



November 10, 1995

New Mexico Energy and Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico

Dear Sir/Madam:

It has come to our attention that Pogo Producing Company has made application for a pilot pressure maintenance (waterflood) project at its Neff Federal Well No. 3 (**OCDC Case 11403**). The well to be injected with high pressure water is located 760 feet east of a potash lease that is currently in dispute as to ownership. Both IMC Global and a partnership of Pogo and Yates have bid on the lease. The oil companies proffered the highest bid but, because IMC was able to develop the potash resources, the BLM awarded the lease to IMC. This dispute is currently under consideration by the Interior Board of Land Appeals.

The location of this well is in an area designated by the BLM as Indicated Ore and is only about 500' from where IMC has its LMR for this disputed lease. Depending on the ultimate disposition of the potash lease, IMC plans to mine the ore in the vicinity of this well in 10 to 15 years. Any injection of water at high pressure in this area clearly poses a hazard to underground mining. Should water leak from the injection string by any route it could enter the Salado Formation at a horizon near potash. This would create a long term risk due to the possibility that pathways for the migration of gases would be opened.

The hazard of attempting to inject water below the Salado is clearly demonstrated by the Doyle Hartman vs. Texaco case where water traveled through the Salado 2½ miles from Texaco's Rhodes Waterflood Project. Hartman received a judgment for over \$5,000,000 at District Court, the evidence showing that the injected water was a hazard to other operations, at least up to 2½ miles away.

For these reasons IMC Global must strongly object to allowing a waterflood project to be commissioned at this location.

Sincerely,

A handwritten signature in cursive script that reads "Dan Morehouse".

Dan Morehouse  
Superintendent of Engineering and Construction

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