

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION  
2009 JUL 22 P 3:01

APPLICATION OF JUDAH OIL, L.L.C. FOR APPROVAL OF  
A COMMERCIAL SALT WATER DISPOSAL WELL,  
EDDY COUNTY, NEW MEXICO.

364  
CASE NO. 14116

**MOTION TO DISMISS OBJECTION FILED BY SCOTT BRANSON**

Applicant, Judah Oil, LLC, hereby moves the Division to dismiss the objection filed by state grazing lessee Scott Branson to the Application For Authorization To Inject (Form C-108) submitted to the Division on June 15, 2009. In support of this motion Applicant states:

**Procedural Background**

1. On June 15, 2009, Applicant filed an Application For Authorization To Inject (Form C-108) with the Division seeking approval to convert its existing MWJ State #1Y (API 30-015-23888) oil well into a commercial salt water disposal well. The cover page for the Application comprises Attachment A and bears application number PKAA091244937.
2. On June 30, 2009, the Division received a letter from Scott Branson stating that he opposed the Application. *See* Attachment B.
3. The Division subsequently informed Applicant by email that because of the objection filed by Mr. Branson, it "must cancel the admin order from our pending applications" and that the matter would have to proceed to a hearing. *See* Attachment C.
4. As a result of this email, Applicant submitted a request to the Division to place this matter on the August 20th Examiner docket and a case number has been assigned to this matter.

**Mr. Branson does not have standing to file an objection to an Application for Authority to Inject.**

5. NMAC 19.15.26.8(B)(2) identifies the following persons to whom notice is to be provided and accordingly the individuals that have legal standing to file an objection to an Application For Authorization To Inject:

- (a) the “owner of the land surface” on which the proposed injection well is located, and
- (b) “each leasehold operator or other affected person” within one-half mile of the proposed injection well.

The “affected person” referenced in subparagraph 8(B)(2) is defined in NMAC 19.15.26.7(A) as the division designated operator, a mineral lessee or a mineral interest owner.

6. The proposed disposal well is located on state land. Accordingly, the “owner of the land surface” at issue is the New Mexico State Land Office, not Mr. Branson. NMAC 19.15.26.8(B)(2).

7. Mr. Branson holds a grazing lease issued by the New Mexico State Land Office for the property on which the proposed injection well is located. *See Attachment D.*

8. The holder of a grazing lease issued by the New Mexico State Land Office does not have standing to object to an Application For Authorization To Inject. Any concerns Mr. Branson has with a proposed disposal well on the state lands subject to his grazing lease is a matter to be addressed by the New Mexico State Land Office, not by the Oil Conservation Division.

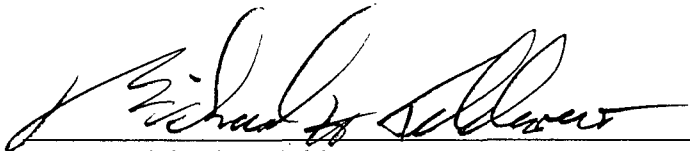
9. There is no valid objection on file with the Division that prevents the Application for Authorization To Inject from proceeding administratively or that requires Applicant to incur

the cost and expense of a hearing in Santa Fe.

WHEREFORE, Applicant respectfully requests that the Division issue an order dismissing the objection filed by Mr. Branson and proceed to address the Application For Authorization To Inject administratively.

Respectfully submitted,

**HOLLAND & HART, L.L.P.**




Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile

**ATTORNEYS FOR JUDAH OIL, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that on July 22, 2009, I served a copy of the foregoing **Motion to Dismiss Objection filed by Scott Branson** to the following via U.S. Mail, postage prepaid to:

Scott Branson  
P.O. Box 1502  
Carlsbad, New Mexico 88221



Michael H. Feldewert

DATE 6/17/09	SUSPENSE 7/2/09	ENGINEER [Signature]	LOGGED IN 6/17/09	TYPE SWD	APP NO. PKAA 0912449137
--------------	-----------------	----------------------	-------------------	----------	-------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



30-015-23888  
MWT State # 1Y  
JUDAH OIL 245872

### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

Not in Reef  
South of Leving, NM  
West of Poth Area

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
[B] ☐ Offset Operators, Leaseholders or Surface Owner  
[C] ☐ Application is One Which Requires Published Legal Notice  
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
[F] ☐ Waivers are Attached

#### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Billy (Bill) E. Prichard

Agent for Judah Oil, LLC

Print or Type Name

Signature

Title

Date

ATTACHMENT

A

billy@pwllc.net  
e-mail Address

6/15/09

RECEIVED  
2009 JUN 30 AM 11 32

To: New Mexico Oil Conservation Division

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

Attn: Sonny Swazo

From: Scott Branson

PO Box 1502

Carlsbad, New Mexico 88221

575.885.2066

575.706.4049 or 575.706.3290

Re: Judah Oil, L.L.C.

