commercially recoverable ore?

9

MR. FEEZER: Any questions?

MR. STAMETS: Nope. Any questions of the witness? He may be excused.

MR. FEEZER: Mr. Watts.

### MARVIN WATTS

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

### DIRECT EXAMINATION

BY MR. FEEZER:

Q Would you state your name and address, please?

A. My name is Marvin Watts. I live west of Carlsbad, New Mexico.

And your occupation, sir?

A. My occupation is General Surface Superintendent for Amax Chemical Corporation in Carlsbad.

Q And as General Surface Superintendent for Amax, is the laboratory operation of Amax Chemical Corporation under your direction and supervision?

A Yes, it is.

Q Did, in fact, you used to occupy the position and title of Chief Chemist for Amax?

A.

Q.

Yes. I served for about ten years as

Chief Chemist for Amax.

Q. Calling your attention to what has been marked Exhibit Number Two, which contains a series of documents, I think six pages, Mr. Examiner, are you familiar with these, Mr. Witness, and do you know what they represent?

N. Yes, I am familiar with it and I do know what they represent.

Q Calling your attention to the top sheet on Exhibit Number Two, consisting of six sheets, one -- Hole No. 126-A reflects data received on 4-2-79 and refers to a hole number, a core sample, on Exhibit Number One. Would you tell us what the meaning is of Exhibit Number Two?

A. Exhibit Number Two is a complete analysis of samples taken from the particular holes. This one happens to be 126-A, and it shows the ionic constituents of the hole, and then at the bottom of the sheet we have these totaled. IN fact, in the first column you see total  $K_20$ , and then down at the far bottom we have sylvite  $K_20$  as 32.8 percent. That is the amount of potassium calculated as potassium oxide that's in the sylvite in that hole. Now the hole does contain some other minerals as you can see from the ionic constituents.

Q And those are designated across the top where it starts with SNO, which means sample number, if I'm correct, Mr. Natts?

Yes, it does.

Ά.
0. And the sample contains at each level, looking down the column on the righthand -- on the lefthand side of the page, various distances, is that right?

A. That's correct, yes.

Q So the Examiner understands that completely, looking at the figure on the third line, 7.5 down through 2.5, would you explain what that means?

A Those are the intervals that the sample was taken from in inches.

Q. All right.

A In other words, for each hole there are several samples. In this particular one there were fifteen samples that was taken out of that particular core of 83 inches.

And would this be --

MR. STAMETS: Let me see if I can understand that. There were fifteen cores in this hole, is that correct?

A.

A.

Q.

There were fifteen samples out of the core. MR. STAMETS: Fifteen.

A. Out of the core. In other words, they had a 83-inch sample of the core and then that was divided into fifteen portions.

MR. STAMETS: And sample number three was 7-1/2 inches long?

I think the 7.5 was the first one. Now

those were just put in there to -- to get the total amount. There was no intent to put those intervals on there at the time of analysis, but later on when we did calculate those out, of course, you have to put a weighted average on those to get the 83 percent.

> <u>ጋ</u>. እ.

You mean the 32.8 percent.

Yes, 32.8 percent; 83 inches at 32.8.

MR. STAMETS: I'm trying to figure out the relationship between the numbers on the left side and the numbers in the sample number column.

A. The sample numbers, it was divided into various samples. As the engineers sample the core, they do it by visual observation as to where the higher grade material is, and they divide that into samples that -- portions of the core that they think are representative for a certain interval. It may be 2 inches or 3 inches. It may be 10 inches for that individual sample. And that's what the number someone has taken over to the side there to calculate the 83 inches there, and I believe the 7.5 probably represents the first one. Now it may represent the first and second, but it probably represents the first one. As I say, in the calculation for the total core of 83 inches they have to use that interval, but in the laboratory analysis originally it was not put on there. That was added to that sheet later.

Ũ.

Can you tell --

UR. FDEZER: Excuse me, did you have any further questions, Mr. Examiner?

MR. STAMFTS: It would appear as though looking at this, that it's not -- you're not able to take sample number one and say how many inches that represents.

Yes, we do.

MR. STAMETS: But a person could not look at this thing?

Not -- not from that, no.

A.

Λ.

MR. STAMETS: Okay, thank you. That

helps.

A Yes. No, the sheet was for the laboratory analysis of the particular samples. Those samples come into the laboratory and they are analyzed and generally, then, from the mine engineer department they get the interval that that sample represents.

As far as the analyst is concerned when he analyzes these, he just determines what is in that particular sample, the constituents within it.

MR. STAMETS: Okay.

A And then to get an average of what that what is the mineable ore in that, then they do use the interval to calculate that, and these are weighted averages to obtain the final -- you see an average of 48 inches there was 44.20 down toward the bottom of the sheet. And 83 inches

then of total  $K_20$  was 35.42, and then of that 32.8 percent  $K_20$  represented the sylvite. Now in some of the other minerals that exist in that hole, the potassium is not recoverable, and so it does not show in that sylvite portion of the K20.

Q Does each sample, when the Examiner questioned you about sample number three, for example, come to you separately or segregated so that you run it as a separate analytical problem?

A. Yes, it does.

0. And that is true for all fifteen, is that right?

That is correct.

A.

And then you reach your final conclusion, you average it to determine whether or not you have a commercially recoverable product?

A That's correct.

n In your opinion as a chemist familiar with the potash industry, do you believe that this particular exhibit, consisting of six pages, and covering all of the appropriate test holes in the area sought to be included, represent commercially recoverable ore?

A Yes, I'm positive of that.

Q Looking further through Exhibit Number Two, as an example, hole number 143 on page three of Exhibit Number Two, would your testimony regarding the procedure be

the same for this example as it was for hole number 126-A?

