



United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Grand Junction, Colorado 81506
<https://www.blm.gov>



Request for Authorization

Date: February 12, 2021

To: Laura Daniel-Davis
Senior Advisor to the Secretary,
Exercising the Delegated Authority of the Assistant Secretary,
Land and Minerals Management

From: Michael D. Nedd
Deputy Director, Operations
Exercising the Delegated Authority of the Director
Bureau of Land Management (BLM)

Bureau/Office: BLM, New Mexico State Office, Carlsbad Field Office

Action for which Approval is Requested:

On behalf of the BLM Carlsbad Field Office, request is made to approve the following Applications for Permit to Drill (APD) for Colgate Energy, located in Eddy County, New Mexico:

APD 10400063575 Crazy Horse 32 State Fed Com 133H
APD 10400063650 Crazy Horse 32 State Fed Com 131H
APD 10400063651 Crazy Horse 32 State Fed Com 132H
APD 10400064274 Crazy Horse 32 State Fed Com 201H
APD 10400064419 Crazy Horse 32 State Fed Com 203H

These five APDs are being submitted as one request because the potential impacts of each APD were analyzed in the same National Environmental Policy Act (NEPA) document, an environmental assessment (EA) DOI-BLM-NM-P020-2021-0198-EA (see Attachment 4). Two of the three associated leases were issued in 1952, prior to the Federal Land Policy and Management Act (FLPMA) or NEPA, and one in 2013, with no major issues raised. No surface disturbance on BLM land is associated with these APDs.

The approval of these APDs is time-sensitive because Colgate Energy is planning to bring a drilling rig into the region and needs to finalize the construction and rig schedule. Having these APDs approved will give them the confidence to keep the rig in New Mexico. In addition, the surface holes for the five APDs are on state land, overlying non-Federal minerals, but the bottom holes are in federal minerals (typically referred to as Fee/Fee/Fed wells). Colgate Energy can drill the state minerals with the same surface disturbance and strand the federal minerals if these APDs are not approved.

One Paragraph Summary of Action:

Colgate Energy has requested to drill five horizontal wells. The non-federal surface disturbance associated with the Crazy Horse project includes a 385-foot by 420-foot well pad, a 355-foot by 455-foot well pad, a 500-foot by 500-foot Central Tank Battery (CTB), 524 feet of new access roads, 352 feet of overhead electric lines, and 1,710 feet of buried 4-inch polyethylene pipelines.

These drilling permits were signed by the Carlsbad Field Office on January 21, 2021, when the Authorizing Officer's delegation of authority to approve APDs had been temporarily suspended by the Acting Secretary of the Interior pursuant to Secretary's Order 3395. On January 28, 2021, the Carlsbad Field Office notified Colgate Energy that the approval was invalid (see Attachment 1).

Positions of Affected Stakeholders:

Although the state of New Mexico will be impacted by ongoing climate change to which fossil fuel combustion contributes, the state is also heavily reliant on the revenue from oil and gas development. The communities of southeast New Mexico support the continuation of drilling operations and related activities.

The Carlsbad Field Office publishes NEPA documents to the national register (ePlanning) at <https://eplanning.blm.gov>. The register allows the public to review and comment online on BLM NEPA and planning projects. There were no comments received concerning this project.

Key Facts:

- The project is in the Permian Basin, an area of active oil and gas development for the past century.
- EA DOI-BLM-NM-P020-2021-0198-EA (see Attachment 4) is available at this ePlanning link:
https://eplanning.blm.gov/public_projects/2003831/200471204/20032229/250038428/EA%20for%20Crazy%20Horse%2032%20State%20Fed%20Com.PDF.
- The Finding of No Significant Impact (see Attachment 3), signed January 4, 2021 is available at:
https://eplanning.blm.gov/public_projects/2003831/200471204/20032228/250038427/Signed%20FONSI%20for%20Crazy%20Horse%2032%20State%20Fed%20Com.PDF.
- The Decision Record for the EA (see Attachment 2) for the APDs was signed on January 4, 2021. The Decision Record is on ePlanning at the following link:
https://eplanning.blm.gov/public_projects/2003831/200471204/20032227/250038426/Signed%20DR%20for%20Crazy%20Horse%2032%20State%20Fed%20Com.PDF.
- The APDs are associated with Fluid Mineral Leases NMNM 0006771A (effective 7/1/1952), NMNM 0006771B (effective 7/1/1952), and NMNM 130861 (issued 11/29/2013).
- No protests were received prior to the lease sales.
- There has been no litigation related to the EA for these APDs.
- There is no environmental analysis for leases NMNM 0006771A or NMNM 0006771B as NEPA was not completed for oil and gas leasing at that time.

- Lease NMNM 130861 was analyzed and offered during the July 2013 Lease Sale; the lease sale analysis for this lease showed potential impacts to cultural resources, development within designated potash area, and slopes or fragile soils - all of which resulted in lease stipulations and notices being applied to the lease. However, this lease will only be penetrated by the subsurface horizontal wellbore and does not contain the surface hole locations.
- The wells are within the Secretary of the Interior’s 2012 Order dated December 3, 2012 (Attachment 5). The Order is designed to manage the efficient development of oil, gas, and potash resources. Section 6 of the Order provides general provisions which must be followed to minimize conflict between the industries and ensure the safety of operations. Due to wells being located in an area of barren potash reserves, there would be no affect to the economical potash resources.
- The only primary potential resource conflict identified for the action is cave and karst resources. Stipulations, including special requirements, are identified on pages 61 to 63 of the EA. The applicants design features identified in the EA will help eliminate adverse impacts to the natural and human environment.

Other Relevant Considerations:

This request is associated with DTS# BLM0024995.

Consistent with Secretary’s Order 3395 and Section 2 of the Reorganization Plan No. 3 of 1950, 64 Stat. 1262, I ___DO/___DO NOT approve the action(s) set forth above.

Comment:

Signature

Date

Attachments

- 1 – Letter from BLM to Colgate Operating, January 28, 2021
- 2 – Decision Record for Environmental Assessment DOI-BLM-NM-P020-2021-0198-EA
- 3 – Finding of No Significant Impact for Environmental Assessment DOI-BLM-NM-P020-2021-0198-EA
- 4 – Environmental Assessment DOI-BLM-NM-P020-2021-0198-EA
- 5 – 2012 Potash Secretarial Order No. 3324

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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CONDITIONS

Action 20405

CONDITIONS OF APPROVAL

Operator: COLGATE OPERATING, LLC Suite 1000 Midland, TX79701		300 North Marienfeld Street	OGRID: 371449	Action Number: 20405	Action Type: C-103A
OCD Reviewer kpickford			Condition None		