



September 17, 2004

IMC Potash Carlsbad Inc.  
P. O. Box 71  
1361 Potash Mines Road  
Carlsbad, New Mexico 88221-0071  
505.887.2871

ext. 312

Brian Arrant 748-9720  
NMOCD  
1301 West Grand Avenue  
Artesia, NM

RE: James Ranch Unit #93  
Bass Enterprises

Dear Mr. Arrant:

Following your telephone conversation this afternoon I looked over the R-111-P rules concerning approval of APD's within LMR's. I find that you are in error approving any APD within an LMR. R-111-P states "Any application to drill in the LMR area, including buffer zones, may be approved only by mutual agreement of the lessor and lessees of both potash and oil and gas interests." It goes on to say that "Applications to drill outside the LMR will be approved . . . provided there is no protest from potash lessee within 20 days" of notification.

You must rescind the APD approval for this well immediately. Please call me as soon as possible at 505-887-2871 ext. 312 or on my cell at 505-361-4560. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Morchouse", written over a horizontal line.

Dan Morchouse  
Mine Engineering Superintendent

BEFORE THE OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case Nos. 13367 Exhibit No. 5  
Submitted by:  
Bass Enterprises Production Co.  
Hearing Date: June 5, 2006