**Weekly Report to the Secretary**
**Acting Assistant Secretary for Land and Minerals Management**
**January 10, 2013**

I. Personal Message to the Secretary:

I am profoundly humbled and grateful for the opportunity to have served you and the President as Acting Assistant Secretary for Land and Minerals Management and the BLM Deputy Director for Programs and Policy. During my tenure at the Department, I have been deeply impressed by the talent, compassion, and dedication of my colleagues, without which the Department could not have reached its many accomplishments over the last four years.

This week has been a time to tie up loose ends and reflect on our accomplishments. As I look back on my time at the Department, my travels across the country stand out as one of my favorite aspects of the job. Covering ground from eastern Pennsylvania to the outer reaches of Alaska, I cherished the experience of helping stakeholders, tribes, and staff better understand the policy goals and objectives of the Department. Even more important, I appreciated the time to hear from people about their experiences and perspectives. Whether discussing the President's "all-of-the-above" energy strategy at conferences like the Canadian Institute's 8th Annual Alaska Oil and Gas Conference; meeting with many youth partnership programs such as our plant collection program at the Chicago Botanic Gardens; discussing public land issues at universities; representing the Department at the Western Attorneys General Conference, the National Association of Counties, the Western Regional Partnership, and the North American Wildlife Convention; highlighting our Smart from the Start offshore wind energy program at the New York Intergovernmental Renewable Energy Task Force meeting; holding tribal consultations across the country, from Alaska to Minnesota; bringing stakeholders together to discuss the Western Oregon pilot projects; or helping staff around the country better understand our priorities, my time in the field was a highlight of my journey.

With regard to accomplishments during my tenure, fresh on my mind is the Hydraulic Fracturing Revised Proposed Rule, where we are focusing our efforts on improving public awareness and providing stronger oversight of this practice without introducing unnecessary new delays in the development of oil and gas resources on Federal and Indian lands. I am also proud to have been a part of ushering in a new era of government-to-government relations with our Native American nations by helping to develop the Department's first consultation policy. I dedicated a significant amount of time to a number of other BLM accomplishments, including: the Sacred Sites Memorandum of Understanding (MOU) and the Secretarial Order, Oil and Gas Leasing Reform, improved management of the helium program, Western Oregon Secretarial pilot projects for timber harvest, the Potash Secretarial Order, and the Solar Energy Programmatic EIS. Additionally, I played a role in developing policy and regulatory language on several rules that are not yet published, such as the oil shale rule and the coal rule.

Recognizing the DoD's growing interest in energy development, natural resources management, the Administration's priority on new transmission in the southwest, and the interrelationship of our lands permitting and missions, you saw a need for increased coordination between the Department and DoD. From leading the Interagency Land Use Coordinating Committee

(ILUCC), to negotiating the DoD/Department renewable energy MOU, I worked to strengthen the overall relationship between the two departments and address interagency conflict on specific projects.

With OSM, I had the opportunity to advance a number of complex policy matters. Even this week, I continue to work on the Stream Protection Rule, which will be a significant environmental reform in coal producing states. On the Tennessee Lands Unsuitable Petition, I worked with Attorney General Robert Cooper, Director Pizarchik, and the SOL to identify a suitable number of alternatives that will be analyzed in the EIS. While work remains, through discussions with the Attorney General, we were able to come to an agreement on what is needed to fairly and thoroughly analyze the Petition. These and many other OSM actions are ongoing.

When I first stepped into the Acting ASLM position in late July 2011, BSEE and BOEM were about to be initiated as part of the reorganization. ASLM played a leadership role in furthering the development of offshore wind, including DAS Farquhar's many efforts in this area. ASLM staff and I traveled to several offshore wind public meetings and helped collaborate with our partners at the U.S. Coast Guard and NOAA. I worked closely with BSEE on the offshore drilling safety rule, SEMS II, and ran the command center for the Marine Well Containment Exercise. I was also provided guidance and oversight in the development of the current Five Year Offshore Oil and Gas Development Program. Both BOEM and BSEE are forging ahead with policies to manage the exploration and development of offshore resources responsibly, enhance safety and environmental protection for offshore development, and to facilitate offshore renewable energy.

As I look to the priorities the bureaus have laid out for the next year, and consider the possibilities for this Department over the course of this Administration, I have full faith in this team's ability to accomplish great feats to better serve our Nation.

The ASLM team is a special one. The responsibilities under the ASLM are vast and critical for the Nation's energy demands, conservation, and recreation. Through my time here, I have come to recognize the unique position of the ASLM and its ability to assist you in achieving policy objectives. I will always cherish my time in the ASLM office for the opportunity to provide guidance on these important issues and work with such dedicated and talented people.

II. Highlights of Travel, Meetings, Speeches, and other Public Events:

**Week of January 14, 2013**
**DAS Farquhar** – In the office all week.

**Week of January 21, 2013**
**DAS Farquhar** – In the office all week.

III. Legislative, Legal, and Policy Issues:

- **Wild Horse and Burro Program:** On Jan. 4, the BLM announced a new policy concerning sales of wild horses and burros. Under the new policy, the Assistant Director for Renewable

Resources and Planning must approve any sale of 4 or more horses to a single buyer.

- **Ocean Energy Safety Advisory Committee meeting:** On Jan. 9 and 10, the committee and BSEE held a public meeting at South Interior to report on the committee's activities on oil spill prevention, oil spill containment and response, and safety management systems.

- **Expedited Assessment of 2012 Arctic Operations:** On Jan. 8, the Department launched an expedited assessment of the 2012 offshore drilling program in the Beaufort and Chukchi Seas to review practices and identify challenges as well as lessons learned. The 60-day review will pay special attention to challenges that Shell encountered in connection with certification of its containment vessel, its containment dome, and operational issues with its two drilling rigs.

- **Hydraulic Fracturing Rule:** On Jan. 4, senior leadership within the BLM circulated the supplemental proposed rule to Departmental senior leadership for review, comment, and approval. ASLM, SOL, and the BLM are coordinating final review of the rule and associated documents toward your goal of submitting to OMB OIRA by the end of this week.

- **OSM Release of West Virginia Slurry Impoundment Breakthrough Study Report:** On Jan. 10, in coordination with the Department, OSM released a report containing its recent evaluation of WV's permitting actions to prevent slurry from breaking through slurry impoundments into underground mines. The primary issues identified in the report include a lack of documentation as to whether mining has occurred in mineable seams near the impoundments, and whether slurry might flow after an impoundment is no longer in use. The WV Department of Environmental Protection has agreed to require operators to provide additional information on each of the 136 impoundments in the State as permit revisions occur or at mid-term permit review. This process may take two-and-a-half years to complete, but OSM finds this timetable warranted given the complexity of the engineering analyses.

- **Atlantic Wind**
  - On Dec. 21, BOEM announced the publication of a request for competitive interest for a research lease offshore **VA**.
  - The public comment period for the **RI/MA** Proposed Sale Notice (PSN) and the **VA** PSN will end on Feb.1. Public seminars on the auction process are scheduled for Jan. 15 in Narragansett, RI and on Jan. 17 in Richmond, VA.
  - BOEM held public meetings on Jan. 7 in Nags Head and on Jan. 9 in Wilmington on the **NC** Call for Information and Notice of Intent (NOI) to prepare an EA. Most of the concerns raised were about view-shed and potential impacts to tourism.
  - On Jan. 3, BOEM announced the Request for Interest for the **NY** unsolicited request for a commercial lease and published the notice on Jan. 4. The comment period will end on Mar. 5.
  - On Dec. 18, the **NJ** task force met in Trenton to discuss the NJ draft PSN.
  - On Jan. 29, BOEM will hold a **MD** task force meeting to discuss the draft PSN in Annapolis.
  - The public comment period for the NOI to prepare an EA for installing a Met tower or buoy offshore **GA** ends on Jan. 14.

