

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**BRUCE KING**  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY  
MATTHEW BACA  
DEPUTY SECRETARY

April 21, 1992

Mr. Charlie High  
Kemp, Smith, Duncan & Hammond, P.C.  
P. O. Drawer 2800  
El Paso, Texas 79999

RE: CASE NO. 10448

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: A. J. Losee  
Clinton Marrs

---

VILLAGRA BUILDING - 408 Galisteo  
Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830  
Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465

---

2040 South Pacheco  
Office of the Secretary  
827-5950  
Administrative Services  
827-5925  
Energy Conservation & Management  
827-5900  
Mining and Minerals  
827-5970

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LAND OFFICE BUILDING - 310 Old Santa Fe Trail  
Oil Conservation Division  
P.O. Box 2088 87504-2088  
827-5800

State of New Mexico  
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT  
Santa Fe, New Mexico 87505



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

MATTHEW BACA  
DEPUTY SECRETARY

March 23, 1992

LOSEE, CARSON, HAAS & CARROLL  
Attorneys at Law  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239

RE: CASE NO. 10446, 10447, [REDACTED], 10449,  
ORDER NO. R-9650, R-9651, R-9654, R-9655

Dear Sir:

Enclosed herewith are two copies of each of the above-referenced Division orders recently entered in the subject cases.

Sincerely,

*Florene Davidson*  
*by sl*

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM Carlsbad Office  
Jerry Losee  
Charles High  
James Bruce  
Tom Kellahin

VILLAGRA BUILDING - 408 Galisteo  
Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830

Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465

2040 South Pacheco  
Office of the Secretary  
827-5950

Administrative Services  
827-5925

Energy Conservation & Management  
827-5900

Mining and Minerals  
827-5910

LAND OFFICE BUILDING - 310 Old Santa Fe Trail  
Oil Conservation Division  
P.O. Box 2088 87504-2088  
827-5800

Submit to Appropriate District Office  
State Lease - 6 copies  
Fee Lease - 5 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-101  
Revised 1-1-89

RECEIVED

OIL CONSERVATION DIVISION

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

Santa Fe, New Mexico 87504-2088

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DEC - 1 1991

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease  
STATE  FEE

6. State Oil & Gas Lease No.  
V-2597

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:  
DRILL  RE-ENTER  DEEPEN  PLUG BACK   
b. Type of Well:  
OIL WELL  GAS WELL  OTHER   
SINGLE ZONE  MULTIPLE ZONE

7. Lease Name or Unit Agreement Name  
Flora AKF State

2. Name of Operator  
Yates Petroleum Corporation

8. Well No.  
1

3. Address of Operator  
105 South Fourth Street, Artesia, NM 88210

9. Pool name or Wildcat  
Undesignated Lost Tank Delaware

4. Well Location  
Unit Letter N : 660 Feet From The South Line and 2310 Feet From The West Line  
Section 2 Township 22 South Range 31 East NMPM Eddy Country

10. Proposed Depth 8500'  
11. Formation Delaware  
12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.) 3526'  
14. Kind & Status Plug Bond Blanket  
15. Drilling Contractor Undesignated  
16. Approx. Date Work will start ASAP

| 17. PROPOSED CASING AND CEMENT PROGRAM |                |                 |               |                 |           |
|--|----------------|-----------------|---------------|-----------------|-----------|
| SIZE OF HOLE                           | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP  |
| 17 1/2"                                | 13 3/8"        | 54.5#           | 850'          | 850             | Circulate |
| 11"                                    | 8 5/8"         | 32.0#           | 4500'         | 2500            | Circulate |
| 7 7/8"                                 | 5 1/2"         | 17 & 20#        | TD            | As warranted    | Tie Back  |

Yates Petroleum Corporation proposes to drill and test the Delaware and intermediate formations. Approximately 850' of surface casing will be set and cement circulated. Approximately 4500' of intermediate casing will be set and cement circulated. If commercial, production casing will be run and cemented to tie-back to the 8 5/8" casing, perforated and stimulated as needed for production.

MUD PROGRAM: Native mud to 850'; Brine to 4500'; cut Brine/Starch to TD.

BOP PROGRAM: BOP will be installed at the offset and tested daily for operational.

