

POTASH MINING VIABILITY REPORT

TO

STEVENS & TULL, INC.

FOR

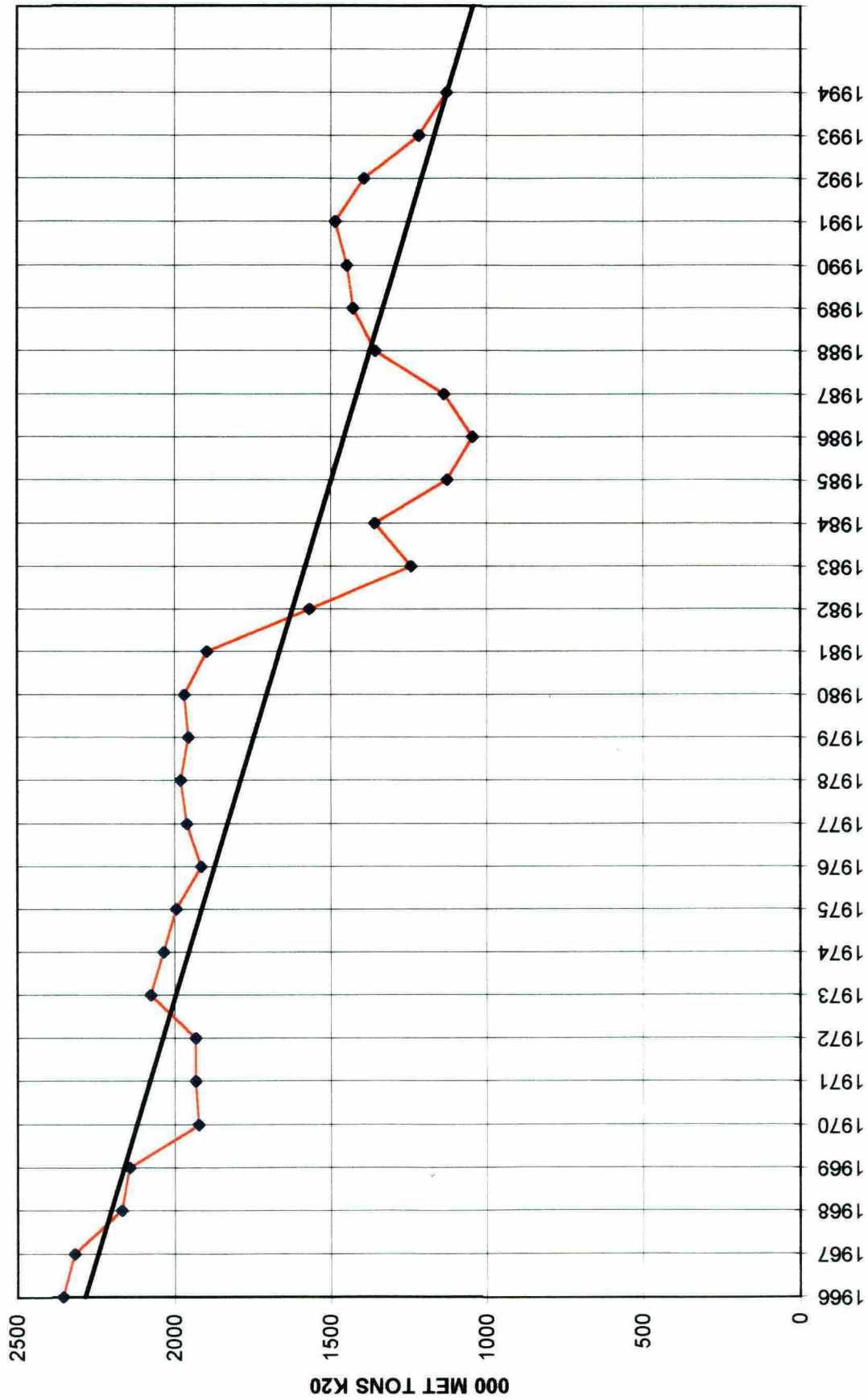
NMOCD HEARING

7/27/95

GARY L. HUTCHINSON

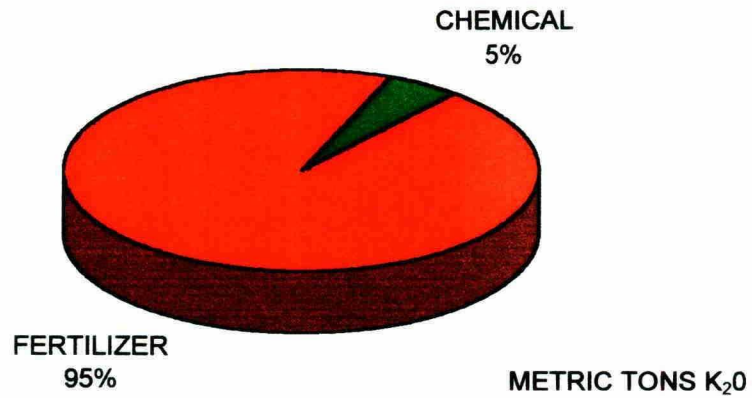
