

INTEL-210 POTASH

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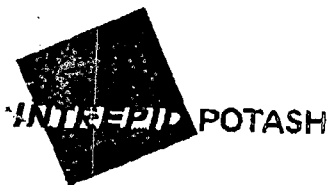
To: Mark Fesmire Date: 1/23/08
Fax #: 505-476-3462 Pages: 3 including cover sheet
From: Katie Keller
Subject: Case no. 14006 - 1/24/08 Hearing

MESSAGE:

Per the attached.

Thank you-

Katie Keller



January 22, 2008

The Intrepid Companies
700 17th Street, Suite 1700
Denver, CO 80202
303.296.3006
303.298.7502 fax

Mr. Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 S. St. Francis Dr.
Santa Fe, N.M. 87505

New Mexico Oil Conservation Division
1301 W. Grand Avenue
Artesia, NM 88210

Re: Case No. 14026
Magnum Pronto State Com Well No. 2
1980' FSL and 1980' FWL
Section 32, T19S-R32E
Lea County, New Mexico

Ladies and Gentlemen:


Marbob Energy Corporation ("Marbob") has requested that Intrepid Potash-New Mexico, LLC ("Intrepid") not object to the Morrow gas test well that Marbob proposes to drill vertically to a depth of approximately 12,700 feet at the above-described location (the "Well"). Marbob's APD for the Well was rejected by the OCD due to the potential of the Well to cause undue waste of potash, and Marbob filed the captioned appeal.

The proposed location of the Well is within Intrepid's approved LMR under OCD Rule R-111-P. As Intrepid has indicated to Marbob, Intrepid owns the North Mine, an idled underground potash mine that Intrepid may choose to reopen in the future and that already has in place mine shafts, leases, permits and much of the transportation and utility infrastructure required for conventional underground potash mining operations (the "North Mine"). Two of Intrepid's federal potash leases at the North Mine, leases NMNM-011776 and NMLC-065286, include lands in Sections 5 and 6, T20S-R32E, that are less than one mile from the proposed location of the Well. The existing underground mine workings of the North Mine are less than two miles from the proposed location of the Well.

Intrepid wishes to emphasize that the safety hazard presented by this high pressure, deep gas well to Intrepid's nearby mine workings has not been evaluated by the United States Bureau of Land Management ("BLM") or the State of New Mexico. Where BLM has studied similar safety hazards posed by high pressure gas wells, the BLM has found that such wells create a hazard to miners. Unlike the shallower Delaware wells, the proposed Well targets the deeper Morrow formation. The deeper formations in the Potash Area (Morrow, Strawn, Wolfcamp, etc.) characteristically contain much larger volumes of gas that is at high pressures. Due to the nature of underground mining, mine employees are particularly vulnerable to potential hazards created by concurrent development of the two resources and potential release of highly combustible gas into underground mine workings. The risks posed by testing or producing from these deep formations in close proximity to mine workings in the Potash Area are the subject of a pending safety study by the BLM. The BLM has already studied similar risks posed by oil and gas and drilling to underground trona mining in Wyoming, and banned further drilling after considerable study.

Intrepid has been in discussions with Marbob pursuant to which Intrepid would agree not to object to the Well in exchange for certain data regarding the potash zones in the Well that Intrepid believes will be useful for its and the State and BLM's efforts to protect commercial potash deposits. Unfortunately, Marbob and Intrepid have not yet agreed to these terms, so Intrepid continues its objection to the Well at this time and hopes that these terms can be worked out between the parties.

Sincerely,



Katie Keller
Landman

cc. Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211-0227
Attention: Mr. Brent May