- On Dec. 19, BOEM announced the publication of the **ME** Determination of No Competitive Interest (DNCI). The ME Public Utilities Commission and Statoil are discussing the potential ratepayer impacts of the proposed four-turbine pilot project.

**Ongoing Projects:**

- Hydraulic Fracturing Rule
- Stream Protection Rule
- DOI/DoD Joint Action Plan and Implementation of the Renewable Energy DOI/DoD MOU
- BLM Oil and Gas Onshore Orders
- Proposed Expansion of Municipal Airport in Grundy, VA
- Hurricane Sandy impacts to Ohmsett and marine minerals program for beach re-nourishment

Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management
Direct Dial: 202-208-2422; Cell: (b) (6) [redacted]

# RE: SO on Potash

**Cardinale, Richard** <Richard_Cardinale@ios.doi.gov> Thu, Nov 29, 2012 at 10:01 AM
To: "Farquhar, Ned" <Ned_Farquhar@ios.doi.gov>

Will do.

----Original Message----
From: Farquhar, Ned
Sent: Thursday, November 29, 2012 9:34 AM
To: Cardinale, Richard
Subject: RE: SO on Potash

Can you make sure Janet realizes it's a high priority. Thanks, NF

----Original Message----
From: Cardinale, Richard
Sent: Thursday, November 29, 2012 9:33 AM
To: Farquhar, Ned; Barlan, Bryce
Subject: RE: SO on Potash

Spoke to Janet and she is going to hunt it down. Phil is out until tomorrow. Exec. Sec. does not have the comment analysis because it does not go through Departmental review.

Rich

----Original Message----
From: Farquhar, Ned
Sent: Thursday, November 29, 2012 9:30 AM
To: Cardinale, Richard; Barlan, Bryce
Subject: RE: SO on Potash

We need the comments doc.

----Original Message----
From: Cardinale, Richard
Sent: Thursday, November 29, 2012 8:11 AM
To: Farquhar, Ned; Barlan, Bryce
Subject: RE: SO on Potash

Are you referring specifically to the Secretary's Order or to the Comment Analysis, or both?

----Original Message----
From: Farquhar, Ned
Sent: Wednesday, November 28, 2012 5:23 PM
To: Barlan, Bryce; Cardinale, Richard
Subject: RE: SO on Potash

Rih - Per Bryce's note, can we get the latest comments section of the potash package from ExecSec? Phil sent a note saying it hadn't changed but when I probed back, I got an out of office email response.

From: Barlan, Bryce
Sent: Wednesday, November 28, 2012 5:20 PM
To: Farquhar, Ned
Subject: RE: SO on Potash

I would think we'd have to reach out to Exec Sec to get the latest and greatest.

Do you have a contact there?

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

----Original Message----
From: Farquhar, Ned
Sent: Wednesday, November 28, 2012 5:17 PM
To: Barlan, Bryce
Subject: RE: SO on Potash

is there a later version?

From: Barlan, Bryce
Sent: Wednesday, November 28, 2012 4:42 PM
To: Farquhar, Ned
Subject: FW: SO on Potash

Here you go Ned.

This is the latest version that I have. The redlined word doc illustrates where the solicitors saw our comments and made recommendations to modify or maintain the edits we provided. The other version is simply a clean copy.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

From: Allard, Phil
Sent: Thursday, November 15, 2012 10:39 AM
To: Wilson, Hazel A; Howarth, Robert; Iudicello, Fay
Cc: Fugate, Barbara; Hawbecker, Karen; Barlan, Bryce; Lin, Janet H; Kornze, Neil G; Cardinale, Richard
Subject: SO on Potash

Both Mike Pool and Jack Haugrud have surnamed this version and it incorporates the greater part of ASLM's edits. This is the version that went to Hilary Tompkins for review this morning. This means, I believe, that it is the closest to a final of the Order that we have at the moment.

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Phil

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**Cardinale, Richard** <Richard_Cardinale@ios.doi.gov> Thu, Nov 29, 2012 at 9:32 AM
To: "Farquhar, Ned" <Ned_Farquhar@ios.doi.gov>, "Barlan, Bryce" <BBarlan@blm.gov>

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Fax: 202-208-6243
bbarlan@blm.gov

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I have attached both a clean version and a track changes version of the document.

Phil

Farquhar, Ned <ned_farquhar@ios.doi.gov>

# Re: Timeline for the Secretarial Order on Potash

1 message

**Burke, Marcilynn** <Marcilynn_Burke@ios.doi.gov> Wed, Sep 12, 2012 at 8:56 PM
To: "Farquhar, Ned" <Ned_Farquhar@ios.doi.gov>, "Cardinale, Richard" <Richard_Cardinale@ios.doi.gov>

Sounds like a fine idea to me.

Thanks,

Marcilynn A. Burke
Acting Asst. Secretary, Land and Minerals Mgmt.
U.S. Dept. of the Interior
1849 C St., NW, Washington, DC 20240
(202) 208-6734 (voice) (202) 208-3619 (fax)
Marcilynn_Burke@ios.doi.gov

---

**From:** Farquhar, Ned
**Sent:** Tuesday, September 11, 2012 03:07 PM
**To:** Burke, Marcilynn; Cardinale, Richard
**Subject:** FW: Timeline for the Secretarial Order on Potash

I wonder if I should get the summaries (due by Sept 20) and then drop and for some rah-rah-rah when the swat team meets the following week? NF

---

**From:** Allard, Phil
**Sent:** Tuesday, September 11, 2012 12:23 PM
**To:** Nedd, Michael D; Boddington, Celia; Roberson, Edwin; Hawbecker, Karen; Farquhar, Ned; Kornze, Neil G; Pool, Michael J; Iudicello, Fay
**Cc:** Blank, Harvey; Fugate, Barbara; Vogt, Vincent N; Barlan, Bryce; Leverette, Mitchell; Martin, Benjamin F; Lin, Janet H; Herrell, Tony J; Juen, Jesse J; Wells, Steven
**Subject:** Timeline for the Secretarial Order on Potash

New Mexico has prepared the attached timeline for preparing the deliverables for a revision to the Secretary's Order on the Special Potash Area in New Mexico. Meeting this schedule will require the cooperation of many different people here in DC and we thank you in advance for your assistance.

Phil

**From** Farquhar, Ned **Date** 12/22/2010 2:02:00 PM
**To** Boling, Ted A
**Cc**
**Subject** RE: Revised Secretary's Order

Thank you. I have enjoyed reading it. NF

-----Original Message-----
From: Boling, Ted A
Sent: Wednesday, December 22, 2010 11:39 AM
To: Farquhar, Ned
Subject: FW: Revised Secretary's Order

Ned - FYI - here's the Wild Lands S.O. that has been surnamed and is pending with the Secretary now.
I'll also send you draft Q&A, press release, and event info.

-----Original Message-----
From: Boling, Ted A
Sent: Tuesday, December 21, 2010 3:04 PM
To: Iudicello, Fay
Cc: Baca, Sylvia; Burke, Marcilynn A
Subject: RE: Revised Secretary's Order

Fay - in the interest of time, Marcilynn asked me to create a clean version with the BLM/ASLM response to SOL changes accepted.
See attached.