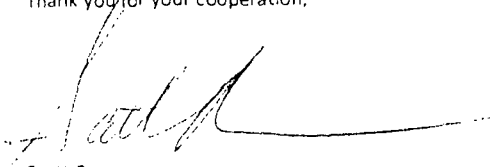
MWJ State # 001Y

API # 30-015-23888, 860 FSL X 2020 FWL, Unit Letter "N" Section 30, Township 24 South, Range 29 East, Eddy County, New Mexico.

I Scott Branson would like to oppose the C- 108 application for Authorization to inject from Judah Oil, L.L.C. The reasons for opposing are:

1. Lease road very long, trucking in and out will inhibit the growth of vegetation
2. Do not want oilfield traffic day and night disturbing cattle ranch.
3. Environmental issues.
4. High Traffic on grazing land.

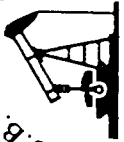
Thank you for your cooperation,

  
Scott Branson

6/29/09

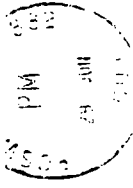
ATTACHMENT  
B

Oilfield Services  
dba S.B.



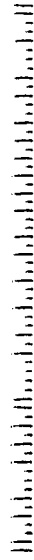
(S.B. Weed Control, LLC)

P.O. Box 1502  
Carlsbad, NM 88221-1502



New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505 87505  
Attn: Jerry Swartz

0750514225 0011



For OCEAN

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Monday, July 06, 2009 11:11 AM  
**To:** 'billy@pwllc.net'  
**Cc:** Warnell, Terry G, EMNRD  
**Subject:** RE: Disposal Application on behalf of Judah Oil LLC: MWJ State #1Y 30-015-23888 Unit N Sec 30, T24S, R29E, Eddy County

Hello Billy:

Just received a protest from Scott Branson.

If you do not have a copy, please call him (575-885-2066, 575-706-4049, 575-706-3290) for a copy.

As you know, we must cancel this admin order from our pending applications.

Let me know if you want this taken to hearing and I will pass the information on to Florene.

Regards,

William V. Jones PE  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505  
505-476-3448

**From:** billy@pwllc.net [mailto:billy@pwllc.net]  
**Sent:** Monday, June 15, 2009 11:05 AM  
**To:** Jones, William V., EMNRD  
**Cc:** Ezeanyim, Richard, EMNRD; J. Scott Hall; Reeves, Jacqueta, EMNRD; Brooks, David K., EMNRD; Phillips, Dorothy, EMNRD  
**Subject:** RE: Disposal Application on behalf of Judah Oil LLC: MWJ State #1Y 30-015-23888 Unit N Sec 30, T24S, R29E, Eddy County

Will, I have placed in the mail a new disposal application for the above well per Nearburg Producing Company request. The perforation intervals have been changed. Proof of Publication will be mailed to you as soon as received. A copy of the legal notice is enclosed in the new disposal application. Should you have further questions or need additional information, do not hesitate to call or email.

Thanks

Billy(Bill)E.Prichard  
Agent for Judah Oil, LLC  
432-934-7680 cellular  
940-627-5449 fax  
email; [billy@pwllc.net](mailto:billy@pwllc.net)

----- Original Message -----

Subject: Disposal Application on behalf of Judah Oil LLC: MWJ State #1Y 30-015-23888 Unit N Sec 30, T24S, R29E, Eddy County  
From: "Jones, William V., EMNRD" <[William.V.Jones@state.nm.us](mailto:William.V.Jones@state.nm.us)>  
Date: Tue, May 26, 2009 9:08 am  
To: <[billy@pwllc.net](mailto:billy@pwllc.net)>  
Cc: "Ezeanyim, Richard, EMNRD" <[richard.ezeanyim@state.nm.us](mailto:richard.ezeanyim@state.nm.us)>, "J. Scott Hall" <[SHall@montand.com](mailto:SHall@montand.com)>, "Reeves, Jacqueta, EMNRD" <[Jacqueta.Reeves@state.nm.us](mailto:Jacqueta.Reeves@state.nm.us)>, "Brooks, David K., EMNRD" <[david.brooks@state.nm.us](mailto:david.brooks@state.nm.us)>, "Phillips, Dorothy, EMNRD" <[dorothy.phillips@state.nm.us](mailto:dorothy.phillips@state.nm.us)>