A Yes, it would.

MR. FEDZER: Does the Examiner have any further questions?

MR. STAMETS: No, does that conclude this witness' testimony?

MR. FFEZER: Yes, sir.

MR. STAMETS: Any questions of the wit-

ness? He may be excused.

MR. FEEZER: Mr. Bob Brown, please.

# ROBERT D. BROWN

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

#### DIRECT EXAMINATION

BY MR. FEEZER:

Q. Would you please state your name and address for the Examiner here?

A. Robert D. Brown. 610 West Riverside Drive, Carlsbad, New Mexico.

Q And your occupation?

A I am Vice President and General Manager

of the Carlsbad operation of Amax Chemical Corporation.

0. How long have you been connected with

Amax, Mr. Brown?

Λ.

A.

Twenty-seven years.

Ø And as Resident Manager and Vice President, have you previously had occasion to testify before this Commission relating to potash matters?

A Yes, I have.

MR. FEEZER: May his expertise be accepted as qualified?

MR. STAMETS: Yes.

Q. You have before you, Mr. Brown, what has been marked as Exhibit Number Three in this case. Are you familiar with the process by which the mineable tons and tons of product is estimated for your purposes?

A. Yes, I am.

Q Are you satisfied that these figures are not inflated but are in fact conservatively treated?

Q. Are you familiar, as the present Resident Manager, with the existing world and domestic market for potash and the prices which are obtainable at this time?

I think they're very conservative, yes.

A. Yes, I am.

Q. On the bottom of Exhibit Number Three various values have been allocated to potash or tons of product at \$63.90. Would you tell the Examiner what your interpretation of this data is connected to the top portion,

A. It's the gross value of the tons of potash contained in the ore from this area, at \$60, \$70, and \$80.00 per ton gross value, and I might say that at the present time potash is selling for about, at our particular mine, about \$80.00 per ton of product.

Q. Do you believe that \$25,360,000 of recoverable tons of product is a conservative estimate as a gross figure that can be extracted from this area by regular mining practices?

Yes, sir.

A.

A,

Q. And in your judgment is that an estimate which is representative of commercially recoverable ore body at this time?

Yes.

And in your judgment does it deserve the protection of R-111-A to allow that recovery?

N. Very definitely. It's --- this is very good ore compared with the rest of the ore that we have there.
 It's exceptionally good ore.

Q In fact, hole number 126-A is one of the highest ones we have seen in a long time?

That's correct.

MR. FEEZER: Pass the witness, Mr. Examiner.

Any guestions?

λ.

MR. STAMETS: Any questions of the witness? He may be excused.

NR. FEEZER: We would move the admission of Exhibits One, Two, Three into the record.

MR. STAMETS: These exhibits will be admitted.

MR. FEEZER: And that concludes the testimony we have to offer, Mr. Examiner.

MR. STAMETS: Is there anything further in this case? The case will be taken under advisement.

MR. FEEZER: Thank you, sir.

MR. BURLESON: Mr. Examiner, may I make

just a statement?

MR. FEEZER: Oh, excuse me. MR. STAMETS: Yes, we will allow --

MR. FEEZER: I beg your pardon. I men-

tioned his name at the beginning and then proceeded not to recognize him. Excuse me.

MR. STAMETS: Would you identify yourself for the record, and --

MR. EURLESON: Yes. I'm John Burleson, the Mining Supervise for the U.S. Geological Survey, headquartered in Carlsbad, New Mexico, and I am very familiar with this operation. My office has examined these cores and the logs, and we would like to verify the statements that

have been presented here today as to grade and thickness.

And also we are, the USGE is in wholehearted support of the R-111-A, especially where State lands are concerned, and I would respectfully request that the Examiner and the Commission extend the protection of R-111-A as applied for today, by Amax.

MR. STAMETS: Mr. Burleson, we certainly appreciate your participation in this case.

Is there anything further that anyone wishes to add?

We will, then, finally, take Case 7053 under advisement.

(Hearing concluded.)

Page \_\_\_\_\_ 21

# CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conserva-tion Division was reported 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. SALLY W. BOYD, I do hereby certifications the seconding is - ia a com tra 56 - 2 heard by the ch , Examiner Oll Conservation Division 

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	_5"	7.83	2,35	1.30	0.28	5.08	51.76	31.84	0.72	1.45	5.49	1.92	i
	6	6.47	5.37	0.90	0.72	5,06	53.53	31,45	0.28	0.62	2.09	0.22	:
4	7	6.63	5.50	051	0.06	1,28	.54.17	3148	0.64	1,25	5.55	.1.80	1
5	8	1633	13.56	1.16	0.10	4.12	51.67-	15.17	0.42	1.141	2.40	0.73	
10	9	37.50	26,98	0 80	0.04	2.02	50.13	16 06	0,80	1.72	2:12	0.70	
12	10	32.04	2660	1.18	0.14	4.15	48.43	1537	0.50	1.18	2.51	0.91	
12	11	29.79	24.73	1.11	0.48	5.21	4878	16.94	0.40	0.96	1.37	0.45	
6	12	12.97	10.77	0.34	0,10	1.2.8	55.66	2962	0.26	0.52	1.46	0.59	
49"	13	1.53	1.27	0.15	0.08	0.65	59.28	37,63	0.22	0.42	0.37	0.14	
	1:4	3.15	2.61	0.16	0.24	0.89	58.85	36.48	0:18	0.34	0.07	001	
	<u> </u>		· ·										
	AVE	25.57	21.23	0.93	0.19	3.39	50.54	19,96	0.51	1.18	2.26	0.77	₽   ·
	70 K20					<b></b>							
	Sylvm	24.9%						·	<u> </u>			· · · · · · · · · · · · · · · · · · ·	
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HOLE NO. 125

