BLM approves federal wells in potash area so we do not have to worry about this.

## STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

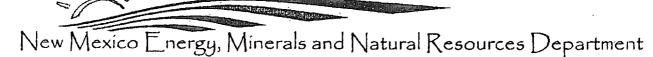
- Make certain operator has filed a plat of the area showing the potash lessees
  for the area where the well is located as well as the l-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must <u>DENY</u> it under R-III-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA OPERATOR: Three Rivers Goer Co LLC yany 27 State # 2/4 1/4 LOCATION D-27-215-33e PROPOSED DEPTH 155010 DATE APD RECEIVED 11/2 WAS PLAT OF AREA ATTACHED WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? 20-DAY WAITING PERIOD BEGINS \_\_\_\_\_ ENDS \_\_\_\_ WERE WAIVERS RECEIVED? DATE SLO NOTIFIED 11/3/10 DATE REPLY RECEIVED 11/14/10 DATE BLM NOTIFIED 1/3/u ZNO NOTHICATOR IS LOCATION INSIDE LMR OR BUFFER ZONE? YES NO S IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED DATE APD APPROVED 12/6/11 DATE APD DENIED\_\_\_\_\_

30-025-40352



## Susana Martinez

Governor

John H Bemis Cabinet Secretary-Designate

Brett F Woods, Ph D **Deputy Cabinet Secretary** 

December 6, 2011

**BUREAU OF LAND MANAGEMENT** ATT Potash 620 E Greene Street Carlsbad, NM 88220

Jami Bailey **Division Director** Oil Conservation Division

STATE LAND OFFICE

Santa Fe, NM 87505

ATT Joe Mraz

PO BOX 1148



APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Three Rivers Operating Co., LLC

LEASE NAME Pygmy 27 State #001H

PROPOSED LOCATION U/L D Sec 27 T21S R33E 660 FNL 480 FWL

PROPOSED DEPTH Pilot Hole 12200' MD/TVD Lateral 10918' TVD (15500' 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 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 ( //

The above referenced location is within the Buffer Zone

Printed Signatu

Representing

Oil Conservation Division \* 1625 N French Dr \* \* Hobbs, New Mexico 88240

\* Phone (575) 393-6161 \* Fax (575) 393-0720\* http://www.emnrd.state.nm.us



# New Mexico Energy, Minerals and Natural Resources Department

### Susana Martinez Governor

John H. Bemis Cabinet Secretary-Designate

Brett F. Woods, Ph.D. Deputy Cabinet Secretary



Jami Bailey
Division Director
Oil Conservation Division



# Bureau of Land Management

ATT: Craig Cranston P O Box 1778 Carlsbad, NM 88221 State Land Office ATT: Joe Mraz P O Box 1148

Santa Fe, NM 87504

RE:	APPLICATION FOR PERMIT TO DRILL IN POTASH AREA
	OPERATOR: Three Rivers Operating Co. LLC
	LEASE NAME: Pygmy 27 State #2H
	PROPOSED LOCATION: <u>D-27-21s-33e, 660/N &amp; 480/W</u>
	PROPOSED DEPTH: Wolfcamp, 15500'

### Gentlemen:

The application for permit to drill indentified 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 are filed with an 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

EL Gonzales Acting Supervisor, District I

Response:	
The above reference location is in the LMR (2011 year)Yes No	11-3-11
The above reference location is within the Buffer Zone	
Signed Signeture / 25 2 1 1	
District Connection / Charles 7 2 1 1	

Oil Conservation Division \* 1625 N. French Dr.\*

\* Hobbs, New Mexico 88240