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IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 829
Carlsbad, New Mexico

January 31, 1961

Mr. R. H. Blackman, Jr.
Resident Counsel
Potash Company of America
P. O. Box 31
Carlsbad, New Mexico

Dear Mr. Blackman:

Recently you requested the opinion of this office as to whether or not an oil test proposed to be drilled by Earl G. Colton in the NE¼SE¼ Section 29, T. 20 S., R. 34 E., N.M.P.M., New Mexico, would penetrate commercial quality potash ore if drilled.

The records of this office show that the proposed oil test is located approximately 2,100 feet inside the potash orebody as delineated by the Geological Survey to cutoff limits of 4 feet of 14% K_2O for minimum commercial mineralization.

Please feel free to use this opinion concerning the proposed oil test location in any manner you wish.

Very truly yours,

R. S. Fulton

R. S. Fulton
Regional Mining Supervisor

RSF:nb

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Potash Co. EXHIBIT No. 1
CASE 2182

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 829
Carlsbad, New Mexico

February 2, 1961

Potash Company of America
P. O. Box 31
Carlsbad, New Mexico

Gentlemen:

Recently you requested that this office compile tonnage and value data relative to recoverable potash ore under the following fixed conditions:

1. Ore 4 feet thick of 14% K_2O grade.
2. Mining extraction of 45%.
3. Milling efficiency of 90%.
4. Average price of 35 cents per unit of K_2O.

You also requested that similar data be compiled for a 200-foot radius ore pillar left to protect a producing oil well. Recoverable values are determined by using the following formula:

Recoverable value per acre = 2,722.5 x thickness of ore in feet x grade of ore in % K_2O x mining extraction x mill efficiency x units of K_2O per ton x price per unit of K_2O. The constant, 2,722.5, reflects the ore tonnage contained in one acre-foot, using 16 cubic feet = 1 ton. Following are the values determined:

	Recoverable Value Per Ton	Recoverable Tons Per Acre	Recoverable Value Per Acre
Total Mining (extraction 45% mill efficiency 90%)	$ 4.41	4,900.5	$ 21,611.10

The following reflects the tonnage, and recoverable potash value in a 200-foot radius pillar:

Tons of ore in pillar	=	31,416
Recoverable value per ton	=	$ 4.41
Total value of ore in pillar	= $	138,544.56
Recoverable value of ore in pillar (at 45% extraction, if could be mined)	= $	62,345.05

BEFORE THE OIL ... SANTA FE, NEW ... EXHIBIT NO. 3
CASE 2182-82

Very truly yours,
R. S. Fulton

R. S. Fulton
Regional Mining Supervisor