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IMC Kalium Carlsbad Potash Company
P. O. Box 71
1361 Potash Mines Road
Carlsbad, New Mexico 88221-0071
505.887.2871
505.887.0589 Fax

July 3, 2000

Mr. Mark N. Stephenson
Mitchell Energy Corporation
2001 Timberloch Place
PO. Box 4000,
The Woodlands, Texas 77380

RE: Proposed Wells, Apache "25" Federal Well Nos. 3, 4, 5,
Apache "24" Federal Well No. 6, & Apache "24" Fed. Com. Well No. 2,
Sections 24 or 25, T22S-R30E, N.M.P.M.
Eddy County, New Mexico



Dear Mr. Stephenson:

IMC Kalium Carlsbad Potash Company has received your notice that Mitchell Energy Corporation intends to the above referenced wells. IMC Kalium has no objections to Mitchell drilling wells Apache "25" Federal Nos. 3, 4, 5, and Apache "24" Federal Well No. 6 to depths no deeper than the base of the Delaware formation at the stated locations. Based on the best available information, the location of the fore mentioned wells will not interfere with the development of our potash resources.

IMC Kalium Carlsbad Potash Company does object to the proposed location for Apache "24" Fed. Com. Well No. 2. The location given for Apache "24" Fed. Com. Well No. 2 with a final depth in the Morrow formation is within a 1/2 mile of where we expect to mine in the future. If this location could be moved 2120 feet south of its proposed location it would be more than 1/2 mile away from measured potash ore in Section 13. IMC Kalium realizes Mitchell Energy has made a real effort to minimize the impact this hole will have on potash by directionally drill the well and hope that moving the hole to the south will not cause an undo burden.

The above consideration is based on the best available information at this time; as more information becomes available our estimates of the extent of the potash resources in the area may change. Therefore, please consider the "objections offered" and "no objection offered" to the well locations to be valid for one year only. If you are still considering a well location that a potash operator has or has not objected to, more than one year prior, notify us again at that time so we can make the decision based on current information.

IMC Kalium submits this letter in lieu of the forms requested.

Sincerely,

John Purcell
John Purcell
Chief Mine Engineer

cc: Don Purvis Charlie High Leslie Theiss ~~Eori Wrotency~~
Dan Morehouse Tim O'Brien Craig Cranston

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Posted 2-22-01*