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OIL CONSERVATION
DIVISION

Case 13107

IMC Carlsbad Potash Company Inc
1361 Potash Mines Road
PO Box 71
Carlsbad NM 88221-0071
505.887.2871

July 09, 2003

Ext. 318

Division Examiner, OCD
Department of Energy, Minerals and Natural Resources
State of New Mexico
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Fasken Oil & Ranch for an Order Authorizing the Drilling of a
Well in the Potash Area, Lea County, New Mexico.

Dear Sir:

IMC Potash Carlsbad Inc. (IMC), as an owner of interest, will attend the application hearing of Fasken Oil & Ranch Ltd., scheduled to be set before a Division Examiner on July 24, 2003.

IMC requests that John Purcell, Chief Mine Engineer be allowed to testify at the hearing.

The Prehearing Statement for the application hearing is included, and the time needed to present the facts offered in the statement should be approximately one hour.

If there are any further requirements needed to be included as a party of record at the application hearing, please let us know.

Sincerely,

John Purcell
Chief Mine Engineer

Enclosure

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**PREHEARING STATEMENT TO THE
APPLICATION OF FASKEN OIL & RANCH Ltd.
FOR A ORDER AUTHORIZING THE DRILLING
OF A WELL IN THE POTASH AREA,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

PREHEARING STATEMENT

IMC Potash Carlsbad Inc. (IMC) applies to the New Mexico Oil Conservation Division to testify at the application hearing of Fasken Oil & Ranch Ltd. (Fasken) to drill its Laguna "16" State Well No. 1 at a location 660' FSL and 660' FEL, in the SE/4SE/4 (Unit P) of Section 16, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. IMC is an affected party, and in support of the OCD District Office's decision to disallow the well states:

1. The assignment of the State Potassium Lease covering Section 16, T20S, R32E to IMC was approved by the State of New Mexico on December 6, 1994, and on February 2, 1995 IMC made the annual rent payment for the lease.
2. The initial term of the lease expired on February 21, 1995; when it was learned that the Land Office was requiring a new lease application instead of routinely renewing the lease for another ten-year term, an application was made on May 1, 1995. Since that time, IMC has paid additional rent on the tract as required by the State Land Office, and has maintained a "Tenant at Will" status on the lease.
3. IMC holds Federal Potassium lease NMNM 013298C in Section 15, T20S, R32E.
4. Both sections 15 and 16 contain potash ore reserves that are included in IMC's "Life of Mine Reserves", as part of R-111-P requirements.
5. Potassium Core Test Hole No. IMC-170 was drilled in June 1953, 1320' FSL and 1320' FEL in Section 16, T20S, R32E. The analysis of the core shows potash ore on the 10th ore zone with a grade of 14.70% K₂O sylvite with a thickness of 5.2 feet. The sylvite grade and thickness of the ore is comparable to sylvite ore currently being mined by IMC.
6. IMC has submitted a mine plan to the State, as part of the on-going lease application process, that outlines 250,000 tons of recoverable potash ore from Section 16 that will be lost if the applied for well is approved.

7. Approval of this well will result in waste of potash deposits, constitute a hazard and interfere the mining of potash reserves.

WHEREFORE, IMC requests to testify at this application hearing before an Examiner of the Oil Conservation Division, and that after notice and hearing, the Division uphold the OCD District Office's decision to deny Fasken's application for a permit to drill its proposed Laguna "16" State Well No. 1 at a location 660' FSL and 660' FEL, in the SE/4SE/4 (Unit P) of Section 16, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico.

Respectfully submitted,

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

John Purcell
Chief Mine Engineer