

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION COMMISSION

APPLICATION OF ADVANCE ENERGY
PARTNERS, LLC FOR APPROVAL OF
APPLICATIONS FOR PERMITS TO DRILL,
LEA COUNTY, NEW MEXICO

Case No. 20795

AMENDED PRE-HEARING STATEMENT AND
PROTEST OF INTREPID POTASH, INC.
AND INTREPID POTASH – NEW MEXICO, LLC

COMES NOW Intrepid Potash, Inc. and Intrepid Potash – New Mexico, LLC (together
“Intrepid”) and submits this amended pre-hearing statement in the above-captioned case.

APPEARANCES

APPLICANT

Advance Energy Partners, LLC

APPLICANT’S ATTORNEYS

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PROTESTANT

Intrepid Potash, Inc. and
Intrepid Potash – New Mexico, LLC

PROTESTANT’S ATTORNEYS

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STATEMENT OF THE CASE

Applicant applied for permits to drill six horizontal wells in the Bone Spring and Wolfcamp formations in the SW ¼ of Section 17 and the W ½ of Section 20, Township 21 South, Range 33 East in Lea County, New Mexico. The proposed wells (“Proposed Wells”) would be in the Potash Area established by Oil Conservation Commission Order No. R-111-P (“Order No. R-111-P”) and the quarter mile buffer zone of Intrepid’s Life of Mine Reserves (“LMR”). Recognizing that such drilling required Intrepid’s consent, Order No. R-111-P, Paragraph G(e)(3), pp. 11-12, Applicant asked Intrepid to consent. Intrepid Potash declined to consent.

Intrepid declined to consent because the Proposed Wells, within the Potash Area and within the quarter mile buffer zone of Intrepid’s LMR, would result in waste of potash because they “would have the effect unduly to reduce the total quantity of . . . commercial deposits of potash which may reasonably be recovered in commercial quantities [and] interfere unduly with the orderly commercial development of such potash deposits.” NMSA 1978, §§ 70-2-12(B)(17) and 70-2-3(F). The OCD has authority to prohibit drilling when it would have such results. NMSA 1978, § 70-2-12(B)(17).

In addition, there is new evidence that drilling in the Potash Area could “result in a hazard to or interfere unduly with mining of potash deposits.” Order No. R-111-P prohibits drilling under such circumstances. Order No. R-111-P, Paragraph C (2). The recent failure of the XTO Remuda 101H well resulted in drilling fluid and hydrocarbons entering the salt strata in which potash deposits are located and moving more than a mile to and up a potash core hole to deposit on the surface. This occurrence suggests that the drilling within the Potash Area that Applicant proposes could have adverse, hazardous impacts on potash miners and potash mining generally.

In light of the XTO and similar incidents, Intrepid submits that its withholding of consent to Applicant’s proposed drilling is reasonable and that the OCD should not approve Applicant’s proposal.

PROPOSED EVIDENCE

Intrepid may present the following evidence at hearing in this matter:

PROTESTANT

WITNESSES

EST. TIME

EXHIBITS

Robert Baldrige, Intrepid’s General Manager-New Mexico Operations	30 min.	Exhibit 1: Release Notification to OCD, Incident No. Nab1901038306
		Exhibit 2: Map of Remuda 101H well drilled by XTO and incident

		site
		Exhibit 3: Geologic Formations of and Above Potash Zones
		Exhibit 4: Geologic Factors Controlling Natural Gas Distribution Related to the January 2001 Gas Explosions in Hutchinson, Kansas, by Susan E. Nissen, W. Lynn Watney, Saibal Bhattacharya, Alan P. Byrnes, and David Young, Kansas Geological Survey Open File Report 2004-21 (excerpt)
Gregory Bruce Chief Mine Engineer, Intrepid Potash-New Mexico, LLC	20 min.	

Mr. Baldrige will testify regarding Intrepid's concerns regarding the impact of potential well failures similar to XTO Remuda 101H on potash reserves, mining and safety. Mr. Bruce will testify regarding mine safety and ignition potential and potash reserves.

Intrepid reserves the right to call rebuttal witnesses.

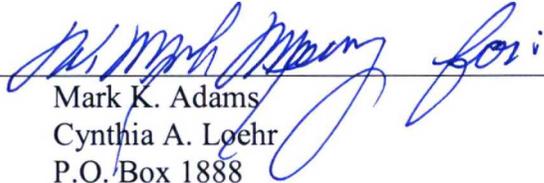
Identified exhibits are attached to this statement. Not all exhibits have been identified as the OCC/OCD has not yet responded to an Inspection of Public Records Act request for materials germane to this case. The OCD records custodian does not anticipate responding to the request until December 11, 2019.

PROCEDURAL MATTERS

No procedural matters are pending.

Respectfully submitted,

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

By  _____

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*Attorneys for Intrepid Potash, Inc. and Intrepid Potash –
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CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing Amended Pre-Hearing Statement and Protest of Intrepid Potash, Inc. and Intrepid Potash – New Mexico, LLC along with this Certificate of Service to be served on December 5th, 2019 by electronic mail to:

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