GOLDEN, COLORADO

NEW MEXICO POTASH PRODUCTION

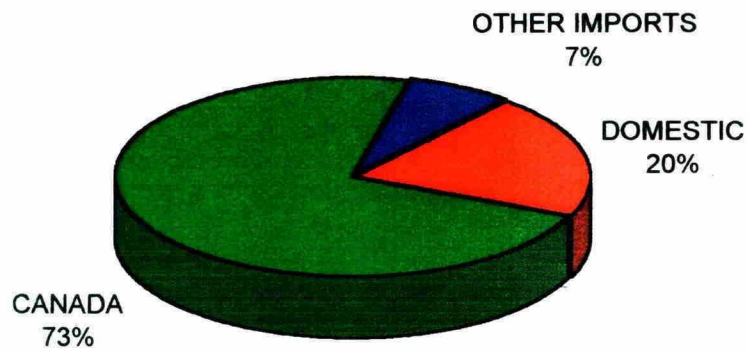


STEVENS TULL, INC.
WEST TEAS PROJECT

U.S. POTASH DEMAND USES

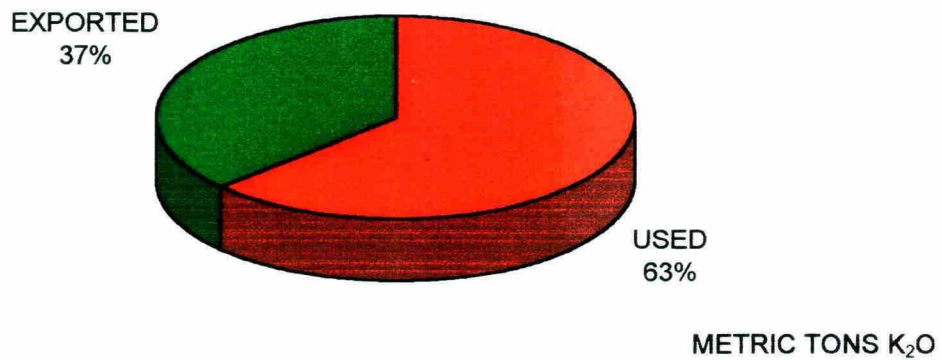


US DEMAND SOURCES

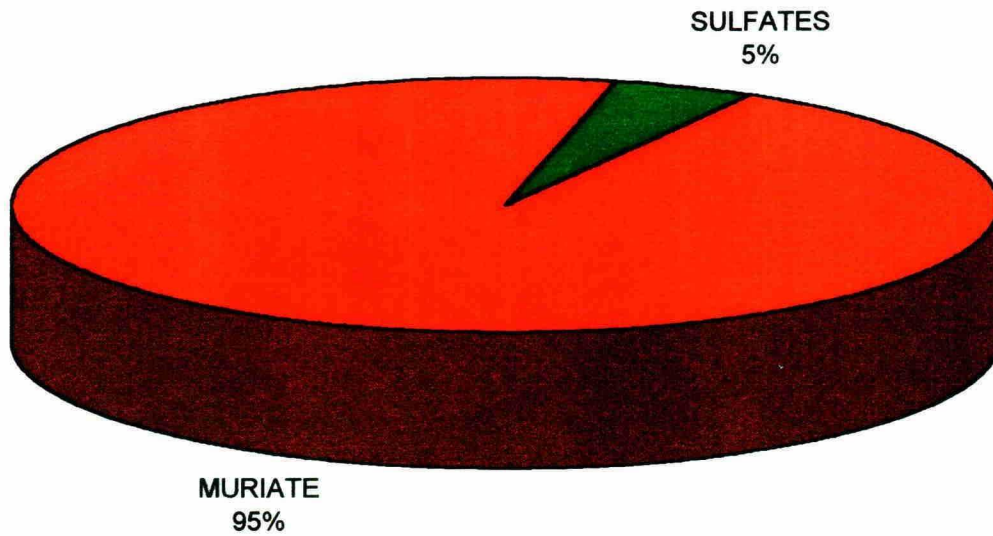


US POTASH PRODUCTION

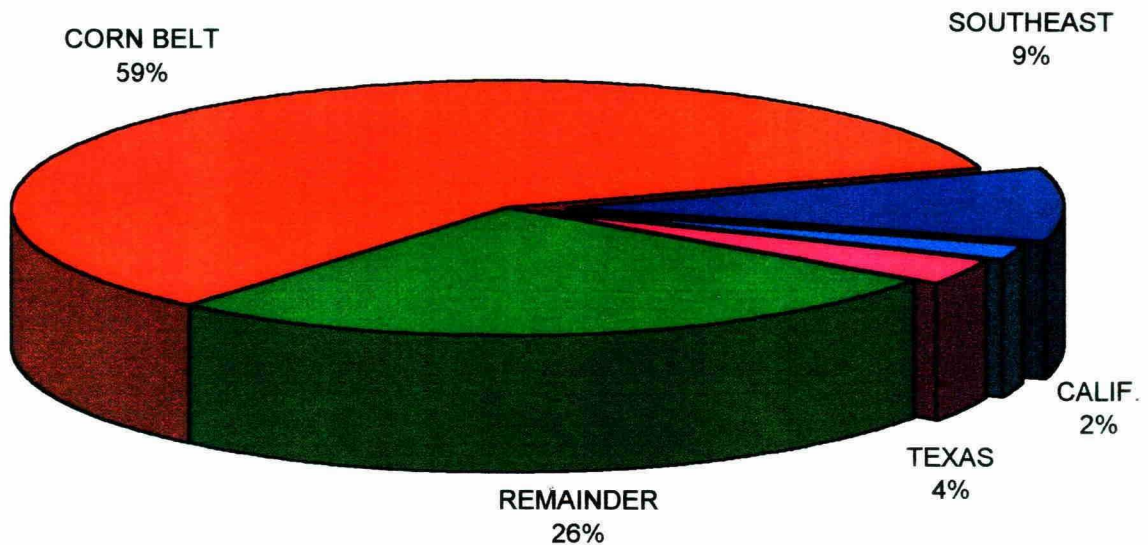
80% NM



