

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 11, 1987

William Lemay, Director
New Mexico Oil Conservation Division
New Mexico State Land Office Bldg.
Santa Fe, New Mexico 87501

RECEIVED

SEP 11 1987

OIL CONSERVATION DIVISION

Re: Texaco Producing Company
Case 9148
Case 9158

Dear Mr. Lemay:

Enclosed is my Motion to Strike concerning the above matter.

Very truly yours,

J. Scott Hall
J. Scott Hall *flm*

JSH/dmg

encl.

cc: Charles High, Esq.
Joe McClaugherty, Esq.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

RECEIVED

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

SEP 11 1987

OIL CONSERVATION DIVISION

Case No. 9148

APPLICATION OF TEXACO PRODUCING, INC.
FOR A DRILLING PERMIT IN THE POTASH
OIL AREA, EDDY COUNTY, NEW MEXICO.

Case No. 9158

APPLICATION OF TEXACO PRODUCING INC.
FOR A DRILLING PERMIT IN THE POTASH
OIL AREA, EDDY COUNTY, NEW MEXICO,

Order R-8491

MOTION TO STRIKE

Applicant, Texaco Producing, Inc. moves to strike the Application for Rehearing filed by Western-Ag Minerals Company and International Minerals and Chemical Corporation ("Protectants"). In support, Texaco states:

1. The Application is untimely. Section 70-2-25 N.M.S.A. (1978) states, in part:

(A) Within twenty (20) days after entry of any order or decision of the Commission, any party of record adversely affected thereby may file with the Commission an application for rehearing . . .

The Commission's order in this case, Order R-8491, was entered on August 17, 1987. The twentieth day after entry of the order fell on Sunday, September 6, 1987. the protestants' rehearing application was filed on Tuesday, September 8, 1987. (Monday,

September 7, 1987 was Labor Day). Thus, the protestants' application was filed 22 days following the actual date of entry of the order.

2. The Commission is now without jurisdiction to entertain an application for rehearing in this case. Section 70-2-25, supra, is the pronouncement of the New Mexico Legislature setting out the boundaries of the Commission's quasi-ajudicative authority. It is a jurisdictional statute. (See, Pubco Petroleum Corporation v. Oil Conservation Commission, 399, P.2d 932 [N.M. 1965].) The Commission has no authority to exceed its jurisdiction by granting an untimely rehearing application.

The New Mexico Legislature has clearly expressed the plain meaning of its intent in Section 70-2-25: applications for rehearing must be made within twenty days. There is no allowance for applications beyond twenty days. No contrary meaning has been expressed in the statute and none should be implied. (Weiland v. Vigil, 560 P.2d 939 [N.M. 1977].) Unlike the powers accorded to the judicial branch of state government to prescribe rules of procedure allowing for enlargements of deadlines where the filing date falls on a "Saturday, a Sunday, or a legal holiday" (Rule 1-006, S.C.R.A.) the Oil Commission has no such power, express or implied. The Commission cannot, by administrative fiat, expand the steps for rehearing under Section 7-2-25, supra.

Where the legislature has established steps for perfecting an appeal (or reconsideration) of an administrative matter, the steps are jurisdictional, (See, Matter of Application No. 0436-A into 3841, 686 P.2d 269, 271 [Ct. App. 1984].) "The steps the

legislature intended as prerequisites to perfecting an appeal . . . cannot be waived." Id., 271. The statutorily required administrative procedures must be fully complied with. An agency has no authority to alter the statutory scheme. (See, Application of Angel Fire Corp., 634, P.2d 202, 203 [N.M. 1984].)

3. It has been the Commission's long-standing interpretation of Section 70-2-25 that applications for rehearing be filed on or before the expiration of twenty days. Requests filed after twenty days because the twentieth day falls on a Saturday, Sunday or legal holiday have been rejected.¹ Such long-standing administrative construction of a statute is persuasive and should be accorded particular weight. (Kenneth v. Schmoll, 482 F.2d 90 [10th Cir. 1973]; Molycorp v. State Corporation Commission, 624 P.2d 1010 [1981].)

WHEREFORE, Texaco requests that the protestants' Application for Rehearing be stricken.

Respectfully submitted:

CAMPBELL & BLACK

By

J. Scott Hall
J. Scott Hall
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

I hereby certify that I mailed
a copy of the foregoing pleading
to opposing counsel of record
on this 11th day of September, 1987.

JSH
J. Scott Hall

¹ See, for example, Order No. R_____, in Case No. _____, Application of MGF Oil Company for Compulsory Pooling, Lea County, New Mexico. [We have attempted to obtain copies of this and other orders denying untimely filed applications for rehearing, but were advised that the Commission's case files are aware for micro-filming and are unavailable.]

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 9148

APPLICATION OF TEXACO PRODUCING INC.
FOR A DRILLING PERMIT IN THE POTASH
OIL AREA, EDDY COUNTY, NEW MEXICO.

CASE NO. 9158

APPLICATION OF TEXACO PRODUCING INC.
FOR A DRILLING PERMIT IN THE POTASH
OIL AREA, EDDY COUNTY, NEW MEXICO.

ORDER R-8491

APPLICATION FOR REHEARING

TO THE HONORABLE MEMBERS OF THE OIL CONSERVATION COMMISSION:

WESTERN AG-MINERALS COMPANY ("Western Ag") and INTER-NATIONAL MINERALS AND CHEMICAL CORPORATION ("IMCC"), parties of record adversely affected by the Order of the Oil Conservation Commission ("OCC") entered in this matter on August 17, 1987, file this Application for Rehearing pursuant to 70-2-25(A) NMSA 1978 and Rule 1222 of the OCC's Rules of Procedure, and in support thereof, respectfully show the following:

I.

The OCC, in approving the application for permit to drill in Case Number 9158, has clearly failed to observe the prohibition in 70-2-6(A) against the "waste of potash as a result of

oil or gas operations" and the prohibition against "waste" of potash in 70-2-12(B)(17). These prohibitions require, at a minimum, that before approving an application for permit to drill in the Potash Area, the OCC must first determine the amount of potash that will be lost if the well is allowed. Only after such a factual finding can it be determined if the proposed well will result in "undue" or prohibited waste of potash. The failure to make such a factual determination in this case is particularly significant because it is the position of Western Ag and IMCC that the value of potash that will be wasted if the well is allowed far exceeds the additional costs that would be incurred if the well is required to be directionally drilled from a surface location within the area of potash already wasted by the Forty Niner Ridge Unit Well No. 1.

II.

The OCC, in approving the application for permit to drill in Case Number 9158, failed to consider and determine whether the proposed well would constitute a hazard to underground mining activities as required by Order R-111-A, Section III(2), as amended. This prohibition against oil and gas activities that create a hazard to mining operations requires careful evaluation and an affirmative finding by the OCC on whether such activities will or will not create a safety hazard.

III.

The OCC failed to observe or misunderstood the State Land Office Rules and Regulations on lease suspensions by concluding in Finding No. 7 that the denial of the application in Case Number 9158 would place the Forty Niner Ridge Unit at risk. Section 1.061 of such Rules and Regulations, entitled Waiver of Development in Potash or Other Mineral Areas, specifically provides for the waiver of drilling development under such circumstances.

IV.

The limitations set forth in Finding No. 23 against primary mining within 100 feet of the well casing and against secondary mining within 1200 feet of the casing are based upon a misunderstanding of the evidence. The spacing requirements necessary between oil and gas activities and potash deposits, to the extent referred to by Western Ag and IMCC, were those necessary to prevent damage to well casings by subsidence due to mining operations. To establish spacing requirements based on this evidence without considering the distance required to prevent oil and gas operations from becoming a hazard to mining operations is contrary to Order R-111-A and 70-2-6 NMSA 1978.

V.

The OCC, in approving the application for permit to drill in Case Number 9158, misconstrued the record evidence in arriving at Findings Numbers 7, 9, 10, 12, 14, 15, 16, 19, 21, 23, 24, 25 and Paragraphs Numbers 2, 5, 6 and 7 of its Order.

VI.

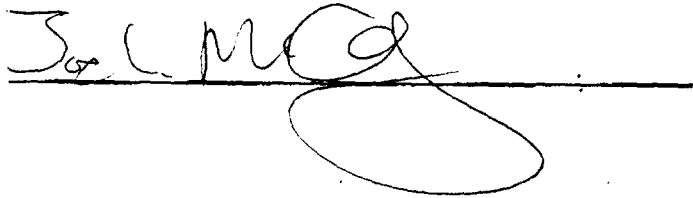
The failure of the OCC to require directional drilling from the area around Forty Niner Ridge Unit Well No. 1 under the facts of this case is in violation of its statutory duty to prevent the waste of potash as set forth in the Oil and Gas Act, 70-2-1, et seq., 1978.