-----Original Message-----
From: Iudicello, Fay
Sent: Tuesday, December 21, 2010 2:28 PM
To: Boling, Ted A
Cc: Baca, Sylvia
Subject: RE: Revised Secretary's Order

We are working to do just that ...

Fay S. Iudicello
Director, Office of the Executive
Secretariat and Regulatory Affairs
1849 "C" Street NW MS-7328
Washington, DC 20240-0001
(202) 208-3181 office
(202) 219-2100 fax
(202) 251-0135 cell

-----Original Message-----
From: Boling, Ted A
Sent: Tuesday, December 21, 2010 2:19 PM
To: Iudicello, Fay
Cc: Baca, Sylvia
Subject: FW: Revised Secretary's Order

Fay - ASLM needs a copy for surname within the hour. Are you inputting these changes?

-----Original Message-----
From: MaBurke@blm.gov [mailto:MaBurke@blm.gov]
Sent: Tuesday, December 21, 2010 1:37 PM
To: Iudicello, Fay
Cc: Amos, Adell; Boling, Ted A; Abbey, Robert V; Baca, Sylvia; Lewis, Wilma; WDFalsey@blm.gov
Subject: Revised Secretary's Order

Attached is a hand-written mark-up of the Wild Lands Secretary's Order.
Unfortuanately, I don't have an electronic copy

These are the changes from SOL and BLM and ASLM have agreed to them.

This Order has been the subject of much debate and drafting so it may be necessary to flag these changes for those who will surname.

If you have any questions, please call me (also, I'll turn the ringer on for my cell in case you try to reach me :)).

(See attached file: Wild_Lands_SO_12_21_10_SOL_BLM_ASLM.pdf)

Thanks,

Marcilynn

---

Marcilynn A. Burke
Deputy Director, Programs and Policy
Bureau of Land Management, U.S. Department of the Interior
1849 C St., N.W., Washington, D.C. 20240
(202) 208-3774 (office)
(202) 527-3395 (cell)
(202) 208-5242 (fax)

# FW: Secretary's Potash Area new Order - response from JITC

1 message

**Lin, Janet H** <jhlin@blm.gov> Tue, Jun 12, 2012 at 5:21 PM
To: "Farquhar, Ned" <Ned_Farquhar@ios.doi.gov>

**From:** Juen, Jesse J
**Sent:** Friday, June 08, 2012 6:39 PM
**To:** Lin, Janet H; Allard, Phil
**Subject:** Fwd: Secretary's Potash Area new Order - response from JITC

Here is all of their final document reviews and letters. I suspect forwards them to you but just in case.

Jesse

Sent from my iPad

Begin forwarded message:

> **From:** "Smitherman, John" <jrsmitherman@BassPet.Com>
> **Date:** June 8, 2012 11:22:51 AM CDT
> **To:** "Pool, Michael J" <mpool@blm.gov>
> **Cc:** John Mansanti <john.mansanti@intrepidpotash.com>, "Juen, Jesse J" <jjuen@blm.gov>, "Herrell, Tony J" <therrell@blm.gov>, "Smitherman, John" <jrsmitherman@BassPet.Com>
> **Subject: Secretary's Potash Area new Order - response from JITC**
>
> Mr. Pool:
>
> Please find, attached the additional information as promised yesterday. We are hereby submitting electronic versions of the consensus response to the Solicitor's Office's draft of the new Order along with a redline version with comments. I have also included the letter that we sent you yesterday as part of that submittal. As you can see by the comments, the issues involved in creating a new, lasting Order are complex and the balance represented in our consensus is delicate. We offer our further time, as much as needed, to ensure that the final result is effective both near term and into the distant future.
>
> Please do not hesitate to let either of us know if you have questions or need further information.

John Mansanti
Sr. Vice President Operations
Intrepid Potash
(303) 996-2607

John R Smitherman
Vice President Operations
BOPCO, L.P.
(817) 390-8805

---

**6 attachments**

**20120607155428369.pdf**
671K

**ATT00001.htm**
1K

**Final Secretary_s Potash Order Revision (6.07.12- No Comments).DOC**
92K

**ATT00002.htm**
1K

**Final Secretary_s Potash Order Revision (6.07.12) Redline with COMMENTS.DOC**
115K

**ATT00003.htm**
1K

Farquhar, Ned <ned_farquhar@ios.doi.gov>

# FW: Information Memorandum on Potash-Oil and Gas

1 message

**Falsey, William D** <96F4FA5C-31329C99-87257604-5B1286@ios.doi.gov> Fri, Apr 27, 2012 at 4:38 PM
To: "Farquhar, Ned" <Ned_Farquhar@ios.doi.gov>

FYI.

-----Original Message-----
From: Herrell, Tony J
Sent: Friday, April 27, 2012 10:42 AM
To: Lin, Janet H; Abbey, Robert V; Kornze, Neil G; Pool, Michael J; Falsey, William D; Nedd, Michael D; Juen, Jesse J
Subject: RE: Information Memorandum on Potash-Oil and Gas

Now it helps if I send the attachment.

Tony

-----Original Message-----
From: Lin, Janet H
Sent: Friday, April 27, 2012 4:51 AM
To: Abbey, Robert V; Kornze, Neil G; Pool, Michael J; Falsey, William D; Nedd, Michael D; Juen, Jesse J; Herrell, Tony J
Subject: Information Memorandum on Potash-Oil and Gas

Attached is the draft Info Memo. I will need to get this back to the SOL this morning for them to circulate as well. The proposed plan is to extract into a white paper the questions/issues and convey them to the JITC in advance of the meeting so they are not surprised and can prepare.

Please let me know your thoughts!

Busy week!

----- Original Message -----
From: J Lin [mailto:linsteffes@yahoo.com]
Sent: Friday, April 27, 2012 04:40 AM
To: Lin, Janet H
Subject: Information Memorandum on Potash-Oil and Gas

**Potash-OG Brief Comments Comments.docx**
28K

**INFORMATION MEMORANDUM FOR THE SECRETARY**

April 27, 2012

FROM: Robert V. Abbey, Director, Bureau of Land Management
Jack Haugrud, Deputy Solicitor

CC: David J. Hayes, Deputy Secretary
Hilary Tompkins, Solicitor
Marcilynn Burke, Acting Assistant Secretary

SUBJECT: Secretary's Potash Area – Meeting with potash and oil and gas industry representatives

I. INTRODUCTION

On January 5, 2012, you asked the Joint Industry Technical Committee (JITC) to propose changes to the 1986 Secretarial Order by April 1, 2012. On April 5, 2012, the JITC forwarded "Recommendations for a New Secretarial Order," in the form of "consensus concepts" rather than a draft amended Order. The JITC has requested a meeting to present these concepts which has been scheduled for May 1.

Proposed Next Steps:
Further discussions are needed with JITC to understand how the consensus concepts translate into specific changes in a 2012 Secretarial Order. These remaining questions are described below. Given the highly-charged nature of this issue, the long history of conflict, the immense legal complexity, and the involvement of other jurisdictions, the following next steps are proposed:

,

- The BLM sends a list of questions regarding various aspects of the consensus concepts to the JITC.
- The Secretarial meeting is held on May 1 in response to a request from the JITC. The questions are raised and a request is made for the JITC to form a legal subcommittee to meet with Solicitor's Office.
- Immediately following the Secretarial meeting, the BLM will meet with the JITC to further discuss the consensus concepts.
- The Solicitor's Office lawyers will meet with the legal subcommittee within the week following such designation by the JITC.
- The BLM and the Solicitor's Office will prepare draft order that will include compliance with applicable procedural requirements, e.g., Administrative Procedure Act, National Environmental Policy Act, Endangered Species Act, and tribal consultation.