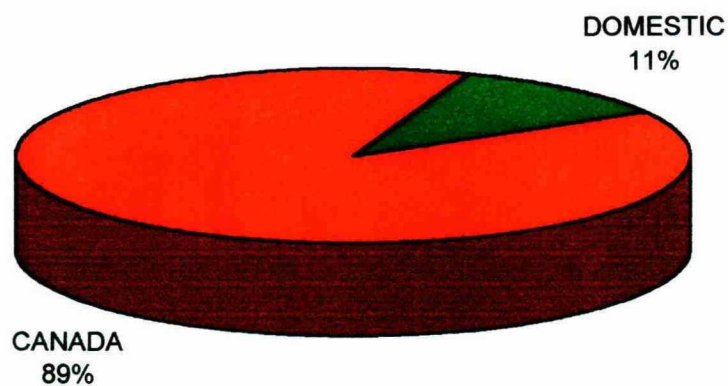
US FERTILIZER DEMAND



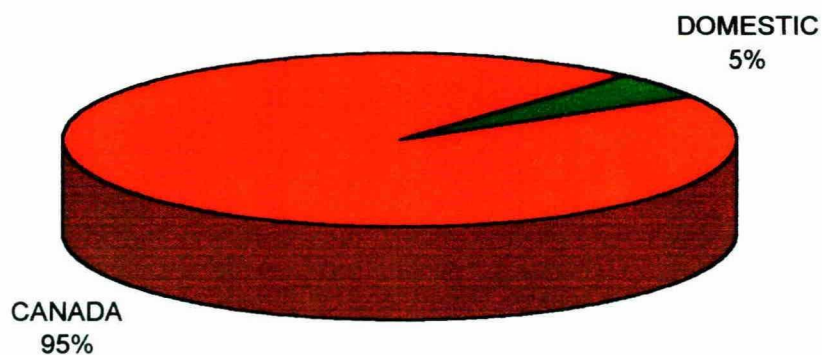
GEOGRAPHICAL DEMAND



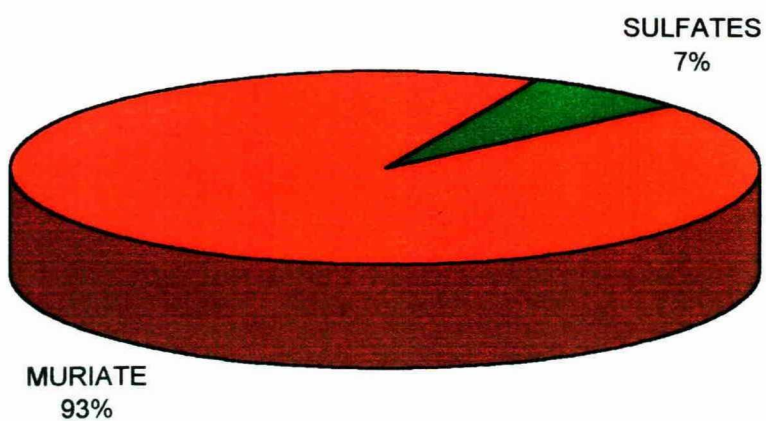
CORN BELT SOURCES