WHEREFORE, upon the foregoing grounds, it is respectfully urged that the OCC grant this Application for Rehearing, withdraw the Order of August 17, 1987 and schedule oral arguments on the issues raised or reopen the record so these important issues can be corrected and resolved.

Respectfully submitted,

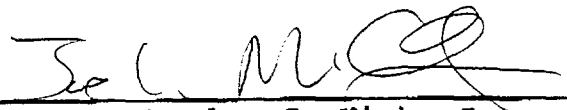
Joe L. McClaugherty
KEMP, SMITH, DUNCAN & HAMMOND
123 East Marcy
Suite 208
Santa Fe, New Mexico

Charles C. High, Jr.
KEMP, SMITH, DUNCAN & HAMMOND
2000 MBank Plaza
El Paso, Texas 79901

A handwritten signature in dark ink, appearing to read "Joe L. McClaugherty", is written over a horizontal line. The signature is stylized with a large, looping flourish at the end.

CERTIFICATE OF SERVICE

I hereby certify that I have this 8th day of September, 1987 mailed a copy of the foregoing Application for Rehearing to Mr. Scott Hall, Campbell and Black, P.A., P.O. Box 2208, Santa Fe, New Mexico 87501, the attorney for Texaco Producing, Inc.



for Charles C. High, Jr.

1753L-1

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

August 18, 1937

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Scott Hall
Campbell & Slack
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 9148 and 9158
ORDER NO. R-8491

Applicant:

Texaco Producing Inc.

Dear Sir:

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Florene Davidson".

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Charles High, Joe McClougherty

KEMP, SMITH, DUNCAN & HAMMOND

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EL PASO*

TAD R. SMITH
JACK DUNCAN
JOSEPH P. HAMMOND
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LEIGHTON GREEN, JR.
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OF COUNSEL: WILLIAM DUNCAN

*MEMBERS TEXAS BAR

†MEMBERS NEW MEXICO BAR

**MEMBERS TEXAS AND NEW MEXICO BARS

June 11, 1987

Mr. William J. LeMay
Director
State of New Mexico
Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Application of Texaco Producing, Inc.; OCC Cases Nos.
9148 and 9158

Dear Mr. LeMay:

This is in response to your request that the parties identify the issues to be resolved by the Oil Conservation Commission ("OCC") in the above-captioned cases.

Under the Oil and Gas Act, as you know, the OCC has the statutory responsibility of preventing the "waste of potash as a result of oil or gas operations". Section 70-2-6, NMSA 1978. The "waste" prohibited includes any:

drilling or producing operations for oil or gas within any area containing commercial deposits of potash where such operations would have the effect unduly to reduce the total quantity of such commercial deposits of potash which may reasonably be recovered in commercial quantities or where such operations would interfere unduly with the orderly commercial development of such deposits.

Section 70-2-3(F), NMSA 1978. In addition, OCC Order R-111-A, Section III(2) provides that:

No wells will be drilled for oil or gas at a location which, in the opinion of the Commission or its duly authorized representative, would result in undue waste

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OIL CONSERVATION DIVISION

Mr. William J. LeMay
June 11, 1987
Page Two

of potash deposits or constitute a hazard to or interfere unduly with potash deposits.

Given these statutory duties, it is our position that the OCC must decide the following issues in Cases Nos. 9148 and 9158:

1. Whether the proposed well locations will penetrate commercial deposits of potash;
2. Whether the proposed wells, if allowed, will unduly reduce the total quantity of commercial deposits of potash;
3. Whether the potash deposits in the area of the proposed wells can be reasonably recovered in commercial quantities;
4. Whether the proposed wells, if allowed, would interfere unduly with the orderly commercial development of potash deposits; and
5. Whether the proposed wells, if allowed, would constitute a hazard to the recovery of potash deposits.

Our position on each of these issues is summarized in a separate letter to you along with a tentative list of witnesses and exhibits as you requested. Additional issues, as well as witnesses and exhibits, may arise or become necessary after we have reviewed the documents subpoenaed from Texaco Producing, Inc.

The hazards of oil and gas activities in the vicinity of underground mining is of critical concern to us, as well as our underground miners, so we trust that the OCC will carefully consider this as well as the other issues so that mine safety is not sacrificed in the interest of saving time or increasing oil and gas production.

Sincerely,

KEMP, SMITH, DUNCAN & HAMMOND

By

Charles C. High, Jr.

CCH:as

cc: J. Scott Hall, Esq.
Mr. Walt Thayer
Mr. A.J. Schwandt

KEMP, SMITH, DUNCAN & HAMMOND

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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OF COUNSEL: WILLIAM DUNCAN

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June 11, 1987

Mr. William J. LeMay
Director
State of New Mexico
Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

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JUN 11 1987

OIL CONSERVATION DIVISION

RE: Application of Texaco Producing, Inc.; OCC Cases Nos. 9148 and 1958

Dear Mr. LeMay:

This is in response to your request for a brief statement of position from Western Ag-Minerals Company and International Minerals and Chemical Corporation concerning the Applications of Texaco Producing, Inc. in OCC Cases Nos. 9148 and 9158.

It is our position that both applications should be denied because (1) the drilling of the proposed wells will result in the "waste" of potash in violation of Section 70-2-2 NMSA (1978); (2) the proposed well locations will constitute a hazard to the recovery of underlying potash deposits; and (3) the proposed well locations will interfere with the orderly development of mining operations.

We believe this waste and safety hazard can be avoided and the oil and gas lease still developed if drilling activity in Section 16 is pursued from a drilling island around the existing well known as Forty-Niner Ridge Unit No. 1 or from the barren area northwest of the proposed surface locations. If these locations are unacceptable to Texaco, it should request a suspension of the lease until the potash is recovered.

Our witness and exhibit lists are not finalized yet but we currently plan on calling the following witnesses:

Mr. William J. LeMay
June 11, 1987
Page Two

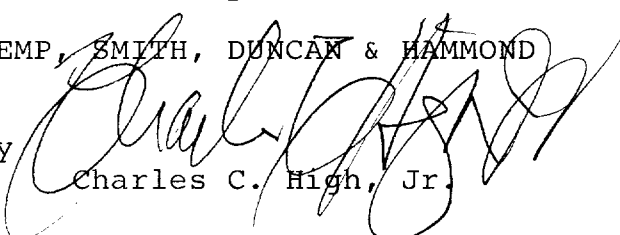
Walt Thayer
A.J. Schwandt
Donald Galbraith
Robert Kreul
Randy Foote
Robert Nicholson
Jim Wilcox

We plan to offer into evidence a number of studies involving the potash deposits in the Potash-Oil Area and if a dispute arises over their admissibility, we may have to call their authors as witnesses.

Sincerely,

KEMP, SMITH, DUNCAN & HAMMOND

By


Charles C. High, Jr.

CCH:as

cc: J. Scott Hall, Esq.
Mr. Walt Thayer
Mr. A.H. Schwandt

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TELECOPIER: (505) 983-6043

June 9, 1987

Bill Lemay, Director
New Mexico Oil Conservation Division
New Mexico State Land Office Bldg.
Santa Fe, New Mexico 87501

Re: Application of Texaco Producing, Inc. for Permit to
Drill in Potash-Oil Area, Eddy County, New Mexico

Dear Mr. Lemay:

Enclosed please find copies the Subpoenas you issued on June
8, 1987 for your files.

Very truly yours,


J. Scott Hall

JSH/dmg
encls.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

APPLICATION OF TEXACO PRODUCING,
INC. FOR PERMIT TO DRILL IN POTASH-
OIL AREA, EDDY COUNTY, NEW MEXICO.

CASE NO. 9148
CASE NO. 9158

SUBPOENA DUCES TECUM

TO: International Minerals & Chemical Corporation
State Highway 31
Carlsbad, New Mexico 88220

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

PLACE

Campbell & Black, P.A.
110 North Guadalupe Street, Suite 1
Santa Fe, New Mexico

DAY AND TIME

June 15, 1987
at 9:00 o'clock a.m.

This subpoena is issued on the application of Texaco
Producing, Inc., through its attorneys, Campbell & Black, P.A.,
Post Office Box 2208, Santa Fe, New Mexico 87504-2208.

DATED this 8th day of June, 1987.