Letter has been sent to N.M. Potash Corporation.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Clifton R. May TITLE Permit Agent DATE 11-25-91  
TYPE OR PRINT NAME Clifton R. May TELEPHONE NO. 748-1471

(This space for State Use)  
APPROVED BY \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY

circulate 5 1/2

with 8 5/8 potash

OIL CONSERVATION DIVISION  
ARTESIA, NEW MEX. 88210

TO: MIKE STORNER

FROM: JOHN ROBINSON

DATE: 3-20-92

NUMBER OF SHEETS ( INCLUDING TRANSMITTAL SHEET ) 2

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 505-748-1283.

FAX NUMBER: (505) 748-9720

**KEMP, SMITH, DUNCAN & HAMMOND, P.C.**

**Attorneys at Law**

2000 State National Plaza  
El Paso, Texas 79901-1447  
(915) 533-4424  
FAX (915) 546-5360

**FAX COVER SHEET**

**OTHER OFFICES:**

**Albuquerque, New Mexico 87102-2121**  
500 Marquette, N.W., Suite 1200  
(505) 247-2315 - FAX (505) 843-6099

**Midland, Texas 79701-4310**  
400 West Illinois, Suite 1400  
(915) 687-0011 - FAX (915) 687-1735

**Santa Fe, New Mexico 87501-1861**  
300 Paseo de Peralta, Suite 200  
(505) 982-1913 - FAX (505) 988-7563

*To Subpoena*

**PLEASE DELIVER THE FOLLOWING PAGES IMMEDIATELY**

**TO: Name: William J. LeMay, Director Date: March 12, 1992**

**Firm: State of New Mexico**  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division

**Time: 4:24 PM**

**City: Santa Fe State: New Mexico**

**FAX Telephone Number: 505-827-5741**

**FROM: Name: Charles C. High, Jr. File No. 07781.00100**

**THERE ARE 3 PAGES INCLUDING THIS COVER SHEET. IF YOU HAVE ANY PROBLEMS REGARDING TRANSMISSION OR IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL Jackie Alvarado AT (915) 533-4424.**

**Signature of Operator**

**THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS ATTORNEY PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE TO DELIVER IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE. THANK YOU.**

*Objection to Subpoena  
P. 1*

BEFORE THE OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF )  
YATES PETROLEUM CORPORATION FOR ) CASES NOS. 10446,  
PERMITS TO DRILL, EDDY COUNTY, ) 10447, 10448. 10449  
NEW MEXICO )

OBJECTIONS TO SUBPOENA DUCES TECUM

NEW MEXICO POTASH CORPORATION objects to the subpoena issued by the New Mexico Oil Conservation Division to Bob Lane, New Mexico Potash Corporation, on March 5, 1992, for the following reasons:

1. The subpoena seeks documents and information protected from disclosure by Order R-111-P, Section G, which states:

Information used by the potash lessee in identifying its LMR shall be filed with the BLM and SLO but will be considered privileged and confidential "trade secrets and commercial...information" within the meaning of 43 C.F.R. § 2.13(c)(4) (1986), Section 19-1-2, 1 NMSA 1978, and not subject to public disclosure.

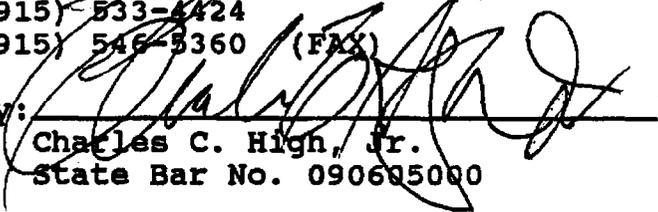
2. The documents and information sought by the subpoena, with the exception of information concerning Section 2 of Township 22 South, Range 31 East, are irrelevant to the issues raised by the applications for permit to drill at issue in these cases.

3. The documents and information sought by the subpoena are unnecessary to the resolution of any issue in these cases because the information sought is on file with the State Land Office even though protected from public disclosure. Therefore, the fact that the proposed well locations are within New Mexico Potash Corporation's LMR and should not be allowed (see Order R-111-P, Section G(e)(3)), can be verified by the SLO as provided in Order R-111-P, Section G(b), without disclosure of the confidential, trade secret information sought by the subpoena.

