



The Intrepid Companies
700 17th Street, Suite 1700
Denver, CO 80202
303.296.3006
303.298.7502 fax

April 24, 2007

Via Fax (432) 683-3352 and
Via Express Mail EQ 594993995 US

V-F Petroleum, Inc.
P.O. Box 1889
Midland, Texas 79702

Attention: Mr. Tom Beall

Re: V-F Petroleum Application for Permit to Drill
Sweet "16" State No. 2 Well
Section 16, T20S, R30E
Eddy County, New Mexico

30-015-33913

Dear Mr. Beall:

On January 31, 2005, V-F Petroleum filed an Application to Drill the Sweet "16" well in Section 16, T 20 S., R 30 E, to be drilled to a depth of 12,800 feet. The APD was approved on February 2, 2005. This location is within the Life of Mine Reserve of Intrepid Potash-New Mexico, LLC and H-B Potash LLC (collectively, "Intrepid"). Intrepid did not object to the Sweet "16" well in February of 2005. This APD expired on February 2, 2006.

On April 3, 2006, V-F Petroleum submitted a new Application to Drill the Sweet "16" well, which was approved April 6, 2006. Intrepid did not receive written notice of the new APD, as required by Order R-111-P. Apparently, V-F Petroleum relied on Intrepid's January 2005 decision not to object to this location, although Intrepid's position had changed substantially as described below.

On April 4, 2007, V-F Petroleum filed a Sundry Notice to extend the April 6, 2006 APD for the Sweetwater "16" well for another year. The OCD conditionally approved this extension on April 5, 2007 with the requirement that V-F Petroleum obtain Intrepid's consent.

Unfortunately, Intrepid cannot consent to the extension of the April 6, 2006 APD or the drilling of the Sweet "16" well at this location at this time, and withdraws any prior consent (and, in any event, Intrepid would not have consented to the new APD in April 2006, had it been asked to consent as required by Order R-111-P. In June 2005, H-B Potash LLC obtained New Mexico Potash Mining Lease HP-0005 covering all of Section 16. Intrepid is in the process of studying

the potential of this lease and surrounding lands for a potash solution mining operation. The proposed location remains within Intrepid's LMR, as amended, and is less than ½ mile from open mine workings.

Intrepid requests that V-F Petroleum send all future filings and documents relating to the proposed well by facsimile to Intrepid, attention Katie Keller at (303) 298-7502.

Very truly yours,

Intrepid Potash-New Mexico, LLC

H-B Potash LLC

By: Katie Keller
Katie Keller – Landman

By: Katie Keller
Katie Keller – Landman

cc: Bryan G. Arrant, OCD