NEW MEXICO OIL CONSERVATION COMMISSION

By 

EXHIBIT "A"

"Documents" or "records" mean every writing and record of every type and description in the possession, custody or control of International Minerals & Chemical 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 printouts, tapes and records of all types, minutes of meetings, 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. All potash core assay information evidencing the thickness and quality of potash reserves underlying Section 16 ~~and adjoining sections~~ in Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

2. All documents evidencing the volumes of potash reserves in the areas identified in No. 1 above that you contend will be lost if Texaco drills its two wells at the proposed locations in Section 16, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

3. All documents supporting your contentions that the value of potash reserves potentially lost will be between two million dollars and eight million dollars.

4. All documents evidencing your right to mine in Section 16, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, including but not limited to, leases, assignments, farmouts, operating agreements and all governmental approvals.

5. All documents and maps evidencing your mining plans for the last ten years, all future mining plans and areas actually mined and/or developed.

6. All documents demonstrating how you define or otherwise distinguish "barren" potash areas from commercial potash areas.

SHERIFF'S RETURN

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

I, _____, Sheriff of _____
County, New Mexico, do hereby certify that I served the within Subpoena by delivering a
copy thereof to each of the following persons therein named, in _____
County, New Mexico, on the dates hereinafter set out, as follows:

_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____

I further certify that none of said persons, except _____,
at the time of service of the Subpoena, demanded fees and mileage for one day's
attendance allowed by law, and that such fees and mileage were tendered to any of said
persons who demanded same.

FEES: Service and Return	\$ _____	_____
Mileage _____ Miles	\$ _____	Sheriff
		By: _____
TOTAL	\$ _____	Deputy

RETURN BY PERSON OTHER THAN SHERIFF OR DEPUTY

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

_____, being duly sworn, upon oath says: I am
not less than 18 years of age and not a party to this action, and I served the within
Subpoena by delivering a copy thereof to each of the following persons therein named, in
_____ County, New Mexico, on the dates hereinafter set out, as follows:

_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____

I further certify that none of said persons, except _____
at the time of service of the Subpoena, demanded fees and mileage for one day's
attendance allowed by law, and that such fees and mileage were tendered to any of said
persons who demanded same.

FEES: Service and Return	\$ _____	_____
Mileage _____ Miles	\$ _____	
TOTAL	\$ _____	_____

Subscribed and sworn to before me this _____ day of _____, 19 _____

(SEAL)

My Commission expires: _____

Notary Public

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

APPLICATION OF TEXACO PRODUCING,
INC. FOR PERMIT TO DRILL IN POTASH-
OIL AREA, EDDY COUNTY, NEW MEXICO.

CASE NO. 9148
CASE NO. 9158

SUBPOENA DUCES TECUM

TO: Western Ag. Minerals Company
5516 Hobbs Highway
Carlsbad, New Mexico 88220

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

PLACE

Campbell & Black, P.A.
110 North Guadalupe Street, Suite 1
Santa Fe, New Mexico

DAY AND TIME

June 15, 1987
at 9:00 o'clock a.m.

This subpoena is issued on the application of Texaco Producing, Inc., through its attorneys, Campbell & Black, P.A., Post Office Box 2208, Santa Fe, New Mexico 87504-2208.

DATED this 8th day of June, 1987.

NEW MEXICO OIL CONSERVATION COMMISSION

By 

EXHIBIT "A"

"Documents" or "records" mean every writing and record of every type and description in the possession, custody or control of Western Ag. Minerals Company 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 printouts, tapes and records of all types, minutes of meetings, 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. All potash core assay information evidencing the thickness and quality of potash reserves underlying Section 16 ~~and adjoining sections~~ in Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

2. All documents evidencing the volumes of potash reserves in the areas identified in No. 1 above that you contend will be lost if Texaco drills its two wells at the proposed locations in Section 16, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

3. All documents supporting your contentions that the value of potash reserves potentially lost will be between two million dollars and eight million dollars.

4. All documents evidencing your right to mine in Section 16, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, including but not limited to, leases, assignments, farmouts, operating agreements and all governmental approvals.

5. All documents and maps evidencing your mining plans for the last ten years, all future mining plans and areas actually mined and/or developed.

6. All documents demonstrating how you define or otherwise distinguish "barren" potash areas from commercial potash areas.

SHERIFF'S RETURN

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

I, _____, Sheriff of _____
County, New Mexico, do hereby certify that I served the within Subpoena by delivering a
copy thereof to each of the following persons therein named, in _____
County, New Mexico, on the dates hereinafter set out, as follows:

_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____

I further certify that none of said persons, except _____,
at the time of service of the Subpoena, demanded fees and mileage for one day's
attendance allowed by law, and that such fees and mileage were tendered to any of said
persons who demanded same.

FEES: Service and Return	\$ _____	Sheriff _____
Mileage _____ Miles	\$ _____	By: _____
		Deputy _____
TOTAL	\$ _____	

RETURN BY PERSON OTHER THAN SHERIFF OR DEPUTY

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

_____, being duly sworn, upon oath says: I am
not less than 18 years of age and not a party to this action, and I served the within
Subpoena by delivering a copy thereof to each of the following persons therein named, in
_____ County, New Mexico, on the dates hereinafter set out, as follows:

_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____
_____	on _____	, 19 _____

I further certify that none of said persons, except _____
at the time of service of the Subpoena, demanded fees and mileage for one day's
attendance allowed by law, and that such fees and mileage were tendered to any of said
persons who demanded same.

FEES: Service and Return	\$ _____
Mileage _____ Miles	\$ _____
TOTAL	\$ _____

Subscribed and sworn to before me this _____ day of _____, 19 _____

(SEAL)

My Commission expires: _____

Notary Public _____

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

June 8, 1987

William J. Lemay, Chairman
New Mexico Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Application of Texaco Producing, Inc.: OCC Case
Numbers 9148 and 9158

Dear Mr. Lemay:

Enclosed are subpoenas for International Mineral and Chemical Corporation (IMC) and Western Ag Minerals Company, the opponents in the above-referenced consolidated cases.

On May 29, 1987 the applicant, Texaco Producing, Inc., served its Request for Production of Documents to both IMC and Western Ag in care of their attorney, Charles High. Although IMC and Western Ag have not filed their responses or objections to the requests, Mr. High advised via telephone that one of his clients might produce the documents and that the other had not then been contacted. Since that conversation, we have not heard again from Mr. High and have been provided none of the documents requested.

Accordingly, we respectfully request the issuance of the two subpoenas.

Very truly yours,



J. Scott Hall

JSH/ko

Enclosure

cc: Charles High, Esq.

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

June 2, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827 5800

Mr. Charles High
Kemp, Smith, Duncan & Hammond
P.O. Drawer 2800
El Paso, TX 79999-2800

RE: Case Nos. 9148 and 9158
Application of Texaco, Inc.

Gentlemen:

In planning the Commission hearing scheduled for June 18, 1987, it has become clear to me that some pre-hearing agreement may be necessary in order to expedite the hearing process through limitation of repetitive or cumulative testimony and stipulation of facts. In order to accomplish this, I would ask each of you to submit to the Commission and opposing counsel a list of issues to be covered, witnesses, exhibits, and proposed timing as soon as practicable. I would also ask that each of you draft a concise statement of your client's position and summary of evidence supporting same on not more than one page. From this, I would hope to set out a schedule, allotting to each side an equal amount of time in which to present its case or pursue cross-examination. By letting you know prior to the hearing the amount of time allotted to your case, we hope to maximize your ability to present a clear and convincing case to the Commission on contested issues. Because scheduling is difficult for a three member body with many other job responsibilities, this will allow us to plan the meeting agenda so as to treat each side fairly while allowing sufficient evidence in the record to support findings and orders.

Please let me have the requested information by June 10th if possible.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/ag

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

June 2, 1987

POST OFFICE BOX 2048
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Charles High
Kemp, Smith, Duncan & Hammond
P.O. Drawer 2800
El Paso, TX 79999-2800

RE: Case Nos. 9148 and 9158
Application of Texaco, Inc.

Gentlemen:

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Please let me have the requested information by June 10th if possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/ag

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

June 2, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5900

J. Scott Hall
Campbell & Black
Attorneys at Law
P.O. Box 2208
Santa Fe, NM 87504-2208

RE: Case Nos. 9148 and 9158
Application of Texaco, Inc.