4. Information concerning Core Hole No. 162, located in Section 2 of Township 22 South, Range 31 East, and within approximately 2600' of all of the proposed well locations, has been provided to counsel for Yates Petroleum Corporation.

Respectfully submitted,

KEMP, SMITH, DUNCAN & HAMMOND, P.C.  
P.O. Drawer 2800  
El Paso, Texas 79999-2800  
(915) 533-4424  
(915) 546-5360 (FAX)

By: 

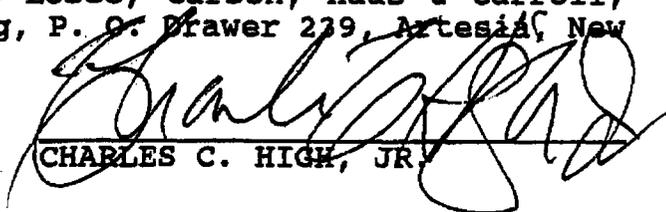
Charles C. High, Jr.  
State Bar No. 090605000

Charles E. Roybal  
ROYBAL AND ASSOCIATES  
6020 Academy, Suite 201  
Albuquerque, New Mexico 87109-3315  
(505) 857-0377  
(505) 857-9103 (FAX)

Attorneys for New Mexico Potash  
Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Objections to Subpoena Duces Tecum was sent by facsimile and mailed this 17 day of March, 1992 to Losee, Carson, Haas & Carroll, P.A., 300 Yates Petroleum Building, P. O. Drawer 239, Artesia, New Mexico 88211-0239.

  
CHARLES C. HIGH, JR.

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE  
DEAN B. CROSS  
MARY LYNN BOGLE

011870  
11011  
TELEPHONE  
(505) 746-3505  
TELECOPY  
(505) 746-6316

March 4, 1992

**VIA FEDERAL EXPRESS**

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Applications of Yates Petroleum Corporation  
for Permits to Drill, Eddy County, New  
Mexico/OCD Case Nos. 10446, 10447, 10448,  
10449

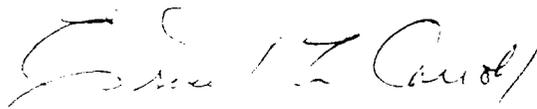
Dear Mr. LeMay:

Enclosed please find an original plus three copies of a Subpoena  
Duces Tecum that we ask be issued in conjunction with Yates  
Petroleum Corporation's Application for Permits to Drill in the  
above-referenced case numbers.

Your assistance in expeditiously issuing these would be most  
appreciated. A federal express envelope and pre-addressed label  
is enclosed for their return.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth  
Enclosures

xc: Bob Stovall  
Yates Petroleum Corporation

OIL CONSERVATION DIVISION  
RECEIVED

'92 MAR 5 AM 10 12

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF  
YATES PETROLEUM CORPORATION FOR  
PERMITS TO DRILL, EDDY COUNTY,  
NEW MEXICO.

CASE NOS. 10446, 10447,  
10448, 10449

**SUBPOENA DUCES TECUM**

TO: Bob Lane  
New Mexico Potash Corporation  
P. O. Box 610  
Hobbs, NM 88241

Or Such Other Official of the New Mexico  
Potash Corporation in Whose Possession or  
Control the Hereinafter Requested Documents  
Presently Remain

Pursuant to Section 70-2-8, M.M.S.A. (1978) and the New Mexico  
Oil Conservation Division Rule 1211, YOU ARE HEREBY COMMANDED to  
appear at the place, day and time specified below and produce for  
inspection and copying the documents described on the attached Exhibit  
A.

**PLACE**

Law Offices of Losee, Carson, Haas & Carroll, P. A.  
105 S. Fourth Street, 300 Yates Petroleum Bldg.  
Artesia, New Mexico 88210

**DAY AND TIME**

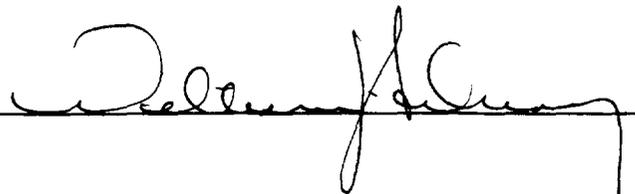
March 12, 1992, during office hours as reasonably  
agreed upon by the parties

This subpoena is issued on the applications of Yates Petroleum  
Corporation, by and through its attorneys, Losee, Carson, Haas &  
Carroll, P. A., P. O. Drawer 239, Artesia, New Mexico, 8821-0239.