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DATE RECEIVED: 6-7-79

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$\begin{array}{cccccccccccccccccccccccccccccccccccc$	INT.	S.No	R20	K	Mg	Ca	504	<u>c/</u>	Na	100° H20	3500	HEO INSOL	Hel Insee	į	•
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5 10 1486 1234 40 104 111 4481 28 22 147 189 196 187 1 11 169 140 162 44 296 2715 26.16 131 164 189 10 48 AVE 8.95 7.43 0.65 0.19 2.25 53.80 30.15 0.56 1.15 3.94 1.37 90 K20 1	9	8			T		1 0	,		1	5 C	1			
1 11 1.69 1.40 1.22 .44 2.90 27.15 36.16 1.31 1.64 1.89 1.0 48" HVE 8.95 7.43 0.65 0.19 2.25 53.80 30.15 0.56 1.15 3.94 1.37 90 K20 1	- 1							1		1	1				
48" <u>AVE 8.95 7.43</u> 0.65 0.19 2.25 53.80 30.15 0.56 1.15 3.94 1.37 70 K20	5					1	i and a state of the			1 1	1 1	10			
10 K20 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1		1.69	1,0	2	- dig	2.9%	27.15	-26.16	131	- 164	- 189	-10		
100 000 000 000 000 000 000 000 000 000	Ja"	.1.	0.05			•							1.2-		
	ЦO	HVE	8,95	7.43	0.65	<u>c. 19</u>	2.25	53.80	30,15	0,56	1.15	3. 94	1.37		
	4								<u> </u>						
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		SULVITE	8.2%						<u></u>		<b>}</b>				•
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-DATE - 9/13/79

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 S-ND -K2D
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WTD. AVERAGE

-63 -11.72 -9.73 --1.12 --0.13 --3.89 -52.41 -27.86 --0.56 --2.63 --3.18 --0.93 sylvine 1600 10

0.56 2H20 2 100 0 2.63 2H20 2 350 0 0.93 2H20 2 350 0 -DATE - 2 - AU6UST - 1979

 $\begin{array}{c} \mathbf{1} \cdots \mathbf{6.26} \cdots \mathbf{5.20} \cdots \mathbf{1.01} \cdots \mathbf{0.29} \cdots \mathbf{4.56} \cdots \mathbf{54.81} \cdots \mathbf{32.44} \cdots \mathbf{0.23} \cdots \mathbf{0.47} \cdots \mathbf{0.39} \cdots \mathbf{0.10} \\ \mathbf{2} \cdots \mathbf{3.40} \cdots \mathbf{2.82} \cdots \mathbf{0.41} \cdots \mathbf{0.22} \cdots \mathbf{1.29} \cdots \mathbf{55.59} \cdots \mathbf{33.98} \cdots \mathbf{0.90} \cdots \mathbf{1.59} \cdots \mathbf{4.27} \cdots \mathbf{1.52} \\ \mathbf{-3} \cdots \mathbf{6.93} \cdots \mathbf{5.76} \cdots \mathbf{0.54} \cdots \mathbf{0.02} \cdots \mathbf{0.62} \cdots \mathbf{49.99} \cdots \mathbf{28.29} \cdots \mathbf{1.41} \cdots \mathbf{2.52} \cdots \mathbf{12.23} \cdots \mathbf{4.24} \\ \mathbf{-4} \cdots \mathbf{27.18} \cdot \mathbf{22.57} \cdots \mathbf{0.60} \cdots \mathbf{0.29} \cdots \mathbf{2.50} \cdots \mathbf{50.27} \cdots \mathbf{19.07} \cdots \mathbf{0.79} \cdots \mathbf{1.68} \cdots \mathbf{2.96} \cdots \mathbf{1.04} \\ \mathbf{-5} \cdots \mathbf{28.26} \cdot \mathbf{23.47} \cdots \mathbf{0.39} \cdots \mathbf{0.10} \cdots \mathbf{1.52} \cdots \mathbf{52.33} \cdots \mathbf{20.02} \cdots \mathbf{0.27} \cdots \mathbf{0.70} \cdots \mathbf{1.23} \cdots \mathbf{0.50} \\ \mathbf{-6} \cdots \mathbf{16.71} \cdot \mathbf{13.98} \cdots \mathbf{0.51} \cdots \mathbf{0.08} \cdots \mathbf{1.71} \cdots \mathbf{54.10} \cdots \mathbf{26.69} \cdots \mathbf{0.43} \cdots \mathbf{0.92} \cdots \mathbf{1.95} \\ \mathbf{-7} \cdots \mathbf{2.40} \cdots \mathbf{1.99} \cdots \mathbf{0.44} \cdots \mathbf{0.40} \cdots \mathbf{2.60} \cdots \mathbf{57.50} \cdots \mathbf{36.07} \cdots \mathbf{0.15} \cdots \mathbf{0.49} \cdots \mathbf{0.25} \cdots \mathbf{0.03} \end{array}$ 

AVERAGE

-48 - 14.65 -12.17 - -0.61 - -0.21 - -2.32 - 52.98 - 26.92 - -0.66 - -1.33 - -3.28 - -1.15 -

% SYLVITE

K20 13.2%

ENFORCE TAMETS OF CONTRACTOR OF TWEEN CASE AND TO THE TAMETS Suln Clarky Hearing Date

-	LAND PROPO	TONS AND VALUE F SED TO BE INCLUI IN R-111A	
			. 6 <sup>05</sup>
MINEABLE TONS	% K <sub>2</sub> 0	K <sub>2</sub> 0 TONS	TONS OF PRODUCT
1,300,000	17.3	234,000	317,000
VALUE AT \$60.	PER TON OF P	RODUCT =	\$19,020,000.
VALUE AT \$70.	PER TON OF P	RODUCT =	\$22,190,000.
VALUE AT (\$80.	PER TON OF P	RODUCT =	\$25,360,000.
VALUE AT \$90.	PER TON OF P	RODUCT =	\$28,530,000.
/			······································
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- approx current price

