



IMC Potash Carlsbad Inc.
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Mr. Zeno Farris
Manager, Operations Administration
Gruy Petroleum Management Co.
P.O Box 140907
Irving Texas 75041-0907

April 27, 2001

RE: State 14 Com 2
Township 19 South, Range 29 East
Section 12: 2040' F NL & 560' FWL



Dear Mr. Farris:

IMC Carlsbad Potash Company has received your notice that Gruy Petroleum Management Company intends to drill the above referenced well. The R-111-P Order which regulates the drilling of oil and gas wells in the Potash area states in Section G., (3) that "Active mine workings and mined-out areas shall also be treated as LMR", and part (3), (b) of the same section states "A deep well shall be drilled no closer than one-half (1/2) mile from the LMR". IMC believes all proposed well locations should comply with the fore mentioned parts of the R-111-P order. The proposed well location is near a mined out area, and these mine workings, although abandoned by the previous potash lease holder, are connected to or are within close proximity to other mine workings which are considered active mine workings in an adjacent potash property. Based on the best available information, the location of the fore mentioned well is **one half mile from open mine workings.**

IMC does not object to Gruy Petroleum drilling the State 14 Com 2 into the Morrow formation at the stated location. IMC believes the proposed well would not interfere with the development and continued production of potash resources in the Carlsbad Potash Basin.

The above decision is based on the best available information at this time; if more information becomes available our decision regarding a well in the area may change.

IMC Kalium submits this letter in lieu of the forms requested.

Sincerely,

John Purcell
Chief Mine Engineer

cc: Don Purvis Charlie High Leslie Theiss Lori Wroteneery
Dan Morehouse Tim O'Brien Craig Cranston Brian Arrant