ATTACHMENT

C

NEW MEXICO STATE LAND OFFICE  
ASSIGNMENT OF AGRICULTURAL LEASE

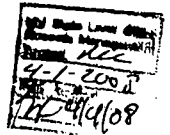
TO BE COMPLETED BY LESSEE:

(I, We), the undersigned lessee(s), hereby assign to Scott Branson and Valerie Branson

his wife whose address is: P.O. Box 1502 Carlsbad NM 88221-1502  
(mailing address)

Telephone ( 575 ) - 885 - 2066 all (my/our) right, title and interest in State  
Agricultural Lease No. GS1438 and all rights to compensation for the improvements  
located on the leased lands, for which improvements (I/we) hereby either waive payment or  
acknowledge receipt of payment of full improvement value. (I/we), understand and agree that  
any outstanding sublease of all or a portion of the leased lands is hereby terminated. The lands  
covered by said lease are described as follows:

SUBDIVISION	SEC.	TWP.	RGE.	ACRES
See attached exhibit "A"				2952.54 AC. <i>Em</i>



RECEIVED

APR 4 AM 3 32

*[Signature]*  
Lessee

Lessee

Donald J. Purvis, General Manager  
IMC Kalium Carlsbad Potash Co.

Lessee

County of EDDY  
State of NEW MEXICO

Subscribed and sworn to before me this 25 day of February, 20 08

by Donald J. Purvis, General Manager, IMC Kalium Carlsbad Potash Co.  
{print name(s) of person(s) acknowledged}

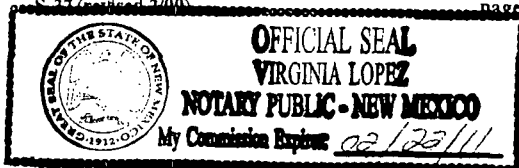
My commission expires: \_\_\_\_\_

*[Signature]*  
Notary Public  
Purchaser signs on page 2

FEE: - \$50.00

S 37 (revised 2/00)

page 1 of 2



ATTACHMENT  
D

FES

4-15-08 11:0004

22 04-MAR-08 09:16

50.00



TO BE COMPLETED BY PURCHASER:

(I/We), the undersigned lease purchaser(s), being eighteen years or more of age, do solemnly swear or affirm that (I/we) have read State Agricultural Lease No. GS1438, accept its terms and conditions, and agree to assume all obligations to the State as the lessee(s) of record under said lease, which lease is on file with the Commissioner of Public Lands as a public record.

(I/We) SB 1B (intend ~~do not intend~~) to cultivate a portion of the described lands.  
(select one)

(I/We) SB 1B (do not intend ~~intend~~) to sublease all or a portion of the described lands.  
(select one)

Scott Branson  
Purchaser

Valerie Branson  
Purchaser

SCOTT BRANSON  
Purchaser

VALERIE BRANSON  
Purchaser

County of EDDY

State of NEW MEXICO

Subscribed and sworn to before me this 25 day of February, 20 08

by Scott Branson and Valerie Branson

OFFICIAL SEAL (Print name(s) of person(s) acknowledged)  
VIRGINIA LOPEZ  
NOTARY PUBLIC - NEW MEXICO  
My commission expires: 02/22/11

Virginia Lopez  
Notary Public

THIS LEASE ASSIGNMENT SHALL NOT BE EFFECTIVE UNLESS APPROVED IN WRITING BY THE COMMISSIONER OF PUBLIC LANDS.

Commissioner's Approval:

APPROVED IN FAVOR OF THE ABOVE NAMED PURCHASER(S) THIS 6<sup>th</sup> DAY OF

March, 20 08

Patrick H. Lyons  
COMMISSIONER OF PUBLIC LANDS

RECEIVED  
2008 MAR 4 AM 8 32  
S-37 (revised 2/00)