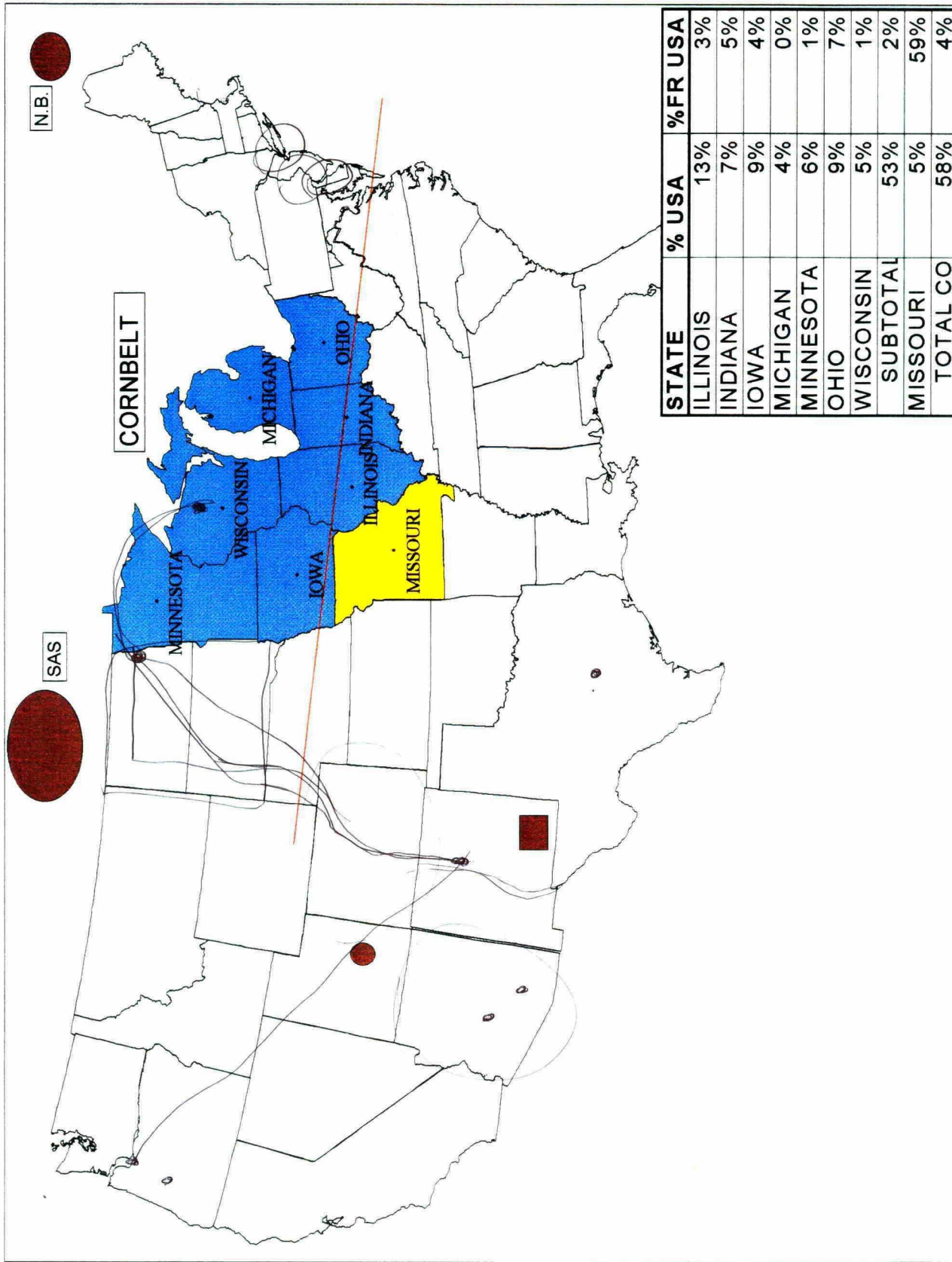


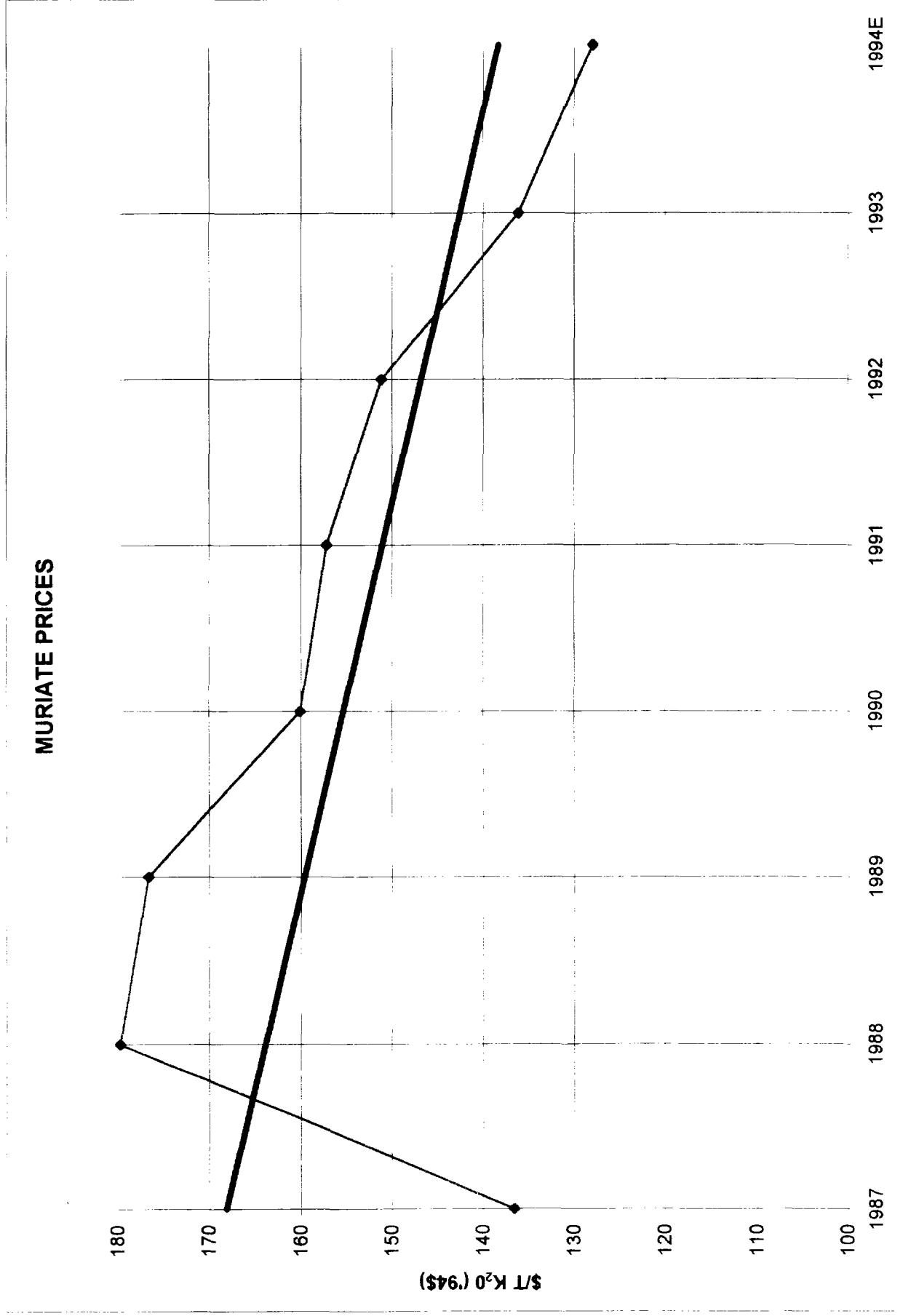
CORNBELT DEMAND W/O MISSOURI



NEW MEXICO PRODUCTION







STEVENS & TULL, INC.

