

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

November 2, 1993

HAND DELIVERED

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: NMOCD Case 10858
Application of Mitchell Energy
Corporation for Waiver of the
Salt Protection String Requirements
of Order R-111-P for Certain Wells
Lea County, New Mexico

Dear Mr. LeMay:

On firm represents Mitchell Energy Corporation in the referenced case which is currently set for hearing on the November 4, 1994 Examiner's docket.

We request that a correction be made in the notice of this case. Please change the last sentence of the notice so that it reads: "The subject wells are located north of Highway 180 some 4.75 miles northeast of the intersection of Highways 176 and 180 and are approximately 2.75 miles northeast of Laguna Gatuna, New Mexico."

In addition, we would request that the case be re-advertised and continued to the Examiner's docket now scheduled for December 2, 1993.

Very truly yours,

W. Thomas Kellahin

cc: Mitchell Energy Corporation
cc: All parties shown in application

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

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117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

November 29, 1993

HAND DELIVERED

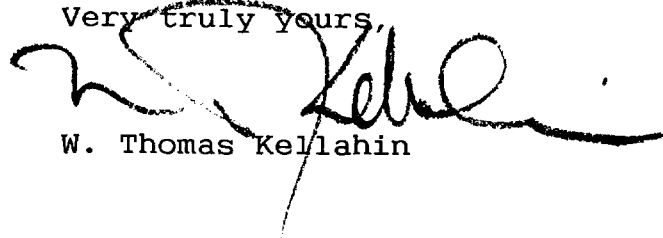
William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: NMOCD Case 10858
Application of Mitchell Energy Corporation
for waiver of salt protection string
requirements of R-111-P for certain wells,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we would
appreciate the referenced case being continued from the
December 2, 1993 docket to the January 6, 1994 docket.

Very truly yours,



W. Thomas Kellahin

cc: Mark Stephenson
Mitchell Energy Corporation

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 18, 1994

HAND DELIVERED

JAN 18 1994

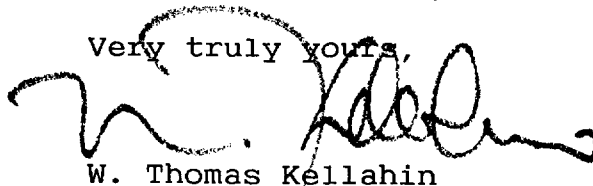
William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: NMOC Case 10858
Application of Mitchell Energy Corporation
for waiver of salt protection string
requirements of R-111-P for certain wells,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we would
appreciate the referenced case being continued from the
January 20, 1994 docket to the February 17, 1994 docket.

Very truly yours,



W. Thomas Kellahin

cc: Mark Stephenson
Mitchell Energy Corporation

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

February 14, 1994

HAND DELIVERED

FEB 14 1994

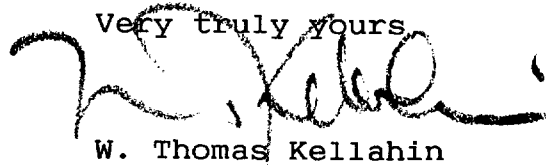
William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: NMOCD Case 10858
Application of Mitchell Energy Corporation
for waiver of salt protection string
requirements of R-111-P for certain wells,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we would
appreciate the referenced case being continued from the
February 17, 1994 docket to the March 17, 1994 docket.

Very truly yours



W. Thomas Kellahin

cc: Mark Stephenson
Mitchell Energy Corporation

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-2265

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 16, 1994

VIA FACSIMILE
(505) 827-5741William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504Re: NMOCD Case 10858
Application of Mitchell Energy Corporation
for waiver of salt protection string
requirements of R-111-P for certain wells,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we would
appreciate the referenced case being continued from the
March 17, 1994 docket to the April 28, 1994 docket.

Very truly yours,


W. Thomas Kellahincc: Mark Stephenson
Mitchell Energy Corporation



FERTILIZER, INC.