STATE OF  
SANTA FE

## EXHIBIT A

LEASE NO: GS1438

SUBDIVISION					SEC-TWN-RNG		ACREAGE	U S E	PRICE PER UNIT	CAR CAP
PT.SW4SW4	-	-	-	-	23	24S 28E	36.00	G	-	8
PT.SW4SW4	-	-	-	-	23	24S 28E	4.00	I	13.8600	8
SE4	-	-	-	-	25	24S 28E	160.00	G	-	8
PT.NW4NW4	SW4NW4	PT.SE4NW4	-	-	26	24S 28E	95.02	G	-	8
PT.NW4NW4	PT.SE4NW4	-	-	-	26	24S 28E	24.98	I	13.8600	8
NE4	PT.N2NW4	S2NW4	S2	-	36	24S 28E	604.57	G	-	8
PT.N2NW4	-	-	-	-	36	24S 28E	35.43	I	13.8600	8
LOT3	LOT4	-	-	-	30	24S 29E	79.00	G	-	8
E2SW4	SE4	-	-	-	30	24S 29E	240.00	G	-	8
LOT1	LOT2	LOT3	LOT4	-	31	24S 29E	157.28	G	-	8
N2NE4	-	-	-	-	31	24S 29E	80.00	G	-	3
E2NW4	-	-	-	-	31	24S 29E	80.00	G	-	8
SW4NE4	-	-	-	-	31	24S 29E	40.00	G	-	3
2 SE4NE4	E2SW4	N2SE4	SW4SE4	-	31	24S 29E	240.00	G	-	8
SE4SE4	-	-	-	-	31	24S 29E	40.00	G	-	3
N2NW4	SW4NW4	W2SW4	SE4SW4	-	32	24S 29E	240.00	G	-	3
2 LOT1	-	-	-	-	01	25S 28E	40.02	G	-	8
SE4NE4	E2SE4	-	-	-	01	25S 28E	120.00	G	-	8
LOT1	LOT2	LOT3	LOT4	LOT5	06	25S 29E	197.36	G	-	8
LOT6	LOT7	-	-	-	06	25S 29E	78.88	G	-	8
S2NE4	SE4NW4	E2SW4	SE4	-	06	25S 29E	360.00	G	-	8
TOTAL ACREAGE:					2,952.54		TOTAL RENTAL:		\$2,423.30	

## LEGEND: USE TYPE CODES

C= CONSERVATION RESERVE PROGRAM LAND, D= DRYLAND FARMING,  
 I= IRRIGATED CROPLAND, M= MOBILE HOME ON LAND, R= RSIP LAND,  
 2= DRYLAND FARMING (BID), 3= IRRIGATED CROPLAND (BID) 4= CRP (BID)  
 H= 1/2 SOUTH FOR TOWNSHIP, H= 1/2 EAST FOR RANGE

G= GRAZING,  
 1= GRAZING (BID),  
 5= RSIP (BID) ,

\* CARRYING CAPACITY RATES LISTED ARE BASED ON 640 ACRE PARCELS

NEW MEXICO STATE LAND OFFICE  
COMMISSIONER OF PUBLIC LANDS  
NEW MEXICO STATE LAND OFFICE BUILDING  
P.O. BOX 1148, SANTA FE, NM 87504-1148

AGRICULTURAL LEASE

LEASE NO. GS1438

THIS LEASE, DATED OCTOBER 01, 2007 , IS ENTERED INTO BY AND BETWEEN THE COMMISSIONER OF PUBLIC LANDS, NEW MEXICO STATE LAND OFFICE, STATE OF NEW MEXICO, HEREINAFTER CALLED "LESSOR" AND:

IMC KALIUM CARLSBAD POTASH COMPANY

HEREINAFTER CALLED "LESSEE(S)", WHOSE ADDRESS OF RECORD IS:

PO BOX 71  
CARLSBAD, NM 88220

LESSOR AND LESSEE AGREE AND COVENANT AS FOLLOWS:

1. LEASE.

FOR AND IN CONSIDERATION OF AND SUBJECT TO THE RENTALS AND THE TERMS, COVENANTS, CONDITIONS, AGREEMENTS, OBLIGATIONS, AND RESERVATIONS CONTAINED IN THIS LEASE AND ALL OTHER EXISTING RIGHTS, LESSOR GRANTS AND LEASES TO LESSEE AND LESSEE TAKES FROM LESSOR THE TRACT(S) OF LAND DESCRIBED IN EXHIBIT A, ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

2. TERM.

THE TERM OF THIS LEASE SHALL BEGIN ON OCTOBER 01, 2007 AND SHALL EXPIRE AT MIDNIGHT SEPTEMBER 30, 2012.