WEST TEAS PROJECT

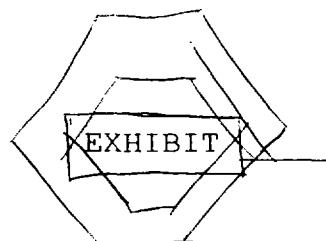
GARY L. HUTCHINSON
7/95

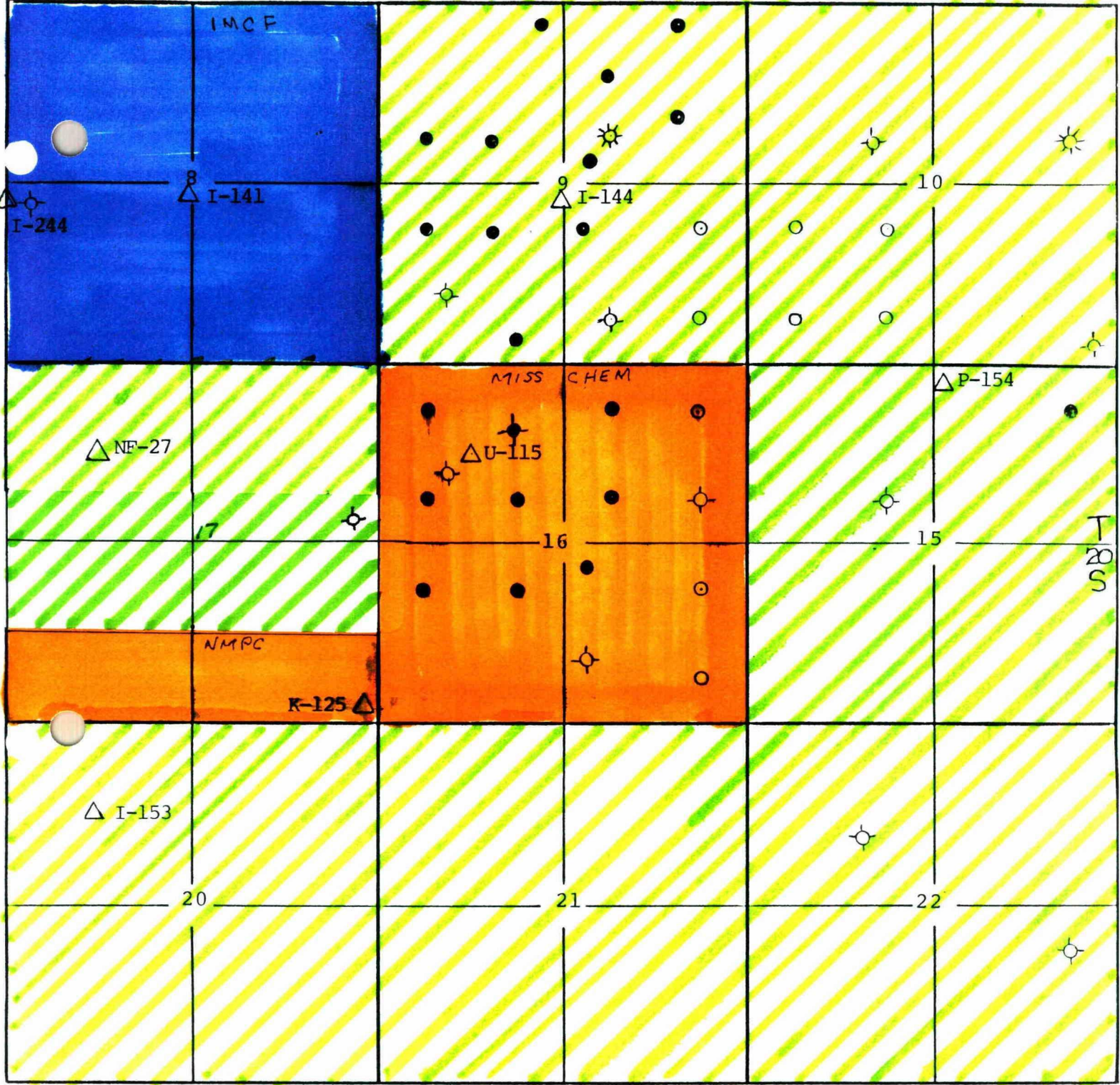
USA AND CANADIAN POTASH COMPARISON

1994 STATISTICS	USA	CANADA
PERCENT OF WORLD PRODUCTION	6.5%	34%
PERCENT OF WORLD RESERVES	< 1%	47%
PERCENT OF WORLD RESOURCE	1.5%	57%

NEW MEXICO AND CANADIAN MURIATE PRODUCTION COMPARISON

	NEW MEXICO	CANADA
1993 MURIATE PRODUCTION (000TONS K ₂ O)	1029	6850
PRICE FOB MINE	\$124	\$100
CASH COSTS PER TON MINED AND MILLED	± \$14	± \$11
GRADES MINED (%K ₂ O)	<15%	>25%
PRODUCTION CAPACITY (MILLION METRIC TONS/YEAR)	1.2	12
ESTIMATED MILL LOSS	20%	12%
COMPARATIVE MINING RATIO	2.27	1.00





R33E OF-7 Δ

LEGEND

-  LEASED USA LAND
-  LEASED STATE LAND
-  UNLEASED USA LAND

Contoured On:
Contour Interval: POTASH LEASE STATUS

STEVENS & TULL, INC.	
GARY L. HUTCHINSON P.O. BOX 110 GOLDEN, COLORADO 80402 Minerals Management Consultant	
County: LEA	State: NM
Geol:	Date: 7/95
Scale:	