Fundamental Legal Issues and Questions related to the Consensus Concepts

(b) (5)

A. Impacts to Existing Lessees

- (b) (5)

B. High Economic Costs

- (b) (5)

(b) (5)

C. Required State Action

- (b) (5)

(b) (5)

(b) (5)

**D. Procedural Requirements**

- (b) (5)

II. BACKGROUND

Certain public lands in southeastern New Mexico contain deposits of both potash (potassium compounds, primarily used as agricultural fertilizer) and oil and gas. Conflicts arose and concerns were raised which included dangers to miners and waste of the potash resource. Since 1939, the Department has administered the federal oil and gas and potash resources in the "Secretary's Potash Area" (SPA) through periodically revised Secretarial Orders. A subsequent 1951 order created a 298,345-acre SPA and instituted the policy of authorizing concurrent development of federal oil and gas and potash reserves under reciprocal lease stipulations to ensure that the development of one resource would not interfere with development of the other. This policy of concurrent development was continued in subsequent orders in 1965, 1975, and 1986, which over time increased the size of the SPA to its current 497,000 acres of land in two counties in New Mexico.

The most recent Secretarial Order was revised in 1986 and permits concurrent development of oil and gas and potash. The 1986 Order provides for "potash enclaves" where known potash reserves exist and in which BLM denies most applications to drill oil and gas test wells from surface locations, except from "drilling islands" or in areas "barren" of potash within an enclave. The 1986 Order has been the subject of significant litigation before both the Interior Board of Land Appeals (IBLA) and in Federal court. This complex and lengthy litigation involved the oil and gas and potash companies' fundamental disagreement over the meaning and application of the 1986 Order, as well as what procedures BLM should follow in reviewing an oil and gas Application for Permit to Drill. While the IBLA remanded some of the decisions on APDs to the BLM, it did not find fault with the 1986 Order. The potash and oil and gas industries have clashed for decades, in and out of court, over their respective rights to mine on these lands and the meaning of provisions in the Order.

III. POSITION of INTERESTED PARTIES

Over 160 lessees and operators exist within the Secretary's Potash Area. The Joint Industry Technical Committee (JTIC) was established by the potash and oil and gas industry a year prior to the January meeting with the Secretary. The representatives that stepped up to participate were all the major lease holders or operators within the SPA. In addition, the BLM has reached out to the companies that the Secretary requested to participate that were not at his meeting in Carlsbad (Conoco Phillips and Chevron).

The co-chairs and many other members of the JTIC have reached out to numerous oil and gas associations, other potential potash producers as well as individual oil and gas companies. The process was open from the beginning and did not exclude anyone that wanted to participate in the meetings. One company, Three Rivers, requested and was granted a seat at the table. Some of the non-committee companies attended the meetings and some did not although they were invited as a result of their interest. The draft documents, maps, diagrams, proposals and final report to the Secretary from the JTIC were shared extensively throughout the industry community including some of those companies that chose not to attend the meetings.

The JITC has included participation from the following members:

John Smitherman, Bass Petroleum
John Mansanti and Kevin Ryan, Intrepid Potash Incorporated
Dan Morehouse and Don Purvis, Mosaic Potash Carlsbad Inc.
J. Robert Ready, Concho Resources Incorporated
Randy Bolles, Devon Energy Corporation
John Merson, Sandia National Laboratories
Tim Kane, Three Rivers Operating Company LLC
Chad Johnson, Cimarex Energy Company of Colorado
Dave Harms, Conoco-Phillips
James S. Brown, Yates Petroleum Corporation
Keith Sevin, Occidental Oil and Gas Corporation
Suzanne P. Holland, Chevron North America Exploration and Production Company

The BLM and the JITC recognize that there are a number of lease holders that were not present on the committee. However the member companies account for the majority of the production within the potash area; 85 percent of the gas production and 60 percent of the oil production. The JITC will be proactively approaching other industry partners to brief them on the new development concepts described in the consensus document.

Additional companies with a possible interest include:

| | | |
|---|---|---|
| Chi | EOG | Armstrong |
| Fasken | XTO | Featherstone |
| Exon | Kaiser Frances | Harvard |

(b) (5)

| | | |
|---|---|---|
| Apache | Mercheson O & G | Khody |
| Nearburg | Rubicon | Merrit |
| Strata | Reed & Stevens | Cheasapeake |

Farquhar, Ned <ned_farquhar@ios.doi.gov>

# Accepted: Meeting with Bob Jornayvaz, President & CEO of Intrepid Potash & Mike Stratton

1 message

**Brenda_Aird@blm.gov** <Brenda_Aird@blm.gov> Wed, Jul 21, 2010 at 10:54 AM
To: "Farquhar, Ned" <Ned_Farquhar@ios.doi.gov>

**2 attachments**

- **c090930.ics**
  2K
- **invite.ics**
  1K

# 2012 – A year of progress

# 2013 – Growth for the future

## Office of the Assistant Secretary for Land and Minerals Management

January 11, 2012

# New Energy Frontier

## Arctic - 2013 Goals

- Provide oversight of onshore and offshore leasing, exploration, and development.
- Support the 60-day report reviewing 2012 Arctic activities.
- Support the Deputy Secretary's Interagency Arctic Coordination group.
- Ensure that onshore and offshore planning efforts are integrated (BLM & BOEM).

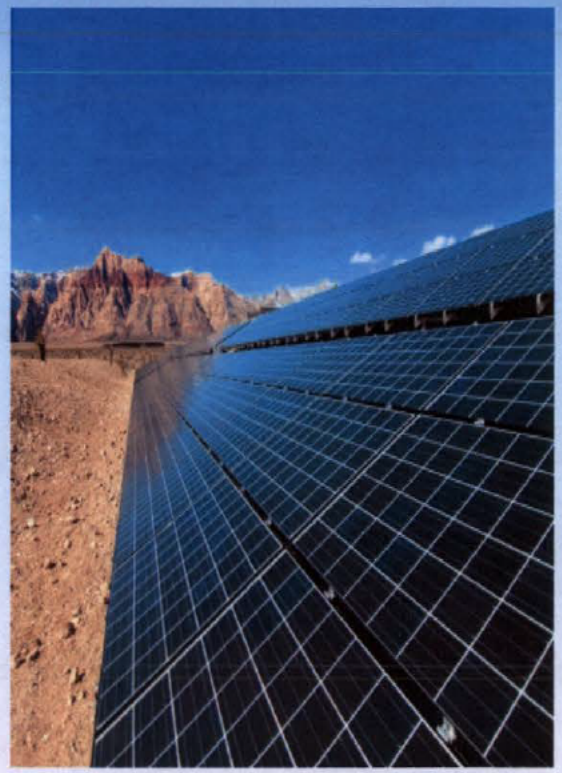
# New Energy Frontier

## Renewable Energy - 2013 Goals

- Help lead efforts on offshore wind, including competitive offshore wind lease sales through 2013.
- Provide guidance on onshore renewable energy issues such as:
  - competitive leasing regulations;
  - expediting transmission;
  - approval of active projects; and
  - designation of additional solar energy zones.

