

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



April 4, 2019

BUREAU OF LAND MANAGEMENT
ATT: James S. Rutley
620 E Greene Street
Carlsbad, NM 88220

STATE LAND OFFICE
ATT: Stephen Wust
PO BOX 1148
Santa Fe, NM 87505

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: Advance Energy Partners Hat Mesa, LLC

LEASE NAME: Dagger State SWD # 1

PROPOSED LOCATION: U/L G Sec 30 T21S R33E 2625 FNL 1330 FEL

Lat. 32.449928 Long. -103.607440

PROPOSED DEPTH: 17,695' MD

Gentleman:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve that are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Paul Kautz

Hobbs District Geologist, District I

RESONSE:

The above referenced location is in LMR 2019 year) ----- Yes ☒ No ☐

The above referenced location is within the Buffer Zone ----- Yes ☒ No ☐

Signed

Printed Signature

JAMES S. RUTLEY
Representing BLM-NM-CFO SOLIDS RUTLEY

*PROPOSED SWD'S LOCATION IS ON
APPROVED STATE DRILL ISLAND WITHIN
APPROVED DEVELOPMENT AREA.*

Kautz, Paul, EMNRD

From: Wust, Stephen <swust@slo.state.nm.us>
Sent: Friday, April 12, 2019 4:06 PM
To: Kautz, Paul, EMNRD
Subject: [EXT] RE: Permit in Potash area

Paul,

Our SWD folks have determined that this well would be about 7.5 miles from known karst subsidence, so it should be ok.

Drilling islands were designated by BLM, so the rule about whether or not SWDs are allowed is a question for them. However, SLO recommends that, if they are allowed, any SWD within 5 miles of known karst subsidence should include spill prevention enclosures.

SWDs have become a growing concern here at SLO, so on future LMR reviews, we will be adding spill prevention recommendations when appropriate.

Stephen L. Wust, Ph.D.

Chief Geologist
Oil, Gas, Minerals Division
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From: Kautz, Paul, EMNRD [mailto:paul.kautz@state.nm.us]
Sent: Thursday, April 11, 2019 3:33 PM
To: Wust, Stephen <swust@slo.state.nm.us>
Subject: RE: Permit in Potash area

I believe this well is located within a drilling island approved for all depths. If this is within a drilling island, can a SWD well be drilled.

Paul Kautz
Hobbs District Geologist
Energy Minerals Natural Resources Dept.
Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240
575-393-6161 ext. 104

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