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 OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

November 10, 1980

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-O

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

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. 7053
Order No. R-111-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:

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 6th 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 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 24: SE/4 NE/4 and NE/4 SE/4

TOWNSHIP 19 SOUTH, RANGE 30 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.

(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 Potash-Oil Area 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 30 EAST, NMPM
Section 19: S/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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

SEAL

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
15 October 1980

EXAMINER HEARING

IN THE MATTER OF:

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

CASE 7053

BEFORE: Richard L. Stamets

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Charles A. Feezer, Esq.
DOW & FEEZER
Carlsbad, New Mexico 88220

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

I N D E X

E X H I B I T S

MR. STAMETS: We'll call at this time Case 7053.

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 witness, Mr. Desai.

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

Number One, a map, which I will ask the first witness to talk about.

SURESH K. DESAI

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 first state your name and address for the record?

A. My name is Suresh K. Desai.

Q. And your residence, Mr. Desai?

A. 1801 Manzano, Carlsbad, New Mexico.

Q. Are you employed by Amox Chemical Corporation?

A. Yes.

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

A. I'm a Chief Mine Engineer.

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

expertise?

MR. STAMETS: Yes.

Q. Did you prepare or have prepared under your direct supervision, Exhibit Number One, which you have before you, a map?

A. Yes, sir.

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

A. The first two areas includes Section 19, Range 19 -- Township 19, Range 30 East.

Q. And that's an 80-acre section?

A. 80-acre section.

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

A. Yes, sir.

Q. 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?

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A. Yes, sir.

Q. What are those?

A. These are the drillholes and 126-A hole represents 84 inch at 32.8 percent K_2O value.

Q. In your experience as a mining engineer what is your comment about this depth of ore at that grade?

A. It is very economical grade and it is mineable.

Q. Would the same comment apply to core test hole 143 and 149, although the figures are different?

A. Yes, sir.

Q. In your opinion are those samples representative of ore which is commercially recoverable and reachable by your normal mining practices at Amax?

A. That is correct.

Q. Have you had occasion, Mr. Desai, to calculate for me, as shown on Exhibit Number Three, the mineable tons, the percent of K_2O, and K_2O 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

combine that all areas together and come up with the mineable tons.

Q. Is this a standard process used by mining engineers to calculate recoverable tons of product in a given area fllowing core testing processes?

A. Yes, sir.

Q. Would you then explain to the Examiner what the percent K_2O and 17.3 stands for in these?

A. The 17.3 percent K_2O represents this 160 acres, which is also an average of that area, which is a mineable K_2O tons -- I mean the K_2O grade.

Q. All right, and K_2O tons with the figure 234,000, would you explain that to the Examiner, please?

A. We arrive at the K_2O tons by multiplying these mineable tons times 17.3 percent K_2O grade, and it comes up with K_2O tons.

Q. What does K_2O stand for?

A. It's potassium oxide.

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

A. It is.

Q. Lastly, on this Exhibit Number Three, projected tons of product, how do you arrive at 317,000?

A. We take this K_2O tons and take the middle recovery and divide that two numbers by a factor in order to

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convert these K_2O tons into a KCL, which is our product.

Q. And what factor is considered normal in the industry in the conversion in which you've just referred to?

A. It's .605.

Q. And from the mineable tons of a million three hundred thousand, you estimate a 317,000 ton recovery, is that right?

A. That is correct.

Q. 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?

A. Yes, sir.

Q. And from what area would you be approaching for example, the ore 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.

Q. 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?

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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 15-foot 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?

A. That is correct.

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

A. That is correct.

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?

A. That will be west.

Q. Excuse me, west.

A. That is correct.

Q. And in the normal course of events when would you expect to reach that area, for example?

A. 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?

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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.

Q. 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 tc occupy the position and title of Chief Chemist for Amax?

A. 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?

A. 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_2O, and then down at the far bottom we have sylvite K_2O 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?

A. Yes, it does.

Q. 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.

Q. 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. 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?

A. 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.

Q. You mean the 32.8 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.

Q. Can you tell --

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MR. FEEZER: Excuse me, did you have any further questions, Mr. Examiner?

MR. STAMETS: 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.

A. Yes, we do.

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

A. Not -- not from that, no.

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

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then of total K_2O was 35.42, and then of that 32.8 percent K_2O 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_2O.

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.

