

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF FASKEN OIL &
RANCH Ltd., FOR AN ORDER AUTHORIZING
AN ADDITIONAL WELL IN THE "POTASH AREA"
AT AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO

CASE NO. 14116

SUBPOENA DUCES TECUM

TO: Intrepid Potash – New Mexico, LLC
c/o Joseph E. Manges
Comeau, Maldegen, Templeman & Indall
P.O. Box 669
Santa Fe, NM 87504-0669

Pursuant to N.M.S.A. § 70-2-8 (2008) and Rule 1214 of the New Mexico Oil Conservation Divisions Rules of Procedure, you are hereby ORDERED to appear at 8:45 a.m., May 19, 2008, at the offices of the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87504, and to produce the documents and items specified in attached Exhibit A and to make available to Fasken Oil & Ranch Ltd and its attorneys, Holland & Hart, LLP, for copying, all of said documents.

This subpoena is issued on application of Fasken Oil & Ranch Ltd, through their attorneys, Holland & Hart LLP, Post Office Box 2208, Santa Fe, New Mexico 87504.

Dated this 5th day of May, 2008

NEW MEXICO OIL CONSERVATION DIVISION

By: David K. Fesmire
Legal Counsel
Mark E. Fesmire, P.E., Director

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14116 Exhibit No. 28
Submitted by:
FASKEN OIL & RANCH, LTD
Hearing Date: June 27, 2008

EXHIBIT A

**TO SUBPOENA DUCES TECUM
TO INTREPID POTASH –NEW MEXICO, LLC
IN NEW MEXICO OIL CONSERVATION DIVISION
CASE NO. 14116**

PURPOSE: The purpose of this subpoena is to provide information necessary for Fasken Oil & Ranch to respond to the objections filed by Intrepid Potash to Fasken's proposed well and to prepare its evidence and testimony for New Mexico Oil Conservation Division Case No. 14116.

PRODUCE THE FOLLOWING DOCUMENTS and identify the paragraphs to which each document is responsive:

1. All Life of Mine Reserve (LMR) maps for the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement.
2. Current maps of mine workings and mining surface installations in the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement.
3. Current maps of potash enclaves in the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement prepared by any company pursuant to the "Secretarial Order" referenced in paragraph 3 of Intrepid's Amended Pre-Hearing Statement.
4. All documents identifying the "future" mining plans at the idle North Mine referenced in paragraphs 2 and 3 of Intrepid's Amended Pre-Hearing Statement.
5. All documents identifying any mining plans for Sections 9, 8, 17, 20 or 21 of Exhibit A to Intrepid's Amended Pre-Hearing Statement.
6. All documents identifying any mining plans for Section 16 of Exhibit A to Intrepid's Amended Pre-Hearing Statement.
7. All documents identifying how Intrepid intends to mine around the extensive well bores that currently exist in and around Section 16 of Exhibit A to Intrepid's Amended Pre-Hearing Statement.
8. All correspondence between the State of New Mexico and Mississippi Potash, Intrepid or any company concerning any proposal to obtain a potash lease covering Section 16 of Exhibit A to Intrepid's Amended Pre-Hearing Statement.
9. All correspondence between Intrepid and Mosaic Potash relating to or arising out of the "discussions with Mosaic regarding the use of Intrepid's infrastructure already in place at the North Mine to exploit Mosaic's potash leases" referenced in paragraph 4 of Intrepid's Amended Pre-Hearing Statement.