OIL CONSERVATION DIVISION
RECEIVED
MAR 23 1994 8 49 AM
MAR 24 1994 8 39 AM

Mar. 16, 1994

MAR 24 1994

Mark N. Stephenson
Mgr. Production Regulatory Affairs
Mitchell Energy Corp.
P. O. Box 4000
The Woodlands, TX 77387-4000

Dear Mr. Stephenson:

This letter is in response to your letter dated February 21, 1994, inquiring whether IMCF has any objections to the deletion of the "salt protection string" for certain wells to be drilled in Section 4, Township 20 South, Range 33 East, Lea County, New Mexico. IMCF is in the process of acquiring potash leases in this area. The LMR of the existing orebody extends from the west to a line approximately 1/2 mile east of section 4.

Section 4 is within an area that allows for the consideration of removing the "salt protection string" requirement. IMCF has no expertise on casing integrity and will rely on the NMOCD's expertise and their mandate to ensure the safety of others from the hazards of oil and gas operations in the area.

The NMOCD should take into consideration that mining is likely to occur 1/2 mile away from some of these wells.

Sincerely,

Dan Morehouse
Supt. of Mine Engineering

DM:th

IMC FERTILIZER, INC.

P. O. BOX 71

CARLSBAD, NEW MEXICO 88220

TELEPHONE: (505) 887-2871

FAX NUMBER: (505) 887-0589

FAX MESSAGE

TO: JIM MORROWFAX NUMBER: (505) 827-5741FROM: DAN MORRHOUSEDATE: 3-17-94 TIME: _____NUMBER OF PAGES TO FOLLOW: 1

IF THERE ARE ANY QUESTIONS CONCERNING THIS MESSAGE, PLEASE CONTACT:

DANPHONE: (505) 887-2871, EXTENSION 312

MESSAGE: _____

PLEASE RUSH TO JIM MORROWTHIS IS FOR A CASE BEING HEARDTODAY.THANKS



Mar. 16, 1994

Mark N. Stephenson
Mgr. Production Regulatory Affairs
Mitchell Energy Corp.
P. O. Box 4000
The Woodlands, TX 77387-4000

Dear Mr. Stephenson:

This letter is in response to your letter dated February 21, 1994, inquiring whether IMCF has any objections to the deletion of the "salt protection string" for certain wells to be drilled in Section 4, Township 20 South, Range 33 East, Lea County, New Mexico. IMCF is in the process of acquiring potash leases in this area. The LMR of the existing orebody extends from the west to a line approximately 1/2 mile east of section 4.

Section 4 is within an area that allows for the consideration of removing the "salt protection string" requirement. IMCF has no expertise on casing integrity and will rely on the NMOCD's expertise and their mandate to ensure the safety of others from the hazards of oil and gas operations in the area.

The NMOCD should take into consideration that mining is likely to occur 1/2 mile away from some of these wells.

Sincerely,

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

Dan Morehouse
Supt. of Mine Engineering

DM:th

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 3, 1994

HAND DELIVERED

William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: NMOCD Case 10858
Application of Mitchell Energy Corporation
for waiver of salt protection string
requirements of R-111-P for certain wells,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Mitchell Energy Corporation, we would
appreciate the referenced case being continued from the
January 6, 1994 docket to the January 20, 1994 docket.

Very truly yours,



W. Thomas Kellahin

cc: Mark Stephenson
Mitchell Energy Corporation



OIL CONSERVATION DIVISION
RECEIVED

NOV 11 1993

Case 10858
JHC

November 8, 1993

Mr. Mark Stephenson
Mitchell Energy Corporation
2001 Timberloch Place
The Woodlands, Texas 77387-4000

Dear Mr. Stephenson,

This letter is in response to your request for waiver of the "salt protection string". As a representative of Mississippi Potash, I would like to express my displeasure with your decision to drop the extra casing string.

However, Mississippi Potash will not object to the application for waiver, or to the drilling of any of the wells in question, which are listed below. We hope this agreement will not lead to future requests for waivers in areas which do have commercial potash or are in close proximity to our mine and/or LMR.

Please disregard my letter of November 2, 1993, and any other previous objections to the following referenced wells:

1. Anasazi "4" State Well No. 1
2. Anasazi "4" State Well No. 2
3. Anasazi "4" State Well No. 3
4. Anasazi "4" State Well No. 4
5. Anasazi "4" Federal Well No. 5
6. Anasazi "4" Federal Well No. 6
7. Anasazi "4" State Well No. 9
8. Anasazi "4" State Well No. 10
9. Scharbauer "4" Well No. 2
10. Scharbauer "4" Well No. 3

I hope we can continue our favorable relationship, so each of us and our industries may benefit from the resources in this area. If I can be of further assistance, please call me.