4015 NO. 126-A

	Date	E Rece		4-2-	79	He	LE N	6. 126	-7				
	S.No	R20	K	Ma	Ca	SON	c/	Na	100° H20	350° H20	HEO INSOL	HC/ Treson	
	/	.09	:07	.87	;60	4.67	56-23	26,33	-09	15	.37	.01	
		1.5	1:29	1.22	16	1.13	57.06	37. 18	.12	.18	.09	.06	
7.5	3	58,93	18.92	.004	04	.06	48.22	07, 17	.07	.08	101	101	
9	4	62.47	51.86		laz		47,36			-07	101		
6		62-17	51.86	102	08	-06	47.51	-23	10	ممر ا	104	-03	
6	-le-	19.05	40,72	2.41	-08		15 17	-76	3,32	10.36	10	.02	
8	7	a/a/.90	37.27	2.48	10	12	15.81	205	357	10,92	19	. 04	
4		8:19	6.80	270	-28	76	46.87	-1,34	+07	12.70	8,72	3.54	
5 7.5 4548	9	6,13	5:09	3, 9,2	122	- 82	48.15	24-27	202 243	13.10	2:25	2.50	
7.5	10	5.06	238	J. Sel	- 16		Sel 24	10	2.7	6.21	3,73	1,26	
1	12-	8.12	7.07	2.02	.50	1.80	51, 8		2.91	8.20		. 91	
5	13	43.05		18	14	105	51.12		159	195	09	102	
9_	14	55.73	16.26	.03	.12	, 03	-		d ref	- Ial	-11	03	
83	15	197	.81	.81	,36	1.57	19.00	30,11	2.37	3.61	13,78	458	
	:	i											
	AVE 48"	44.20	36.69	1.38	0.11	0.25	47.06	6.33	1.02	6.21	1.83	0.74	
	,	· · · · ·					<u> </u>		<b> </b>	<b> </b>			
	1		29.40	1.35	0.16	0.39	48.69	11.74	2.06	5.93	2.13	0.79	
	SYLVITE Mok20-	- 32. P	<u> </u>						BEIGRE	Exa the			
	70 K20-								CELCOR-		el preisio	N	
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		.							CADEFE	1 1	53		
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									Heating	late	0/15/80	<b>]</b>	
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						He	LEN	6. 1	18/1					
	DATE	ERECE	IVED: d	2-16-70	0									
	S.No	K20	K	Mg	Cal	50.1	c/	Na	1/20	3.50	HEO THISDE	HCL		
	1 .	1.1.	1.20	0.00	0.2.13	-277	56.13	36.05	0.2.1	0.73	0.42	0.09		•
·		12.55	12.91	0.90	09	-1-21	<u> 13/1</u>	-685	0-28	0.76	0,15	0,03		
4 5'		3.8G	8,19	-16	0-24/	9.34	10 21	27.69	022	0.95	0.06	002		•
9" 9"		5-26	6.86 6.86	-222	0.19	<u> </u>	- <u>1392</u> 1396	<u>-8.08</u> -0.84	<u>n.81</u> 0.13	22	1218 06	0.24		•
8' 8'	6	5.26		0.23	0.75	0.117	II. labo	-071	0.51	1.11	126			
10." p"	7	-845	-2.78	127	0.21	18.1	····	1721	0,20	1.77	376	1		. `
	8	21.23	12/2	Della	0.13	112	1000		0.51	121	21.8	0.82		
10" P" \$8 56	9	5.17	-4.54	0.28	0,12	0. Set	8.07	54.71	O'lit.	0.84	0.82	06		
				1						1				
48"	AVE	17.86	14.83	1.14	0.26	4.80	51.07	24.25	0.52	1.65	2.45	0.44		
and a	AVE	17,43	14:47	1.13	0.26	4.80	51.31	24,64	0.49	1.33	2.16	0.38		
56"	Sylvite			!	0.26	4.50	121021	2/10/					1	
	% K20			l		1						•		
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HOLE NO. 143

DATE RECEIVED:

