

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

February 25, 1975

Willard B. Wagner, Jr., Esq.
The Superior Oil Company
P. O. Box 1521
Houston, Texas 77001

Re: Amax Chemical Corporation - Application for
Extension of the New Mexico Oil-Potash Area

Dear Mr. Wagner:

Hearing in the above case was opened before the New Mexico Oil Conservation Commission's examiner on February 19, and, at our request, recessed to a future date that is yet to be set.

Amax presented all of its testimony through two witnesses, in essence, insofar as the area we are concerned with, their testimony showed commercial deposits to exist only in the northern portion of Section 24, Township 19 South, Range 29 East. They freely admitted that there was no commercial ore in the remaining areas they seek to have included in the oil-potash area in this township. Their position is that the additional extension is necessary to protect the mined-out areas in Section 14, 18 and 23, since the area has been second-mined, the pillars removed, and the mined-out area is subsiding.

This then comes down to a question of how big a buffer zone is needed to protect against subsidence. In previous cases the potash companies have contended subsidence occurs at a 45° angle. If the Commission feels it necessary to have such a buffer zone, I believe we can reduce it from the proposed quartersection depth.

I am enclosing a copy of one of Amax' exhibits to show the area they contend is productive of potash. George Warner says, on the basis of the information available, he would have contended for a larger area as productive of potash, and that the company has been quite conservative in its request. For this reason, I do not feel we can attach their case on the extent of the area containing commercial deposits of potash, but can only argue for a reduced area as a buffer zone, or none at all.