

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 6, 1957

Mr. A. J. Losee  
Attorney At Law  
P.O. Box 644  
Artesia, New Mexico

Dear Sir:

On behalf of your clients, Lillie M. Yates and Carper Drilling Company, we enclose two copies of Orders R-992 and R-993 issued May 3, 1957, by the Oil Conservation Commission in Cases 1233 and 1234, respectively, which were heard on April 17th.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

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Encls.

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Case 1233

**SOUTHWEST POTASH CORPORATION**

**CARLSBAD, NEW MEXICO**

March 9, 1957

EXECUTIVE OFFICES  
61 BROADWAY  
NEW YORK 6, N. Y.

PLEASE REPLY TO  
P. O. BOX 472  
CARLSBAD, NEW MEXICO

Mr. A. J. Porter, Jr.  
Secretary Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Porter:

Lillie M. Yates, Oil Producer, has submitted to us a "Notice of Intention to Drill" an oil well to be located 1980 feet from the south line and 1980 feet from the east line of Sec 4, T19S, R30E, N. M. P. M.

We hereby protest granting of approval to drill this well.

The proposed well location is on our Potash Lease No. LC0673198 and within the area of our proven commercial orebody. Underground mining operations are being conducted adjacent to the proposed location. These operations consist of second mining and removal of pillars. Subsidence is taking place and is reflected on the surface at the present time. This subsidence is slowly approaching the proposed well location and with further mining will eventually reach the location. A well located within this area would be subjected to heavy horizontal and vertical stresses causing the casing to break and allow gas, oil, or water to enter the mine workings.

A review of the exhibits and report as presented by the Potash Company of America versus The Velma Petroleum Corporation in the recent Case No. 1130 before the Oil Conservation Commission of State of New Mexico at Santa Fe, substantiates our protest on the basis of the official finding.

"That as a result of subsidence experienced in normal potash mining operations, said wells cannot be plugged in such a manner as to confine the crude petroleum oil, natural gas or water in the strata in which they are found thus creating safety hazard to human life."

which denied the applicant's request for permission to drill.

To assure you that our protest is in good faith and not the result of hasty or ill considered action, please be advised that we have conferred with representatives of Lillie M. Yates regarding the application to drill. Having analyzed their proposal,

Mr. A. J. Porter, Jr.

March 9, 1957


it is our firm belief that a well drilled at this location and penetrating gas, oil, or water would present a tremendous hazard to life and property. Furthermore, it might require the abandonment of operations at a great financial loss to us, the United States, and the State of New Mexico.

Altogether we have had two conferences with representatives of Lillie M. Yates. We regret to inform you that there appears to be no possibility of reaching an agreement on the subject matter to the satisfaction of both parties involved.

For the purposes of expediting the processing of this matter, the Southwest Potash Corporation is agreeable to a waiver of preliminary meeting between the parties in question and a representative of the New Mexico Oil Conservation Commission. Consequently, please be informed that this corporation has no objection to a full hearing before the Commission should this be found necessary by you in accordance with the existing regulations.

Very truly yours,

SOUTHWEST POTASH CORPORATION



W. Aubrey Smith  
General Manager

WAS:mg

cc: Lillie M. Yates  
M. L. Armstrong  
J. A. Anderson