



JERRY W. LONG
CONSULTANT

September 12, 1996

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OIL CON. DIV.
DIST. 2

District Supervisor
Oil Conservation Division
P.O. Drawer DD
Artesia, N.M. 88210

Dear Sir:

I recently had a telephone conversation with you regarding a waiver of certain requirements of Sub-section D (3) of Order R-111-P.

Spence Energy Company proposes to drill a shallow 2000' Delaware test to be located 990' FSL and 1980' FWL of Sec. 23-19S-30E. This well, located on Federal lease NM 4350, is outside of the 1/4 mile buffer zone from the LMR. A BLM map is attached, indicating the location of the 1/4 mile buffer zone. This location is the same as the No. 4 location that was formerly approved and later rescinded.

We now propose to drill this location as the No. 3 well and are hereby requesting a waiver of Sub-section D (3) to allow the Salt Protection casing to be set to a point about 100' below the Potash zone. Attached letter from Eddy Potash advises that the mine workings are approximately 800' below the surface in Sec. 23. The drill hole will be vertical, with the 8-5/8" salt protection casing set at about 900' and cemented back to the surface. If the well appears to be commercial, the 5-1/2" production casing will be cemented from the shoe to a point approximately 200' above the 8-5/8" casing shoe.

Since this well is outside of the "buffer zone", we believe this casing program will prevent commercial potash reserves from being unduly diminished. It will also allow the oil operator to drill this marginal well more economically.

Your prompt approval of this request will allow initiation of approval by the Bureau of Land Management for the proposed drilling.

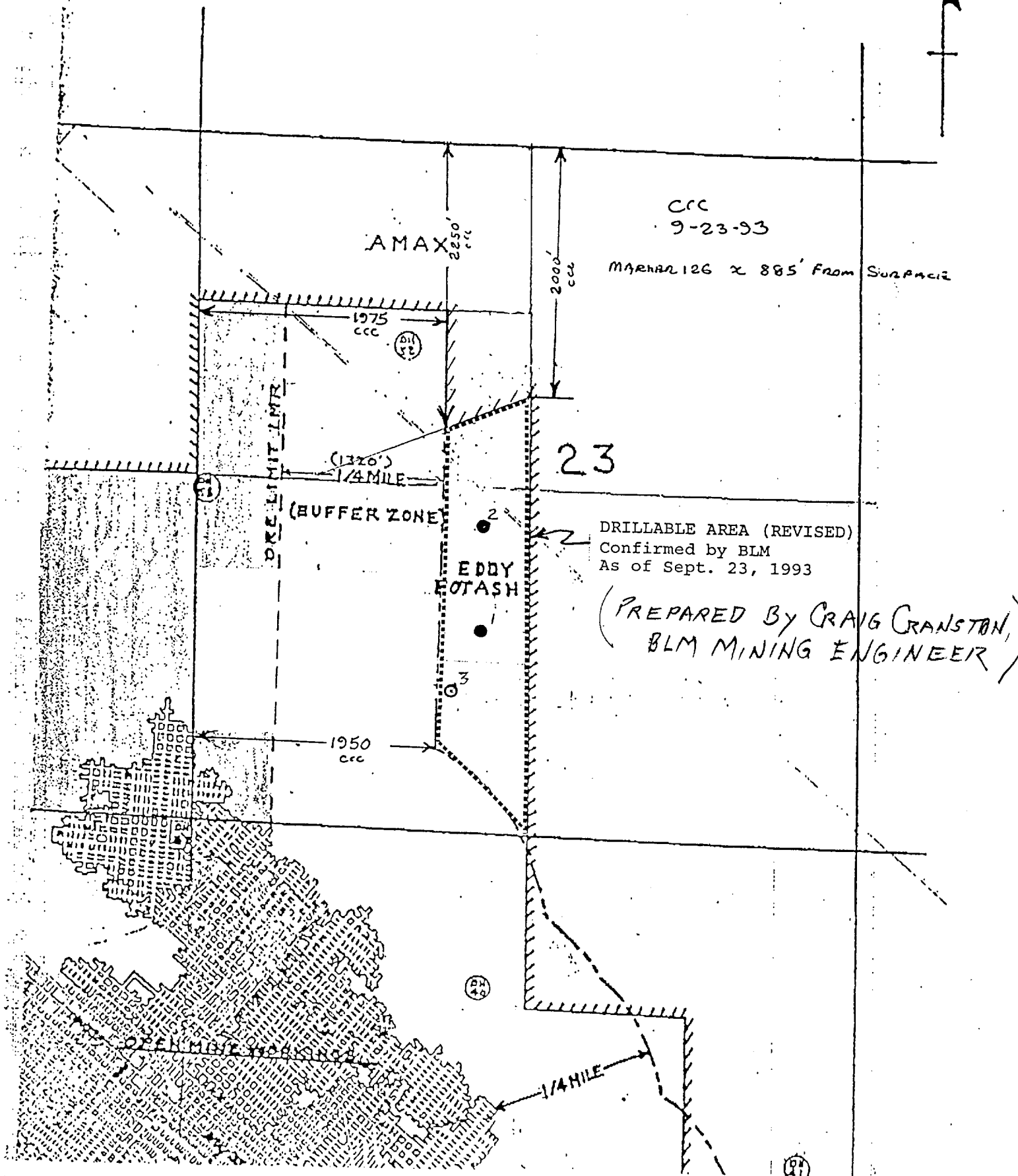
Sincerely yours
Jerry W. Long
JERRY W. LONG
Agent for Spence Energy Co.

1c: SPENCE ENERGY COMPANY
4849 Greenville Ave., Ste. 381
Dallas, TX 75206

JWL/bl1

ATTN: BRYAN
ATTACHED ARE
REPLACEMENT COPIES
OF OUR REQUEST
OF C(4) OF R-111P.

DATE: 8-30-93





EDDY POTASH, INC.

POST OFFICE BOX 31
CARLSBAD, NEW MEXICO 88220PHONE (505) 887-2844
FAX (505) 885-0374

Spence Energy Company
Attn: Mr. Robert B. Miller
4849 Greenville Ave. Suite 381
Dallas, TX 75206

September 10, 1996

Dear Mr. Miller;

I am replying in regards to your request for information pertaining to the depth at which our current mine openings are located at.

The area of concern, is that of Section 23, Township 19, Range 30. The mine workings that Eddy Potash, Inc. has mined in this area have occurred at a depth of approximately 800 feet below the various ground level drilling locations.

Although Potash deposits are geologically considered to be a flat-lying tabular deposit, this deposit, however, exhibits an extensive display of rolling and folding to various elevational highs and lows throughout the deposit. With this information, it should be noted that the elevation of one particular area can vary greatly or slightly, to that of another in proximity.

Please feel free to contact me if you have any questions concerning this subject.

Yours Truly,

Thomas A. McGuire
Mine Engineer

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