



BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AUTHORIZATION TO
DRILL, EDDY COUNTY, NEW MEXICO

CASES NO. 10446, 10447,
10448, 10449

SUBPOENA DUCES TECUM

TO: Floyd O. Prando
Director
Oil, Gas and Minerals Division
Office of the Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

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OIL CONSERVATION DIVISION

Pursuant to Section 70-2-8, NMSA (1978) and Rule 1211 of the New Mexico Oil Conservation Commission's Rules of Procedure, you are hereby **ORDERED** to appear at the offices of the Oil Conservation Commission, 310 Old Santa Fe Trail, Santa Fe, New Mexico, on the 10th day of September, 1992, at 9 a.m. and bring with you the documents listed in Exhibit A.

This subpoena is issued on application of New Mexico Potash Corporation through its attorneys, Kemp, Smith, Duncan & Hammond, 500 Marquette, Suite 1200, Albuquerque, New Mexico 87102-2121.

Dated this ___ day of September, 1992.

NEW MEXICO OIL CONSERVATION COMMISSION

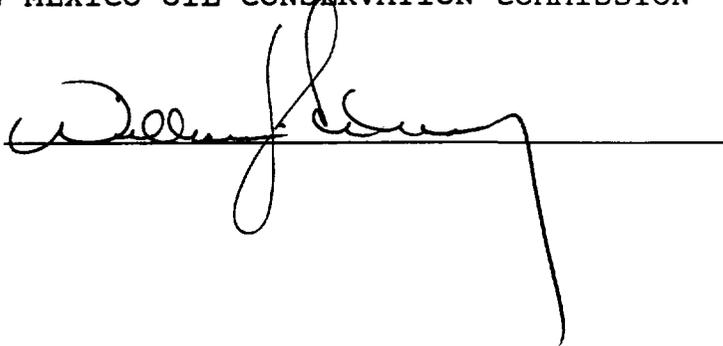
BY: _____

EXHIBIT A

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of the State Land Office, 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, 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, agendas, 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 notes 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.

1. Produce all documents showing the action to be taken by the State Land Office upon the filing of an LMR designation by a

potash lessee in accordance with Section G of Oil Conservation Commission Order R-111-P.

2. Produce all documents showing the standards used by the State Land Office in reviewing and/or approving an LMR designation filed by a potash lessee.

3. Produce all documents showing the standards used by the State Land Office in determining the existence of commercial deposits of potash or potassium.

4. Produce all documents showing the appeal procedures of a potash lessee in connection with disputes with the State Land Office over the review and/or disapproval of an LMR designation.

5. Produce all documents explaining the duties of the State Land Office under Oil Conservation Commission Order R-111-P.

6. Produce all documents showing the procedures adopted by the State Land Office under Section G, paragraphs (a), (b), (c), (d), and (e).

7. Produce all documents showing the procedures adopted by the State Land Office under Section G, paragraph 3.

8. Produce all documents showing the standards and/or guidelines relied upon by the State Land Office in limiting its finding of commercial deposit of potash to the SE4 Section 2, Township 22 South, Range 31 East, based upon core hole #162, as stated in its letter of March 27, 1992, a copy of which is attached.

9. Produce all documents showing the "justification" that a potash lessee must provide to the State Land Office to extend an LMR onto state land, as stated in the attached letter of March 27, 1992.



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

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

March 27, 1992

New Mexico Potash Corp.
Attn: Mr. R. H. Lane
P. O. Box 610
Hobbs, NM 88240

Dear Mr. Lane:

The State Land Office reviewed data from your core hole #162, supplemented by your discussion of March 19 in this office. It is our conclusion that core hole #162 did encounter an economical accumulation of Sylvite. The quality of ore is such that the SE4 Section 2, Township 22 South, Range 31 East contains a commercial deposit.

We continue to feel that one test hole is not adequate to seal off a full Section of land and will continue to request justification for LMRs extended onto state land. Order No. R-111-P clearly states that we are entitled to the information used to identify an LMR (see G (a) line 12 and following) and shall request it in the future.

Counsel advises that chronology shall be a guide to decisions involving this section. Since the Buffer Zone in the N2 Section 2 is long established, no wells shall be drilled in the N2 without consent of potash lessee, unless R-111-P is changed. All existing wells and all wells permitted in the S2 Section 2 before this date are approved by the Commissioner. No further development will be approved by the Commissioner, unless there is a justifying change or abandonment of Order R-111-P.

Sincerely,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil, Gas and Minerals Division
(505) 827-5744



JB/FOP/dj