Gentlemen:

In planning the Commission hearing scheduled for June 18, 1987, it has become clear to me that some pre-hearing agreement may be necessary in order to expedite the hearing process through limitation of repetitive or cumulative testimony and stipulation of facts. In order to accomplish this, I would ask each of you to submit to the Commission and opposing counsel a list of issues to be covered, witnesses, exhibits, and proposed timing as soon as practicable. I would also ask that each of you draft a concise statement of your client's position and summary of evidence supporting same on not more than one page. From this, I would hope to set out a schedule, allotting to each side an equal amount of time in which to present its case or pursue cross-examination. By letting you know prior to the hearing the amount of time allotted to your case, we hope to maximize your ability to present a clear and convincing case to the Commission on contested issues. Because scheduling is difficult for a three member body with many other job responsibilities, this will allow us to plan the meeting agenda so as to treat each side fairly while allowing sufficient evidence in the record to support findings and orders.

Please let me have the requested information by June 10th if possible.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/ag

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS
MARTE D. LIGHTSTONE

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

May 29, 1987

Charles F. High, Esquire
Post Office Drawer 2800
El Paso, Texas 79999-2800

Re: New Mexico Oil Conservation Commission Cases 9148
and 9158: Applications of Texaco Producing, Inc.

Dear Charlie:

Enclosed are two Requests for Production of Documents for your clients, International Minerals Co. and Western-Ag. Minerals Co. The Requests call for the production of the documents at our offices in Santa Fe on Friday, June 5, 1987, at 9:00 a.m.

Although you indicated your objection and resistance to discovery at the arbitration hearing today, I now propose that the documents produced be subject to the provisions of the enclosed confidentiality agreement. This is a reasonable approach to discovery and should satisfy your concerns.

If the confidentiality agreement is inadequate and your clients still refuse to produce the documents, please let me know before Tuesday, June 2, 1987, and I will proceed to obtain subpoenas.

Thanks for your cooperation.

Very truly yours,



J. SCOTT HALL

JSH/dg
Enclosures

cc w/enclosures: William J. LeMay, N.M. Oil Conservation Div.
Texaco Producing, Inc.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

APPLICATION OF TEXACO PRODUCING, INC.
FOR PERMIT TO DRILL IN POTASH-OIL
AREA, EDDY COUNTY, NEW MEXICO

Case No. 9148
Case No. 9158

REQUEST FOR PRODUCTION OF DOCUMENTS

To: Western-Ag-Minerals Co.
P.O. Box 511
Carlsbad, New Mexico 88220
c/o Charles High, Esq.
Kemp, Smith, Duncan & Hammond
P.O. Drawer 2800
El Paso, Texas 79999-2800

Pursuant to Section 70-2-8 N.M.S.A. (1978) and New Mexico Oil Conservation Commission Rule 1211, Applicant Texaco Producing, Inc. requests the production of the following documents for inspection and copying at the offices of Campbell and Black, P.A., 110 North Guadalupe, Suite 1, Jefferson Place, (P.O. Box 2208), Santa Fe, New Mexico 87504-2208 at 9:00 a.m. on Friday, June 5, 1987.

As used herein the term "document" means all written recorded or graphic material of every type and description, in whatever form, however produced or reproduced, including but not limited to, all original and all non-identical duplicates, copies or reproductions thereof, memoranda, agreements, contracts, letters of intent, maps, charts, credit reports, telex, cables, wires, telecopies, notes, notations, work papers, desk calendars, appointment journals, diaries, reports, recordings of telephone or other conversations or of interviews, conferences or meetings, ledgers, notebooks, bank records, drafts, checks, negotiable or

non-negotiable instruments, leases, credit files, books of account, data compilations, affidavits, notices, microfilm, dictation, records, tape recordings, cassette recordings, photographs, films, video tapes or cassettes, software or floppy disks or diskettes, computer storage materials including magnetic tapes, computer materials, purchase agreements or contracts, invoices, purchase orders, statements, monthly or annual reports of condition, and any notes, annotations, jotting, scribbblings, file or routing marks or other indications added to any such document, and any drafts, preliminary versions, revisions, corrections and amendments thereof.

REQUEST NO. 1: All potash core assay information evidencing the thickness and quality of potash reserves underlying Section 16 and adjoining sections in Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

REQUEST NO. 2: All documents evidencing the volumes of potash reserves in the areas identified in Request No. 1 above that you contend will be lost if Texaco drills its two wells at the proposed locations in Section 16, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

REQUEST NO. 3: All documents supporting your contentions that the value of potash reserves potentially lost will be between two million dollars and eight million dollars.

REQUEST NO. 4: All documents evidencing your right to mine in Section 16, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, including but not limited to, leases, assignments, farmouts, operating agreements and all governmental approvals.

REQUEST NO. 5: All documents and maps evidencing your mining plans for the last ten years, all future mining plans and areas actually mined and/or developed.

REQUEST NO. 6: All documents demonstrating how you define or otherwise distinguish "barren" potash areas from commercial potash areas.

Respectfully submitted:

CAMPBELL & BLACK

By

A handwritten signature in cursive script, appearing to read "J. Scott Hall", written over a horizontal line.

J. Scott Hall
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

KEMP, SMITH, DUNCAN & HAMMOND

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EL PASO*

TAD R. SMITH
JACK DUNCAN
JOSEPH P. HAMMOND
JAMES F. GARNER
LEIGHTON GREEN, JR.
RAYMOND H. MARSHALL
ROBERT B. ZABOROSKI**
W. ROYAL FURGESON, JR.
CHRIS A. PAUL
CHARLES C. HIGH, JR.
DAVID H. WIGGS, JR.
JIM CURTIS
DANE GEORGE
LARRY C. WOOD
E. LINK BECK
MICHAEL D. MCQUEEN
JOHN J. SCANLON, JR.
TAFFY D. BAGLEY

LUIS CHAVEZ

DAVID S. JEANS
DARRELL R. WINDHAM
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MARGARET A. CHRISTIAN
LINDA K. KIRBY
MARK D. PIERCE
DAN C. DARGENE
JOHN W. MCCHRISTIAN, JR.
MARK E. MENDEL
ENRIQUE MORENO
STANCY STRIBLING
T. TABER CHAMBERLAIN, JR.
NANCY C. SANTANA
JEFFREY H. RAY
MITZI TURNER
PHILIP R. MARTINEZ
CHRISTOPHER J. POWERS

J. SCOTT CUMMINS

ALLAN GOLDFARB
SUSAN F. AUSTIN
JOEL FRY
JANE S. SNOW
RUBEN ROBLES
KEN COFFMAN
PAUL E. SZUREK
DONNA CHRISTOPHERSON
MARK N. OSBORN
ELIZABETH J. VANN
TERRY D. BASSHAM
DAVID R. NORMAN
BEN H. LANGFORD
DAVID M. HUGHES
JOHN R. BOOMER
AL WATKINS
LAWRENCE M. JORDAN
JONATHAN D. EDELFELT

ALBUQUERQUE†

JOHN P. EASTHAM
THOMAS SMIDT II
ROBERT A. JOHNSON
DONALD B. MONNHIMER
CHARLES L. SAUNDERS, JR.
ALLAN J. HISEY
DAVID L. SPOEDE**
JAMES L. RASMUSSEN
BRUCE E. CASTLE
STEPHEN R. NELSON
KATHLEEN AYRES
MARY CATHERINE MCCULLOCH
COLIN L. ADAMS

MIDLAND*

STEVEN C. JAMES

SANTA FE†

JOE L. McCLAUGHERTY**

EL PASO, TEXAS 79901-1441

2000 MBANK PLAZA
P. O. DRAWER 2600, 79999-2600
(915) 533-4424
FACSIMILE: (915) 546-5360
(915) 546-5294
EASYLINK: 62937293
TELEX: 910601999 KEMP UO

ALBUQUERQUE, NEW MEXICO 87102-2240

200 LOMAS BOULEVARD, N.W., SUITE 700
P. O. BOX 1276, 87103-1276
(505) 247-2315
FACSIMILE: (505) 843-6099

MIDLAND, TEXAS 79701-3340

1004 NORTH BIG SPRING, SUITE 507
(915) 687-0011
FACSIMILE: (915) 687-1735

SANTA FE, NEW MEXICO 87501-2018

123 EAST MARCY, SUITE 208
P. O. BOX 6660, 87504-6660
(505) 982-1913
FACSIMILE: (505) 986-7563

OF COUNSEL: WILLIAM DUNCAN

*MEMBERS TEXAS BAR

†MEMBERS NEW MEXICO BAR

**MEMBERS TEXAS AND NEW MEXICO BARS

May 27, 1987

CERTIFIED MAIL - RETURN

RECEIPT REQUESTED

Mr. William J. LeMay, Director
Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of Texaco Producing, Inc. for Permit
to Drill Potash-Oil Area, Case No. 9148

Dear Mr. LeMay:

Our firm represents International Minerals and Chemical Corporation and Western AG-Minerals Co. and hereby enters an appearance on their behalf in the above-captioned matter.