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	S.No	R20	K	Mg	Ca	504	c/	Na	100° H20	350° 1/20	H20 INSOL	HC/ INSOL
	1	5.31	441	0,29	0.06	1.39	58,14	35.16	0.14	0.22	0.13	0.04
[	2	1.07	1.72	0.41	0.64	1.2.5	56151	35.41	0.54	0.99	2.94	1.01
•		12.80	10:63	1.83	0.24	7.84	50.49	26.51	0.18	0.39	0.73	0.16
	4	8.21	6 82	1.68	0.20	6.66	51.97	19:48	0.33	0.62	1.45	0.42
	_5	2.83	2.35	1.30	0,28	5.08	51.76	31.84	072	1:45	5.49	1.92
	6	6.47	5.37	0.90	0.72	5,06	53.53	31.45	0.28	0.62	Z 03	0.22
/	7	6.63	5.50	051	0.06	1,28	54.17	31.48	0.54	1.25	5.55	1.80
5	8	1633	13.56	1.16	0.10	4.12	51.62	25.17	0.42	1.141	2,40	0.73
0	9	32,50	26.98	0,80	0.04	3.02	50/3	16 06	0,80	172		0.70
2	10	32.04	2660	1:18	0,14	4.15	4843		0.50	118	2.51	0.91
2		29,79	24 73	1.11	0.48	5.21	4878	16.94	0.40	0.96	1.37	0.45
6	12	12.97	10.77	0.34	0.10	1.28	55.66	29.62		0.52	1.46	0.59
9"	13	1.53	1.27	0.15	0.08	Q 65		37,63	1	0.42	0.37	0.1.4
	1:4	3.15	2:61	0.16	0.24	0.89	58.85	36.48	0:18	0.34	0.07	0.01
		م م										
	AVE_	25.157	21.23	0.193	0.19	3.39	50.54	19,96	0.51	1.18	2.26	0,77
	70K20	24.9%		<u> </u> i	1							
	Sylvm	27.1/0		1				1 1		<u> </u>		
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		i	1	<u> </u>	<u> </u>	1	- <u> </u>		╉╼╾╁╌╍	1		
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	DATE	E RECEI	red:	3+7-	19								
JNT.	S.No	R2OL	K	Mg	Ca	SO4	c/	Na	100° H20	3500	H20 INSOL	HC/ INSOC	
[	1	4.11	, 2	.50	128	137	-8.17	=7.40	els	.1.29	:67	.17	
	- 2-	S. 17	6.78	.67	ber.	-170	26:11e	32/1/	1/6	F	int	-04	
2	3	2:13	1.85	1.20	.04	126	49.63	30. 22	1.00	- il	9.77	3.68	
5	4	1.31	al def	112	jall .	al af 1	1.48		1-10	-68	.21	, Oil	
4	1	21.82	18:11	ji/s	104	3.51	51.27	-2.06	1.1	1.14	2.14	4	
7	6	3.81	3.0	. 80	170	488	54 10	-33-23	- 25	. 78	1.79		
6	7	& 8S	7.27	1	14.	1.91	14.10	30.13	12	1.21	3.93	1.31	
9	8	8.38	636	. let	.07	175	51.19	28 42	10	2:06	9.66	3.31	l
9	9	8.79	7.30	18	102	-28	- 16. 4.4	22:08	139	170	2.88	1.09	
5	10 '	14.86	12.24	.40	iot.	1.11	Let 81	28.02	47	.89	1.96	. 87	
1		1.69	1,10	12	- digt	29%	1.15	-6.16	131	164	. 89	.10	
	1				·						<u> </u>	!	
48"	AVE	8.95	7.143	0.65	0.19	2.25	53.80	30,15	0.56	1.15	3.94	1:37	
	1.												
	% K20	i			<u>_</u>	 		<u> </u> !				· :	<b>.</b>
•	SULVITE	8.2%										1.	
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DATE - 9/13/79

 Total
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 K2D
 MG
 CA
 SD4
 CE
 NA
 H2D
 H2

16 - 7 - 15.24 -12.65 - - 1.64 - - 0.16 - - 5.66 - - 49.21 - 23.90 - - 0.75 - - 3.73 - - 4.37 - - 1.25

WTD. AVERAGE

-63 -11.72 -9.73 -1.12 -0.13 -3.89 -52.41 -27.86 -0.56 -2.63 -3.18 -0.93 sylvine 1600 %

0.56 %H2D @ 100 C 2.63 %H2D @ 350 C ....0.93 %ACID INSOL -DATE 2 HUGUST 1979

 TOTAL

 S-ND K2D
 K
 M6
 CA
 SD4
 CE
 NA
 H2D
 H2D

AVERAGE

-48 ··14.65 ·12.17 ···0.61 ···0.21 ···2.32 ··52.98 ··26.92 ···0.66 ···1.33 ···3.28 ···1.15 ·

% SYLVITE

K20 13.2%

Cretiers, 7053 Solution Laboration Hearing Duie 10/5/87

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# PROJECTED TONS AND VALUE FROM LAND PROPOSED TO BE INCLUDED IN R-111A

MINEABLE TONS	% K <sub>2</sub> 0	K <sub>2</sub> 0 TONS	TONS OF PRODUCT
1,300,000	17.3	234,000	317,000
VALUE AT \$60.	PER TON OF P	PRODUCT =	\$19,020,000.
VALUE AT \$70.	PER TON OF P	PRODUCT =	\$22,190,000.
VALUE AT \$80.	PER TON OF P	PRODUCT =	\$25,360,000.
VALUE AT \$90.	PER TON OF P	PRODUCT =	\$28,530,000.

Dockets Nos. 34-80 and 35-80 are tentatively set for October 29 and November 12, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 15, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1980, from fifteen prorated pools in Les, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for November, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7044: Application of Harvey E. Yates Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Travis Penn Unit Area, comprising 400 acres, more or less, of State and Federal lands in Township 18 South, Range 28 East.
- CASE 7045: Application of Texas Oil & Gas Corp. for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Upper Horrow production in the wellbore of its Superior Federal Com. Well No. 1 located in Unit G of Section 8, Township 20 South, Range 29 East.
- <u>CASE 7046</u>: Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1, 2, 3, 4, 9, 10, 11, 13, 23, and 24, Township 24 North, Range 4 West.
- CASE 7047: Application of Nucorp Energy Inc. for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a special gas-oil ratio limitation of 10,000 to one, retroactive to April 18, 1980, for the East Caprock-Pennsylvanian Pool.
- CASE 7033: (Continued from October 1, 1980, Examiner Hearing)

. . . .

Application of Adams Exploration Inc. for three non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of three 80-acre non-standard proration units in the Vada-Pennsylvanian Pool, comprising the following acreage: SE/4 NE/4 and NE/4 SE/4 of Section 12, N/2 NE/4 of Section 12, and S/2 SE/4 of Section 2, all in Township 9 South, Range 34 East.