Sincerely yours,

Ben Godwin
Mine Engineer
Mississippi Potash

cc: Bill LeMay - OCD Santa Fe, NM
Richard Manus - BLM Carlsbad, NM

P.O. Box 101 • 1996 Potash Mines Road • Carlsbad, New Mexico 88220
Phone (505) 887-5591 • FAX (505) 887-0705



Case 10858

October 26, 1993

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

YAC

27 1993

Re: Application of Mitchell Energy
Corporation for waiver of the
salt protection string requirements
of order R-111-P

Dear Mr. LeMay:

We have received the referenced application, dated October 12, 1993. At this time, Mississippi Potash, Inc. does offer objections to this application and intends to be present at the hearing to oppose this application.

Because the location in question currently resides within the Secretary's Potash Area, as defined in the 1986 Secretary's Order, we feel all wells should comply with the requirement of a "salt protection string" of casing.

Further, we do not wish to restrict access to an area that may become economically viable in the future, which will still be minable if the "salt protection string" is in place.

Sincerely yours,

Ben Godwin

Ben Godwin
Mine Engineer

cc: Mitchell Energy Corporation

P.O. Box 101 • 1996 Potash Mines Road • Carlsbad, New Mexico 88220
Phone (505) 887-5591 • FAX (505) 887-0705

Via Federal Express

November 2, 1993

Mr. Ben Godwin
Mississippi Potash, Inc.
1996 Potash Mines Road
Carlsbad, New Mexico 88220

RECEIVED
OIL CONSERVATION DIVISION
NOV 11 1993 9 34

Re: *Waiver of Salt Protection String Requirement
Proposed Anasazi Area Wells
Section 4, T20S, R33E, N.M.P.M.
Lea County, New Mexico*

Case 12858

Dear Mr. Godwin:



This is in reference to your October 26 letter to Mr. Bill LeMay with the Oil Conservation Division (OCD) advising him of Mississippi Potash, Inc.'s intention to appear in protest of the captioned application. As I mentioned during our recent phone conversation, Mitchell Energy Corporation's proposed casing program really represents the status quo for wells completed in the West Teas/Yates-Seven Rivers/oil pool. In fact, the Bureau of Land Management (BLM) has approved a two-string casing program for Yates-Seven Rivers oil wells which were drilled on federal acreage subsequent to the adoption of OCD Order R-111-P and are in close proximity to Mitchell's proposed wells. Mitchell believes by allowing the two-string casing program the BLM acted prudently by allowing the two string casing program in those wells and we are confident the OCD will act in a like manner and approve our application. Frankly, after reviewing the relevant provisions of Order R-111-P and the "1987 Industry Agreement" between the oil and gas and potash industries, I do not see how the OCD could reasonably reach any other result.

Order R-111-P specifically provides that "... areas where potash is absent or non-commercial... should be granted less stringent casing, cementing, and plugging requirements...". The Order further indicates that "the Division's District Supervisor may waive the requirements of Sections D and F (drilling, casing and plug abandonment) which are more rigorous than the general rules upon a satisfactory showing that the location is outside the Life of Mine Reserves (LMR) and surrounding buffer zone as defined below and that no commercial potash resources will be unduly diminished." According to the "1984 Potash Map" prepared by the BLM, the proposed wells are located in a large barren area. You indicated that Mississippi Potash's closest LMR and mine were approximately three miles and six miles, respectively, from the proposed wells. It is my understanding that all of the proposed locations are at least one-half mile from the nearest LMR, with most locations being more than one mile from the LMR. It is therefore inconceivable to me that approval of Mitchell's application could result in undue waste of potash by anyone's definition.

MITCHELL ENERGY CORPORATION 2001 TIMBERLOCH PLACE
P.O. BOX 4000, THE WOODLANDS, TEXAS 77387-4000 713/377-5500
A subsidiary of Mitchell Energy & Development Corp.

