



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

NEW MEXICO STATE OFFICE
1474 RODEO RD.
P.O. BOX 27115
SANTA FE, NEW MEXICO 87502-7115



IN REPLY REFER TO:

NM-29233
NM-62589
SDR 92-08
3165.3 (922)

MAR - 5 1992

CERTIFIED MAIL-- RETURN RECEIPT REQUESTED
P 327 275 262

Decision

Kemp, Smith, Duncan & Hammond, P.C.	:	Approval of Applications
P.O. Drawer 2800	:	for Permit to Drill (APD)
El Paso, Texas 79999-2800	:	in the Secretary's
		Oil Potash Area

Approval Upheld

Charles C. High, Jr., of Kemp, Smith, Duncan & Hammond, on behalf of IMC Fertilizer, INC. (IMC), requested an Administrative Review of two APD's that were approved by the Carlsbad Resource Area Manager (CRA). The two wells, Federal 23 No. 2 on Federal Lease NM-62589 and Neff 13 Federal No.7 on Federal Lease NM-29233, are located in Eddy County, New Mexico. The approved APD's were issued to Pogo Producing Company and Texaco USA, respectively. IMC wrote a letter of protest prior to the approval of the APD's.

The potash that may be affected if the wells are drilled is unleased. IMC has filed an application to lease this area. Therefore, as a potentially affected party, they are granted an Administrative Review.

All information submitted by IMC, including the letter of protest, is made part of the record and is incorporated in the final decision. In their response to IMC's protest, CRA stated, in part, " these locations fall within the designated Secretary's Oil Potash Area as defined in 1989, however, the well sites are located outside of, or on the extreme edge of, the Potash Enclave." The Potash Enclave is the area which has been determined by BLM to contain economically minable ore deposits. IMC argues that CRA should not have approved the APD's because both wells are within the Potash Enclave. They claim if both wells are drilled, more than 1,148,000 tons of potash worth \$7,200,000 must left in place.

The documents submitted by IMC and CRA show the wells to be located within the Potash Enclave. However, CRA's decision to approve the APD's was not based solely on the wells juxtaposition to the Potash Enclave as implied in their letter to IMC.

The CRA submitted that various subsidence studies have shown that the angle of influence from a mined out area varies between 22 and 70 degrees. The angle of influence is used to determine the safe distance from a producing oil well

to first mining operations. The angle of influence of 45 degrees was used in this application. The frequently mined fourth ore zone has an average depth of 1800 feet. Therefore, a radius of influence of 1800 feet is assumed around each oil well.

The two subject wells are within the area of influence of previously completed wells. Therefore, the area is already limited to first mining operations. The action approved by CRA will increase the volume of oil recovered and protect the oil leases from drainage and does not constitute undue waste of potash. *

The Secretary's Oil Potash Order requires BLM to develop potash and oil and gas simultaneously. This must be done without undue waste to potash deposits or endangering oil and gas operations. The authorized officer weighed all of these factors when making a determination. The CRA followed the proper procedure and protected the potash from undue waste. Accordingly, the APD approvals are upheld.

Any party adversely affected by a Decision has the right to appeal that Decision to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations in Title 43 CFR Part 4.400 through .402, .410 through .414, and the Form 1842-1 (copies enclosed). If an appeal is taken, the Notice of Appeal must be timely filed in this office so that the file can be transmitted to the Interior Board of Land Appeals. See the enclosed Form 1842-1 for instructions to follow pertaining to the filing of a Notice of Appeal. To avoid summary dismissal of the appeal, you must fully comply with all of the requirements of the regulations. A copy of your Notice of Appeal and of any statement of reasons, written arguments, or briefs must be served (1) on the Office of the Solicitor, as shown on Form 1842-1; and (2) on the Carlsbad Resource Area Manager, P.O. Box 1778, Carlsbad, NM 88220.

Gilbert O. Lockwood
ACTING

Gilbert O. Lockwood
Deputy State Director
Mineral Resources

2 Enclosures

cc:

Field Solicitor

AK (922)	NM (060)
CA (922)	NM (066)
CO (922)	NM (067)
ES (972)	NM (067A)
MT (922)	NM (921)
NM (015)	UT (920)
NM (019)	WV (610)
NM (040)	WY (923)

NM (047)	Texaco, Inc.
	P.O. Box 3109
	Midland, TX 79702

Pogo Producing Co.	IMC Fertilizer, Inc.
P.O. Box 10340	P.O. Box 71
Midland, TX 79701	Carlsbad, NM 88220