

GUIDELINES FOR PROCESSING APD FOR WELL IN POTASH AREA -- R-111-P

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.

- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

30-025-38906

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Chesapeake Operating Inc

LEASE & WELL Lost Tank 16 State # 1-M

LOCATION 16-215-32e 330/S & 330/W PROPOSED DEPTH 8700

DATE APD RECEIVED 5/6/08 WAS PLAT OF AREA ATTACHED _____

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? _____

20-DAY WAITING PERIOD BEGINS _____ ENDS _____

WERE WAIVERS RECEIVED? Yes

DATE SLO NOTIFIED 5/6/08 DATE REPLY RECEIVED 5/12/08

DATE BLM NOTIFIED 5/6/08 DATE REPLY RECEIVED 5/7/08

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES X NO _____

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 5/14/08 DATE APD DENIED _____

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

RECEIVED

Mark Fesmire
Division Director
Oil Conservation Division



MAY 07 2008

BUREAU OF LAND MANAGEMENT
ATT: Potash
P O Box 1778
Carlsbad, NM 88221

HOBBS OCD

STATE LAND OFFICE
ATT: Joc Mraz
P O Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Chesapeake Operating IncLEASE NAME Lost Tank 16 State #1-MPROPOSED LOCATION 16-215-32e, 330/s & 330/wPROPOSED DEPTH 8700'

Gentlemen:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Chris Williams
Supervisor, District I

RESPONSE:

The above-referenced location is in LMR (2008 year)-----Yes ☒ No ☐The above referenced location is within the Buffer Zone-----Yes ☒ No ☐

Signed

Date 5-6-2008

Printed Signature

JAMES KUTLEY

Representing

DOI - BLM - CFO

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (505) 393-6161 * Fax (505) 392-0720 * <http://www.emnrd.state.nm.us>



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

BUREAU OF LAND MANAGEMENT

ATT: Potash

P O Box 1778

Carlsbad, NM 88221

STATE LAND OFFICE

ATT: Joe Mraz

P O Box 1148

Santa Fe, NM 87504

RECEIVED

MAY 12 2007

HOBBS OCD

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Chesapeake Operating Inc

LEASE NAME Lost Tank 16 State #1-M

PROPOSED LOCATION 16-21s-32e, 330/5 & 330/4

PROPOSED DEPTH 8700'

Gentlemen:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Chris Williams

Supervisor, District I

RESPONSE:

The above-referenced location is in LMR (2007 year) Yes ☒ No ☐

The above referenced location is within the Buffer Zone Yes ☐ No ☐

Signed Chris Bailey Date 4/6/07

Printed Signature JAMI BAILEY

Representing SLO

John 10 AM
11-5-07

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF CHESAPEAKE OPERATING, INC.
FOR AN ORDER AUTHORIZING THE DRILLING OF
WELLS IN LEA COUNTY, NEW MEXICO.**

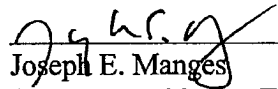
Case Nos. 14100 and 14101

RECEIVED
2008 APR 30 PM 20

WITHDRAWAL OF OBJECTIONS

Intrepid Potash - New Mexico, LLC ("Intrepid") by and through its undersigned counsel hereby withdraws its objections to the Applications of Chesapeake Operating, Inc. in the above referenced matters. Chesapeake withdraws this protest without prejudice or waiver of its rights to object to any future wells proposed to be drilled in the R-111-P Potash Area as defined in the regulations, and without waiver of its objections stated in these proceedings.

Respectfully submitted,



Joseph E. Manges
Comeau, Maldegen, Templeman & Indall, LLP
P. O. Box 669
Santa Fe, NM 87504-0669
505-982-4611 phone
505-988-2987 fax

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MAY 02 2008

HOLLAND & HART LLP

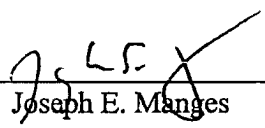
CERTIFICATE OF SERVICE

I hereby certify that I did on April ^{30th}~~29~~, 2008 cause a true and correct copy of the foregoing

Withdrawal of Objection to be served by facsimile on:

William Carr
Ocean Munds-Dry
Holland & Hart, LLP
P. O. Box 2208
Santa Fe, NM 87504-2208
505-983-6043

Mark Fesmire, Director
Energy Mineral & Natural Resources Department
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
505-476-3462



Joseph E. Manges

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

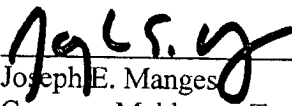
APPLICATION OF CHESAPEAKE OPERATING, INC.
FOR AN ORDER AUTHORIZING THE DRILLING OF
WELLS IN LEA COUNTY, NEW MEXICO.