# New Energy Frontier

## Renewable Energy - 2013 Goals



- Work with the BLM to improve the transmission review and approval process.
- Lead the DOI-DoD Interagency Land Use Coordinating Committee (ILUCC) to develop a framework for siting utility-scale renewable energy projects on DoD withdrawn lands.

# New Energy Frontier

**<u>Conventional Energy</u> - 2013 Goals**

- Provide oversight of onshore and offshore oil and gas:
  - Atlantic Seismic PEIS;
  - Implementation of the Five Year Program;
  - Hydraulic fracturing regulations;
  - Onshore leasing reforms;
  - Oil and gas orders;
  - Onshore oil and gas royalty rates;
  - International cooperation on offshore safety; and
  - Offshore regulations (SEMS II, BOPs, safety culture).

# New Energy Frontier

## Conventional Energy - 2013 Goals

- Oversee improvements to onshore and offshore inspection and enforcement, including workforce development and training.
- Target removal of DOI from the high-risk list (in 2015).
- Support BLM on Fair Return issues.
- Stream Protection Rule
- Coal Combustion Rule

# Climate Change

## -2013 Goals-

- Help advance BLM climate policies:
  - ➢Terrestrial carbon sequestration;
  - ➢GHG emissions; and
  - ➢New ways to adapt on-the-ground activities to the realities of climate change.
- Support inter-agency efforts to develop landscape-scale planning capabilities.

# First Americans

## -2013 Goals-

- Work with bureaus to encourage consistent implementation of tribal consultation policy.
- Pursue energy development opportunities on Native American land, such as coal gasification to provide for low-emission energy, and capitalize on use of existing transmission infrastructure.

# Other Priorities

## -2013 Goals-

- Continue working with bureaus to coordinate **youth** efforts.
- Assist the BLM in implementing policies to institutionalize **America's Great Outdoors** principles.
- Support the BLM's **sage grouse** planning effort.

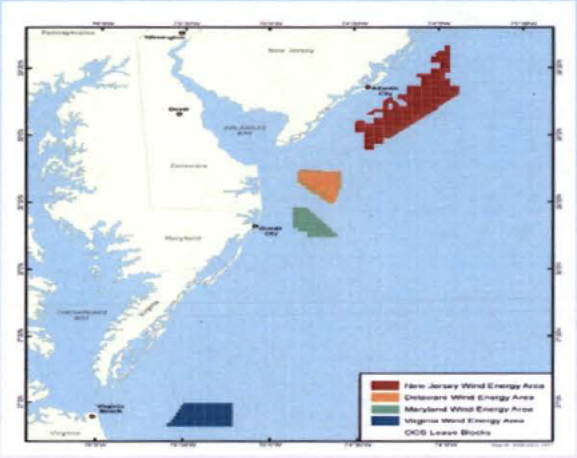
# New Energy Frontier

## -2012 Accomplishments-

- Traveled the country to tout the President's "all-of-the-above" energy strategy.
  - ASLM office participated in 36 site visits and meetings, from Alaska to Vermont.
- Led the ILUCC to further enhance the DOI-DoD relationship.
- Spearheaded the DOI/DoD Renewable Energy MOU.

# New Energy Frontier

## -2012 Accomplishments-




- Helped advance
  - Hydraulic Fracturing Rule;
  - Oil Shale Programmatic EIS;
  - Potash Secretarial Order;
  - Oil and Gas Leasing Reform;
  - Oil Shale Management Proposed Rule; and
  - NPR-A Final EIS.
- Helped advance "Smart from the Start" offshore wind in ME, RI, MA, NY, NJ, DE, MD, VA, and NC.

# New Energy Frontier

## -2012 Accomplishments-

- Helped advance the Secretary's Five Year Offshore Oil and Gas Program.
- Aided policy responses to Deepwater Horizon through:
  - updating regulations for drilling safety;
  - reviewing oil spill response policies; and
  - participating in the MWCC exercise.

# 2012 Accomplishments

- Advocated for international offshore energy safety engagement, including briefings with Mexico, Iraq, Norway, UK, Canada, Bulgaria, Myanmar, and Israel.
- Coordinated BLM and BOEM's work to reduce greenhouse gas emissions, including development of onshore orders.
- Assisted with the progress of the Tennessee Lands Unsuitable for Mining Petition.
- Participated in management improvements to the Helium Program.

# 2012 Accomplishments

- Helped develop the Sacred Sites Secretarial Order and MOU.
- Participated in > 10 AGO and conservation events across the country.
- Provided input into the Grand Canyon mining withdrawal.
- Supported the creation of the first wild horse eco-sanctuary.

# Oversight and Investigations

## -2012 Accomplishments-

ASLM oversaw bureau responses to GAO/IG reports. Of note:

- GAO High Risk Report
- Rental rates on BLM ROWs
- BLM's helium program
- Oil and Gas Leasing in Indian Country
- BOEM/BSEE reorganization

# 2012 – A year of progress

# 2013 – Growth for the future

## Office of the Assistant Secretary for Land and Minerals Management

January 11, 2012

# Re: meetings

1 message

**Tommy Beaudreau** <tommy.beaudreau@boem.gov> Wed, Jan 16, 2013 at 1:21 PM
To: Ned_Farquhar@ios.doi.gov

Ned,

No big deal at all. Sorry for the limbo we've been in this week with the transition - obviously not what I'd hoped for. Thank you for keeping things like this, the HF rule, etc. rolling.

TPB

---

**From:** Farquhar, Ned [mailto:ned_farquhar@ios.doi.gov]
**Sent:** Wednesday, January 16, 2013 09:06 AM
**To:** Tommy Beaudreau <Tommy.Beaudreau@boem.gov>
**Subject:** meetings

Tommy - I scheduled this potash meeting several weeks ago before I knew you were coming, and then forgot about it till today - I will now check upcoming meetings and see if there are some we should see if you want to do. Sorry I didn't think of that prior to this potash meeting. NF

–
Ned Farquhar
Deputy Assistant Secretary
Land and Minerals Management
US Department of the Interior
1849 C Street NW Room 6614
Washington, DC 20240
202-208-6734
202-253-0174 cell

# meetings

1 message

**Farquhar, Ned** <ned_farquhar@ios.doi.gov> Wed, Jan 16, 2013 at 11:06 AM
To: Tommy Beaudreau <Tommy.Beaudreau@boem.gov>

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**Weekly Report to the Secretary**
**Acting Assistant Secretary for Land and Minerals Management**
**November 15, 2012**

I. Personal Message to the Secretary:

On November 15, the Department and BOEM took a historic step by announcing the first competitive commercial lease proposed sale notices for offshore wind on the Outer Continental Shelf. Encompassing more than 277,000 acres, these sale areas, in Rhode Island, Massachusetts, and Virginia, are garnering significant commercial interest. Throughout the process of preparing the notices, BOEM has done an incredible job working with the States and various stakeholders. This announcement is an important achievement for the Department and a significant in the Administration's all-of-the-above energy strategy. As we move forward with these first competitive lease sales, it is my hope that we can take some time to reflect on ways we may continue to expand and enhance the offshore wind program even further.

