



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 87502-0115

IN REPLY REFER TO:

3160 (067)
NM-59392

APR 16 1997

CERTIFIED--RETURN RECEIPT REQUESTED
P 363 626 907

Yates Petroleum Corporation
Attention: Clifton R. May
105 South Fourth St.
Artesia, NM 88210

RE: Lusk AHB Federal Well No. 10
NMNM-59392
660' FNL & 660' FWL, Sec. 35, T19S, R32E
Lea County, New Mexico

Dear Mr. May:

The referenced gas/oil well is located in the Secretary of the Interior's Potash Area as described by 1986 Secretarial Order and was previously approved on September 8, 1993, with two one-year extensions approved on October 13, 1994, and September 14, 1995. On August 30, 1996, Carlsbad Resource Area received a third request from Yates Petroleum Corporation to extend the Application for Permit to Drill (APD) approval for another year.

This APD Extension was evaluated using all the current information and data available, rather than with data from September, 1993, when the original APD was approved. Since the original APD and subsequent extensions were approved, the status of the area with respect to potash mine plans and lease applications has changed significantly. Because Part III.A. of the 1986 Secretary's Order directs the authorized officer to take into consideration the applicable rules and regulations of the Oil Conservation Division of the State Of New Mexico, due consideration was given to the designation of a new Life of Mine Reserve submittal per the State's Order R-111-P, part G(3) and part D(1).

Regrettably, your request for another one year extension to drill the well must be denied and the original approval is hereby rescinded. Drilling at the proposed location would likely interfere with future

*S.C. Request
KS 285
9-5-97*

*Void
9/2/97*

potash mining and result in undue waste of potash. In the future, it could also prove hazardous to the health and safety of potash miners.

Your copies of the application are being returned. By using the enclosed 1842-1 Form, this decision may be appealed to the Interior Board of Land Appeals in accordance with 43 CFR 3165.4.

Please contact our Carlsbad Resource Area Office Solid Minerals Staff at (505) 887-6544 should you have questions regarding alternative locations or need other assistance on matters involving potash mining.

Sincerely,

Frank Splendoria

For

William C. Calkins
State Director

2 Enclosures

cc:
IMC Kalium Carlsbad Potash Co.
Attention: Peter N. Livingstone
P.O. Box 71
1361 Potash Mines Road
Carlsbad, NM 88221-0071

New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240