

Posted to IS 9/24/90



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

August 27, 1990

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Strata Production Company
648 Petroleum Building
Roswell, NM 88201

Attn: James McClellan

Re: Application to Drill in Potash Area
Ganso State #1-0
Section 32, T20S, R33E

Gentlemen:

Your application to drill the above-referenced well has been received; however, it cannot be approved until you have complied with the requirement of notification of potash lessee and a map or plat showing potash lease holders within a radius of one mile of proposed well. A copy of Rule R-111-P C (2)(3) is attached for your information.

Please notify the potash lessee and send us a copy of your letter and when you have a return receipt of the notice forward that to us and we will approve your permit in 20 days if no protest is received.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

ed

Encl.

Waiver recd 9-5-90

in support of its LMR designation on their respective lands and verify upon request, that the data used by the potash lessee in establishing the boundaries of its LMR is consistent with data available to the BLM and SLO. Any disputes between the BLM and potash lessee concerning the boundary of a designated LMR shall be resolved in accordance with the Department of Interior's Hearings and Appeals Procedures, 43 C.F.R. Part 4 (1986).

(c) A potash lessee may amend its designated LMR by filing a revised designation with the BLM and SLO accompanied by the information referred to in Section A above. Such amendments must be filed by January 31 next following the date the additional data becomes available.

(d) Authorized officers of the BLM and SLO shall commit the designated LMR of each potash lessee to a map(s) of suitable scale and thereafter revise the map(s) as necessary to reflect the latest amendments to any designated LMRs. These maps shall be considered privileged and confidential and exempt from disclosure under 43 C.F.R. Part 2 and §19-1-2.1 NMSA 1978, and will be used only for the purposes set forth in this Order.

(e) The foregoing procedure can be modified by policy changes within the BLM and State Land Office.

(2) Before commencing drilling operations for oil or gas on any lands within the Potash Area, the well operator shall prepare a map or plat showing the location of the proposed well, said map or plat to accompany each copy of the Notice of Intention to Drill. In addition to the number of copies required by the Division, the well operator shall send one copy by registered mail to each potash operator holding potash leases within a radius of one mile of the proposed well, as reflected by the plats submitted under paragraph 1 (2). The well operator shall furnish proof of the fact that said potash operators were notified by registered mail of his intent by attaching return receipt to the copies of the Notice of Intention to Drill and plats furnished the Division.

(3) Drilling applications on federal lands will be processed for approval by BLM. Applications on state or patented lands will be processed by the Division and, in the case of state lands, in collaboration with the SLO. The Division will first ascertain from the BLM or SLO that the location is not within the LMR area. Active mine workings and mined-out areas shall also be treated as LMR. 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. Applications to drill outside the LMR will be approved as indicated below; provided there is no protest from potash lessee within 20 days of his receipt of a copy of the notice:

- (a) a shallow well shall be drilled no closer to the LMR than one-fourth ($1/4$) mile or 110% of the depth of the ore, whichever is greater.
- (b) A deep well shall be drilled no closer than one-half ($1/2$) mile from the LMR.

H. INSPECTION OF DRILLING AND MINING OPERATIONS

A representative of any potash lessee within a radius of one mile from the well location may be present during drilling, cementing, casing, and plugging of any oil or gas wells to observe conformance with these regulations. Likewise, a representative of the oil and gas lessee may inspect mine workings on his lease to observe conformance with these regulations.

I. FILING OF WELL SURVEYS, MINE SURVEYS AND POTASH DEVELOPMENT PLANS

(1) Directional Surveys:

The Division may require an operator to file a certified directional survey from the surface to a point below the lowest known potash-bearing horizon on any well drilled within the Potash Area.

(2) Mine Surveys:

Within 30 days after the adoption of this order and thereafter on or before January 31st of each year, each potash operator shall furnish the Division two copies of a plat of a survey of the location of his leaseholdings and all of his open mine workings, which plat shall be available for public inspection and on a scale acceptable to the Division.

J. APPLICABILITY OF STATEWIDE RULES AND REGULATIONS

All general statewide rules and regulations of the Oil Conservation Division governing the development, operation, and production of oil and gas in the State of New



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GARREY CARRUTHERS
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August 24, 1990

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

AUGUST 24, 1990

SUBJECT: Strata Production Company
Application for Permit to Drill
Ganso State #1-0
Section 32, T20S, R33E

The above-referenced well location is within the R-111 Potash Area.

Evelyn Downs of the Hobbs OCD office contacted the following to check on LMR:

Mike Stogner, OCD Santa Fe -- No objection to approving this drilling permit
Location in inferred potash resources only.
No LMR map for this area.

Ernie Zabo, State Land Office -- based on information furnished SLO by
mining companies they have no LMR maps from
Mississippi Chemical. Since this location is in
area with only inferred potash resources, Mr.
Zabo recommends the permit be approved.

Gary Johnson, BLM Carlsbad -- location in area of inferred potash resources
no mining -- he would approve if on federal
land.