Another hallmark decision taking place this week is the release of the *Secretary's Order on Oil and Gas and Potash Development within the Designated Potash Area of Eddy and Lea Counties, New Mexico*. Addressing the concerns of the oil and gas industry as well as the potash industry brings unlikely partners to the table to develop solutions that would make both industries economically viable and meet the BLM's mission of multiple-use. In the past, the goal of concurrent oil, gas, and potash development had been hampered by safety concerns regarding mining operations within the vicinity of oil and gas operations, judicial rulings that placed downward pressure on the BLM's role of managing these competing resource values, and the availability of sound science to aid our land managers in making informed decisions. The Secretary's Order lays out a path that highlights recent advances in oil and gas development technologies, consensus building and information sharing between the two industries, and using the best science available to facilitate concurrent development of these valuable resources.

On November 9, the BLM also issued a proposed plan for oil shale development in the West. The plan also includes two research and development and demonstration (RD&D) leases for oil shale development, allowing for exploration of the full potential of our energy resources and to develop innovative technologies and techniques for safe and responsible production.

With regards to drought concerns in Western States, the BLM has informed me that conditions have not worsened in the last few weeks. However, grazing permittees continue to reduce their use of BLM allotments through a variety of ways, including: reducing the number of livestock, delaying use, or moving livestock to new pastures sooner. The BLM field offices understand the challenges facing permittees and are providing flexibility where possible. In addition to the drought conditions, fire has impacted over 324 grazing allotments, including more than 1.9 million acres, over 573,000 animal unit months, and 432 permittees.

Wild Horse Herd Management Areas (HMAs) are also facing a number of challenges, including wildlife impacts to nine HMAS and 65 areas facing drought concerns. A BLM team of experts tasked with evaluating drought impacts on HMAs recently completed site visits and plans to

make recommendations to the Washington Office in the coming weeks. I am pleased the BLM is taking a proactive approach to examine the best steps forward on this issue.

Last week I mentioned I was to co-chair the upcoming Interagency Land Use Coordinating Committee (ILUCC) quarterly meeting, which was scheduled for November 15. Due to last minute scheduling changes at DoD, we are rescheduling the meeting for December.

II. Highlights of Travel, Meetings, Speeches, and other Public Events:

**Week of November 19, 2012**
**Acting ASLM Burke –** In the office Nov. 19 – 21.
**DAS Farquhar –** In the office all week.

**Week of November 26, 2012**
**Acting ASLM Burke –** In the office all week.
**DAS Farquhar –** In the office Nov. 26-28, traveling to LA for Western Gulf Lease Sale Nov. 29-30.

III. Legislative, Legal, and Policy Issues:

- **Atlantic Wind**

  - On Nov. 2, BOEM published the Notice of Availability (NOA) of the **MA** EA. The NOA announced public meetings which took place Nov. 13-16 in Boston, New Bedford, Vineyard Haven, and Nantucket.

  - On Nov. 15, BOEM and the Department announced the **RI/MA** Proposed Sale Notice. ASLM received the package on Nov. 14.

  - On Oct. 23, BOEM and the Department announced the Bluewater lease in **DE**. Bluewater signed the lease on Nov. 6.

  - On Nov. 15, BOEM and the Department announced the **VA** Proposed Sale Notice. ASLM cleared it on Sept. 12.

  - The revised **NC** Call for Information was sent to ASLM office on Nov. 13 and is currently undergoing review.

  - The Request for Interest for the **NY** unsolicited request for a commercial lease is ready for publication in Nov. ASLM surnamed the package on Oct. 23. The package is on hold at Exec Sec per a request from NY due to Hurricane Sandy.

  - On Oct. 9, the comment period closed on the **ME** Request for Interest for the Statoil Hywind project. BOEM received 10 comments related to birds, whales, fishing, and visual impacts. BOEM did not receive any expressions of competitive interest. The

comment period for the Notice of Intent to prepare an EIS closed on Nov. 8. A Determination of No Competitive Interest is currently at SOL.

- **BLM-CA Stateline Solar Project:** On Nov. 16, the NOA for the Stateline Solar Project draft EIS is scheduled for release. The proposed 300-MW photovoltaic solar energy generation power plant facility is located on 2,000 acres of public lands in San Bernardino, CA.

- **Stream Buffer Zone Regulation Litigation:** OSM met with the plaintiffs and with the intervenor defendants (National Mining Association) on Nov. 8 and 13, respectively. (b) (5) [redacted]

- **Kentucky 733 Bonding:** The Kentucky Department of Natural Resources has submitted permanent program regulations codifying emergency regulations to OSM for review and approval. [tracking down date of when they were received and timeline for approval]. In addition, the state has received [tracking down when] the actuarial study, which can form the basis of the state's bond pool if deemed adequate.

- **Desert Renewable Energy Conservation Plan (DRECP):** The DRECP is being prepared by the Renewable Energy Action Team (REAT), a collaborative team from the CA Energy Commission, CA Department of Fish and Game, the BLM, and the USFWS. The DRECP, a major component of CA's efforts to increase renewable energy, will conserve desert ecosystems while allowing for the appropriate development of renewable energy throughout southern CA. The REAT will release six draft DRECP alternatives in mid-Dec. for a 30-day public comment period.

**Ongoing Projects:**

- Hydraulic Fracturing Rule
- Safety and Environmental Management Systems (SEMS) II Final Rule
- Tennessee Lands Unsuitable for Mining Petition
- DOI/DoD Joint Action Plan Implementation
- OSM-BLM Consolidation Implementation
- Onshore Orders
- Proposed Expansion of Municipal Airport in Grundy, VA

Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management
Direct Dial: 202-208-2422; Cell: 202-603-9378/713-550-4859

## Anderson, Michael D

**From:** Cunningham, Celina P
**Sent:** Wednesday, November 14, 2012 6:32 PM
**To:** Burke, Marcilynn
**Cc:** Ishee, Mary K; Cardinale, Richard; Farquhar, Ned
**Subject:** Short Report
**Attachments:** ASLM_Weekly_Report_to_the_Secretary_11-15-12_draft.docx

Here is a draft report, which MK has reviewed. Ned, I'll leave a copy on your chair tonight. And Marcilynn, I'll give you a hard copy once I receive Ned's updates in the AM.

Have a good night.

**Attorney Client Communication – Confidential & Privileged**

**Office of the Solicitor**
**Weekly Bureau Report for the Week of July 16, 2012**

***Defending Renewable Energy Projects***

**Ocotillo Wind Energy Project –** *Quechan Tribe v. DOI (S.D. Ca.)*; *Desert Protective Counsel (DPC), et al. v. DOI (S.D. Ca.); Protect Our Communities Foundation, et al. v. DOI* (Cal. Sup. Court); *Community Advocates for Renewable Energy Stewardship (CARES) v. DOI (S.D. Ca.)*

(b) (5) [redacted]

***Supreme Court Cases***

***Petition for Certiorari:*** *Corboy v. Louie*

(b) (5) [redacted]

***Other Matters***

***Challenge to Oil Spill Response Plans in the Beaufort and Chuckchi Seas:*** *Alaska Wilderness League, et al. v. BSEE, et al., (D.AK.) (filed July 10, 2012)*

(b) (5) [redacted]

***Coal Export:*** *Eaglehawk Carbon v. U.S. (Fed. Cl.)*

(b) (5) [redacted]

*Yellowstone Winter Use*

(b) (5) [redacted]

***Wyoming Wolf Draft Delisting Rule***

(b) (5) [redacted]

***Off Road Vehicle Trails in Big Cypress National Preserve:*** *Defenders of Wildlife v. Salazar (M.D. Fla.)*

(b) (5) [redacted]

***Western Oregon/Timber - Challenge to the Western Oregon Plan Revisions:*** *Pacific Rivers Council v. Salazar (D. Or.)*

(b) (5) [redacted]

***BLM National Landscape Conservation System Manuals***

(b) (5) [redacted]

***Challenge to BLM's RMP Amendment for Oil and Gas Development on Roan Plateau:***
*Colorado Environmental Coalition, et al. v. Salazar, et al. (D. Colo.)*

(b) (5)

[redacted]

**NATIONAL PARK SERVICE**
**THREE WEEK OUT REPORT**
**July 13, 2012**

## WEEK AHEAD

**National Mall and Memorial Parks (DC) –Washington Monument Repairs.** (UPDATED from July 6 report). The solicitation for bids to repair the monument is open through July 31. A pre-proposal tour of the monument is scheduled for July 18 for interested contractors. The contract is anticipated to be awarded approximately August 2012, with construction starting in September 2012 and lasting approximately 12 to 18 months.

