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  $\min$  of that area do the following:

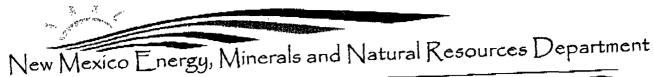
- Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the l-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us 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 <u>DENY</u> it under R-III-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 16 State #3- E
LOCATION 16.215-32e 1980/N \$ 330/W PROPOSED DEPTH 8700
DATE APD RECEIVED 6/17/09 WAS PLAT OF AREA ATTACHED
WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL?
20-DAY WAITING PERIOD BEGINS ENDS
WERE WAIVERS RECEIVED? Yes Intropid agrees Not to Object
DATE REPLY RECEIVED 6 /54 /50
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 # 30-025-39453



### Bili Richardson

Governor

RE:

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary

## RECEIVED

JUN 2 4 2009 HOBBSOCD

APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

Mark Fesmire Division Director Oll Conservation Division



BUREAU OF LAND MANAGEMENT ATT: Potash , Jim Rud Qu P O Box 1778 Carlsbad, NM 88221 STATE LAND OFFICE ATT: Joe Mraz P O Box 1148 Santa Fe, NM 87504

LEASE NAME LOST Jank 16 State	-3- <i>-</i> /.
PROPOSED LOCATION 16-215-32e 1980/N	<u> </u>
PROPOSED DEPTH	
Gentlemen:	
The application for permit to drill identified above has been filed with this office of the New Mexico Pursuant to the provisions of Oil Conservation Division Order R – 111 – P. please advise this offic Within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, plea the buffer zone established by the order.	Oil Conservation Division.  e whether the location is  se advise whether it is within
Thank you for your assistance. Please return as soon as possible.	
Very truly yours,	
OIL CONSERVATION DIVISION	
•	
Larry Hill Supervisor, District 1	$\tau$
RESPONSE:	
The above referenced location is in LMR (2009year)————————————————————————————————————	No 6-22-09
The above referenced location is within the Buffer Zonc YesYes	
Signed Date	-
Printed \$ignature	
Representing 540	

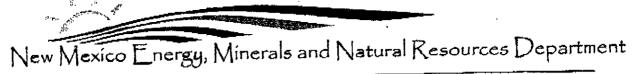


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EMNRD OCD

PAGE 02/09



### Bill Richardson

Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



within

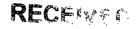
BUREAU OF LAND MANAGEMENT ATT: Potash , Jim P O Box 1778 Carlebad, NM 88221

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 Sperating Inc
	LEASE NAME LOST Tank 16 State #3- E
	PROPOSED LOCATION 16-215-32e 1980/W \$ 330/10
	PROPOSED DEPTH 8700'
Gentlem	en:
Pursuan Within a	lication for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. It to the provisions of Oil Conservation Division Order R – 111 – P, please advise this office whether the location is n established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is with ar zone established by the order.
Thank y	ou for your assistance. Please return as soon as possible.
Very trul	ly yours,
OIL CO	NSERVATION DIVISION
Larry Hill Supervis	sor, District I
The abo	ove referenced location is in LMR (year)
Signed_	Signsture Thomas W. Marson Date 6/34/09
Ranrese	enting D/W



March 27, 2009



JUN 1 / Day

HORRSOCD

Intrepid Potash Inc 700 17<sup>th</sup> Street, Suite 1700 Denver, CO 80202 303 296 3006 303 298 7502 fax

RECEIVED ON

MAR 3 0 2009

Ð

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,

Martin D. Litt

MDL:mlk

cc:

Tom McGuire Katie Keller