

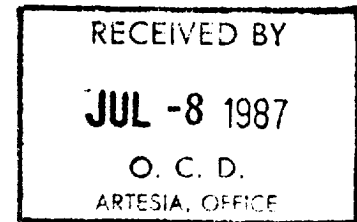


INTERNATIONAL MINERALS & CHEMICAL CORPORATION

July 6, 1987

Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762

Attn: Larry M. Sanders



Dear Mr. Sanders:

Thank you for notifying IMC of your intentions to drill a James A, Well No. 4, in Section ~~11~~<sub>2</sub>, T-22-S, R-30-E, Eddy County, New Mexico.

As you may know, under the Oil and Gas Act, the Oil Conservation Commission ("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:

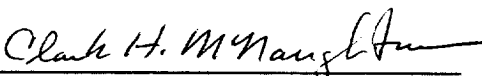
"No wells will be drilled for oil or gas at a location which, in the opinion of the Commission or its duly authorized representative, would result in undue waste of potash deposits or constitute a hazard to or interfere unduly with potash deposits."

The potential hazards of inadvertently introducing natural gas or hydrogen sulfide into a mining environment where they do not exist naturally are now being considered by the NMOCD's "Potash-Oil Study Committee."

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Although the potash industry is concerned with any and all oil and gas drilling within the Potash Enclave, and will not agree to, nor approve of any gas or oil drilling in the vicinity of current or future potash mine openings, IMC will not protest the location that you have submitted.

Sincerely,

  
Clark H. McNaughton  
Mine Operations Manager  
Carlsbad Operations  
IMC Fertilizer, Inc.

CHM:eb  
W. E. Thayer  
R. W. Hougland  
J. Purcell  
C. C. High Jr.  
V. T. Lyons - NMOCD  
Jim Brewer - Noranda  
R. L. Foote - Mississippi Chemical  
R. E. Kirby - Amax  
R. N. Kreul - Lundberg Industries  
R. H. Lane - N. M. Potash  
Don Galbraith - Western Ag-Minerals