**Hawai'i Volcanoes National Park (HI) – Complaint and Investigation.** Florida resident Robert Taylor has made a complaint against park personnel. Taylor alleges that he was assaulted by a park law enforcement officer on May 10 at the Kilauea Military Camp within the park, and that his rights as a disabled person with a service dog were violated. Among his claims are assault and battery; violation of civil and constitutional rights; and violations of the Americans with Disabilities Act (ADA). Taylor has contacted members of the Hawai'i and Florida delegation, DOI's Office of Civil Rights, the Department of Justice, the FBI, various veterans groups, the Hawai'i State Disability Rights Center, and numerous media outlets. Congressional letters concerning the matter have been received. Taylor recently filed a $2,006,340.88 tort claim. Freedom of Information Act requests have been submitted by local media and by Mr. Taylor and his wife, Laurie Housworth.

**Dinosaur National Monument (CO) – Wildlife Disease Detected at Campground.** Tularemia was detected in the park campground. This is a native wildlife disease that primarily infects rabbits and rodents and can be transferred to humans. Informational signs have been posted at the campground and kiosks in the park, and a press release has been issued to explain routes of transmission to humans, methods to prevent exposure, human symptoms of disease, and what to do if a visitor suspects they may have been exposed.

**Gullah/Geechee Cultural Heritage Corridor (NC/SC/GA/FL) – Management Plan.** The management plan/Environmental Assessment is expected to be released for a 30-day public comment period on July 17. The plan focuses on education, economic development, cultural documentation and preservation, and a framework to raise awareness and appreciation for the history of the Gullah Geechee people.

**North Cascades National Park (WA) – Final Stehekin River Corridor Implementation Plan.** The final Environmental Impact Statement will be released on July 16. The plan describes measures to maintain access and protect resources in response to increased threats of flooding. Major actions include road re-routing, creation of a spur road to maintain access to private property, restoration of riparian areas, identification of land exchange options to mitigate flooding risk to private property, and strategic removal of NPS resources out of the floodplain. The area affected by this plan is represented by Congressman Doc Hastings (R-4$^{th}$).

**Taunton Special Resource Study (MA) – No Recommendation for Park Unit.** Based on a congressionally authorized study conducted by the NPS, resources in the Taunton, Massachusetts, study area were found not to be nationally significant, a key criteria for recommendation as a national park unit. Because national significance was not met, the study process is concluded. The final study will be transmitted to Congress within the next week.

**Timpanogos Cave National Monument (UT) - New Visitor Center.** Public comment period will be open until July 15 to provide input on an Environmental Assessment for park improvements including a new visitor center and realignment of an adjacent section of highway. The new visitor center is being proposed as part of an interagency center on nearby Forest Service land.

## ON THE HORIZON

**Big Cypress National Preserve (FL) – State of Florida Land Donation.** The park superintendent will meet with the Governor and Cabinet of the State of Florida on August 7. The meeting will commemorate the recent completion of the State's donation of approximately 29,412 acres including payment of $4 million to the State of Florida in accordance with the congressionally mandated federal/state acquisition cost share. Discussions will also include the anticipated donation of the remaining state owned lands within the park as well as the partnership with Florida and progress related to the implementation of the General Management Plan for addition lands.

**San Antonio Mission National Historic Park (TX) - World Heritage Site Nomination for Park Opposed by Native American Group.** A Native American advocacy group opposes the recent nomination of San Antonio Missions National Historic Park as a UNESCO World Heritage site. The nomination was made last month and announced by Secretary Salazar at the park. The group views the nomination as a glorification of Spanish Colonialism and the suffering and subjugation of native peoples, and wants the name of the proposed World Heritage site changed to *Indigenous Missions of Tejas*.

**Cape Hatteras National Seashore (NC) – Off-Road Vehicle Management.** The park continues to implement its new off-road vehicle (ORV) management plan and special regulation, while two legal processes, as well as legislation to set aside the plan and regulation and reinstate the 2007 Interim Protected Species Management Strategy (Interim Strategy), are underway. In *Cape Hatteras Access Preservation Alliance v. Salazar*, a lawsuit challenging the park's final ORV management plan and special regulation in the U.S. District Court of the District of Columbia, a hearing is scheduled for July 26 on the status of the administrative record. In *Defenders of Wildlife et al. v. National Park Service et al.*, the 2007 lawsuit that challenged the Interim Strategy in the U.S. District Court in the Eastern District of North Carolina and resulted in the (b) (5) [redacted]

**Big South Fork National River and Recreation Area (KY/TN) and Obed Wild and Scenic River (TN) - Lands Unsuitable for Mining Draft EIS.** The Office of Surface Mining (OSM) had planned to release a draft Environmental Impact Statement for a Lands Unsuitable for Mining Petition in June 2012. However, it has been delayed until at least fall 2012. Most of the petition area is located in the headwaters of the Big South Fork National River and Recreation Area and the Obed Wild and Scenic River. Controversy is expected at the local level due to the perception of lost mining opportunities and a reduction in jobs. The State of Tennessee and environmental groups support the petition because of the long-term conservation benefits.

**Long Walk National Historic Trail (NM) – Feasibility Study Decision.** The NPS has completed an evaluation of the Long Walk Trail for suitability as a National Historic Trail. The trail commemorates the forced removal of the Navajo and Mescalero Indians from their traditional lands in Arizona and New Mexico, their resettlement near Fort Sumner, New Mexico, and their eventual return to their homelands. The study found that the trail meets the criteria for designation; however, the Navajo Tribal Council does not support trail designation. The Mescalero Apache Tribe did not provide support for national historic trail designation. The NPS respects the Navajo Nation's stated position and recommends no action. Senator Tom Udall (D-NM) sponsored the passage of the study act in 2002 (P.L. 107-214). He is interested in personally consulting with the Navajo to seek support for designation.

**White House Visitor Center (DC) – Closure for Remodeling.** The visitor center will be closed starting in late July for approximately 15 months during which the existing center and its exhibits will be rehabilitated. This $4.3 million project is a partnership between the NPS and the White House Historical Association. A press release will be issued by NPS once the closing date is confirmed. A temporary visitor center will open at the Ellipse Visitor Pavilion at 15th and E Streets, N.W.

**George Washington Memorial Parkway (VA) – Public Scoping for Arlington County and Vicinity Non-Motorized Boathouse.** On July 24 the park will conduct a public scoping meeting in Arlington, Virginia, as part of the re-initiation of public scoping for the planning process. The EIS will assess the impacts of the proposed construction of a public facility for non-motorized boats on the Virginia shoreline of the Potomac River in the Arlington County vicinity. Public comment for scoping is open until August 31.

