

Drilling Permit in Oil-Potash Area (Case 5193) (Continued)

It was also established that no core holes have ever been recorded in Sec. 30, but the W/2 of the section was mined out some years ago by International Potash Corporation.

Lane said Kerr McGee plans to obtain the Teledyne lease under the W/2 of the E/2 of Sec. 30 and the area around and under the proposed well for potash mining. It is convinced that a commercial ore body remains under the E/2 of Sec. 30.

If the well is permitted at the proposed location, said Lane, 472,000 final product tons of ore would be wasted and he cited dangers of methane gas seeping into the formation that would cause expensive and hazardous mining conditions when encountered.

A letter from Roy C. Williamson was introduced, but was not allowed into the record due to Williamson not being present for cross-examination. The same was true of lengthy reports offered on the area.

Lane indicated that Kerr McGee could be mining the ore under Sec. 30 within ten years. He referred to oil seeps found in another mine, which he said came from a well, or wells in a field near the mine. Problems caused by oil and gas development ahead of potash development could cost as much as \$2 million to overcome, said Lane. He said the potash deposit would start to subside when about 35 per cent of the ore was mined and it should be settled out in about five years after mining is discontinued. Drilling for oil and gas could be conducted at that time as the potash tends to "flow" as subsidence sets in, or the well could be drilled from a deviated surface location to the selected bottom-hole location.

No answers could be given on the economics of mining the potash, only the estimated gross sales figure could be supplied.

In summarizing the argument, Robb said, "The main issue is: Is there a commercial deposit of potash ore under the proposed location?" If there is, he said, it should be clear the risks are unacceptable from a conservation standpoint.

In his closing statement Kellahin said this was a most unusual case in that the applicant was arguing with opposition lacking any kind of interest in the area in question; that Kerr McGee is interfering with the orderly development of oil or gas deposits in violation of established rules. Further, that no evidence had been given to show that ore of any kind underlies Sec. 30. He referred to three core holes drilled in other sections which were used to triangulate an area where commercial potash deposits should be encountered in Sec. 30. He noted that one hole was "barren" as far as commercial ore was concerned. Kellahin said no methane gas has ever been found in this area so there is no reason to assume any should penetrate the potash zone.

Kellahin concluded that "Kerr McGee's whole opposition is based on speculation and not substance."

The hearing concluded at 3:30 p. m., Saturday.

A letter opposing the application was sent by Harroun and Haworth.

Letters and wires supporting Belco's application were received from Joe Peacock, Phillips Petroleum; Perry R. Bass; Tenneco; Atlantic Richfield; Richards, royalty owners, and Texaco Inc.

Robb introduced a letter from Teledyne which he said gave its objection to the proposed well location.

* * * * *

INCIDENTAL INFORMATION - NINA LEE DU HAIME

The IOCC summer meeting has been reset several times due to conflict with other activities but OCC Commissioner A. L. Porter says it is currently set for June 30, July 1, 2, 3, at Vail, Colorado..... Lt. Gov. Roberto Mondragon is expected to announce his candidacy for the Democratic nomination for Congress from the northern Congressional district at a press conference on Friday. That evening a party and dance will be held at the Civic Auditorium in Albuquerque to honor him..... Attorney General David Norvell has a carry-over campaign debt from his race for the U. S. Senate nomination (Democratic) in 1972 which the Justice Department says cannot be paid off by Norvell with his own funds because it would be illegal under the 1970 Campaign Practices Act, which limits the amount candidates can place into their own campaigns. He is exploring ways and means of raising the funds which must be paid by a committee..... Martin J. Molloy, a 24-year-old graduate student, has announced he will be the American Independent Party's candidate for New Mexico's First Congressional District, now represented by Representative Manuel Lujan, Jr. - Republican. Molloy, now working on a master's degree in urban economics, said he would work to combat inflation, shortages, tax loopholes and the deterioration of the dollar overseas..... The State's General Fund revenues have exceeded estimates so far this fiscal year by only 1.3 per cent, according to Robert Kirkpatrick, Director of Finance. Total collections during February were \$36.1 million, an increase of \$3.1 million, or 9.3 per cent, above the same month of 1973. For the first eight months of the current fiscal year, total general fund revenues were \$222.6 million, or 12.1 per cent more than in the same period of the preceding fiscal year. Kirkpatrick is confident advance estimates for the fiscal year will be met