EXHIBIT

PRELIMINARY MAP SHOWING DISTRIBUTION OF POTASH RESOURCES,
CARLSBAD MINING DISTRICT, EDDY & LEA COUNTIES, NEW MEXICO

BY
BUREAU OF LAND MANAGEMENT, ROSWELL DISTRICT

1953

*Nearest
worked
part*



*Nearest
working
area*

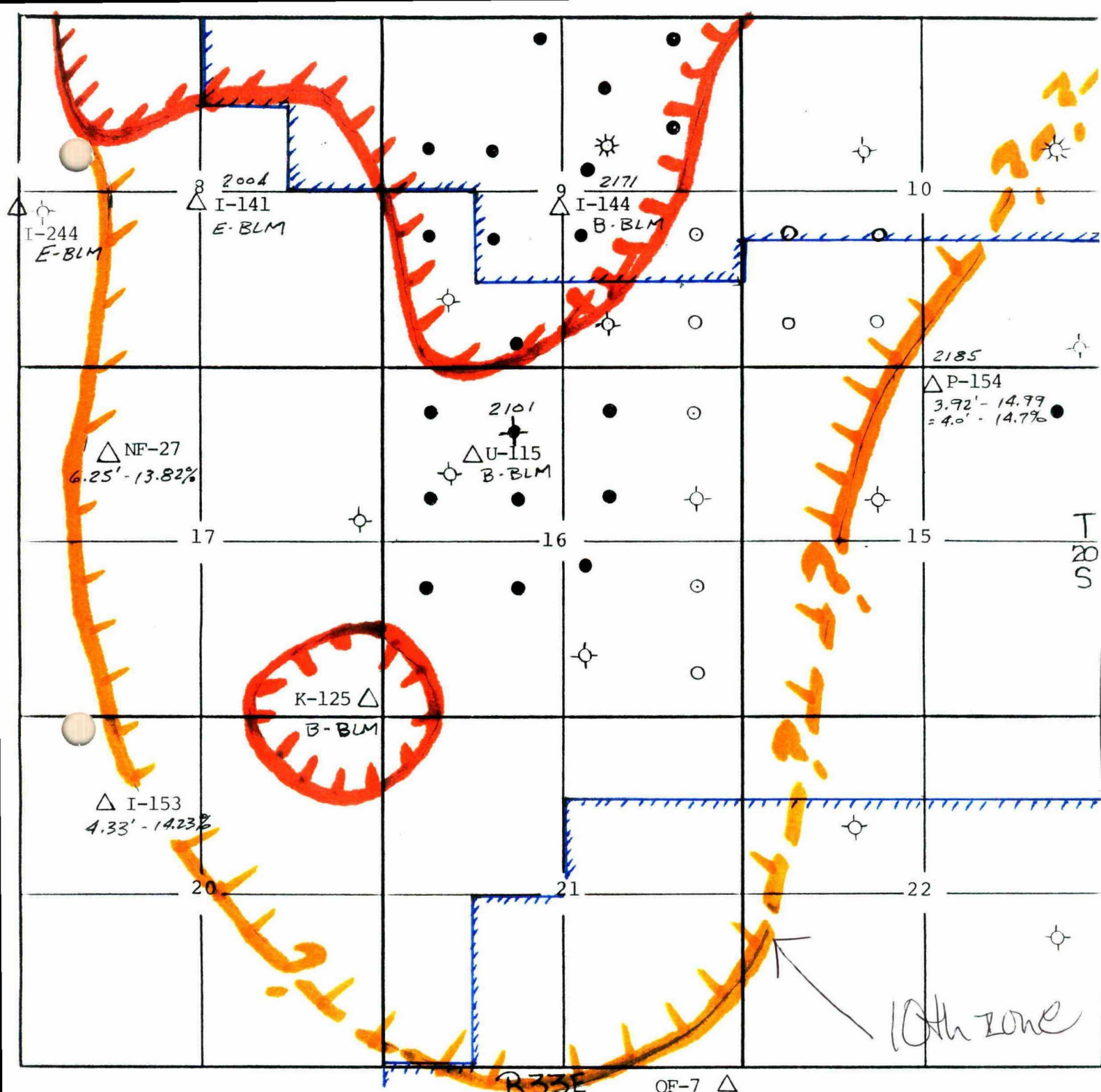
LEGEND



SCALE 1:62,500

0 MILE

EXHIBIT



LEGEND

- BLM BARREN-1975 Economics
- R1110 BOUNDARY-1980
- Current Logical Boundary w/ Existing Mine Present

Depth to Zone

△ Core Hole #
Thickness- Grade %K₂O

B= Barren per BLM

E= Economic per BLM 1975 Standards

Contoured On:

Contour Interval:

10th POTASH ZONE

STEVENS & TULL, INC

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P.O. BOX 110

GOLDEN, COLORADO 80402

Minerals Management Consultant

County: LEA

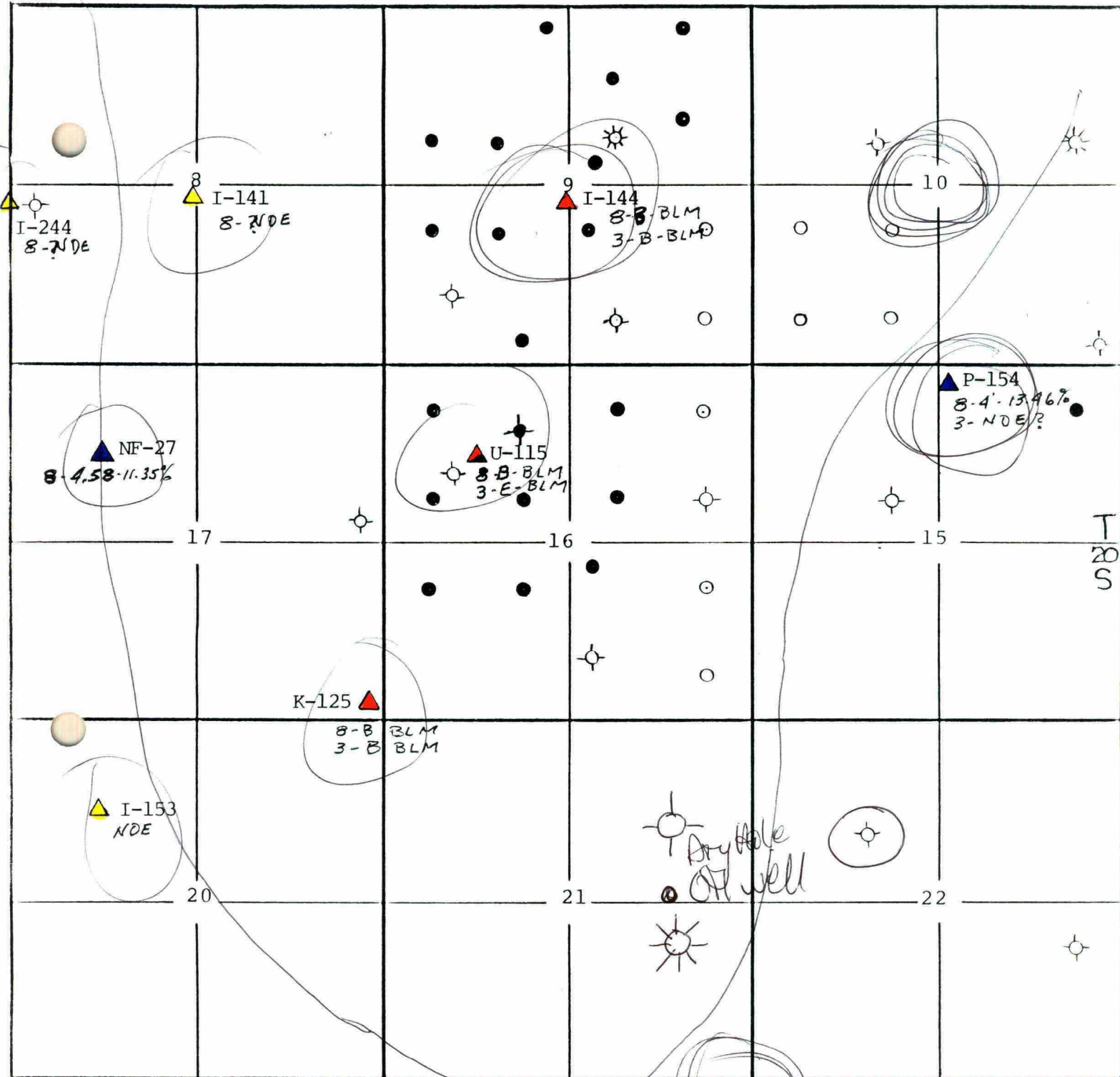
Geol:

Scale:

State: NM

Date: 7/95

EXHIBIT



LEGEND

- ▲ BARREN = B
- ▲ ECONOMIC PER BLM 1975 STANDARDS = E
- ▲ NDE = Not Deep Enough = Unknown
- ▲ SUB ECONOMIC CURRENTLY

Note: No indications of continuous economic ore exist in this area

Contoured On:
Contour Interval: OTHER POTASH ZONES

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County: LEA	State: NM
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