3. RENT.

THE ANNUAL RENTAL SHALL NOT BE LESS THAN THE MINIMUM RENTAL ESTABLISHED BY SECTION 19-7-29 NMSA 1978 AND SHALL BE PAID IN ADVANCE FOR EACH LEASE YEAR AND RECEIVED IN THE STATE LAND OFFICE ON OR BEFORE OCTOBER 1. THE ANNUAL RENTAL FOR GRAZING LAND SHALL BE DETERMINED AS FOLLOWS : ANNUAL RENTAL = BASE VALUE X CARRYING CAPACITY X ACREAGE X ECONOMIC VARIABLE INDEX (EVI), AS DEFINED BY SLO RULE 8 "RELATING TO AGRICULTURAL LEASES" (19 N.M.A.C. 3, SLO 8.11). IN NO EVENT SHALL THE PRODUCT OF THE APPLICATION OF THE EVI, FOR EACH SUCCESSIVE YEAR OF THE LEASE TERM, BE DECREASED OR INCREASED BY MORE THAN THIRTY-THREE AND ONE-THIRD PERCENT. IN THE CASE OF GRAZING RENTAL OFFERS ON OPEN ACREAGE OR PURSUANT TO COMPETITIVE BID, LESSOR MAY ACCEPT GREATER RENTAL AMOUNTS THAN THOSE DETERMINED BY THE FOREGOING FORMULA, BUT THE ANNUAL GRAZING RENTAL DUE IN ANY LEASE YEAR SHALL NOT BE LESS THAN THE FORMULA AMOUNT. THE ANNUAL RENTAL FOR CULTIVATED LAND, ASSOCIATED LAND AND CONSERVATION RESERVE PROGRAM LAND SHALL BE DETERMINED BY LESSOR AND SHALL REMAIN UNCHANGED DURING THE TERM OF THE LEASE. THE TYPE OF LAND HEREBY LEASED AND THE ANNUAL RENTAL AMOUNT FOR THIS LEASE SHALL BE AS SET OUT IN EXHIBIT A HEREIN.

4. PERMITTED USE.

LESSEE MAY USE THE LEASED PREMISES ONLY FOR SUCH OPERATIONS AND ACTIVITIES AS ARE NECESSARY TO CARRY OUT THE PURPOSES FOR WHICH THE LEASE IS GRANTED AS SPECIFIED IN EXHIBIT A, AND IN ORDER TO COMPLY WITH ALL APPLICABLE PROVISIONS OF LAW REGARDING THE CARE AND PROTECTION OF THE LEASED PREMISES.

RECEIVED  
AUG 30 AM 9 11  
STATE LAND OFFICE  
SANTA FE, N.M.  
LAND SUSPENSION  
33 0 30-AUG-07 09:25  
3 NMSLO 001-00004  
2423.30

FILED  
33 0 30-AUG-07 09:25  
4 NMSLO 001-00004  
50.00

5. LIEN.

AS SECURITY FOR THE PAYMENT OF ANY RENT THAT IS OR MAY BECOME DUE AND UNPAID, LESSEE GRANTS TO LESSOR A FIRST AND PRIOR LIEN UPON ANY AND ALL IMPROVEMENTS AND CROPS ON THE LEASED PREMISES.

6. IMPROVEMENTS.

NO IMPROVEMENTS, EXCEPT AS OTHERWISE PROVIDED BY LAW, SHALL BE PLACED ON THE LEASED PREMISES WITHOUT THE PRIOR WRITTEN CONSENT OF THE LESSOR. ALL IMPROVEMENTS PLACED ON THE LEASED PREMISES IN VIOLATION OF THIS PARAGRAPH SHALL BE CONSIDERED AND TREATED AS UNAUTHORIZED IMPROVEMENTS IN ACCORDANCE WITH THE APPLICABLE LAWS AND RULES.

7. ASSIGNMENT, SUBLEASE AND RELINQUISHMENT.

LESSEE SHALL NOT ASSIGN OR SUBLEASE THE LEASED PREMISES OR THE IMPROVEMENTS ON SAID PREMISES WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR AND SUCH OTHER REQUIREMENTS AS PRESCRIBED BY LAW OR RULE. AS PROVIDED BY LAW AND RULE ANY LEASE, IN GOOD STANDING, MAY BE RELINQUISHED TO THE STATE. UPON RELINQUISHMENT HOWEVER, THE LESSEE SHALL NOT BE ENTITLED TO A REFUND OF RENTALS PREVIOUSLY OWING AND PAID.

8. COLLATERAL ASSIGNMENTS.

ANY AGRICULTURAL LEASE MAY BE ASSIGNED AS COLLATERAL SECURITY SUBJECT TO THE EXPRESS WRITTEN CONSENT OF THE LESSOR AND SUCH OTHER TERMS AND CONDITIONS AS PRESCRIBED BY LAW OR RULE. THE APPROVAL OF A COLLATERAL ASSIGNMENT, HOWEVER, SHALL NOT PREVENT THE CANCELLATION OF THE LEASE AND TERMINATION OF THE COLLATERAL ASSIGNMENT FOR THE NONPAYMENT OF RENTALS OR OTHER VIOLATIONS OF THE LEASE TERMS.

