

ENRON
Oil & Gas Company

AUG 27 1992

O. C. D.
ARTESIA OFFICE

P.O. Box 2267 Midland, Texas 79702 (915) 686-3600

August 26, 1992

New Mexico Oil Conservation Division
P. O. Drawer DD
Artesia, NM 88210
Attn: Mr. M. B. Williams

Re: Enron's James Ranch Unit #18
N/2 Section 36, 22S, 30E
Eddy County, New Mexico
State Lse #E-5229

Gentlemen:

Enclosed please find Form C-101 (Application for Permit to Drill) and C-102 (Well Location and Acreage Dedication) forms for the referenced well.

Also enclosed please find copies of certified-return receipt letters of this same date notifying the potash operators who hold potash leases within a radius of one mile of the proposed well of Enron's intent to drill. For your reference we have attached a plat depicting the potash leasehold in the nine sections around the proposed well. A copy of the C-101 and C-102 have been enclosed with the notification letters to IMC. A copy of the mailing receipt is enclosed herewith for your files. The return receipts are not available as they have just been mailed.

Prior to filing this application, Enron visited with representatives of the BLM in Carlsbad and with Western Ag-Min Co. at their mine. At such time, Enron was advised that this location falls within the ½-mile buffer of the existing LMR to the west. However, it was recognized that Enron's James Ranch Unit #11 well is currently a producing gas well (Atoka Formation) lying within the LMR. This James Ranch Unit #11 is located at a surface location of 920' FWL & 1980' FNL with a bottomhole location of 1520' FNL & 2440' FWL in the referenced Section 36. It was also recognized that the proposed #18 well is located on a barren area moving away from the LMR and within the area of influence of the #11 well. Based on the State BLM Director's decision issued in March of 1992 covering a similar situation (copy enclosed), this well should be approved for drilling.