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

A. That is correct.

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

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

A. Yes, it would.

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

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

MR. FEEZER: Yes, sir.

MR. STAMETS: Any questions of the witness? 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.

Q. How long have you been connected with

Amax, Mr. Brown?

A. Twenty-seven years.

Q. 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?

A. I think they're very conservative, yes.

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?

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,

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.

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?

A. Yes, sir.

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

A. Yes.

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?

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

MR. 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 mentioned 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. BURLESON: Yes. I'm John Burleson, the Mining Supervisor 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

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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 respecfully 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.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY 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.

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. 7053, heard by me on Oct. 7, 1980.

Richard L. Stamets, Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
15 October 1980

EXAMINER HEARING

IN THE MATTER OF:

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

CASE 7053

BEFORE: Richard L. Stamets

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Charles A. Feezer, Esq.
DOW & FEEZER
Carlsbad, New Mexico 88220

I N D E X

E X H I B I T S

MR. STAMETS: We'll call at this time Case 7053.

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 witness, Mr. Desai.

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

Number One, a map, which I will ask the first witness to talk about.

SURESH K. DESAI

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

DIRECT EXAMINATION

BY MR. FEESER:

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

A. My name is Suresh K. Desai.

Q. And your residence, Mr. Desai?

A. 1801 Manzano, Carlsbad, New Mexico.

Q. Are you employed by Amox Chemical Corporation?

A. Yes.

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

A. I'm a Chief Mine Engineer.

Q. And have you previously testified before the Commission relating to potash matters?

A. Yes, I have.

Q. All right.

MR. FEESER: May he be accepted as to his

expertise?

A. [illegible] Yes.

Q. -- did you prepare or have prepared under your direct supervision, Exhibit No. [illegible], which you have before you, a map?

A. Yes, sir.

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

A. The first two areas includes Section 19, Range 19 -- Township 19, Range 30 East.

Q. And that's an 80-acre section?

A. 80-acre section.

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

A. Yes, sir.

Q. 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?

A Yes, sir.

Q [illegible]

A [illegible] hole represents [illegible] percent K_2O value.

Q In your experience as a mining engineer what is your comment about this depth of ore at that grade?

A It is very economical grade and it is mineable.

Q Would the same comment apply to core test hole 143 and 14[illegible], although the figures are different?

A Yes, sir.

Q In your opinion are those samples representative of ore which is commercially recoverable and reachable by your normal mining practices at Amax?

A That is correct.

Q Have you had occasion, Mr. Desai, to calculate for me, as shown on Exhibit Number Three, the mineable tons, the percent of K_2O, and K_2O 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

combine that all are[illegible] with [illegible] mineable tons.

Q [illegible] used by mining engineers to calcul[illegible] mineable tons of product in a given area fllowing core [illegible] procedures?

A [illegible]

Q Would you then [illegible] to the Examiner what the percent K_2O and [illegible] in these?

A The 17.3 percent K_2O represents this 160 acres, which is also an average of that area, which is a mineable K_2O tons --- I mean the K_2O grade.

Q All right, and K_2O tons with the figure 234,000, would you explain that to the Examiner, please?

A We arrive at the K_2O tons by multiplying these mineable tons times 17.3 percent K_2O grade, and it comes up with K_2O tons.

Q What does K_2O stand for?

A It's potassium oxide.

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

A It is.

Q Lastly, on this Exhibit Number Three, projected tons of product, how do you arrive at 317,000?

A We take this K_2O tons and take the middle recovery and divide that two numbers by a factor in order to

convert these K_2O to [illegible] KCl, [illegible] our product.

Q [illegible] factor [illegible] considered normal in the industry in the conversion in which you've just referred to?

A [illegible]'s .605.

Q And from the mine [illegible] tons of a million three hundred thousand, you estimate a [illegible]17,000 ton recovery, is that right?

A That is correct.

Q 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?

A Yes, sir.

Q And from what area would you be approaching for example, the ore 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.

Q 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 15-foot 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?

A. That is correct.

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

A. That is correct.

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?

A. That will be west.

Q. Excuse me, west.

A. That is correct.

Q. And in the normal course of events when would you expect to reach that area, for example?

A. 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?

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.

Q 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 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?

A. 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_2O, and then down at the far bottom we have sylvite K_2O 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?

A. Yes, it does.

Q 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.

Q 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 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?

A 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.