9. DEFAULT AND CANCELLATION.

THE VIOLATION BY LESSEE OF ANY OF THE TERMS, CONDITIONS, OR COVENANTS OF THIS LEASE OR THE NONPAYMENT BY LESSEE OF THE RENT DUE UNDER THIS LEASE SHALL AT THE OPTION OF THE COMMISSIONER BE CONSIDERED A DEFAULT AND SHALL CAUSE THE CANCELLATION OF THIS LEASE 30 DAYS AFTER LESSOR HAS SENT WRITTEN NOTICE OF SUCH DEFAULT TO THE LESSEE AND TO ANY HOLDERS OF COLLATERAL ASSIGNMENTS BY REGISTERED MAIL, ADDRESSED TO THE POST OFFICE ADDRESS OF RECORD, PROVIDED, HOWEVER, IF WITHIN THE THIRTY DAYS THE LESSEE OR HOLDERS OF ANY COLLATERAL ASSIGNMENTS SHALL COMPLY WITH THE DEMAND MADE IN THE NOTICE, CANCELLATION SHALL NOT BE MADE.

10. RENEWAL.

ANY LESSEE WHO DESIRES TO SECURE A NEW LEASE SHALL MAKE AND FILE AN APPLICATION WITH THE LESSOR ON OR BEFORE AUGUST 1 NEXT PRECEDING THE EXPIRATION OF THIS LEASE. THE RIGHT OF RENEWAL SHALL BE SUBJECT TO SUCH TERMS AND CONDITIONS AS PROVIDED FOR BY LAW AND RULE.

11. RESERVATIONS.

A. LESSOR RESERVES THE RIGHT TO EXECUTE LEASES ON THE LAND GRANTED BY THIS LEASE FOR MINING PURPOSES AND FOR THE EXTRACTION OF OIL, GAS, SALT, GEOTHERMAL RESOURCES, AND OTHER MINERAL DEPOSITS THEREFROM AND THE RIGHT TO GO UPON, EXPLORE FOR, MINE, REMOVE AND SELL SAME. LESSOR FURTHER RESERVES THE RIGHT TO SELL OR DISPOSE OF NATURAL SURFACE PRODUCTS OF SAID LANDS OTHER THAN GRAZING, AGRICULTURAL OR HORTICULTURAL PRODUCTS AND TO GRANT SUCH OTHER RIGHTS-OF-WAY AND EASEMENTS AS PROVIDED

STATE OF  
SANTO DOMINGO  
AUG 30 1964  
REC'D  
1

BY LAW.

B. LESSOR RESERVES THE RIGHT TO WITHDRAW PURSUANT TO RULE, UP TO 640 ACRES, BUT IN NO CASE MORE THAN HALF, OF THE LAND HELD BY THIS LEASE.

12. COMPLIANCE WITH LAWS.

LESSEE SHALL AT ITS OWN EXPENSE FULLY COMPLY WITH AND BE SUBJECT TO ALL LAWS, REGULATIONS, RULES, ORDINANCES, AND REQUIREMENTS OF LESSOR AND APPLICABLE CITY, COUNTY, STATE AND FEDERAL AUTHORITIES AND AGENCIES WHICH HAVE BEEN OR MAY BE ENACTED OR PROMULGATED, IN ALL MATTERS AND THINGS AFFECTING THE LEASED PREMISES AND OPERATIONS THEREON. SUCH OTHER AGENCIES SHALL NOT BE DEEMED THIRD PARTY BENEFICIARIES UNDER THIS LEASE.

13. HOLD HARMLESS.

LESSEE SHALL SAVE AND HOLD HARMLESS, INDEMNIFY AND DEFEND LESSOR AND THE STATE OF NEW MEXICO, AND THEIR AGENT OR AGENTS, IN THEIR OFFICIAL AND INDIVIDUAL CAPACITIES, OF AND FROM ANY AND ALL LIABILITY CLAIMS, LOSSES, OR DAMAGES ARISING OUT OF OR ALLEGED TO ARISE OUT OF OR INDIRECTLY CONNECTED WITH THE OPERATIONS OF LESSEE UNDER THIS LEASE, OFF OR ON THE LEASED PREMISES OR ARISING OUT OF THE PRESENCE ON THE LEASED PREMISES OF ANY AGENT, CONTRACTOR OR SUBCONTRACTOR OF LESSEE.

14. AMENDMENT.

THIS LEASE SHALL NOT BE ALTERED, CHANGED OR AMENDED EXCEPT BY INSTRUMENT IN WRITING EXECUTED BY LESSOR AND LESSEE.

15. WAIVER.

NO WAIVER OF ANY BREACH OR DEFAULT BY LESSEE OF ANY OF THE TERMS, CONDITIONS OR COVENANTS OF THIS LEASE SHALL BE HELD TO BE A WAIVER OF ANY SUBSEQUENT BREACH. NO WAIVER SHALL BE VALID OR BINDING UNLESS THE SAME IS IN WRITING AND SIGNED BY LESSOR.

