



May 7, 1997

IMC Kalium Carlsbad Potash Company
P.O. Box 71
1861 Potash Mine Road
Carlsbad, New Mexico 88221-0071
806.887.2871
806.887.0680 Fax

Mr. Charles W. Knight, Jr.
ARCO Permian
P.O. Box 1610
Midland, Texas 79702

Dear Mr. Knight:

We are in receipt of your letter dated 5/6/97 to Pete Livingstone concerning the location of the "Barclay State #2." Pete is out of the office this week, however I will respond to your letter in his stead.

Not all State leases are within the boundaries of the R-111-P area. IMC Kalium Carlsbad Potash Company does have a potash lease that includes all of Section 2, T23S, R31E. We do note, incidentally, you may well be correct about the typo on the legal description of the R-111-P area.

Although IMC Kalium does have mining rights to this entire section, we have no knowledge of any ore, nor do we currently plan to mine, within 1/4 mile of this location. Therefore, IMC Kalium does not object to ARCO Permian drilling the "Barclay State #2" at a location of 1980' FSL, 1980' FEL, Section 2, T23S, R31E, NMPM at this time.

As more information becomes available, our estimates of the extent of potash resources in the area may change. Therefore, please consider this "no objection" to this location to be valid for one year only. If you are still considering this well location at a date later than one year from today, notify us again at that time so we can make the decision on information current at that time. Do not consider a "no objection offered" or an "objection offered" decision to be permanent.

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

Sincerely,

Dan Morehouse
Supt. of Mine Engineering & Construction

cc: William Lemay Gary Bowers Charlie High Ed Roberson
Tim O'Brien William Calkins Don Purvis Joan Florez