In addition, we are requesting that the hearing on the application set for June 3, 1987 for the Oil Conversation Commission be postponed and rescheduled to a later date. In support of this request, we would respectfully show the following:

1. Both Western AG and IMCC are producing potash operators in the Potash-Oil Area and, therefore, have a substantial interest in the application filed by Texaco;

2. We have learned through correspondence and telephone conversations with Mr. J. Scott Hall, attorney for Texaco, that this matter has been set for hearing before the New Mexico OCC on June 3, 1987 but have not been served with

see attached case 187

Mr. William J. LeMay, Director
May 27, 1987
Page Two

a Notice of Hearing from the State of New Mexico as required by Rules 1204 and 1205 of the Oil Conservation Division Rules of Procedure; and

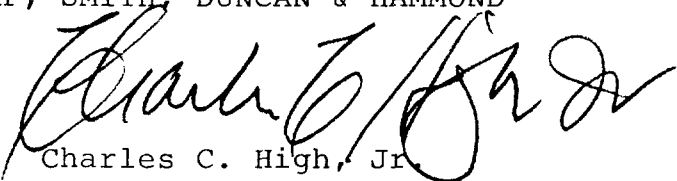
3. The scheduling of a hearing on June 3, 1987, assuming such a hearing is scheduled, does not provide these potash operators with adequate time to prepare for the hearing. The issues involved in the application are complex, as you know, and will require the testimony of outside experts on drilling and mining technology as well as the impact such drilling activities will have on the safety of miners. We cannot, on such short, informal notice, have these individuals present to testify in Santa Fe on June 3, 1987.

Accordingly, and for the foregoing reasons, we respectfully request that the OCC postpone the hearing currently set for June 3, 1987, if such a hearing is scheduled, and reschedule it to a date after proper notice has been given and sufficient time allowed for hearing preparation.

Sincerely,

KEMP, SMITH, DUNCAN & HAMMOND

By:


Charles C. High, Jr.

CCH/bks

cc: J. Scott Hall
Walt Thayer

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



May 7, 1987

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2000
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

W. B. Wade, District Operations Manager
Texaco USA
P. O. Box 728
Hobbs, New Mexico 88240

A. J. W. Schwandt
Western AG-Minerals Co.
P. O. Box 511
Carlsbad, New Mexico 88220

Case 9148

Re: Texaco - Forty Niner Ridge Unit Well
No. 3 - Unit F, 16-23S-30E

Gentlemen:

Texaco's application to drill the subject well has been protested by both Western AG and IMC. In accordance with the usual procedure, we are hereby scheduling an arbitration meeting for 9:00 a.m. May 29 in the OCD Conference Room, Room 205, State Land Office Building, Old Santa Fe Trail, Santa Fe, New Mexico.

Yours very truly,

for *WJL*
WILLIAM J. LEMAY,
Director

WJL/VTL/dr

cc: International Minerals and
Chemical Corp.
P. O. Box 71
Carlsbad, New Mexico 88220

Attention: Clark McNaughton



INTERNATIONAL MINERALS & CHEMICAL CORPORATION

February 10, 1986

Mr. Michael E. Stogner
Chief Hearing Officer
Acting Chief Engineer
P. O. Box 2088
Santa Fe, New Mexico 87501

M.S.

Case 9148

Dear Mr. Stogner:

The attached letter referring to Forty-Niner Ridge Unit Well No. 3,
Eddy County, New Mexico, is enclosed for your information.

CHM Naughton

C. H. McNaughton
Mine Operations Manager

CHM/gj

KEMP, SMITH, DUNCAN & HAMMOND

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EUGENE R. SMITH
WILLIAM DUNCAN
TAD R. SMITH
JACK DUNCAN
JOSEPH P. HAMMOND
JAMES F. GARNER
LEIGHTON GREEN, JR.
RAYMOND H. MARSHALL
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CHRIS A. PAUL
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E. LINK BECK
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MARK E. MENDEL
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NANCY C. SANTANA
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MITZI TURNER
PHILIP R. MARTINEZ
MARK R. GRISSOM
SUSAN F. AUSTIN
JOEL FRY
CHRISTOPHER J. POWERS
W. N. REES, JR.
J. SCOTT CUMMINS
KEN COFFMAN
PAUL E. SZUREK
DONNA CHRISTOPHERSON
MARK N. OSBORN
ELIZABETH J. VANN
STEPHEN R. NELSON*

*MEMBERS OF NEW MEXICO BAR
**MEMBERS OF TEXAS AND NEW MEXICO BARS
OTHERS MEMBERS OF TEXAS BAR

January 22, 1986

EL PASO OFFICE

2000 MBANK PLAZA
EL PASO, TEXAS 79901-1441
P. O. DRAWER 2800
EL PASO, TEXAS 79999-2800
(915) 533-4424
TELECOPIER: (915) 532-1153
RAPICOM: (915) 533-0253
TELEX II: 9109641357

ALBUQUERQUE OFFICE

200 LOMAS BOULEVARD, N.W.
SUITE 700
ALBUQUERQUE, NEW MEXICO 87102-2240
P. O. BOX 1276
ALBUQUERQUE, NEW MEXICO 87103-1276
(505) 247-2315
TELECOPIER: (505) 843-6099

MIDLAND OFFICE

1004 N. BIG SPRING
SUITE 507
MIDLAND, TEXAS 79701-3340
(915) 687-0011
(915) 561-8534

SANTA FE OFFICE

300 CATRON
SANTA FE, NEW MEXICO 87501-1806
(505) 982-4212
TELECOPIER: (505) 982-4214

PLEASE REPLY TO:

Mr. Russell S. Pool
Development Engineer
Texaco U.S.A.
Midland Operations Division
P.O. Box 3109
500 N. Loraine Street
Midland, Texas 79702

RE: Forty-Niner Ridge Unit Well No. 3
Edie County, New Mexico

Dear Russ:

This will confirm our telephone conversation today during which I informed you that the Potash Industry would not oppose your Company's drilling of the above-referenced well provided it is relocated to the barren area north and west of the currently proposed site and drilled from a surface location which is a distance away from commercial grade ore equal to the depth of the ore plus 10% plus whatever additional distance your company believes is necessary to prevent any migration of methane gas into our mine in the event of a leak.

When you have made the determination on this new location, I would appreciate your letting me know the exact location. We will then plot the location on our maps and let you know our position. As stated above, if the new location meets the guidelines set forth above, we will have no opposition to the new location. This is true even if, as you suggested, you want to drill three or four wells.

I appreciate your cooperation with this matter and I look forward to hearing from you.

M.S.
Case 9148

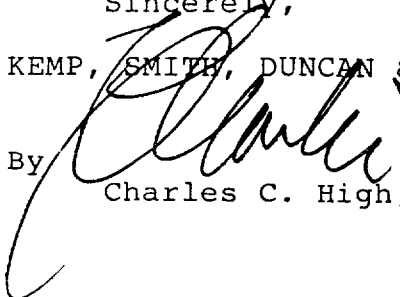
Mr. Russell S. Pool
January 22, 1986
Page Two

Best regards.

Sincerely,

KEMP, SMITH, DUNCAN & HAMMOND

By


Charles C. High, Jr.

CCH:as
cc: Mr. Walt Thayer
Mr. Kenneth Bateman



Texaco USA

December 26, 1985

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: Mr. R. L. Stamets

RE: Forty Niner Ridge Unit Well No. 3
Section 16, T-23-S, R-30-E
Eddy County, New Mexico

Dear Mr. Stamets:

This letter will confirm our telephone conversation on December 23, 1985. Texaco will be represented at the arbitration meeting now scheduled for 10:00 A.M. January 16, 1985 in your office. Texaco is anxious to settle this situation in a manner agreeable to all parties concerned.

Yours very truly,

W. A. BAKER II
District Operations Manager

WAB/pdh

File

Chrono



INTERNATIONAL MINERALS & CHEMICAL CORPORATION

December 23, 1985

Mr. R. L. Stamets
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Forty Niner Ridge Unit
Well No. 3, Section 16,
T-23-S, R-30-E,
Eddy County, New Mexico

Dear Mr. Stamets:

This letter will confirm our phone conversation on December 20, 1985.

At IMC's request you have reset an arbitration meeting on the above matter in your office at 10:00 a.m., on January 16, 1986. You indicated to me that unless advised otherwise by any interested party by December 30, 1985, this date is firm. All parties would be advised of a change in time for the arbitration meeting.

As was agreed in our phone conversation a copy of this letter will be sent to the interested parties as notice of the reset time for the arbitration meeting in your office. Again we appreciate your consideration in resetting the time for the meeting.

