

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT
CARLSBAD RESOURCE AREA HEADQUARTERS
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Yates Petroleum Corporation
Attention: Brent May
105 South Fourth Street
Artesia, NM 88210

RE: Llama ALL Federal Well No. 1
NM-81952
330' FSL & 950' FWL, Sec. 7, T22S, R31E
Eddy County, New Mexico

Llama ALL Federal Well No. 2
NM-81952
660' FSL & 1980' FWL, Sec. 7, T22S, R31E
Eddy County, New Mexico

Llama ALL Federal Well No. 3
NM-81952
330' FSL & 1980' FWL, Sec. 7, T22S, R31E
Eddy County, New Mexico

Dear Mr. May:

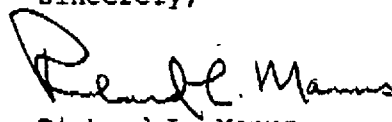
This office received Applications for Permit to Drill (APDs) for the above referenced well locations. The three locations fall within the designated Secretary's Potash Area as defined in the 1986 Secretary's Order.

Considerable time has been spent evaluating the physical characteristics of the ore bodies and the feasibility of economically mining potash in the subject area. Valuable potash reserves would be penetrated by drilling the proposed wells, Llamas No. 2 & 3, and would result in undue waste of potash.

In accordance with the 1986 Secretary's Order, the APDs Llamas No. 2 & 3, are recommended for denial by the Carlsbad Resource Area BLM. However, a drill island was established by the BLM which should have a minimal impact on potash reserves. The drill island is located with dimensions 0' to 330' FSL and 0' to 950' FWL in Section 7. Vertically or directionally drilled wells can be completed from within this drill island. The APD, Llama Federal Well No. 1, is located within this established drill island and is recommended for approval by the Carlsbad Resource Area.

These recommendations were given serious consideration by the Bureau of Land Management. We hope this will not cause any adverse problems for your company. If you have any questions contact Craig C. Cranston at (505) 887-6544.

Sincerely,


Richard L. Manus
Area Manager

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NO. 11019
DATE: 09/22/94 DE NOVO
EXHIBIT NO. 4



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

1474 Rodeo Rd.

P.O. Box 2745

Santa Fe, New Mexico 87502-0115

AUG 01 1994

TAKE
PRIDE IN
AMERICA

IN REPLY REFER TO:

3160 (067)
NMNM-81952

July 27, 1994

CERTIFIED--RETURN RECEIPT REQUESTED
Z 730 251 760

Yates Petroleum Corporation
Attention: Clifton R. May
105 South Fourth St.
Artesia, NM 88210

RE: Llama "ALL" Federal Well No. 2
NMNM-81952
660' FSL & 1980' FWL, Sec. 7, T22S, R31E
Eddy County, New Mexico

Dear Mr. May:

Your proposed gas/oil well is located in the Secretary of the Interior's Potash Area as described by 1986 Secretarial Order. In accordance with the order, we have designated areas within the Potash Area as a Potash Enclave. The enclave contains measured potassium mineral resources of sufficient quality and quantity to be technologically and economically minable using standard mining practices.

Regrettably, your proposed well must be denied. Drilling at the proposed location would likely interfere with potash mining and result in undue waste of known enclave reserves. It could also prove hazardous to the health and safety of potash miners.

Your copies of the application are being returned. By using the enclosed 1842-1 Form, this decision may be appealed to the Interior Board of Land Appeals in accordance with 43 CFR 3165.4.

Please contact our Carlsbad Resource Area Office Solid Minerals Staff at (505) 887-6544 should you have questions regarding alternative locations or need other assistance on matters involving potash mining.

Sincerely,

for William C. Calkins
State Director

2 Enclosures

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMOCD CASE NO. 11019
DATE: 09/22/94 DE NOVO
EXHIBIT NO. 4A



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
1474 Rodeo Rd.
P.O. Box 27115
Santa Fe, New Mexico 87502-0115

RECEIVED
JUL 20 1994

TAKE
PRIDE IN
AMERICA

IN REPLY REFER TO:
3160 (067)
NMNM-81952

July 6, 1994

CERTIFIED--RETURN RECEIPT REQUESTED
Z 730 251 754

Yates Petroleum Corporation
Attention: Clifton R. May
105 South Fourth St.
Artesia, NM 88210

RE: Llama "ALL" Federal Well No. 3
NMNM-81952
330' FSL & 1980' FWL, Sec. 7, T22S, R31E
Eddy County, New Mexico

Dear Mr. May:

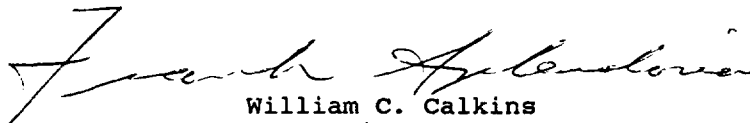
Your proposed gas/oil well is located in the Secretary of the Interior's Potash Area as described by 1986 Secretarial Order. In accordance with the order, we have designated areas within the Potash Area as a Potash Enclave. The enclave contains measured potassium mineral resources of sufficient quality and quantity to be technologically and economically minable using standard mining practices.

Regrettably, your proposed well must be denied. Drilling at the proposed location would likely interfere with potash mining and result in undue waste of known enclave reserves. It could also prove hazardous to the health and safety of potash miners.

Your copies of the application are being returned. By using the enclosed 1842-1 Form, this decision may be appealed to the Interior Board of Land Appeals in accordance with 43 CFR 3165.4.

Please contact our Carlsbad Resource Area Office Solid Minerals Staff at (505) 887-6544 should you have questions regarding alternative locations or need other assistance on matters involving potash mining.

Sincerely,


William C. Calkins
State Director

2 Enclosures

YATES PETROLEUM CORP.
BEFORE THE COMMISSION
NMCD CASE NO. 11019
DATE: 09/22/94 DE NOVO
EXHIBIT NO. 4B