



November 03, 1999

Mr. Worth Carlin
Bass Enterprises Production Co.
201 Main St.
Fort Worth, Texas 76102-3131

RE: Proposed Wells in James Ranch Federal Unit
Section 36, T23S-R30E (State Lease No. U-3229)
Section 1, T23S-R30E (Fed Lease No. NM 02887-D, NM 02884-B)
JRU Nos. 31, 32, 34, 63, 67, and 80.
Hidalgo County, New Mexico

Dear Mr. Carlin:

IMC Kalam Carlsbad Potash Company has received your notice that Bass Enterprises Production Company intends to the above referenced wells. IMC Kalam has no objections to Bass drilling wells JRU Well No. 31, JRU Well No. 32, JRU Well No. 34, and JRU Well No. 63 to depths no deeper than the base of the Delaware formation at the stated locations. Based on the best available information, the locations of the above mentioned wells will not interfere with the development of our potash resources.

IMC Kalam does object to the proposed locations for JRU Well No. 67 and JRU Well No. 80. The location given for Well No. 67, with a projected final depth in the Delaware formation, is within 1/4 mile of where we expect to mine in the future. If this well could be moved at least 150 feet to the Southeast, the impact on potash recovery would be greatly diminished. The location given for Well No. 80, with a projected final depth in the Wolfcamp formation is within 1/2 mile of where we expect to mine. If Well No. 80 could be moved to a location at least 150 feet to the East, the impact on potash recovery would also greatly diminish.

The above considerations are based on the best available information at this time; as more information becomes available our estimates of the extent of the potash resources in the area may change. Therefore, please consider the "objections offered" and "no objection offered" to the well locations to be valid for one year only. If you are still considering a well location that a potash operator has or has not objected to, more than one year prior, notify us again at that time so we can make the decision based on current information.

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

Sincerely,

John Percell
Chief Mine Engineer

cc: Don Purvis Charlie High Leslie Thoms William Lemay
Dan Morehouse Tim O'Brien Craig Cranston

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