

(4) According to applicant's evidence and testimony, it initially proposed the drilling of the Bonneville "AKK" Federal Well No. 2 as a conventional vertical wellbore to be located in Unit M of Section 19; however, the applicant was informed by the Bureau of Land Management (BLM), that the subject well was located in an area designated as a Potash Life-of-Mine Reserves (LMR) and therefore subject to the non-drilling provisions contained within Division Order No. R-111-P.

(5) In addition, New Mexico Potash, being the owner of certain potash leases within one mile of the originally proposed location, informed the applicant that it would not approve the application to drill a vertical well as described above.

(6) According to applicant's testimony, the newly proposed surface location lies within the buffer zone (one-half mile) of a purportedly designated LMR.

(7) Part (G)(3) of Division Order No. R-111-P states that "Any application to drill in the LMR area, including buffer zones, may be approved only by mutual agreement of lessor and lessees of both potash and oil and gas interests".

(8) The applicant has filed Federal Form No. 3160-3 (Application for Permit to Drill, Deepen or Plug Back), for the proposed Bonneville "AKK" Federal Well No. 2, and has notified New Mexico Potash of its new proposal.

(9) As of the date of the hearing, New Mexico Potash has not approved the applicant's proposal nor has the BLM approved Federal Form No. 3160-3.

(10) The applicant, by virtue of a farmout agreement with Bonneville Fuels Corporation, has operating rights within the S/2 of Section 19. Said farmout agreement contains a provision whereby the applicant is required to commence the drilling of a well in Section 19 on or before the 30th day of April, 1992.

(11) At the current time, the applicant is unaware whether or not the application to drill the subject well will be approved by the BLM; however, due to the above-described drilling time constraints, the applicant is seeking Division approval to conduct directional drilling operations, which is under the jurisdiction of the Division.

(12) The proposed surface well location is located on a lease currently operated by the applicant.

(13) No offset operator or other interested party appeared and objected to the proposed directional drilling.

(14) The proposed non-standard oil proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.