

noranda

(416) 982-7111

January 23, 1992

VIA FACSIMILE - 505-827-5766

Mr. Floyd Prando
Director of Oil and Gas Division
State of New Mexico
P.O. Box 1148
Sante Fe, NM 87504-1148

Dear Mr. Prando:

It has recently come to my attention that Yates Petroleum Company has notified Mississippi Chemical that they have staked the following location for a test well:

Spring "AKJ" State #1
660 FNL and 1989 FEL
Section 2; T205-R32E
Lea County, New Mexico

As of this date Noranda Exploration has not received any notice of application to drill at this site but wish to advise you that:

1. This proposed well is located within Noranda Exploration's State Potash Mining Lease M19079,
2. Noranda Exploration has designated this area Life of Mine Reserve (LMR) as per State Regulation R-111 and proposed similar federal regulation.
3. The Sections to the north, south and east (part of) constitutes Noranda's federal potassium permits which the BLM has agreed to minimize further impact from petroleum drilling.

Noranda objects to the drilling of any wells within the area designated as LMR or buffer around LMR as prescribed in the R-111 rule.

Sincerely,



Frank Condon
Director, Business Development

cc. T. Hare (BLM Carlsbad)
C.R. May (Yates Petroleum)

*For your info
We never got an LMR
from them.
Gruis*