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SOUTHWEST POTASH CORPORATION

CARLSBAD, NEW MEXICO

March 9, 1957

EXECUTIVE OFFICES
61 BROADWAY
NEW YORK 6, N. Y.

PLEASE REPLY TO
P. O. BOX 472
CARLSBAD, NEW MEXICO

Mr. A. L. Porter, Jr.
Secretary Director
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter :

The Carper Drilling Co., Inc. has submitted a "Notice of Intention to Drill" a well located 660 feet from the south line and 1980 feet from the west line of Section 4, T19S, R30E, N.M.P.M.

We hereby protest granting of approval to drill this well.

The proposed well location is on our Potash Lease No. LC0673198 and within the area of our commercial orebody.

In September 1951, the Carper Drilling Co., Inc. intended to drill a hole at the same location. At a conference at that time between representatives of the Carper Drilling Co., Inc. and Southwest Potash Corp. in relation to future mining, it was not deemed advisable to drill at that time and drilling would be held in abeyance until the area was cleared by mining.

Drilling of a well at this location would seriously affect the possibilities of carrying out our present system of first mining followed by second mining or pillar removal in order to extract the maximum amount of ore.

Present mining operations are in an area adjacent to the proposed location and first mining will be started towards the hole location within the near future.

A review of the exhibits and report as presented by the Potash Company of America versus The Velma Petroleum Corporation in the recent Case No. 1130 before the Oil Conservation Commission of State of New Mexico at Santa Fe, substantiates our protest on the basis of the official finding.

"That as a result of subsidence experienced in normal potash mining operations, said wells cannot be plugged in such a manner as to confine the crude petroleum oil, natural gas or water in the strata in which they are found thus creating safety hazard to human life."

which denied the applicant's request for permission to drill.

Mr. A. J. Porter, Jr.

March 9, 1957

To assure you that our protest is in good faith and not the result of hasty or ill considered action, please be advised that we have conferred with representatives of Carper Drilling Company regarding the application to drill. Having analyzed their proposal, it is our firm belief that a well drilled at this location and penetrating gas, oil, or water would present a tremendous hazard to life and property. Furthermore, it might require the abandonment of operations at a great financial loss to us, the United States, and the State of New Mexico.

Altogether we have had two conferences with representatives of Carper Drilling Company, Inc. We regret to inform you that there appears to be no possibility of reaching an agreement on the subject matter to the satisfaction of both parties involved.

For the purposes of expediting the processing of this matter, the Southwest Potash Corporation is agreeable to a waiver of preliminary meeting between the parties in question and a representative of the New Mexico Oil Conservation Commission. Consequently, please be informed that this corporation has no objection to a full hearing before the Commission should this be found necessary by you in accordance with the existing regulations.

Very truly yours,

SOUTHWEST POTASH CORPORATION



W. Aubrey Smith
General Manager

WAS:mg

cc: Carper Drilling Company, Inc.

M. L. Armstrong

J. A. Anderson

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CARPER
DRILLING COMPANY, INC. FOR APPROVAL OF OIL
WELL DRILLING LOCATION IN THE SE/4 SW/4 OF
SECTION 4, TOWNSHIP 19 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO, IN COM-
PLIANCE WITH ORDER R-111-A OF THE OIL CON-
SERVATION COMMISSION OF NEW MEXICO.

No. 1234

APPLICATION

NOW COMES Carper Drilling Company, Inc. and respect-
fully shows the Commission:

1. That applicant is the owner of Federal Oil and
Gas Lease Las Cruces Serial No. 060585-A, insofar as said lease
covers the following land in Eddy County, New Mexico:

W/2 SW/4 Section 3, S/2 NE/4, SW/4, Lots 1 and 2,
Section 4, Township 19 South, Range 30 East,
N.M.P.M.

2. That applicant on March 9, 1957, filed with the
Artesia Office of the Oil Conservation Commission of New
Mexico its Notice of Intention to Drill a well to test the Dela-
ware Sand on the leased premises at a location 660 feet from the
South line and 1980 feet from the West line of said Section 4,
Township 19 South, Range 30 East. That such location is in the
potash area, as defined in the Commission's Order R-111-A. That
in compliance with Paragraph VII of said Order applicant delivered
a copy of its said Notice of Intention to Drill, with an attached
plat showing the location of the proposed well, to Southwest
Potash Corporation, the only potash lessee holding a lease on
land within one mile of said proposed well location.

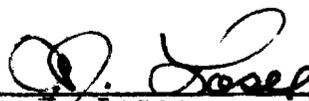
3. That in its above mentioned Notice of Intention to
Drill filed with the Oil Conservation Commission of New Mexico,
applicant set out, as its proposed intentions with regard to the
setting and cementing of casing, a program that will fully com-
ply with the relevant provisions of the Commission's Order R-111-A.
That in addition to the proposed program outlined in said Notice

applicant will, if permitted to drill the above mentioned well, use all practicable means to safeguard the interests of Southwest Potash Corporation and will in all respects fully comply with said Order R-111-A.

4. That on March 11, 1957, Southwest Potash Corporation filed with the Artesia office of the Oil Conservation Commission of New Mexico its protest of the applicant's above mentioned Notice of Intention to Drill, waived the arbitration conference provided for by Paragraph VII of the Commission's Order R-111-A and requested that the matter be set for hearing before the Oil Conservation Commission of New Mexico. That two prior conferences between representatives of the applicant and of Southwest Potash Corporation have failed to effect a satisfactory settlement with regard to the drilling of said well, and therefore applicant concurs in the waiver by Southwest Potash Corporation of the arbitration conference provided for by the Commission's Order R-111-A and requests that this matter be set for hearing before the Oil Conservation Commission of New Mexico.

5. That applicant's lease will expire on March 31, 1957, unless operations under same can be commenced prior to such date or unless a suspension of applicant's Federal Lease can be obtained on account of applicant's inability to drill on the leased premises by reason of the conflict of applicant's interests with those of the potash lessee. That applicant, therefore, requests that the hearing applied for be held at the earliest possible date.

WHEREFORE applicant respectfully prays that this application be set for hearing after due notice as required by law and that an order be entered approving applicant's above mentioned proposed oil well drilling site.



A. J. Losee
Artesia, New Mexico
Attorney for Applicant