

(3) The applicant, Stevens & Tull, Inc., seeks an exception to the salt protection casing string requirement contained within Division Order No. R-111-P in the "Known Potash Leasing Area" ("Potash Area") for its proposed Federal "9" Well No. 7 to be drilled 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 9, Township 20 South, Range 33 East, NMPM, and for certain additional wells to be drilled anywhere within the following described area in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 9: NE/4 NW/4, NE/4, E/2 SE/4

Section 10: SW/4

Section 16: N/2 NW/4, NE/4 NE/4, S/2 NE/4, S/2

(4) Stevens & Tull, Inc. has the right to develop the oil and gas minerals underlying the area described in Finding No. (3) above and proposes to drill ten or more wells within this area to an anticipated depth of approximately 3,500 feet to test for production within the Upper Yates portion of the West Teas Yates-Seven Rivers Pool.

(5) The subject area is located within the "Potash Area" as described within Division Order No. R-111-P, and is therefore subject to the casing and cementing requirements contained within Parts D(3)(a) through (i) which state in part:

" (3) Salt Protection String:

(a) A salt protection string of new or used oil field casing in good condition shall be set not less than 100 feet nor more than 600 feet below the base of the salt section; provided that such string shall not be set below the top of the highest known oil or gas zone."

"(b) The salt protection string shall be cemented as follows:

For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string shall be re-cemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or may be cut and pulled if the production string is cemented to the surface as provided in sub-section D (5)(a)(i) below."