Sincerely,

W. E. Thayer
Production Manager

CHM/WET/gj

cc: W. A. Baker III, District Operations Manager, Texaco
Jamie Murdock, Bureau of Land Management
Fran Cherry, Bureau of Land Management
Jack Hunt, Potach Producers, Inc.
Charles High, Kemp, Smith, Duncan & Hammond
Jay Forbes, McCormick, Forbes, Caraway & Tabor



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

December 17, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

W. A. Baker III
District Operations Manager
TEXACO USA
P.O. Box 728
Hobbs, NM 88240

Re: Forty Niner Ridge Unit Well
No. 3, Section 16, Township
23 South, Range 30 East,
Eddy County, New Mexico


Dear Mr. Baker:

This letter will confirm our phone conversation on December 17, 1985.

By my letter of November 27, 1985, I advised you that the permit to drill the subject well approved by the Division on November 4, 1985, was valid. The letter recited the sequence of events which led to that decision. It has now come to my attention that the notice given to the potash operators as reflected by the return receipts submitted with the application to drill did not include a copy of the application to drill as required by the rules.

As a result of this later information, I must now withdraw our approval of the application to drill and set this matter for arbitration. At this time both Texaco and potash representatives have indicated that such an arbitration meeting can be held in my office at 10:00 a.m. on Thursday, January 9, 1986. That time and date is to be confirmed not later than December 23rd. I will advise you of any variation from this schedule.

Sincerely,



R. L. STAMETS
Director

RLS/dp

cc: Les Clements
J. B. Hunt, Potash Producers, Inc.
W. E. Thayer, International Mining and
Chemical Corporation



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

December 17, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. J. H. Hunt
Resident Manager
Potash Producers, Inc.
P.O. Box 511
Carlsbad, NM 88220

Dear Mr. Hunt:

Enclosed is a copy of a letter advising Texaco Inc. that approval of the application to drill their Forty Niner Ridge Unit Well No. 3 has been withdrawn.

The letter is self explanatory as to the reason for the withdrawal. Please note that an arbitration meeting has been set on this matter in my office at 10:00 a.m. on January 9, 1986. Unless advised otherwise by any interested party by December 23, 1985, this date is firm. All parties would be advised of a change in time for the arbitration meeting.

Sincerely,

R. L. STAMETS
Director

RLS/dp

Enc.



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

December 17, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. W. E. Thayer
Production Manager
International Minerals
& Chemical Corporation
P.O. Box 71
Carlsbad, NM 88220

Dear Mr. Thayer:

Enclosed is a copy of a letter advising Texaco Inc. that approval of the application to drill their Forty Niner Ridge Unit Well No. 3 has been withdrawn.

The letter is self explanatory as to the reason for the withdrawal. Please note that an arbitration meeting has been set on this matter in my office at 10:00 a.m. on January 9, 1986. Unless advised otherwise by any interested party by December 23, 1985, this date is firm. All parties would be advised of a change in time for the arbitration meeting.

Sincerely,

R. L. STAMETS
Director

RLS/dp

Enc.

KEMP, SMITH, DUNCAN & HAMMOND

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EUGENE R. SMITH
WILLIAM DUNCAN
TAD R. SMITH
JACK DUNCAN
JOSEPH P. HAMMOND
JAMES F. GARNER
LEIGHTON GREEN, JR.
RAYMOND H. MARSHALL
ROBERT B. ZABORSKI**
W. ROYAL FURGESON, JR.
CHRIS A. PAUL
CHARLES C. HIGH, JR.
DAVID H. WIGGS, JR.
JIM CURTIS
THOMAS SMIDT II*
DANE GEORGE
LARRY C. WOOD
CHRIS HAYNES**

E. LINK BECK
MICHAEL D. MCQUEEN
JOHN J. SCANLON, JR.
ROBERT L. KELLY
TAFFY D. BAGLEY
LUIS CHAVEZ
DAVID S. JEANS
DARRELL R. WINDHAM
ROGER D. AKSAMIT
CHARLES A. BECKHAM, JR.
MARGARET A. CHRISTIAN
LINDA K. KIRBY
ROBERT E. VALDEZ
DAN C. DARGENE
JOHN W. MCCHRISTIAN, JR.
MARK E. MENDEL
ENRIQUE MORENO
STANCY STRIBLING

NANCY C. SANTANA
JEFFREY H. RAY
MITZI TURNER
PHILIP R. MARTINEZ
MARK R. GRISSOM
SUSAN F. AUSTIN
JOEL FRY
CHRISTOPHER J. POWERS
W. N. REES, JR.
J. SCOTT CUMMINS
KEN COFFMAN
PAUL E. SZUREK
DONNA CHRISTOPHERSON
MARK N. OSBORN
ELIZABETH J. VANN
STEPHEN R. NELSON*

*MEMBERS OF NEW MEXICO BAR
**MEMBERS OF TEXAS AND NEW MEXICO BARS
OTHERS MEMBERS OF TEXAS BAR

EL PASO OFFICE

2000 MBANK PLAZA
EL PASO, TEXAS 79901-1441
P. O. DRAWER 2800
EL PASO, TEXAS 79999-2800
(915) 533-4424
TELECOPIER: (915) 532-1153
RAPICOM: (915) 533-0253
TELEX II: 9109641357

ALBUQUERQUE OFFICE

200 LOMAS BOULEVARD, N.W.
SUITE 700
ALBUQUERQUE, NEW MEXICO 87102-2240
P. O. BOX 1276
ALBUQUERQUE, NEW MEXICO 87103-1276
(505) 247-2315
TELECOPIER: (505) 843-6099

MIDLAND OFFICE

1004 N. BIG SPRING
SUITE 507
MIDLAND, TEXAS 79701-3340
(915) 687-0011
(915) 561-8534

SANTA FE OFFICE

300 CATRON
SANTA FE, NEW MEXICO 87501-1806
(505) 982-4212
TELECOPIER: (505) 982-4214

December 13, 1985

PLEASE REPLY TO:

Mr. R. L. Stamets
Director
State of New Mexico
Energy and Minerals Dept.
Oil Conservation Division
P.O. Box 2088
State Land Office Bldg.
Santa Fe, NM 87501

RE: Forty-Niner Ridge Unit Well No. 3
Section 16, Township 23 South, Range 30 East
Eddy County, New Mexico

Dear Mr. Stamets:

This will confirm our telephone conversation in which I informed you that International Minerals and Chemical Corporation disagrees with your approval of the application for permit to drill at the above-mentioned location. It is our position that the protest filed by IMCC was timely and that your failure to order a hearing on the application is in violation of both the Oil and Gas Act and your agency's regulations.

I also appreciate your willingness to meet with us on such short notice to discuss this important issue and look forward to meeting with you on Tuesday, December 17, 1985

Mr. R. L. Stamets
December 13, 1985
Page Two

at 1:00 p.m. to discuss and hopefully resolve this matter
without litigation.

Best regards.

Sincerely,

KEMP, SMITH, DUNCAN & HAMMOND

By

Charles C. High, Jr.

CCH:as

cc: Mr. Walt Thayer

Mr. W. A. Baker, III



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

November 27, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. J. H. Hunt
Resident Manager
Potash Producers, Inc.
P.O. Box 511
Carlsbad, NM 88220

Dear Mr. Hunt:

Enclosed is a letter advising Texaco that they possess a valid permit to drill a well in the Potash-Oil Area. This is the well you objected to in your letter of November 13, 1985.

The permit was approved as no potash operator objected to the proposed location following notice by Texaco and in accordance with the Potash-Oil Area Rules contained in Division Order R-111-A as amended. The Division's approval of permits to drill is automatic under these circumstances and does not reflect any determination as to the commercial nature of any potash reserves which may underlie the well site. Your attorney can advise you of any other relief you might seek before this agency if you indeed wish to stop the drilling of this well.

If any potash operator or interest owner or any oil operator feels that the Potash-Oil Area Rules do not provide sufficient protection for any party, I would encourage them to seek a hearing to amend the rules. The original rules date from 1951 and perhaps could benefit from some "modernization". I have hoped for some time that both those with potash interests and oil interests could get together to update the rules should it appear beneficial to do so. I would offer to assist in any way this Division could with such a proposal.



TONY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
525 Camino de los Marquez
Santa Fe, New Mexico
87501

November 27, 1985

MEMORANDUM

TO: TONEY ANAYA, GOVERNOR
THROUGH HARVEY FREEMAN, GOVERNOR'S COUNSEL

FROM: PAUL BIDERMAN, SECRETARY

SUBJECT: POTENTIAL COMPLAINTS RELATIVE TO OIL DRILLING IN THE
POTASH AREA

Attached are letters relative to the possible drilling of an oil well in the potash mining area of Southeast New Mexico.