Q. You mean the 32.8 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.

Q. Can you tell --

MR. FEEZER: Excuse me, did you have any further questions, Mr. Examiner?

MR. STAMETS: 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.

A. Yes, we do.

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

A. Not -- not from that, no.

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_2O was 35.42, and then of that 32.8 percent K_2O 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 K2O.

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.

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

A. That is correct.

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

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

A Yes, it would.

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

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

MR. FEEZER: Yes, sir.

MR. STAMETS: Any questions of the witness? 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.

Q How long have you been connected with

Amax, Mr. Brown?

A. Twenty-seven years.

Q. 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?

A. I think they're very conservative, yes.

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?

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,

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.

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?

A. Yes, sir.

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

A. Yes.

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?

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

MR. 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 mentioned 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. BURLESON: Yes. I'm John Burleson, the Mining Supervisor 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 USGS is in whole-hearted 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.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY 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.

_____

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____.

_____, Examiner
Oil Conservation Division

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

HOLE NO. 126-A

DATE RECEIVED: 4-2-79

	S. No	TOTAL K_2O	K	Mg	Ca	SO4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
	1	.09	.07	.87	.60	4.67	56.23	36.33	.09	.15	.39	.01
	2	1.41	1.29	.22	.16	1.13	59.06	37.48	.12	.18	.09	.06
7.5	3	58.93	48.92	.004	.04	.06	48.22	2.49	.07	.08	.01	.01
7	4	62.47	51.86	.004	.02	.05	47.36	.22	.06	.07	.01	.01
6	5	62.47	51.86	.02	.08	.06	47.51	.23	.10	.14	.04	.03
6	6	49.05	40.72	2.41	.08	.11	45.19	.76	3.22	10.36	.10	.02
8	7	44.90	37.27	2.48	.10	.12	45.81	2.05	3.57	10.92	.19	.04
9	8	8.19	6.80	2.70	.28	.76	46.87	21.34	4.07	12.70	8.72	3.54
5 12.5	9	6.13	5.09	3.02	.22	.82	50.63	24.27	4.02	13.10	2.76	1.13
4 5 48	10	5.06	4.20	2.67	.16	.59	48.85	24.16	4.43	11.90	7.36	2.50
7.5	11	2.87	2.38	1.54	.20	.44	50.24	30.85	2.76	6.24	3.75	1.26
7	12	8.52	7.07	2.02	.50	1.80	51.48	25.70	2.91	8.20	2.90	.91
5	13	43.05	35.74	.18	.14	.05	51.12	11.67	.59	.95	.09	.02
9	14	55.73	46.26	.03	.12	.03	48.64	4.17	.14	.24	.11	.03
83	15	.97	.81	.81	.36	1.57	47.00	30.11	2.37	3.61	13.78	4.58
	AVE 48"	44.20	36.69	1.38	0.11	0.25	47.06	6.33	2.02	6.21	1.83	0.74
	AVE 83"	35.42	29.40	1.35	0.16	0.39	48.69	11.74	2.06	5.93	2.13	0.79

SYLVITE
%K2O → 32.8

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 2
CASE NO. 7053
Submitted by
Hearing Date

HOLE No. 118

DATE RECEIVED: 8-16-78

		S. No	K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
		1	[illegible]	[illegible]	0.50	0.43	[illegible]	[illegible]	[illegible]	[illegible]	0.73	[illegible]	0.09
	7"	2	15.55	12.91	0.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.76	[illegible]	0.03
4"	5"	3	9.86	8.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.06	[illegible]
9"	9"	4	8.26	6.86	[illegible]	0.19	8.69	[illegible]	[illegible]	0.81	[illegible]	[illegible]	[illegible]
8"	8"	5	8.26	6.86	0.67	0.75	[illegible]	[illegible]	[illegible]	[illegible]	1.41	[illegible]	0.41
7"	7"	6	[illegible]	[illegible]	0.22	[illegible]	0.77	[illegible]	[illegible]	[illegible]	1.11	[illegible]	1.00
10"	10"	7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.21	[illegible]	1.77	[illegible]	0.19
10"	10"	8	[illegible]	17.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.82
48	56	9	[illegible]	[illegible]	0.28	0.12	0.84	[illegible]	[illegible]	[illegible]	0.84	0.82	[illegible]
48"		AVE	17.86	14.83	1.14	0.26	4.80	51.07	24.25	0.52	1.65	2.45	0.44
56"		AVE	17.43	14.47	1.13	0.26	4.80	51.31	24.64	0.49	1.53	2.16	0.38
		Sylvite											
		% K_2O	15.1										