With regard to the issue of safety, the "1987 Industry Agreement" provides excellent guidance on the question of how close the potash industry believed wells could safely be drilled to areas which are prospective for potash mining. Section III B. 3. of the agreement clearly states that wells which are more than one-half mile from an LMR and are shallower than the base of the Delaware Mountain Group may be drilled without regard to the special casing and cementing requirements but should be drilled in accordance with the current industry safety standards. This is precisely the situation we have in this case, so I am perplexed by Mississippi Potash's objection to our application.

Nevertheless, as a demonstration of our good faith and in an effort to alleviate any concerns your company may have, Mitchell is willing to meet with you at your convenience to provide a detailed explanation of our proposed operations. In return, we would expect Mississippi Potash to discuss any operations you contemplate in this area, the timing of such operations, and how Mitchell's operations could adversely affect you. As we discussed, Mitchell does not plan to go forward with the hearing before December 2. I hope to hear from you soon on this matter.

If I may be of further assistance, call me at 713-377-5818.

Sincerely,

MITCHELL ENERGY CORPORATION



Mark N. Stephenson

Manager

Production-Regulatory Affairs

MNS:mtb

wvrsalt.mns

cc: Bill LeMay - OCD Santa Fe, NM
Jerry Sexton - OCD Hobbs, NM
Richard Manus - BLM Carlsbad, NM
Frank Condon - Noranda Exploration, Inc. - Canada

RESUME

William Clay Thoroughman

#28 Sunlit Forest
The Woodlands, Texas 77381
713-363-1604

FORMAL EDUCATION

| <i>Dates</i> | <i>Learning Institution</i> | <i>Results</i> |
|---------------------|---|---|
| 1954-62 | Immanuel Lutheran School St. Charles, Missouri | Graduated (grades 1-8) |
| 1962-66 | St. Charles High School St. Charles, Missouri | Diploma |
| 1966-71 | University of Missouri - Rolla Rolla, Missouri | Bachelor of Science Mechanical Engineering |

INDUSTRY SCHOOLS

| <i>Date</i> | <i>School</i> | <i>Results</i> |
|--------------------|---|---|
| 1974 | The School of Drilling Technology The University of Texas | Certificate |
| 1975 | The Prevention of Oil and Gas Well Blowouts IADC Petroleum Industry Blowout Control Training Center Oklahoma University | Certificate |
| 1981 | Drilling Technology Course OGS and Associates, Inc. | Certificate |
| 1981 | Murchison Drilling School | USGS certification in Well Control as Operator's Rep. |
| 1982 | The Ormsby Method of Solids Control in Drilling Fluids | Certificate |
| 1984 | Fundamentals of Cementing Practices Halliburton Energy Institute | Certificate |
| 1987 | Pressure Control Training N L Career Development Center | MMS Certification Classification: Operator's Rep. Qualification: Subsea Stack |

PROFESSIONAL EXPERIENCE

| <i>Dates</i> | <i>Details</i> |
|---------------------|---|
| 10/17/83 - Present | <p>Company: Mitchell Energy Corporation a subsidiary of Mitchell Energy and Development Corporation</p> <p>Type of Business: Mitchell Energy Corporation is an independent oil and gas producer active throughout the U.S. in the exploration for hydrocarbon reserves.</p> |

Title: Staff Drilling Engineer

Job Responsibilities: Responsible for the planning of wells drilled from the office of the Continental Region of Mitchell Energy Corporation. Planning includes the cost estimates necessary to prepare the Authority for Expenditure, detailed well plans, and technical reporting to various regulatory agencies. Further responsibilities include monitoring drilling wells to be sure proper techniques are being incorporated in the drilling operations, preparation of varied engineering studies to be published "in house", and field supervision of drilling operations in critical situations such as well control, squeeze cementing, and cementing of casing strings through abnormally pressured formations.

5/15/82 - 2/28/87

Crown Chemical Co.,Inc.

Type of Business: Corrosion chemical sales and service

Title: General Manager

Job Responsibilities: Routine running of the business of the company once the impending financial crisis of the company had been identified. Routine included the layoff of 50% of the work force, total reorganization, and negotiations with a foreclosing bank, the IRS, and numerous creditors. Turned the business from \$40,000 losses per month in the summer months of 1982 to a \$1000 profit in the month of December 1982.

Reason for Resignation: Resigned 2-28-83 in view of increasing downturn in the drilling industry which forced additional layoffs. Resignation was the final endeavor in the austerity program I initiated in September of 1982.

