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March 21, 1975

C. A. Feezer, Esq.
Dow & Feezer
Post Office Box 128
Carlsbad, New Mexico 88220

Re: Amax Chemical Corporation Application
for Extension of the Potash Area, Oil
Conservation Commission Case No. 5428

Dear Mr. Feezer:

In accordance with our telephone conversation, the Oil Conservation Commission has been notified that we have reached an agreement on the above case, and the scheduled hearing on March 19 was cancelled.

We have agreed with you and your clients that Superior Oil Company, Gulf Oil Company, and Southland Royalty Company would withdraw their opposition to extension of the area covered by Oil Conservation Commission's Order No. R-111-A. In return you and your clients would agree that they would not oppose an orthodox well location in the South half of the governmental sections in which they hold an interest, being Sections 23 and 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

For purposes of this agreement, an orthodox well location is the location defined by Commission Rule 104, which provides in Section B as to wildcat wells, and in Section C as to development wells, and that any well projected to a formation of Pennsylvanian age or older shall be located on a tract consisting of 320 acres, and shall not be located closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the 320-acre unit. Any well drilled would be located in the South half of the section.

If you are in agreement with this statement, would you kindly sign and return the enclosed copy to me.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:ksh

Enclosure

cc: Willard B. Wagner, Jr., Esq.
R. T. Robberson, Esq.
Mr. Raymond Parker
Charles C. Hairston, Esq.
Mr. Daniel F. Secker

AGREED:

By

C. A. Feezer
C. A. Feezer, Esq.

*note: 9-15-78
Mr. Kellahin advises,
this agreement is
good for the life
of the leases, at lease
an advises to proceed
with drilling. Curn*