
***** DECISION RATIONALE *****

Regarding Omission of Salt Protection Casing String in Teas
Yates-Seven Rivers Pool in NMOCD's Designated R-111-P Area

BACKGROUND

(1) Mitchell Energy Corporation (MEC) submitted for and received approval on Applications for Permit to Drill their Anasazi "4" Federal Nos. 5 & 6 wells located in unit letters K & H, respectively, of Sec. 4, T.20S., R.33E. to test the Wolfcamp Formation at approximately 12,000 feet below the surface. Subsequent to their original application, MEC filed with BLM on Sundry Notice their intent to revise their APD with respect to total depth (TD) and target formation. Their new plans called for drilling their wells to a shallower TD of 3,600 feet to test the West Teas-Yates-Seven Rivers pool. Included in their revised plans for the wells were provisions for a non-standard casing program which omitted the R-111-P mandated potash protection casing string.

(2) BLM postponed approval of MEC's amended applications pending the outcome of an NMOCD hearing to determine the proposed plan's viability. The original hearing date was scheduled for December 1993. Several continuances were obtained by MEC, and the case was heard in April 1994. NMOCD rendered their decision in May 1994, under Order No. R-10122 [Enclosed]. The Order supported MEC's proposed plans.

FINDINGS

(1) The proposed wells are outside of all LMR & associated buffer-zone boundaries.

(2) The proposed wells are located in an area which has been determined to be barren of economically recoverable potash reserves.

(3) The proposed wells are located just north of an area where extensive oil and gas exploration has occurred since the early 1960's.

(4) Nine out of the ten existing wells which have been drilled immediately south of the proposed wells to the West Teas Yates-Seven Rivers pool have been completed without the salt protection casing string.

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(5) The deletion of a salt protection string from the proposed wells will not unduly diminish the total quantity of commercial potash deposits which may be reasonably recovered, nor will it interfere with the orderly extraction/development of surrounding potash reserves.

(6) The omission of a salt protection string from these wells will not present any additional risk to the health and safety of potash miners.

Recommended For Approval: Shannon J. Shaw
Date: 7/1/94

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