HOLE NO. 143

DATE RECEIVED:

	S. No	TOTAL K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
	1	5.31	4.41	0.29	0.06	1.39	58.14	35.16	0.14	0.22	0.13	0.04
	2	2.07	1.72	0.41	0.04	1.25	56.51	35.41	0.54	0.99	2.94	1.01
	3	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	29.48	0.33	0.62	1.45	0.42
	5	2.83	2.35	1.30	0.28	5.08	51.76	31.84	0.72	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	2.09	0.22
4	7	6.63	5.50	0.51	0.06	1.28	54.17	31.48	0.64	1.25	5.55	1.80
5	8	16.33	13.56	1.16	0.10	4.12	51.62	25.17	0.42	1.41	2.40	0.73
10	9	32.50	26.98	0.80	0.04	2.02	50.13	16.06	0.80	1.72	2.12	0.70
12	10	31.04	26.60	1.18	0.14	4.15	48.43	15.37	0.50	1.18	2.51	0.91
12	11	29.79	24.73	1.11	0.48	5.21	48.78	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	0.26	0.52	1.46	0.59
19"	13	1.53	1.27	0.15	0.08	0.65	59.28	37.63	0.22	0.42	0.37	0.14
	14	3.15	2.61	0.16	0.24	0.89	58.85	36.48	0.18	0.34	0.07	0.01
	AVE	25.57	21.23	0.93	0.19	3.39	50.54	19.96	0.51	1.18	2.26	0.77
	% K_2O											
	Sylvite	24.9%										

HOLE NO. 125

DATE RECEIVED: 5-7-79

INT.	S. NO	TOTAL K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
	1	4.11	.92	.20	.38	1.37	28.57	54.40	.18	.37	.67	.17
	2	8.17	6.78	.67	.04	3.70	56.16	22.41	.16	.28	.14	.04
2	3	2.23	1.85	1.40	.04	4.36	49.63	30.25	1.00	2.38	9.77	3.68
5	4	5.35	4.44	1.12	.40	4.41	46.83	32.56	.40	.68	.27	.04
4	5	2.82	1.11	1.15	.04	3.51	51.27	33.06	.51	1.14	2.14	.74
7	6	3.84	3.20	.80	.70	4.88	44.10	33.23	.25	.78	1.79	.49
6	7	8.88	7.37	.57	.14	1.91	42.10	30.43	.42	1.21	2.93	1.31
9	8	8.38	6.96	.44	.03	.75	51.19	28.42	1.10	2.06	9.66	3.31
9	9	8.79	7.30	.18	.03	.28	54.44	32.08	.39	.70	2.58	1.09
5	10	4.86	4.34	.40	.04	1.11	44.81	38.03	.47	.89	1.96	.87
1	11	1.69	1.40	.42	.44	2.96	47.15	36.16	.31	.64	.89	.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
	% K_2O											
	SYLVITE	8.2%										

HOLE # 154

DATE 9/13/79

S-NO	TOTAL K2O	K	MG	CA	SO4	CL	NA	H2O 100 C	H2O 350 C	H2O INSOL	HCL INSOL
Lot #											
20	12.92	10.73	0.64	0.16	2.20	53.75	28.21	0.49	1.96	2.86	0.85
27	8.75	7.26	1.16	0.10	4.09	53.32	29.96	0.49	2.48	2.71	0.80
16	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

SYLVITE %K2O 11.00 %

9.73	%K	X	0.5878	= 5.719
0.13	%CA	X	1.1471	= 0.149
1.12	%MG	X	1.8910	= 2.118
52.41	%CL	X	0.6485	= 33.988
3.89	%SO4	X	0.4786	= 1.862
				35.850
				7.986
				27.864
				27.86 %NA