As can be seen from the letters, the potash operators received notice of the proposed application to drill but failed to file their objections until well after the time limit provided in the rules applicable to this area. The permit to drill was therefore approved.

In the past, such drilling proposals have resulted in direct attempts by potash operators and/or unions to involve the Governor's office in attempting to halt the drilling of the proposed well. I would encourage the Governor to advise any such party in the current case to proceed with seeking relief before the Department's Oil Conservation Division as provided by law. As you can see from the enclosed letters, the Division anticipates that there may yet be relief for the potash operators in this matter if they are serious in their objections to the proposed drilling. You will also see that the Division has encouraged any interested party to seek such changes in the special rules or statutes as they believe may be appropriate in this matter.

OFFICE OF THE SECRETARY
(505) 827-5950

ADMINISTRATIVE SERVICES DIVISION
(505) 827-5925

CONSERVATION & MANAGEMENT DIVISION
(505) 827-5860

MINING & MINERALS DIVISION
(505) 827-5970

RESOURCE & DEVELOPMENT DIVISION
(505) 827-5900

OIL CONSERVATION DIVISION
(505) 827-5800

Land Office Building, P.O. Box 2088, Santa Fe, New Mexico 87501



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

November 27, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

W. A. Baker III
District Operations Manager
Texaco USA
P.O. Box 728
Hobbs, NM 88240

Re: Forty Niner Ridge Unit Well
No. 3, Section 16, Township
23 South, Range 30 East,
Eddy County, New Mexico

Dear Mr. Baker:

Your letter of November 20, 1985, inquired as to whether Texaco possessed a valid permit to drill the above referenced well.

Based on my review of this matter, I have determined the following:

- 1) On October 30, 1985, Texaco filed an application to drill the subject well in the Potash-Oil Area. The permit was filed with our Artesia district office.
- 2) The application included return receipts showing notice to potash operator(s).
- 3) The return receipts attached to the application show that both International Minerals and Chemical Corporation and Potash Producers Inc. had received copies of the application on October 3, 1985.
- 4) No objection was received from either a potash operator or interested party with 10 days after their receipt of notice.
- 5) The permit was approved by the Division on November 4, 1985.
- 6) Both IMC and Potash Producers filed protests with the Division on November 15, 1985, nearly 6 weeks after their receipt of notice.

- 7) The protests were not filed within the time period provided in the special rules for the Potash-Oil Area.

Based on the above, I can only conclude that Texaco now possesses a valid permit to drill.

Please note that this determination is based solely on compliance by Texaco with the special rules applicable to drilling in the Potash-Oil Area. It in no way implies a determination as to the presence or absence of commercial potash at the well location nor does it guarantee that one or more potash operators will not seek other relief from this agency to prevent the drilling of the well.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. L. Stamets", with a long horizontal flourish extending to the right.

R. L. STAMETS
Director

RLS/dp

cc: J. B. Hunt - Potash Producers, Inc.
W. E. Thayer, International Mining
and Chemical Corporation

Paul Biderman

50 YEARS



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

November 27, 1985

Mr. W. E. Thayer,
Production Manager
International Minerals
& Chemical Corporation
P.O. Box 71
Carlsbad, NM 88220

Dear Mr. Thayer:

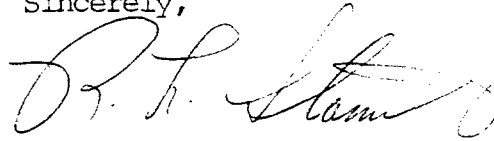
Enclosed is a letter advising Texaco that they possess a valid permit to drill a well in the Potash-Oil Area. This is the well you objected to in your letter of November 13, 1985.

The permit was approved as no potash operator objected to the proposed location following notice by Texaco and in accordance with the Potash-Oil Area Rules contained in Division Order R-111-A as amended. The Division's approval of permits to drill is automatic under these circumstances and does not reflect any determination as to the commercial nature of any potash reserves which may underlie the well site. Your attorney can advise you of any other relief you might seek before this agency if you indeed wish to stop the drilling of this well.

If any potash operator or interest owner or any oil operator feels that the Potash-Oil Area Rules do not provide sufficient protection for any party, I would encourage them to seek a hearing to amend the rules. The original rules date from 1951 and perhaps could benefit from some "modernization". I have hoped for some time that both those with potash interests and oil interests could get together to update the rules should it appear beneficial to do so. I would offer to assist in any way this Division could with such a proposal.

I would also suggest you may wish to review Sections 70-2-3 F and 70-2-12 B 17 of the Oil and Gas Act to see if these provide what you consider sufficient direction to this agency in making determinations on drilling permits in any potash area.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. L. Stamets", written in dark ink.

R. L. STAMETS
Director

RLS/dp

I would also suggest you may wish to review Sections 70-2-3 F and 70-2-12 B 17 of the Oil and Gas Act to see if these provide what you consider sufficient direction to this agency in making determinations on drilling permits in any potash area.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. L. Stamets".

R. L. STAMETS
Director

RLS/dp



Texaco USA

November 20, 1985

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: Mr. R. L. Stamets

RE: Forty Niner Ridge Unit Well No. 3
Section 16, T-23-S. R-30-E
Eddy County, New Mexico

Gentlemen:

Pursuant to our telephone conversation of November 14, 1985, attached is a copy of the approved drilling permit for the subject well. Based on this permit, Texaco is proceeding with plans to drill this well at the permitted location. This will allow continued development of the Forty Niner Ridge Delaware Pool.

Potash Producers, Inc. and International Minerals & Chemical Corporation have protested this location (copies of their letters are also attached), and the status of this permit is now in question. Please advise if the permit is still in effect or if this situation will have to be arbitrated per Order No. R-111-A.

Yours very truly,

W. A. BAKER II
District Operations Manager

WAB/pdh
Attachments

cc: Texaco Midland Divison
Potash Producers, Inc. w/o attachments
International Minerals & Chemical Corp. w/o attachments

File
Chrono

COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILL	
U.S.G.S.	
LAND OFFICE	
OPERATOR	<input checked="" type="checkbox"/>

RECEIVED P. O. BOX 2088
SANTA FE, NEW MEXICO 87501
OCT 8 1985
O. C. D.

Form C-101
Revised 10-1-78
20-115-25454
5A. Indicate Type of Lease
STATE ☒ ☐
5. State Oil & Gas Lease No. 05229

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name
b. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name Forty Niner Ridge Unit
2. Name of Operator Texaco Producing Inc. ✓		9. Well No. 3
3. Address of Operator P. O. Box 728, Hobbs, New Mexico 88240		10. Field and Pool, or Wildcat Forty Niner Ridge Delaware
4. Location of Well UNIT LETTER G LOCATED 2310 FEET FROM THE North LINE AND 2310 FEET FROM THE East LINE OF SEC. 16 TWP. 23-S RGE. 30-E NMPM		12. County Eddy
19. Proposed Depth 6400'		15A. Formation Cherry Canyon
20. Rotary or C.T. Rotary		
21. Elevations (show whether DF, RT, etc.) 3144' GR	21A. Kind & Status Plug. Bond Blanket	22. Approx. Date Work will start

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#	400'	600	Circulate
12-1/4"	8-5/8"	2200'-24#	3200'	1500	Circulate
		1000'-28#			
7-7/8"	5-1/2"	15.5#	6400'	950	

Cement Program

Surface Casing: 600 sxs Class "H" with 2% CaCl (15.6 ppg, 1.18 cu.ft./sx.).

Intermediate Casing: 1300 sxs Lite Weight w/15# salt and 1/4# flocele (12.7 ppg 2.10 cu.ft./sx.) followed by 200 sxs Class "H" w/1/4# flocele (15.6 ppg, 1.18 cu.ft./sx.).

Production Casing" 750 sxs Lite Weight w/1/4# flocele (12.3 ppg, 2.00 cu.ft./sx.) followed by 200 sxs Class "H" w/1/4# flocele (15.6 ppg, 1.18 cu.ft./sx.).

APPROVAL VALID FOR 60 DAYS
PERMIT EXPIRES 5-4-86
UNLESS DRILLING UNDERWAY

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.
Signed W. A. Baker, II Title District Drilling Manager Date 10/10/85

(This space for State Use)

Original Signed By Mike Williams TITLE Oil & Gas Inspector DATE NOV 4 1985
CONDITIONS OF APPROVAL, IF ANY N.M.O.C.C. in sufficient
to witness cementing
10/24/85

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form O-100
Revised 1-1-78

All distances must be from the outer boundaries of the Section.