Case Nos. 14100 and 14101

AMENDED WITHDRAWAL OF OBJECTIONS

Intrepid Potash - New Mexico, LLC ("Intrepid") by and through its undersigned counsel hereby withdraws its objections to the Applications of Chesapeake Operating, Inc. in the above referenced matters. Intrepid withdraws this protest without prejudice or waiver of its rights to object to any future wells proposed to be drilled in the R-111-P Potash Area as defined in the regulations, and without waiver of its objections stated in these proceedings.

Respectfully submitted,



Joseph E. Manges
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Santa Fe, NM 87504-0669
505-982-4611 phone
505-988-2987 fax
Counsel for Intrepid Potash - New Mexico, LL

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MAY 08 2008

HOLLAND & HART LLP

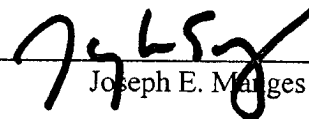
CERTIFICATE OF SERVICE

I hereby certify that I did on May 6, 2008 cause a true and correct copy of the foregoing


Amended Withdrawal of Objections to be served by facsimile on:

William Carr
Ocean Munds-Dry
Holland & Hart, LLP
P. O. Box 2208
Santa Fe, NM 87504-2208
505-983-6043

Mark Fesmire, Director
Energy Mineral & Natural Resources Department
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
505-476-3462



Joseph E. Manges

 The sender of this message has requested a read receipt. [Click here to send a receipt.](#)

Mull, Donna, EMNRD

From: Brooks, David K., EMNRD **Sent:** Wed 5/14/2008 11:14 AM
To: Mull, Donna, EMNRD; Kautz, Paul, EMNRD
Cc:
Subject: FW: Cases Nos. 14100 and 14101; Applications of Chesapeake to drill in the potash area
Attachments:

Donna and Paul

You can put this email in the well file.

David

From: Joseph E. Manges [mailto:JManges@cmtisantafe.com]
Sent: Tuesday, May 13, 2008 12:28 PM
To: Ocean Munds-Dry; Brooks, David K., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD
Subject: RE: Cases Nos. 14100 and 14101; Applications of Chesapeake to drill in the potash area

Mr. Brooks and Ms. Munds-Dry,

I just returned to the office from Abq.

This will confirm that Intrepid has withdrawn its protests to the above applications. Intrepid simply wanted to withdraw the protest while preserving its objections to any future wells. Intrepid will not be appearing at any hearing on the applications. I hope this clarifies our client's position. Thank you

Joe

Joseph E. Manges
Comeau, Maldegen, Templeman & Indall, LLP
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505.982.4611

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JManges@cmtisantafe.com

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From: Ocean Munds-Dry [mailto:Omundsdry@hollandhart.com]
Sent: Tuesday, May 13, 2008 1:19 PM
To: Brooks, David K., EMNRD; Joseph E. Manges
Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD
Subject: RE: Cases Nos. 14100 and 14101; Applications of Chesapeake to drill in the potash area
Importance: High

Mr. Brooks:

I have not seen a response from Mr. Manges yet but we would appreciate knowing your decision on this matter today if at all possible. My witnesses are supposed to get on a plane first thing tomorrow morning. I understand your inquiry so hopefully Mr. Manges has already responded to you or will do so shortly.

Thanks to all for your attention to this matter.

Sincerely,

Ocean

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Monday, May 12, 2008 3:33 PM
To: jmanges@cmtisantafe.com; Ocean Munds-Dry
Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD
Subject: Cases Nos. 14100 and 14101; Applications of Chesapeake to drill in the potash area

Dear Mr. Manges

My attention has been called to Intrepid Potash's Amended Withdrawal of Objections filed in these cases. I have been asked if these cases must still be heard.

It seems to me that Intrepid's amended withdrawal is self-contradictory. It states that "Intrepid withdraws this protest without prejudice or waiver of its rights to object to any future wells proposed to be drilled in the R-111-P Potash Area as defined in the regulations." That is understandable, and says, to my mind, that Intrepid preserves the right to object to any future well proposals other than those specifically proposed in these cases.

But the Amended Withdrawal goes on to say "and without waiver of its objections stated in these proceedings." That statement sounds like Intrepid is attempting somehow to preserve its objections to that it is withdrawing.

Please clarify your clients' position so that the applicant and the hearing examiners can know what course to take with these cases.

Very sincerely

David K. Brooks

Legal Examiner

505-476-3450

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