- CASE 7048: Application of Public Lands Exploration, Inc. for a pilot steam enhanced oil recovery project, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot steam enhanced oil recovery project in the Santa Rosa formation by re-entering 2 wells and drilling 3 wells, all located in Unit A of Section 15, Township 11 North, Range 25 East.
- CASE 7036: (Continued from October 1, 1980, Examiner Hearing)

Application of J. Gregory Merrion for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 34, Township 25 North, Range 6 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

<u>CASE 7049</u>: Application of J. Gregory Merrion for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 of Section 35, Township 25 North, Range 6 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

<u>CASE 7050</u>: Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 23, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- CASE 7051: Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.
- CASE 7052: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause. seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 36, Township 18 South, Range 31 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7024: (Continued from September 17, 1980, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 35, Township 18 South, Range 29 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

#### CASE 7038: (Continued from October 1, 1980, Examiner Hearing)

Application of Natura Energy Corporation for compulsory pooling, Lea 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 NE/4 of Section 6, Township 19 South, Range 39 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.



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-011 Area to include the SE/4 NE/4 and NE/4 SE/4 of Section 24, Township 19 South, Range 29 East, and the S/2 NW/4 of Section 19, Township 19 South, Range 30 East.

CASE 7054:

54: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending the vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the East Bitter Lakes-Abo Gas Pool. The discovery well is Boyd Operating Company Blakemore Federal Well No. 1 located in Unit D of Section 20, Township 9 South, Range 26 East, NMPM. Said pool would comprise:

#### TOWNSHIP 9 SOUTH, RANGE 26 EAST, NNPM Section 20: NW/4

(b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the East Bitter Lakes-Wolfcamp Gas Pool. The discovery well is Boyd Operating Company Blakemore Federal Well No. 1 located in Unit D of Section 20, Township 9 South, Range 26 East, NMPM. Said pool would comprise:

> TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM Section 20: W/2

(c) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Fusselman production and designated as the South Elkins-Fusselman Pool. The discovery well is Enserch Exploration, Inc. J. G. O'Brien Well No. 1 located in Unit E of Section 31, Township 7 South, Range 29 East, NMPM. Said pool would comprise:

> TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM Section 31 NW/4

(d) ABOLISH the Cary-San Andres Pool in Lea County, New Mexico, described as:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM Section 17: NW/4 (e) EXTEND the Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM Section 3: Lots 9, 10, 15 and 16

(f) EXTEND the Angell Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPH Section 13: S/2

(g) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 29: SW/4

(h) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH. RANGE 24 EAST, NMPM Section 13: N/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM Section 1: W/2 Section 14: N/2

(i) EXTEND the Brown Queen-Grayburg Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM Section 25: SE/4 SW/4 and S/2 SE/4

(j) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM Section 25: N/2

(k) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANCE 28 EAST, NMPM Section 17: S/2 Section 20: N/2

(1) EXTEND the vertical limits of the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, to include the Seven Rivers formation and redesignate said pool as the Comanche Stateline Tansill-Yates-Seven Rivers Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM Section 27: W/2 NW/4

(m) EXTEND the Indian Flats-Delaware ?ool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 2: S/2 NE/4

(n) EXTEND the Jenkins-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM Section 32: NW/4

(o) EXTEND the L E Ranch-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMFM Section 29: N/2 NW/4 Section 30: N/2 NE/4

(p) EXTEND the Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM Section 15: N/2

(q) EXTEND the South Millman-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM Section 8: All

(r) EXTEND the West Osudo-Morrow Gas Pool in Les County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST. NMPM Section 14: W/2 Section 23: All

(s) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM Section 6: W/2

(t) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANCE 24 EAST, NMIPMSection 1:W/2 NW/4 and NW/4 SW/4Section 13:NW/4 NW/4Section 14:NE/4 NE/4

(u) EXTEND the South Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM Section 2: Lots 1 and 2

(v) EXTEND the Rabbit Flats-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM Section 30: SE/4 SE/4

(w) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANCE 28 EAST, NMPM Section 11: W/2 SW/4 Section 14: NW/4 NW/4

(x) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM Section 36: E/2

(y) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

> TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM Section 2: S/2 S/2

(z) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM Section 26: SE/4 SE/4 Section 35: E/2 NE/4 and NE/4 SE/4

(aa) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM Section 3: 5E/4 JAMES L.DOW CHARLES A.FEEZER DOW & FEEZER, P. A. ATTORNEYS AT LAW DOW BUILDING P.O. BOX 128 CARLSBAD, NEW MEXICO 89220

September 8, 1980



885-2185

AREA CODE SOS

OIL CONSERVATION DIVISION SANTA FE

Case 7053

Re: Amax Chemical Corporation Extension of R-111A.

Dear Mr. Padilla:

Mr. Ernest Padilla

P. O. Box 2088

**Commission Attorney** 

Oil Conservation Commission

Santa Fe, New Mexico 87501

I wish to express my sincere thanks for your indication of the typographical error in my most recent Application for extension of R-111A which, of course, the Application should read Section 19, Township 19S, Range 30 E; <u>NOT</u> Township 29S as shown.

The way this error apparently occurred is when I requested the young engineer at Amax Chemical Corporation to set down in his handwriting the exact lands to be included in the extension and he gave me the data as shown on the enclosed sheet. I questioned it; but, nonetheless, I went ahead and due to your alertness, this error was promptly caught and I am most grateful.

Thanking you again for your past and present courtesies, I remain,

Very truly yours,

DOW & FEEZER, P. A.

CAF: ah

Encl.

JAMES L.DOW CHARLES A.FEEZER DOW & FEEZER, P. A. ATTORNEYS AT LAW DOW BUILDING P.O BOX 128 CARLSBAD, NEW MEXICO 88220

September 3, 1980

SEPOSISENTA FE

885.2185

AREA CODE 505

Mr. Ernest Padilla Commission Attorney Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Cuse 7053

Re: Amax Chemical Corporation Extension of R-111A.

