

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.

### CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Chesapeake Operating Inc

LEASE & WELL Lost Tank 1b State #2-L

LOCATION 1b-21s-32e, 198D/S & 330/W PROPOSED DEPTH 8700

DATE APD RECEIVED 6/16/09 WAS PLAT OF AREA ATTACHED \_\_\_\_\_

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? Yes

20-DAY WAITING PERIOD BEGINS \_\_\_\_\_ ENDS \_\_\_\_\_

WERE WAIVERS RECEIVED? Yes, Intrepid agrees not to object

DATE SLO NOTIFIED 6/22/09 DATE REPLY RECEIVED 6/24/09 Yes

DATE BLM NOTIFIED 6/22/09 DATE REPLY RECEIVED 6/24/09 No

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES \_\_\_\_\_ NO \_\_\_\_\_

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

DATE APD APPROVED 6/25/09 DATE APD DENIED \_\_\_\_\_

API # 30-025-39452

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

**RECEIVED**

JUN 24 2009

**HOBBSOCD**

Mark Fesmire  
Division 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

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Chesapeake Operating Inc

LEASE NAME Lost Tank 1b State #2-L

PROPOSED LOCATION 16-21s-32e, 198D/S @ 330/W

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

Larry Hill  
Supervisor, District 1

RESPONSE:

The above referenced location is in LMR 2009 year) Yes X No \_\_\_\_\_

The above referenced location is within the Buffer Zone Yes \_\_\_\_\_ No \_\_\_\_\_

Signed [Signature]

Date \_\_\_\_\_

Printed Signature \_\_\_\_\_

Representing SLU

JTH  
6-22-09

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>

[Signature]

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ATT: Potash  
P O Box 1778  
Carlsbad, NM 88221

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

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Chesapeake Operating Inc

LEASE NAME Lost Tank 1b State #2-L

PROPOSED LOCATION 16-215-32e, 1980/s 0330/W

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

Larry Hill  
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (\_\_\_\_ year) \_\_\_\_\_ Yes \_\_\_\_\_ No ☒

The above referenced location is within the Buffer Zone \_\_\_\_\_ Yes \_\_\_\_\_ No ☒

Signed Thomas W. Macon Date 6/24/09

Printed Signature Thomas W. Macon

Representing BLM

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>





RECEIVED

JUN 17 2009  
HOBBSOCD

Intrepid Potash Inc  
700 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202  
303 296.3006  
303 298 7502 fax

RECEIVED ON

MAR 30 2009

March 27, 2009

Ed Birdshead  
Chesapeake Energy Corporation  
6100 North Western Avenue  
Oklahoma City, OK 73118

Dear Mr. Birdshead:

I am responding to your letter of March 10, 2009, addressed to Tom McGuire, Intrepid Potash – NM, L.L.C.

Intrepid agrees not to object to the drilling of the wells referenced in your letter: Lost Tank 16 State #2 and Lost Tank 16 State #3. By its non-objection, Intrepid does not agree to and does not assume the risks of any release of oil and gas or other substances from this well into the environment, including into underground mine workings, arising out of or attributable to Chesapeake's drilling, operating, plugging and abandoning of this well, or the effect on this well of any condition created by existing or future potash mining.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Martin D. Litt".

Martin D. Litt

MDL:mlk

cc: Tom McGuire  
Katie Keller