10. All correspondence between Intrepid and Mosaic Potash relating to or arising out of Fasken's application to drill a deep gas well in the NW/4 of Section 16.
11. All documents relating or arising out of the statement in paragraph 4 of Intrepid's Amended Pre-Hearing Statement that "Mosaic has informed Intrepid that it also objects to the location of the proposed Well."
12. Intrepid's "non-competitive federal potash lease application" to add Section 21 described in paragraph 8 of Intrepid's Amended Pre-Hearing Statement.
13. The most recent BLM map of "Distribution of Potash Resources" described in paragraph 8 of Intrepid's Amended Pre-Hearing Statement.
14. All documents to support the statement in paragraph 9 of Intrepid's Amended Pre-Hearing Statement that the "economic value of the potash that would be wasted by the proposed Well far exceeds the economic value of the oil and gas that may be recovered from the Well."
15. Core hole data, face samples, and any analyses and interpretations of face samples or core holes acquired or drilled in the last ten years within the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement.
16. All monthly lease tonnage reports submitted in the last ten years for mines located within the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement.
17. Individual Ore Zone maps for all ore zones within the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement.
18. Economic evaluations of various potash deposits within the entire nine section area comprising Exhibit A to Intrepid's Amended Pre-Hearing Statement.
19. All mine production and inventory reports submitted by Intrepid, Mississippi Potash, or any other company to the BLM or the State of New Mexico in the last five years.
20. All three year mine plans submitted by Intrepid, Mississippi Potash or any company to the State of New Mexico or the BLM pursuant to the Secretarial Order referenced in paragraph 3 of the Intrepid's Amended Pre-Hearing Statement.
21. All quarterly mine inspection reports in the possession of Intrepid Potash or Mississippi Potash as a result of mine inspections conducted by BLM or the State of New Mexico.
22. All quarterly mining advance maps prepared by or in the possession of Intrepid.
23. All documents describing mining and processing methods for sylvite, langbeinite, and/or mixed ore utilized by Intrepid or Mississippi Potash in the Potash Area, including descriptions of the methods currently utilized.

24. All correspondence and applications for royalty reductions submitted by Intrepid or Mississippi Potash to BLM, Minerals Management Service (MMS) and/or the State of New Mexico from 1996 through the present.
25. All reports and submittals to the State of New Mexico and MMS reflecting sylvite, langbeinite or mixed ore production, as well as the sales volumes and royalty payments therefrom associated with Intrepid or Mississippi Potash mining operations from 1996 to present within 2 miles of Fasken's proposed location.
26. Copies of all exhibits you intend to use at the hearing.

INSTRUCTIONS

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, computers documents, employees, former employees, consultants, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the persons and entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agents, consultants, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors in interest.

The term "document" as used herein means every writing and record of every type and description in the possession, your custody or control, whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books, writings, records, letters, photographs, computer disks, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.



IMC Potash Carlsbad Inc.
P. O. Box 71
1361 Potash Mines Road
Carlsbad, New Mexico 88221-0071
505.887.2871
505.887.0589 Fax

May 14, 2003
Mr. Jimmy D. Carlile
Fasken Oil and Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5116

RE: Proposed Gas Well: Laguna "16" State No. 1
Section 16, T20S-R32E, N.M.P.M.
660' SNL & 660' FEL
Lea County, New Mexico

Dear Mr. Carlile:

IMC Potash Carlsbad Inc. (IMC) received notice that Fasken Oil and Ranch, Ltd. intends to drill a deep well at the above referenced location. IMC is the tenant at will to a State Potash lease that is in the process of being approved on the East ½ of Section 16, and holds a Federal Potash lease on Sections 17 and 22. IMC **does object** to Fasken Oil drilling the well because the proposed location has measured potash reserves on it that were confirmed by core drilling. The area is inside IMC's "Life of Mine Reserves" LMR and will interfere with the development of potash resources controlled by IMC.

To prevent the waste of potash resources and provide a "buffer" between LMR ore and oil & gas activities, IMC suggests that Fasken consider a surface location for the proposed well in the West ½ of Section 16, at a point no more than 1650' FWL. The West ½ of Section 16 has several wells on it, and while an another hole adds additional risk, locating the well in the West ½ of Section 16 minimizes its affects on potash.

The above consideration is 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.