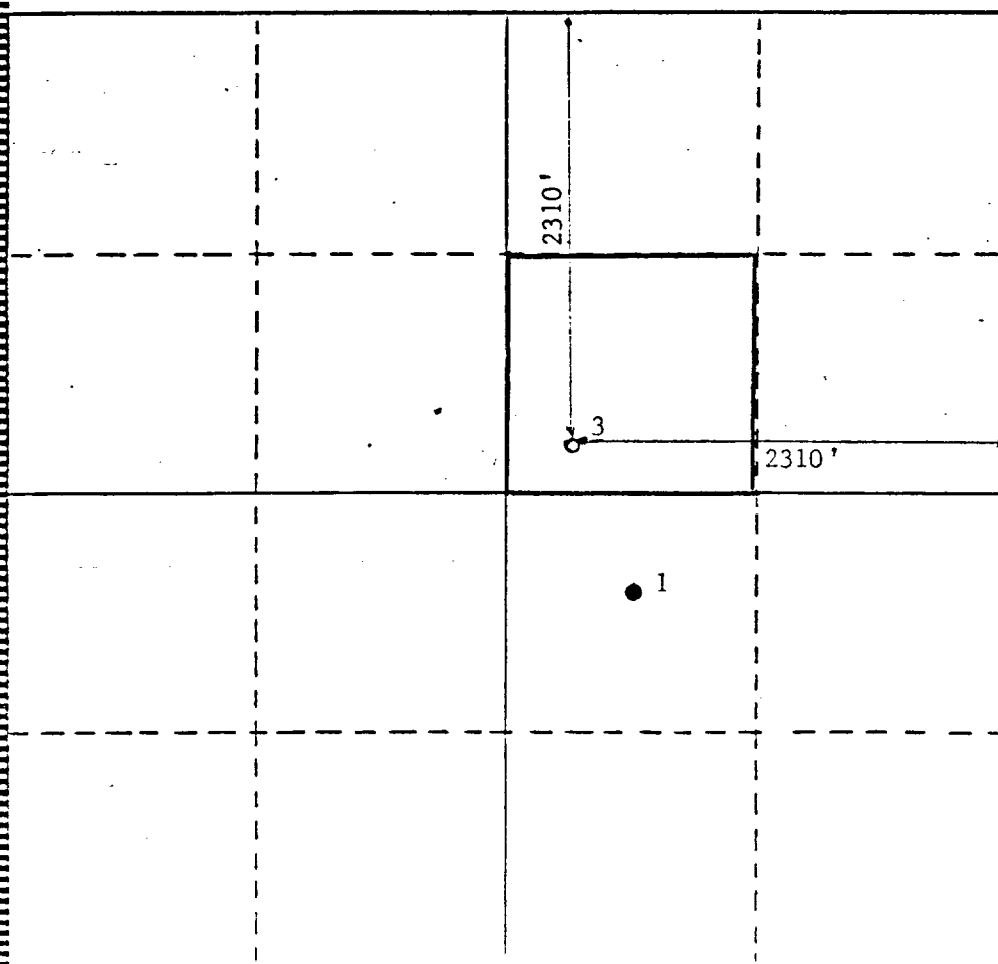
Operator Texaco Producing Inc.			Lease Forty Niner Ridge Unit		Well No. 3
Unit Letter G	Section 16	Township 23-S	Range 30-E	County Eddy	
Actual Footage Location of Well:					
2310 feet from the North line and		2310 feet from the East line			
Ground Level Elev. 3144'	Producing Formation Cherry Canyon		Pool Forty Niner Ridge Delaware		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

B. L. Eiland

Name

B. L. Eiland

Position

Division Surveyor

Company

Texaco Producing Inc.

Date

September 19, 1985

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

September 16, 1985

Registered Professional Engineer
and Land Surveyor*B. L. Eiland*
B. L. Eiland 4386

Certificate No.

330 540 80 1320 1650 1980 2310 2640 2970 3300 3630

POTASH PRODUCERS, INC.
P.O. Box 511
Carlsbad, New Mexico 88220

S F
11-15-85

November 13, 1985

Mr. W. A. Baker, II
District Drilling Manager
Texaco USA
P.O. Box 728
Hobbs, New Mexico 88240

RE: Section 16
T23-S, R-30-E
Eddy County, New Mexico

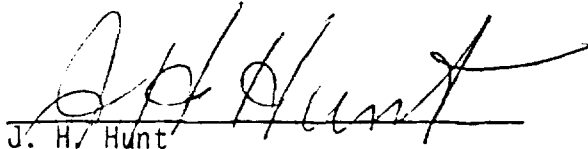
Dear Sir:

We have received your letter concerning the proposed well location in the NE/4 of the captioned Section. We appreciate the notification.

Because of the safety hazard to the miners and the waste of potash, PPI objects to this location. If the well were moved to a safe location that does not waste potash within this section, PPI would have no objection.

Very truly yours,

POTASH PRODUCERS, INC.


J. H. Hunt
Resident Manager

JHH/jps

cc: New Mexico Oil Conservation Commission - Santa Fe Office
Bureau of Land Management - Roswell District Office

POTASH PRODUCERS, INC.

P.O. Box 511

Carlsbad, New Mexico 88220

November 13, 1985

Mr. W. A. Baker, II
District Drilling Manager
Texaco USA
P.O. Box 728
Hobbs, New Mexico 88240

RE: Section 16
T23-S, R-30-E
Eddy County, New Mexico

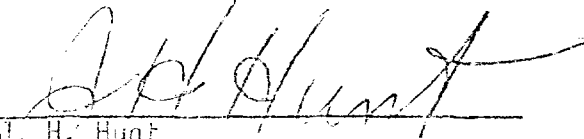
Dear Sir:

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Very truly yours,

POTASH PRODUCERS, INC.


J. H. Hunt
Resident Manager

JHH/jps

cc: New Mexico Oil Conservation Commission - Santa Fe Office
Bureau of Land Management - Roswell District Office



INTERNATIONAL MINERALS & CHEMICAL CORPORATION

November 13, 1985

W. A. Baker, II
District Drilling Manager
Texaco USA
P. O. Box 728
Hobbs, New Mexico 88240

RE: Forty Niner Ridge Unit Well No. 3
Proposed Location

Dear Mr. Baker:

We have received your letter of October 29, 1985 with the Application for Permit to Drill attached. The well referenced is located 2310' FNL and 2310' FEL of Section 16, Township 23-South, Range 30-East. Thank you for your courtesy.

Commercial ore is indicated in holes to the north and to the east of your proposed location. Confirming the telephone conversation of October 21, 1985 between IMC's mine engineer Dan Morehouse and Texaco's Gary Porter, and their subsequent meeting of October 28, I iterate: IMC does object to this location because it poses a safety hazard to the miners and it wastes potash.

IMC would not object to the drilling of this well if it were moved a safe distance to the south west.

Sincerely yours,

Original signed by Mr. Thayer

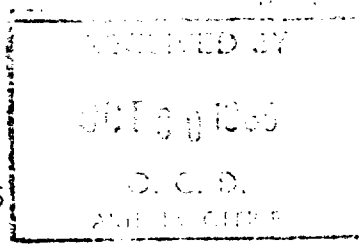
W. E. Thayer
Production Manager

THIS COPY FOR

CC: → Mr. R. L. Stamets - NMOCC - Sante Fe
Mr. Fran Cherry - BLM - Roswell
Mr. James Murdoch - BLM - Carlsbad
Mr. R. W. Hougland - IMC - Carlsbad
Mr. Jack Hunt - PPI - Carlsbad
Mr. Jim Walls - AMAX - Carlsbad
Mr. Walter Case - New Mexico Potash - Carlsbad
Mr. Tom Donaldson - PCA - Carlsbad
Mr. Tillman Branch - MCC - Carlsbad



TEXACO USA



September 30, 1985

Potash Producers
P. O. Box 511
Carlsbad, New Mexico 88220

RE: Forty Niner Ridge Unit Well No. 3
Notice of Intention to Drill

Gentlemen:

In accordance with Oil Conservation Commission Order No. R-111A, Texaco Producing Inc. wishes to notify you of our intention to drill the referenced well. The well will be located 2310' FNL, 2310' FEL of Section 16, Township 22-South, Range 30-East and will be drilled to a total depth of 6400'.

If you have any further questions, please notify this office.

Yours very truly,

W. A. Baker, II
District Drilling Manager

LDR:jrb

Attachment

File

Chrono /