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Michael H. Feldewert

**Recognized Specialist in the Area of
Natural Resources - Oil and Gas law -
New Mexico Board of Legal Specialization**

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July 29, 2003

VIA HAND DELIVERY

Michael E. Stogner
Chief Hearing Officer and Examiner
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

JUL 29 2003

Oil Conservation Division

Re: Case No. 13107
Application Of Fasken Oil & Ranch Ltd For An Order
Authorizing The Drilling Of A Well In The Potash Area, Lea
County, New Mexico

Dear Examiner Stogner:

Enclosed please find a July 24th letter issued by the New Mexico State Land Office to IMC Potash that was not available at the time of the hearing in the above matter. Fasken respectfully requests that this letter be taken into account during the Division's deliberations over Fasken's application.

Sincerely,



Michael H. Feldewert

MHF/jlp

cc: Mr. Jimmy D. Carlile, Fasken Oil & Ranch (with attachment)

Enclosure: As stated

3113132_1.DOC



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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CERTIFIED MAIL, RETURN RECEIPT REQUESTED

July 24, 2003

Mr. Dan Morehouse
IMC Potash Carlsbad Inc.
Post Office Box 71
Carlsbad, New Mexico 88221-0071

Re: Potash Lease Applications HP-0003 and HP-0004

Dear Mr. Morehouse:

IMC Potash Carlsbad, Inc. submitted two applications to lease State Trust Lands. The first is for the E $\frac{1}{2}$ E $\frac{1}{2}$ Section 16, T20S, R32E in Lea County (HP-0003); the second is for Lots 1, 2, 3, 4, N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 36, SW $\frac{1}{4}$ Section 32 of T19S, R33E and Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ of Section 2, T20S, R32E in Lea County (HP-0004). Potash lease HP-0004 is in the process of being issued. However; lease HP-0003 has been determined to be not in the best interest of the Trust. Section 16 currently has numerous oil and gas well bores, and with the potential of additional drilling, there does not appear to be adequate clearance for economic mining; therefore, HP-0003 is rejected. All rental funds for the HP-0003 application will be refunded.

If you have any questions, please call Gene Darnell, Minerals Manager, at 505-827-5750.

Sincerely,

Jami Bailey, Director
Oil, Gas, and Minerals Division

JB/ewd