Sincerely,

John Purcell
Chief Mine Engineer

cc: Don Purvis Charlie High Lori Wroteneery, OCD
Dan Morehouse, Craig Cranston, BLM Betty Hill, BLM

NEW MEXICO STATE LAND OFFICE
APPLICATION FOR LEASE ON STATE LANDS
FOR POTASSIUM, SODIUM, PHOSPHORUS, ETC.
(UNDER ACT OF MARCH 11, 1929)

FOR OFFICE USE ONLY

Lease No.: HP-0003

Stid No.: _____

TO: Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

Sir:

I, IMC Potash Carlsbad Inc, whose post office address
is, P. O. Box 71, Carlsbad State of New Mexico Zip 88220

a citizen, or eligible to become a citizen of the United States, over the age of twenty-one years (or a corporation qualified to do business in New Mexico)
hereby make application for a mining lease for the development, exploration and production of potassium, sodium, phosphorus and their salts and
compounds, as authorized by the Act of the New Mexico Legislature above cited, upon the following described lands, or such portion thereof as may be
available for leasing, situated in the County of Eddy Lea, State of New Mexico to wit:

SEC	TWP	RGE	SUBDIVISION	ACRES
16	20S	32E NMPM	<u>E 1/2 E 1/2</u>	320.00

containing a total of 320.00 acres, more or less, and tender herewith as the first year's rental thereon, computed at the rate of \$1.00 per acre, or
fraction of an acre, the sum of \$ 320.00 and the sum of \$ 0.00 as a bonus, together with application fee of \$30.00. The minimum
annual rental is \$100.00.

Applicant states and shows that the facts and conditions relating to the character and value of the said lands for production of said minerals and the
development and exploration of the same thereon and in the vicinity thereof as stated in answer to the following questions:

1. Have any test well or wells been drilled on the said lands or within five miles thereof for determining whether or not deposits of said minerals, or
any of them, are present? N/A

2. Describe such wells by location, depth attained, and give nature and extent of deposits of the above minerals discovered, if any.

It is estimated that these lands contain approximately 1 1/4 million tons of extractable ore averaging 13.1% K₂O as
Sylvite containing less than 200,000 tons of recoverable, salable mineral.

3. What is the value of a lease upon said lands for the above mentioned minerals? Purely Speculative

(State the actual value, or if speculative, insert the words "purely speculative")

I, IMC Potash Carlsbad Inc, the above named applicant, do solemnly swear, or affirm, that each and
every statement made in this application is true and correct to the best of my knowledge and belief.

By: IMC Potash Carlsbad Inc
Applicant
By: [Signature]
Attorney in Fact or Authorized Agent

STATE OF New Mexico

COUNTY OF Eddy

Subscribed and sworn to, or affirmed, before me by Don Purvis

(Applicant, agent, attorney in fact, or officer of corporation)

the above named applicant, this 17th day of May, 2002.

November 25, 2004

My commission expires NOV 23 2004

\$30.00F1



LINDA S. BALTZELL
NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires 11/25/2004

Linda S. Baltzell
Notary Public



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

July 24, 2003

Mr. Dan Morehouse
IMC Potash Carlsbad Inc.
Post Office Box 71
Carlsbad, New Mexico 88221-0071

Re: Potash Lease Applications HP-0003 and HP-0004

Dear Mr. Morehouse:

IMC Potash Carlsbad, Inc. submitted two applications to lease State Trust Lands. The first is for the E $\frac{1}{2}$ E $\frac{1}{2}$ Section 16, T20S, R32E in Lea County (HP-0003); the second is for Lots 1, 2, 3, 4, N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 36, SW $\frac{1}{4}$ Section 32 of T19S, R33E and Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ of Section 2, T20S, R32E in Lea County (HP-0004). Potash lease HP-0004 is in the process of being issued. However; lease HP-0003 has been determined to be not in the best interest of the Trust. Section 16 currently has numerous oil and gas well bores, and with the potential of additional drilling, there does not appear to be adequate clearance for economic mining; therefore, HP-0003 is rejected. All rental funds for the HP-0003 application will be refunded.

If you have any questions, please call Gene Darnell, Minerals Manager, at 505-827-5750.

Sincerely,

Jami Bailey, Director
Oil, Gas, and Minerals Division

JB/ewd