11.72	%K2O
9.73	%K
27.86	%NA
52.41	%CL
3.89	%SO4
0.13	%CA
1.12	%MG
3.18	%H2O INSOL
98.32	TOTAL

0.56	%H2O @ 100 C
2.63	%H2O @ 350 C
0.93	%ACID INSOL

HOLE # 149

DATE 2 AUGUST 1979

S—NO	TOTAL K2O	K	MG	CA	SO4	CL	NA	H2O 100 C	H2O 350 C	H2O INSOL	HCL INSOL
1	6.26	5.20	1.01	0.28	4.56	54.81	32.44	0.23	0.47	0.39	0.10
2	3.40	2.82	0.41	0.22	1.28	55.59	33.98	0.90	1.59	4.27	1.52
3	6.93	5.76	0.54	0.02	0.62	49.99	28.29	1.41	2.52	12.23	4.24
4	27.18	22.57	0.60	0.28	2.50	50.27	19.07	0.73	1.68	2.96	1.04
5	28.26	23.47	0.39	0.10	1.52	52.33	20.02	0.27	0.70	1.23	0.50
6	16.71	13.88	0.51	0.08	1.71	54.10	26.69	0.43	0.92	1.85	0.70
7	2.40	1.99	0.44	0.40	2.60	57.50	36.07	0.15	0.49	0.25	0.03
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
K2O 13.2 %

BEFORE [illegible] EXAMINER
OIL CONSERVATION DIVISION
EXHIBIT NO. 3
CASE NO. 7053
Submitted by ________
Hearing Date ________

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

.605

MINEABLE TONS	% K_2O	K_2O TONS	TONS OF PRODUCT KCl
1,300,000	17.3	234,000	317,000

VALUE AT $60. PER TON OF PRODUCT =	$19,020,000.
VALUE AT $70. PER TON OF PRODUCT =	$22,190,000.
VALUE AT $80. PER TON OF PRODUCT =	$25,360,000.
VALUE AT $90. PER TON OF PRODUCT =	$28,530,000.

approx current price

HOLE NO. 126-A

DATE RECEIVED: 4-2-79

	S. No	TOTAL K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
	1	.09	.07	.87	.60	4.67	56.23	36.33	.09	.15	.37	.01
	2	1.41	1.29	.22	.16	1.13	59.06	37.48	.12	.18	.09	.06
7.5	3	58.93	48.92	.004	.04	.06	48.22	2.49	.07	.08	.01	.01
9	4	62.47	51.86	.004	.02	.05	47.36	.22	.06	.07	.01	.01
6	5	62.47	51.86	.02	.08	.06	47.51	.23	.10	.14	.04	.03
6	6	49.05	40.72	2.41	.08	.11	45.17	.76	3.22	10.36	.10	.02
8	7	44.90	37.27	2.48	.10	.12	45.81	3.05	3.57	10.92	.19	.04
9	8	8.19	6.80	2.70	4.28	1.76	46.87	21.34	4.07	12.70	8.72	3.54
9 12.5	9	6.13	5.09	3.02	.22	.82	50.63	24.27	4.02	13.10	2.75	1.13
4.5 4.8	10	5.06	4.20	2.67	.16	.39	48.15	24.16	4.43	11.90	7.36	2.50
7.5	11	2.87	2.38	1.54	.20	.44	54.24	30.85	2.78	6.24	3.75	1.26
7	12	8.52	7.07	2.02	.50	1.80	51.48	25.70	2.91	8.20	2.90	.91
5	13	43.05	35.74	.18	.14	.05	51.12	11.67	.59	.95	.09	.02
9	14	55.73	46.26	.03	.12	.03	48.64	4.17	.14	.24	.11	.03
83	15	.97	.81	.81	.36	1.57	49.00	30.11	2.37	3.61	13.78	4.58
	AVE 48"	44.20	36.69	1.38	0.11	0.25	47.06	6.33	2.02	6.21	1.83	0.74
	AVE 83"	35.42	29.40	1.35	0.16	0.39	48.69	11.74	2.06	5.93	2.13	0.79
	SYLVITE											
	% K_2O → 32.8											