Dear Mr. Padilla:

I enclose the original and three copies of Amax's Application for extension of R-111A based on our telephone conversation this date at approximately 9:30 a.m.

As I indicated to you by phone, I have certain problems in scheduling because the potash industry has numerous scheduled fall meetings and as a consequence, I repeat by this letter request that this matter be set before an examiner for an October 15, 1980 hearing date.

I also favor the Artesia office of the Commission with a copy of the Application so that they are informed of the fact that the lands described in the Application will be the subject of an extension of R-111A in the event that any oil company contacts the Artesia office seeking a drilling location.

Thanking you in advance for your past and present courtesies, I remain

Very truly yours,

DOW & FEEZER, P. A.

A. Feezer

CAF: ah

cc: Mr. Bob Brown

cc: Mr. Bob Kirby

cc: Oil Conservation Commission 909 West Dallas Avenue

Artesia, NM 88210

Applications are enclosed in all correspondence.



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

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. )

No. <u>7053</u>

## APPLICATION

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 lease and federal prospecting permit:

> State Lease No. M873 (Sub-lease) Federal Prospecting Permit No. NM 21658

which lease and federal prospecting permit cover the following described lands, to-wit:

SECTION 24	TOWNSHIP 195	RANGE 29E
SE/4 NE/4 NE/4 SE/4	Contains approximately	40 acres
NE/4 SE/4	19 510	40 acres
SECTION 19	TOWNSHIP 29S	RANGE 30E

S/2 NW/4

Contains approximately

80 acres

2. The total extension of R-111A comprises approximately 160 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Cormission.

4. By previous Orders of the Commission, all of the N/2 of Section 24, Township 19S, Range 29E with the exception of the SE/4 NE/4 has previously been included by R-111A et seq. Orders in the protected potash area and in the N/2 S/2 of Section 24, Township 19S, Range 29 E. only the NE/4 SE/4 is outside the protected potash area which has previously been included by R-111A et seq. Orders. That both forty acre tracts in Section 24, Township 19S, Range 29E, are contiguous to the present boundaries of R-111A et seq. on the North and West of the properties sought to be included in the extension.

5. That the above described lands in Section 24, Township 19S, Range 29E, sought to be included by this Application have been previously considered by the Commission and the Commission has previously dealt page 2 Application for Order Amending R-111A

with it by an Order issued in De Novo Order No. R-111-K-1, Case No. 6495 and by the Stipulation heretofore entered into and approved by that Order in Case No. 6495.

6. The Applicant seeks the inclusion of these lands in a protected potash zone for the reason that core tests disclose that potash in commercially recoverable quantities exist therein and that a further basis for this Application to extend R-111A et seq. is to protect both current and future mine workings within the leased areas.

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

> The Superior Oil Company Box 71 Conroe, Texas 77301

Southland Royalty Oil Company 1100 Wall Towers West Midland, Texas 79701

Gulf Oil Company Box 3786 Odessa, Texas 79760

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

00 J By C. A. Feezer **O** DOW & FEEZER, P. A. P. O. Box 128 Carlsbad, New Mexico 88220 Phone No. 885-2185 Attorneys for Applicant.

BEFORE THE NEW MEXICO OIL CONSIGNATION DIVISION COMMISSION OF THE STATE OF NEW MEXIC CONSIGNATION DIVISION BEFORE THE NEW MEXICO OIL CONSERVA

SANTA FE

No. 7053

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.

## APPLICATION

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 lease and federal prospecting permit:

> State Lease No. M873 (Sub-lease) Federal Prospecting Permit No. NM 21658

which lease and federal prospecting permit cover the following described lands, to-wit:

SECTION 24	TOWNSHIP 195	RANGE 29E
SE/4 NE/4 NE/4 SE/4	Contains approximately	40 acres 40 acres
SECTION 19	TOWNSHIP 255 #	RANGE 30E
S/2 NW/4	Contains approximately	80 acres

2. The total extension of R-111A comprises approximately 160 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Commission.

4. By previous Orders of the Commission, all of the N/2 of Section 24, Township 19S, Range 29E with the exception of the SE/4 NE/4 has previously been included by R-111A et seq. Orders in the protected potash area and in the N/2 S/2 of Section 24, Township 19S, Range 29 E. only the NE/4 SE/4 is outside the protected potash area which has previously been included by R-111A et seq. Orders. That both forty acre tracts in Section 24, Township 19S, Range 29E, are continuous to the present boundaries of R-111A et seq. on the North contiguous to the present boundaries of R-111A et seq. on the North and West of the properties sought to be included in the extension.

5. That the above described lands in Section 24, Township 19S, Range 29E, sought to be included by this Application have been previously considered by the Commission and the Commission has previously dealt

page 2 Application for Order Amending R-111A

with it by an Order issued in De Novo Order No. R-111-K-1, Case No. 6495 and by the Stipulation heretofore entered into and approved by that Order in Case No. 6495.

6. The Applicant seeks the inclusion of these lands in a protected potash zone for the reason that core tests disclose that potash in commercially recoverable quantities exist therein and that a further basis for this Application to extend R-111A et seq. is to protect both current and future mine workings within the leased areas.

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

> The Superior Oil Company Box 71 Conroe, Texas 77301

Southland Royalty Oil Company 1100 Wall Towers West Midland, Texas 79701

Gulf Oil Company Box 3786 Odessa, Texas 79760

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 Вy C. A. Feezer

DOW & FEEZER, P. A.V P. 0. Box 128 Carlsbad, New Mexico 88220 Phone No. 885-2185 Attorneys for Applicant.

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

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.

### APPLICATION

ECEIVED

OIL CONS RVATION DIVISION

SANTA FE

7053

No.