6/01/78 - 4/30/82

Company: MND Drilling Corporation a subsidiary of Mitchell Energy and Development Corporation

Type of Business: Contract drilling

Title: Staff Drilling Engineer MND Drilling Corporation - Northern Division (6/1/78 to 4/30/81)

Job Responsibilities: In charge of the technical aspects of drilling with assumed line authority over the drilling rigs and personnel. Hired to bring a modern approach to the organization. Succeeded in reducing the average days per well from 21 days to 14 days with the support of all employees of MND. Instrumental in the sale of two outdated rigs and purchase of three used rigs for incorporation into the existing fleet. Responsible for the equipment selection and construction of two new 10,000' drilling rigs. These rigs were the first new rigs ever designed and built to operate in the Fort Worth Basin.

Accepted transfer to MND Drilling Corporation - Southern Division

Title: Division Engineer MND Drilling Corporation - Southern Division (5/01/81 to 4/30/82)

Job Responsibilities: Staff level position in charge of the engineering department. The department was responsible for the preparation of detail well plans for the wells drilled by the division's 10 drilling rigs, maintenance and control of the drill strings for the 10 rigs, evaluation of the performance of the drilling wells culminating with a formal daily report to the headquarters of Mitchell Energy and Development Corporation, specification of equipment to be purchased, and development of techniques to be used to enhance the drilling performance of the company.

Reason for resignation: Resigned to assume position with Crown Chemical Co., Inc. at a substantial increase in salary.

7/01/73 - 4/30/78

Company: A. W. Thompson, Inc. (later Santa Fe Drilling due to purchase 12/01/77)

Type of Business: Contract drilling

Title: Drilling Engineer

The first year of employment was spent in an A.W. Thompson style training program defined by Mr. Paul Shaffer. Details of this training program are as follows:

- 1.5 months - Roustabout - repair of rig equipment
- 7 months - floorhand, motorman, trainee driller Rig #10
- 2 months - Electrician's assistant
- 1.5 months - Odessa School of Drilling Technology

Job responsibilities: Direct responsibility over the purchase, maintenance, and design of the drill strings used in drilling to depths in excess of 25,000 feet. Involved extensively with other companies (Champion Chemicals, Inc., Baroid Treating Chemicals, Crown Chemical Company, Inc., and Loffland Brothers) in the development of corrosion treating procedures which were instrumental in extending the life of A. W. Thompson drill strings.

Participated on Mr. Paul Shaffer's behalf in the API committee on tool joint compounds which culminated with performance specifications for compounds. Participated in a minor capacity in the construction of three SCR drive drilling rigs (30,000 foot capacity). Accompanied Mr. Paul Shaffer on all deep well control problems. Assisted the Chief Engineer in rigging up and trouble shooting SCR equipment on a continuing basis. The summer of 1977 was spent as Tool Pusher on rig #10.

Reason for resignation: Resigned April of 1978 in order to seek opportunities to further my goals as an engineer.

1/01/72-5/31/73

Company: Lee Engineering Division of Consolidation Coal Company

Type of Business: Consulting Engineering for Owned Deep Coal Mines

Title: Engineer

Job Responsibilities: Attached to field services group. Responsible for trouble shooting Jeffrey mining equipment in operation in Consolidation Coal Company underground mines. Further responsibilities included coordinating improvements in equipment by visits to each underground mine and Jeffrey facilities. This activity

resulted in a formal report published quarterly and distributed throughout Consolidation Coal Company and Jeffrey.

Reason for Resignation: Resigned may of 1973 to seek above ground work in Texas.

6/06/66 - 1/20/71

Company: McDonell Aircraft Company (later McDonell Douglas Aircraft through merger)

Type of Business: Airframe Design and Construction, Spacecraft Design and Construction, Research

Title: Engineer in Training - Cooperative Engineering Program

Clearance: Secret clearance by US government

Job responsibilities: Learn as much about engineering as a profession while providing each host department with what engineering skills had been developed as education continued.

The following is a list of the departments I was assigned to during the program:

Flight Test - 5 months

Wind Tunnel Design - 3 months

Plasma Physics Research - 5 months

Weights Department - DC 10 Wing - 1 month

Weights Department - Theoretical Weights Methods Group - 12 months