HOLE NO. 118

DATE RECEIVED: 8-14-78

		S. No	K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
		1	[illegible]	1.30	0.50	0.43	[illegible]	56.13	36.05	0.34	0.73	[illegible]	0.09
	7"	2	15.55	12.91	0.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.76	0.45	0.03
4"	5"	3	9.86	8.19	[illegible]	[illegible]	9.24	[illegible]	[illegible]	0.22	0.98	0.06	[illegible]
9"	9"	4	8.26	6.86	[illegible]	0.19	8.69	[illegible]	[illegible]	0.81	[illegible]	[illegible]	0.34
8"	8"	5	8.26	6.86	0.67	0.75	[illegible]	13.75	[illegible]	[illegible]	1.41	0.56	0.11
7"	7"	6	[illegible]	[illegible]	0.22	0.05	0.77	[illegible]	[illegible]	0.51	1.11	[illegible]	1.00
10"	10"	7	[illegible]	[illegible]	1.27	0.21	[illegible]	[illegible]	17.21	0.30	1.77	[illegible]	0.19
10"	10"	8	[illegible]	10.62	[illegible]	0.12	[illegible]	[illegible]	[illegible]	[illegible]	1.24	[illegible]	0.82
48	56	9	[illegible]	[illegible]	0.28	0.12	0.84	[illegible]	[illegible]	0.44	0.84	0.82	[illegible]
	48"	AVE	17.86	14.83	1.14	0.26	4.80	51.07	24.25	0.52	1.65	2.45	0.44
	56"	AVE	17.43	14.47	1.13	0.26	4.80	51.31	24.64	0.49	1.53	2.16	0.38
		Sylvite											
		% K_2O	15.1										

HOLE NO. 143

DATE RECEIVED:

	S.No	TOTAL K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
	1	5.31	4.41	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	0.04	1.25	56.51	35.41	0.54	0.99	2.94	1.01
	3	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	29.48	0.33	0.62	1.45	0.42
	5	2.83	2.35	1.30	0.28	5.08	51.76	31.84	0.72	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	2.09	0.22
4	7	6.63	5.50	0.51	0.06	1.28	54.17	31.48	0.64	1.25	5.55	1.80
5	8	16.33	13.56	1.16	0.10	4.12	51.62	25.17	0.42	1.41	2.40	0.73
10	9	32.50	26.98	0.80	0.04	3.02	50.13	16.06	0.80	1.72	2.12	0.70
12	10	32.04	26.60	1.18	0.14	4.15	48.43	15.37	0.50	1.18	2.51	0.91
12	11	29.79	24.73	1.11	0.48	5.21	48.78	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	0.26	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
	14	3.15	2.61	0.16	0.24	0.89	58.85	36.48	0.18	0.34	0.07	0.01
	AVE	25.57	21.23	0.93	0.19	3.39	50.54	19.96	0.51	1.18	2.26	0.77
	%K2O											
	Sylvite	24.9%										

HOLE NO. 135

DATE RECEIVED: 5-7-79

INT.	S. No	TOTAL K_2O	K	Mg	Ca	SO_4	Cl	Na	100° H_2O	350° H_2O	H_2O INSOL	HCl INSOL
	1	1.11	.92	.50	.28	1.37	58.57	37.40	.18	.29	.67	.17
	2	8.17	6.78	.67	.04	2.70	56.16	32.41	.16	.18	.14	.04
2	3	2.33	1.85	1.50	.04	4.26	49.63	30.25	1.00	2.18	9.77	3.68
5	4	5.35	4.44	1.12	.10	4.41	54.95	35.56	.40	.68	.27	.04
4	5	21.85	18.11	1.15	.04	3.51	51.27	33.06	.51	1.14	2.14	.74
7	6	3.85	3.20	.80	.70	4.88	54.10	33.22	.25	.78	1.79	.49
6	7	8.88	7.27	.57	.14	1.91	54.10	30.43	.52	1.21	3.93	1.31
9	8	8.28	6.76	.44	.02	.75	51.19	28.42	1.10	2.06	9.66	3.31
9	9	8.79	7.30	.18	.02	.28	56.44	32.08	.39	.70	2.88	1.09
5	10	14.86	12.34	.40	.04	1.11	54.81	28.02	.47	.89	1.96	.87
1	11	1.69	1.40	.52	.04	2.95	57.15	36.16	.31	.64	.89	.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

% K_2O	
SYLVITE	8.2%

HOLE # 154

DATE 9/13/79

S-NO	TOTAL K2O	K	MG	CA	SO4	CL	NA	H2O @ 100 C	H2O @ 350 C	H2O INSOL	HCL INSOL
Lot #											
20	5	12.92	10.73	0.64	0.16	2.20	53.75	28.21	0.49	1.96	2.86	0.85
27	6	8.75	7.26	1.16	0.10	4.09	53.32	29.96	0.49	2.48	2.71	0.80
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

