



March 23, 1995

New Mexico Oil Conservation Division  
District II Office  
324 W. Main Street  
P.O. Drawer DD  
Artesia, NM 88210

Attention Mr. Tim Gum

Dear Sirs:

This is to advise that New Mexico Potash Corporation, in a spirit of cooperation, will not oppose the drilling of Pogo Producing Company's proposed State "2" No. 2 well located 660' FSL & 2310' FEL of Section 2, T-22-S, R-31-E N.M.P.M.

The sole reason for this approval is that, using a depth of ore plus ten-percent criteria, this location wastes virtually no additional potash over that already wasted by the erroneous decision of the NMOCC permitting other wells to be drilled in this section and further erroneous permission granted by the U.S. BLM for wells in Sec. 11, contiguous to the South. Our approval in this instance should in no way be interpreted as a change of our position that economically recoverable potash is being wasted in at least two ore zones penetrated by this and other nearby wells. Nor is this a relinquishment of our right to protest other locations which may in fact further waste potash.

We further expect that appropriate State officials will oversee all portions of this drilling to ensure that each and every safeguard required, e.g. special casing schedules, cementing programs, etc. is completed in accordance with your special regulations relating to oil/gas well drilling in the Potash Enclave.

Very Truly Yours,  
NEW MEXICO POTASH CORPORATION

Walter S. Case  
Vice President-Operations

cc: NMOCC, J.E.Nelson, POGO Producing Co.