16. DELINQUENT RENTAL.

ALL RENTAL PAYMENTS RECEIVED AFTER OCTOBER 1 OF EACH YEAR SHALL BE CONSIDERED DELINQUENT AND SHALL BE SUBJECT TO THE PAYMENT OF INTEREST AT A RATE OF ONE PERCENT (1%) A MONTH FOR ANY FRACTION OF A MONTH. INTEREST SHALL ACCRUE FROM THE DATE THE PAYMENT BECOMES DUE.

17. APPLICABLE LAW.

THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW MEXICO.

18. SUCCESSORS IN INTEREST.

ALL TERMS, CONDITIONS AND COVENANTS IN THIS LEASE SHALL EXTEND TO AND BIND THE HEIRS, ASSIGNS, AGENTS, ATTORNEYS, CONTRACTORS AND SUCCESSORS IN INTEREST OF LESSOR AND LESSEE.

19. CARRYING CAPACITY REEVALUATION.

THE LESSOR RESERVES THE RIGHT DURING THE TERM OF THIS LEASE, AND UPON THE LESSOR'S DISCRETION, TO CONDUCT CARRYING CAPACITY REEVALUATIONS AND MAKE THE NECESSARY ADJUSTMENTS TO THE LEASE AND RENTAL AS MAY BE REQUIRED.

RECEIVED  
07 AUG 30 AM 9 11  
STATE OF NEW MEXICO  
SANTA FE, N.M.

I/WE CERTIFY THAT I/WE ARE THE LESSEE(S) REFERENCED ON THE FACE PAGE OF THIS LEASE.

LESSEE

TELEPHONE

IMC Kalium Carlsbad Potash Company by Donald J. Purvis, Vice President

(505) 887-2871

Patrick H. Lyons / JS  
LESSOR-COMMISSIONER OF PUBLIC LANDS

ACKNOWLEDGMENTS  
NATURAL PERSON(S)

STATE OF NEW MEXICO )

COUNTY OF )

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS \_\_\_\_ DAY OF \_\_\_\_, 20\_\_.

BY \_\_\_\_  
(NAME OF PERSON ACKNOWLEDGED)

MY COMMISSION EXPIRES:

NOTARY PUBLIC

PARTNERSHIP

STATE OF NEW MEXICO )

COUNTY OF )

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS \_\_\_\_ DAY OF \_\_\_\_, 20\_\_.

BY \_\_\_\_  
(NAME OF PERSON ACKNOWLEDGED)

PARTNER(S) ON BEHALF OF \_\_\_\_, A PARTNERSHIP.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

CORPORATION

STATE OF NEW MEXICO )

COUNTY OF Eddy )

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 29<sup>th</sup> DAY OF August, 2009.

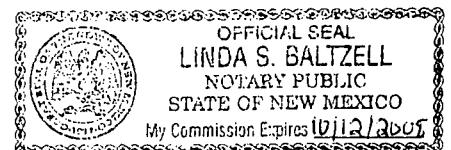
BY Donald J. Purvis Vice President OF  
(NAME OF OFFICER) (TITLE OF OFFICER)

IMC Kalium Carlsbad Potash Company a Delaware CORPORATION, ON BEHALF  
(CORPORATION NAME)  
OF SAID CORPORATION.

MY COMMISSION EXPIRES:

October 12, 2008

Linda S. Baltzell  
NOTARY PUBLIC



STATE OF NEW MEXICO  
11 9 11

NEW MEXICO STATE LAND OFFICE

APPRAISEMENT OF GRAZING AND AGRICULTURAL LANDS

COMMISSIONER OF PUBLIC LANDS  
NEW MEXICO STATE LAND OFFICE BUILDING  
PO BOX 1148, SANTA FE, NEW MEXICO 87504-1148

LESSEE: SECTION 10 OF THE NEW MEXICO ENABLING ACT SPECIFICALLY REQUIRES THAT ALL STATE LAND TO BE LEASED BE APPRAISED AT ITS TRUE VALUE. STATE LAW, UNDER SECTION 19-7-1 NMSA 1978, FURTHER PRESCRIBES THAT SUCH APPRAISEMENT BE SECURED BY THE LESSEE WHEN ACQUIRING A LEASE AND THAT SUCH APPRAISEMENT BE COMPLETED BY A DISINTERESTED PERSON. THE INSTRUCTIONS FOR THE COMPLETION OF THIS FORM ARE SET OUT BELOW.

APPRAISEMENT

INSTRUCTIONS: THIS INFORMATION MUST BE COMPLETED BY A DISINTERESTED PERSON AND BASED ON THAT INDIVIDUAL'S INFORMATION AND BELIEF. THIS FORM CANNOT BE COMPLETED BY A LICENSED APPRAISER. (NMSA 1978, 61-30-16). YOU CANNOT PAY TO HAVE THIS FORM COMPLETED. (NMSA 1978, 60-30-3A). THE LAND MUST BE APPRAISED AS VACANT, I.E. WITHOUT IMPROVEMENTS, FOR BOTH SALE AND LEASE PURPOSES. IT MUST ALSO BE SIGNED BEFORE A NOTARY PUBLIC.