SYLVITE %K2O 11.00 %

9.73	%K	X	0.5878	=	5.719
0.13	%CA	X	1.1471	=	0.149
1.12	%MG	X	1.8910	=	2.118
52.41	%CL	X	0.6485	=	33.988
3.89	%SO4	X	0.4786	=	1.862
					35.850
					7.986
					27.864
					27.86 %NA

11.72	%K2O
9.73	%K
27.86	%NA
52.41	%CL
3.89	%SO4
0.13	%CA
1.12	%MG
3.18	%H2O INSOL
98.32	TOTAL

0.56	%H2O @ 100 C
2.63	%H2O @ 350 C
0.93	%ACID INSOL

HOLE # 149

DATE 2 AUGUST 1979

S-NO	TOTAL K2O	K	MG	CA	SO4	CL	NA	H2O 100 C	H2O 350 C	H2O INSOL	HCL INSOL
1	6.26	5.20	1.01	0.28	4.56	54.81	32.44	0.23	0.47	0.39	0.10
2	3.40	2.82	0.41	0.22	1.28	55.59	33.98	0.90	1.59	4.27	1.52
3	6.93	5.76	0.54	0.02	0.62	49.99	28.29	1.41	2.52	12.23	4.24
4	27.18	22.57	0.60	0.28	2.50	50.27	19.07	0.73	1.68	2.96	1.04
5	28.26	23.47	0.39	0.10	1.52	52.33	20.02	0.27	0.70	1.23	0.50
6	16.71	13.88	0.51	0.08	1.71	54.10	26.69	0.43	0.92	1.95	0.70
7	2.40	1.99	0.44	0.40	2.60	57.50	36.07	0.15	0.49	0.25	0.03
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
K2O 13.2 %

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

MINEABLE TONS	% K_2O	K_2O TONS	TONS OF PRODUCT
1,300,000	17.3	234,000	317,000

VALUE AT $60. PER TON OF PRODUCT =	$19,020,000.
VALUE AT $70. PER TON OF PRODUCT =	$22,190,000.
VALUE AT $80. PER TON OF PRODUCT =	$25,360,000.
VALUE AT $90. PER TON OF 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 Lea, 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 Morrow 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.

CASE 7046: 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.

CASE 7049: 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.

CASE 7050: 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.

CASE 7053: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area 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: 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, NMPM
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, NMPM
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, RANGE 28 EAST, NMPM
Section 17: S/2
Section 20: N/2

(l) 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 Pool 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, NMPM
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 Lea 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, RANGE 24 EAST, NMPM
Section 1: W/2 NW/4 and NW/4 SW/4
Section 13: NW/4 NW/4
Section 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, RANGE 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: SE/4

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

JAMES L. DOW
CHARLES A. FEEZER

885-2185
AREA CODE 505

September 8, 1980

Case 7053

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

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

Dear Mr. Padilla:

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; NOT 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.

C. A. Feezer

CAF:ah

Encl.

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

JAMES L. DOW
CHARLES A. FEEZER

885-2185
AREA CODE 505

September 3, 1980

Case 7053

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

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.

C. 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 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. 7053

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 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	Contains approximately	40 acres
NE/4 SE/4	"	40 acres
SECTION 19	TOWNSHIP 19S	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

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 C. A. Feezer

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

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COMMISSION OF THE STATE OF NEW MEXICO

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State Lease No. MS73 (Sub-lease)
Federal Prospecting Permit No. NM 21658

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SECTION 24	TOWNSHIP 19S	RANGE 29E
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NE/4 SE/4	" "	40 acres
SECTION 19	**TOWNSHIP ~~29S~~ 19S**	**RANGE 30E**
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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:

CASE NO. ~~6838~~ 7053
Order No. R-111-~~A~~ 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:

This cause came on for hearing at 9 a.m. on ~~March 26~~ October 15, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this ~~15th~~ 15th day of ~~April~~ October, 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:

Township 19 South, Range 29 East, NMPM

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

Township 19 South, Range 30 East, NMPM

Section 19: S/2 NW/4

(3) That the evidence establishes that ~~although a small percentage of the lands described in Finding No. (2) above contain only marginal potash mineralization, most of the~~ said lands do contain commercial deposits of potash which may reasonably be recovered in commercial quantities.

(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.

~~(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, ~~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:

Township 19 South, Range 29 East, NMPM
Section 24: SE/4 NE/4 and NE/4 SE/4

Township 17 South, Range 30 East, NMPM
Section 19: S/2 NW/4

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