5 198(

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 lease and federal prospecting permit:

> State Lease No. M873 (Sub-lease) Federal Prospecting Permit No. NM 21658

which lease and federal prospecting permit cover the following described lands, to-wit:

SECTION 24	TOWNSHIP 19S	RANGE 29E
SE/4 NE/4 NE/4 SE/4	Contains approximately	40 acres 40 acres
SECTION 19	TOWNSHIP 295	RANGE 30E
S/2 NW/4	Contains approximately	80 acres

2. The total extension of R-111A comprises approximately 160 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Commission.

4. By previous Orders of the Commission, all of the N/2 of Section 24, Township 19S, Range 29E with the exception of the SE/4 NE/4 has previously been included by R-111A et seq. Orders in the protected potash area and in the N/2 S/2 of Section 24, Township 19S, Range 29 E. only the NE/4 SE/4 is outside the protected potash area which has previously been included by R-111A et seq. Orders. That both forty acre tracts in Section 24, Township 19S, Range 29E, are contiguous to the present boundaries of R-111A et seq. on the North and West of the properties sought to be included in the extension.

5. That the above described lands in Section 24, Township 19S, Range 29E, sought to be included by this Application have been previously considered by the Commission and the Commission has previously dealt

page 2 Application for Order Amending R-111A

with it by an Order issued in De Novo Order No. R-111-K-1, Case No. 6495 and by the Stipulation heretofore entered into and approved by that Order in Case No. 6495.

6. The Applicant seeks the inclusion of these lands in a protected potash zone for the reason that core tests disclose that potash in commercially recoverable quantities exist therein and that a further basis for this Application to extend R-111A et seq. is to protect both current and future mine workings within the leased areas.

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

> The Superior Oil Company Box 71 Conroe, Texas 77301

Southland Royalty Oil Company 1100 Wall Towers West Midland, Texas 79701

Gulf Oil Company Box 3786 Odessa, Texas 79760

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

22 By C. A. Feezer J<sub>A.</sub> DOW & FEEZER, P. P. O. Box 128 Carlsbad, New Mexico 88220 Phone No. 885-2185

Attorneys for Applicant.

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

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OIL CONSTRVATION DIVISION

SANTA FE

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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. )

## APPLICATION

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1. Amax Chemical Corporation is the owner of the following described lease and federal prospecting permit:

> State Lease No. M873 (Sub-lease) Federal Prospecting Permit No. NM 21658

which lease and federal prospecting permit cover the following described lands, to-wit:

SECTION 24	TOWNSHIP 19S	RANGE 29E
SE/4 NE/4 NE/4 SE/4	Contains approximately	40 acres 40 acres
SECTION 19	TOWNSHIP 295 -++	RANGE 30E
S/2 NW/4	Contains approximately	80 acres

2. The total extension of R-111A comprises approximately 160 acres.

3. Amax Chemical Corporation has heretofore filed its Annual Mining Survey and Potash Development Plan with the Commission.

4. By previous Orders of the Commission, all of the N/2 of Section 24, Township 19S, Range 29E with the exception of the SE/4 NE/4 has previously been included by R-111A et seq. Orders in the protected potesh area and in the N/2 S/2 of Section 24, Township 19S, Range 29 E. only the NE/4 SE/4 is outside the protected potash area which has previously been included by R-111A et seq. Orders. That both forty acre tracts in Section 24, Township 19S, Range 29E, are contiguous to the present boundaries of R-111A et seq. on the North and West of the properties sought to be included in the extension.

5. That the above described lands in Section 24, Township 19S, Range 29E, sought to be included by this Application have been previously considered by the Commission and the Commission has previously dealt page 2 Application for Order Amending R-111A

with it by an Order issued in De Novo Order No. R-111-K-1, Case No. 6495 and by the Stipulation heretofore entered into and approved by that Order in Case No. 6495.

6. The Applicant seeks the inclusion of these lands in a protected potash zone for the reason that core tests disclose that potash in commercially recoverable quantities exist therein and that a further basis for this Application to extend R-111A et seq. is to protect both current and future mine workings within the leased areas.

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

> The Superior Oil Company Box 71 Conroe, Texas 77301

Southland Royalty Oil Company 1100 Wall Towers West Midland, Texas 79701

Gulf Oil Company Box 3786 Odessa, Texas 79760

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 . A. Feezer

DOW & FEEZER, P. O. Box 128 P. A. Carlsbad, New Mexico 38220 Phone No. 885-2185 Attorneys for Applicant.

## 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:** 

> 7053 CASE NO. 6838

1

Order No. R-111-2 O

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

## ORDER OF THE DIVISION

#### BY THE DIVISION:

October 15. This cause came on for hearing at 9 a.m. on Marche EP, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of Oppiniz, 1980, 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:

Vouship 19 South, Range 29 East, NMPM

: Cetyere SE/4 NE/4 and NE/4 SE/4

Township 19 South, Range 30 East, NMPM

Case No. 6838 Order No. R-111-N

(3) That the evidence establishes that **akthorgh** acsmall **permontage** of the lands described in Finding No. (2) above contain only marginal potash mineralization, most of the lands do contain commercial deposits of potash which may reasonably be recovered in commercial quantities.

said

(4) That, based upon the evidence submitted at the hearing, it is not established that the E/2 NE/4 of Section 7, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, contains commercial deposits of potash and the application for inclusion of said lands in the Oil-Potash Area should be denied.

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. (2) above, with the exception of 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 Eddy County, New Mexico:

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Township 19 South, Range 29 Cast NMPM Bection 24: SE/4 NC/4 and NC/4 SC/4 17 South, Bang, 30 East, XM PM : 5/2 NW/4

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