I, John Dorez Brantley Jr, DO SOLEMNLY SWEAR (OR AFFIRM), UNDER THE PENALTIES OF PERJURY, THAT AFTER HAVING PERSONALLY INSPECTED THE TRACT(S) OF LAND CONTAINED IN LEASE NO. \_\_\_\_\_ AND DESCRIBED IN EXHIBIT A OF SAID LEASE, THAT MY OPINION OF THE APPRAISED CASH VALUE OF SAME (WITHOUT IMPROVEMENTS) IS \$ 130K PER ACRE, IF SOLD, AND \$ 334 PER ACRE, FOR LEASE PURPOSES, AND CERTIFY THAT I AM NOT INTERESTED IN SAID LAND FOR LEASING OR SALE THEREOF.

SIGNED

ADDRESS

CITY/STATE

SUBSCRIBED AND SWORN TO BEFORE ME THIS 27<sup>th</sup> DAY OF Aug 2007.

MY COMMISSION EXPIRES:

4/23/09

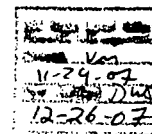
NOTARY PUBLIC  
SANTA FE, N.M.  
RECEIVED  
AUG 30 AM 9 11

## EXHIBIT A

LEASE NO: GS1438

SUBDIVISION					SEC-TWN-RNG			ACREAGE	U S E	PRICE PER UNIT	CAR CAP
PT. SW4SW4	-	-	-	-	23	24S	28E	36.00	G	-	8
PT. SW4SW4	-	-	-	-	23	24S	28E	4.00	I	13.8600	8
SE4	-	-	-	-	25	24S	28E	160.00	G	-	8
PT. NW4NW4	SW4NW4	PT. SE4NW4	-	-	26	24S	28E	95.02	G	-	8
PT. NW4NW4	PT. SE4NW4	-	-	-	26	24S	28E	24.98	I	13.8600	8
NE4	PT. N2NW4	S2NW4	S2	-	36	24S	28E	604.57	G	-	8
PT. N2NW4	-	-	-	-	36	24S	28E	35.43	I	13.8600	8
LOT3	LOT4	-	-	-	30	24S	29E	79.00	G	-	8
E2SW4	SE4	-	-	-	30	24S	29E	240.00	G	-	8
LOT1	LOT2	LOT3	LOT4	-	31	24S	29E	157.28	G	-	8
N2NE4	-	-	-	-	31	24S	29E	80.00	G	-	3
E2NW4	-	-	-	-	31	24S	29E	80.00	G	-	8
SW4NE4	-	-	-	-	31	24S	29E	40.00	G	-	3
SE4NE4	E2SW4	N2SE4	SW4SE4	-	31	24S	29E	240.00	G	-	8
SE4SE4	-	-	-	-	31	24S	29E	40.00	G	-	3
N2NW4	SW4NW4	W2SW4	SE4SW4	-	232	24S	29E	240.00	G	-	3
LOT1	-	-	-	-	201	25S	28E	40.02	G	-	8
SE4NE4	E2SE4	-	-	-	01	25S	28E	120.00	G	-	8
LOT1	LOT2	LOT3	LOT4	LOT5	06	25S	29E	197.36	G	-	8
LOT6	LOT7	-	-	-	06	25S	29E	78.88	G	-	8
S2NE4	SE4NW4	E2SW4	SE4	-	06	25S	29E	360.00	G	-	8
TOTAL ACREAGE:					2,952.54			TOTAL RENTAL:			\$2,423.30

RENEWAL LEASE  
RENEWAL LEASE



## LEGEND: USE TYPE CODES

C= CONSERVATION RESERVE PROGRAM LAND, D= DRYLAND FARMING,  
I= IRRIGATED CROPLAND, M= MOBILE HOME ON LAND, R= RSIP LAND,  
2= DRYLAND FARMING (BID), 3= IRRIGATED CROPLAND (BID) 4= CRP (BID)  
H= 1/2 SOUTH FOR TOWNSHIP, H= 1/2 EAST FOR RANGE

G= GRAZING,  
1= GRAZING (BID),  
5= RSIP (BID)

\* CARRYING CAPACITY RATES LISTED ARE BASED ON 640 ACRE PARCELS

RECEIVED  
2007 AUG 30 AM 9 11  
STATE LAND OFFICE  
SANTE FE, N.M.