Subpoena P. 1

DATED this 5th day of March, 1992.

NEW MEXICO OIL CONSERVATION DIVISION

By: 

Subpoena

EXHIBIT "A"

INSTRUCTIONS

"Documents" or "records" mean every writing and record of every type and description in the possession, custody or control of New Mexico Potash Corporation whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to, all drafts, correspondence, memoranda, handwritten notes, notes, minutes, entries in books of accounting, computer print-outs, tapes and records of all types, minutes of meeting, studies, contracts, agreements, books, pamphlets, schedules, pictures and voice recordings, videotapes and every other device or medium on which, or for which information of any type is transmitted, recorded or preserved and whether or not such documents or records are marked or treated as confidential or proprietary. The term "document" also means a copy where the original is not in possession, custody or control of the company or corporation to whom this request is addressed, and every copy of the document where such copy is not an identical duplicate of the original, all things similar to any of the foregoing, however denominated by the parties.

1. Produce the complete record of core hole logs of any core hole drilled through the potash zones by New Mexico Potash Corporation, any predecessor or other company if such log or summary thereof is in the possession of New Mexico Potash Corp., including, but not limited to, the written results or interpretations of the logs, all assays performed thereon and economic analysis derived therefrom, in Sections 22, 23, 24, 25, 26, 27, 34, 35, and 36 of Township 21 South, Range 31 East, and Section 2 of Township 22 South, Range 31 East.

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

OIL CONSERVATION DIVISION  
RECEIVED  
'92 FEB 12  
TELEPHONE  
(505) 746-3504  
TELECOPY  
(505) 746-6316

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE  
DEAN B. CROSS  
MARY LYNN BOGLE

February 10, 1992

Mr. Michael Stogner, Examiner  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Re: Applications of Yates Petroleum Corporation  
for Permits to Drill, Eddy County, New Mexico

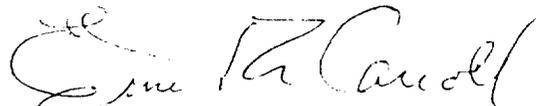
Dear Mike:

Pursuant to our conversation of this morning, I am writing to confirm my request that the hearings on Cases numbered 10446, 10447, 10448, and 10449 set for February 20, 1992, be re-scheduled. You have agreed that these cases will now be heard on March 19, 1992.

If the above does not correctly reflect the Division's docket, please advise. I am providing notice to the interested parties of this change in scheduling today.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth

xc: Randy Patterson



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

JIM BACA  
COMMISSIONER

February 10, 1992

New Mexico Potash Corporation  
Attn: Mr. R. H. Lane  
P. O. Box 610  
Hobbs, NM 88240

Dear Mr. Lane:

Acknowledging receipt of your updated LMR map, in compliance with O.C.D. Order R111-P. A study of your map reveals a significant change from your 1991 LMR submittal, being an extension southward to include N. M. Section 2 and continuing rather vaguely southward in Township 22 South, Range 31 East.

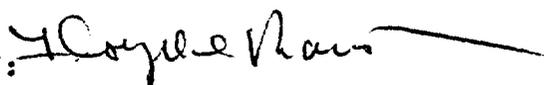
During discussions in Santa Fe on January 10, 1992, mention was made that New Mexico Potash does not process langbeinite. It was also pointed out that mineralization in Section 2 is langbeinite.

This office has never received any data to justify the outlines of any LMR and certainly has no data to justify extending your LMR into an area where mineralization is of a type which is not utilized in your operations.

This office cannot approve this change in your LMR outline until we are convinced that there are adequate data to justify this addition and that the indefinite southward extension is not arbitrary and capricious. We would also request some evidence that your operation has enough flexibility to process both sylvite and langbeinite ore.

Sincerely

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

JB/FOP/ES/dj