**Week Ahead Report**
**U.S. Fish and Wildlife Service**
**July 12, 2012**

**12 Month Finding on a Petition to List the Platte River Caddisfly:** FWS received a petition dated July 24, 2007, from the WildEarth Guardians requesting that FWS list the Platte River caddisfly, as threatened or endangered. FWS published a 90-day finding in the Federal Register (FR) on August 18, 2009 (74 FR 158), which concluded that substantial information supported preparation of a 12-month finding. Per the MDL settlement agreement with WildEarth Guardians, the 12-month finding for this species must be submitted to the FR by the end of Fiscal Year 2012. FWS finds that listing the Platte River caddisfly as threatened or endangered is not warranted at this time. This action is part of the multi-year listing work plan reached under agreement with Wild Earth Guardians and Center for Biological Diversity (MDL). This action is not expected to be controversial. Target for submitting to the *Federal Register* is July 24, 2012.

**Proposed Rule to List 2 Tennessee River Mussels and Designate Critical Habitat:** The fluted kidneyshell and slabside pearlymussel are both endemic to portions of the Cumberland and Tennessee River systems of Alabama, Kentucky, Mississippi, Tennessee, and Virginia. These mussel species have disappeared from portions of their natural ranges primarily due to impoundments, mining, and poor water quality as a result of excessive sedimentation and environmental contaminants. In total, approximately 1,380 river miles of stream channels fall within the boundaries of the proposed critical habitat designation for both species. Target for submitting to the *Federal Register* is July 25, 2012.

**Proposed Rule to List Jemez Mountains Salamander and Designate Critical Habitat:** FWS published a 12-month finding on September 2, 2010, that listing the salamander was warranted but precluded. We now propose endangered status for the salamander and propose to designate critical habitat. We are proposing 2 units as critical habitat, in federally managed lands (USFS, VCNP, and NPS (Bandelier National Monument) located in Los Alamos, Rio Arriba, and Sandoval Counties, New Mexico. All agencies and tribes anticipate that the salamander may be listed and none have expressed opposition. Please note that the Service detected salamanders on Santa Clara Pueblo in 1991, but we have no record of authorization to conduct the surveys, and the location data are in the public record. The tribe is sensitive to issues related to the salamander and these observational data. Target for submitting to the *Federal Register* is July 25, 2012.

**Final Rule to Designate Critical Habitat for 3 Colorado Plants:** On July 27, 2011, we listed the Pagosa skyrocket as endangered; and listed Parachute beardtongue and DeBeque phacelia as threatened under the Endangered Species Act and proposed critical habitat for the three plants. The critical habitat occurs in Archuleta, Garfield, and Mesa Counties, Colorado. This action is expected to generate local interest and may be controversial. Excluding critical habitat based on an unsigned voluntary Colorado Natural Areas agreement may create some legal exposure. However, given the importance of partnering with Oxy for the conservation of Parachute beardtongue, the general support of Rocky Mountain Wild, and the fact that the agreement will be in the process of getting signed, this action is prudent. Both Parachute beardtongue and

DeBeque phacelia are in areas of heavy oil and gas development. Target for submitting to the *Federal Register* is July 27, 2012.

**Final Rule to List the British Columbia DPS of the Queen Charlotte Goshawk:** In 1995 the FWS published a 12-month finding in which FWS determined that listing this, the Queen Charlotte goshawk subspecies, was not warranted under the Endangered Species Act (ESA). This and subsequent actions were challenged in court and on May 24, 2004, the Court of Appeals for the District of Columbia directed the FWS upon remand to reconsider and explain any determination as to whether or not Vancouver Island is a significant portion of the subspecies range, and assess whether the Queen Charlotte goshawk is endangered or threatened there. On November 8, 2007, FWS published a "Response to Court on Significant Portion of the Range, and Evaluation of Distinct Population Segments for the Queen Charlotte Goshawk" in which FWS found that Vancouver Island was a significant portion of the subspecies range, that Southeast Alaska and British Columbia each supported distinct population segments (DPSs), and that listing was warranted for the British Columbia DPS, but not for the Southeast Alaska DPS. On November 3, 2009, FWS published a proposed rule to list the Queen Charlotte goshawk as threatened in the British Columbia DPS, except in the Queen Charlotte Islands significant portion of its range. FWS proposed to list the subspecies as endangered in the Queen Charlotte Islands. In this final rule FWS applies the definition and standard outlined in FWS's "Draft Policy on Interpretation of the Phrase 'Significant Portion of its Range' in the ESA's Definitions of Endangered Species and Threatened Species" published in the Federal Register on December 9, 2011. FWS determines that the Queen Charlotte Islands do not constitute a significant portion of the subspecies range and that listing the subspecies as threatened throughout the British Columbia DPS is warranted under the ESA. We do not anticipate any potential issues with this action. Target for submitting to the *Federal Register* is July 30, 2012.

**Final Rule Providing for Publication of Notice of Receipt of Application for Captive-Bred Wildlife Registrations:** FWS is publishing a final rule to require that notices of receipt of all applications received for Captive-Bred Wildlife (CBW) registrations must be published in the *Federal Register* and subject to a 30-day public comment period. This rule is the result of a lawsuit filed by People for the Ethical Treatment of Animals, who asserted that the Endangered Species Act requires FWS to provide for public notice and comment on any activity authorized for endangered species. While FWS has routinely published notices of receipt for all other types of permit applications involving endangered species, we had not published notices of applications for CBW registrations. (b) (5) [redacted]

**90-day Finding on a Petition to List Two Arizona Sky Island Plants**: The FWS will publish in the Federal Register its finding that a petition to list Bartram stonecrop and beardless chinchweed as endangered or threatened under the Endangered Species Act presents substantial scientific or commercial information indicating that listing both plants may be warranted. FWS will initiate a review of the status of these species to determine if listing either or both is

warranted. Bearless cinchweed occurs within the footprint of the controversial, proposed Rosemont Mine south of Tucson. Bartram stonecrop is in the vicinity of Rosemont. The finding will be of great interest in the Tucson area. The *Federal Register* publication is due prior to July 31, 2012.

**Notice of Availability of a Draft Economic Analysis and Environmental Assessment for the Proposed Revision of Southwestern Willow Flycatcher Critical Habitat** - The U.S. Fish and Wildlife Service will announce a reopening of the comment period, a public hearing, availability of a draft economic analysis and draft environmental assessment for the proposal to revise critical habitat for the endangered southwestern willow flycatcher. The notice includes additional proposed critical habitat on Cienega Creek and Empire Gulch in Arizona, and seven additional areas that are now under consideration for exclusion from designation. The proposed revision now identifies 2,113 stream miles within the 100-year floodplain of waters in California, Arizona, Nevada, Utah, Colorado and New Mexico as critical habitat. Of the total proposal, approximately 902 stream miles are currently being considered for exclusion from the final critical habitat designation. Critical habitat was originally designated in 1997 and again in 2005. The 2005 designation stays in place while the revision is completed. Target for submitting to the *Federal Register* is expected within the next few weeks. This is the fourth round of critical habitat designation so we don't anticipate high controversy, and little media interest.

**Idaho Senators' Letter to Secretary of Interior and FWS Director:** U.S. Senators Mike Crapo and Jim Risch sent a letter to the Secretary of Interior and FWS Director expressing concern regarding the proposed critical habitat designation for Southern Selkirk Mountains woodland caribou. Another letter was submitted by Idaho Congressmen Mike Simpson and Raul Labrador and Washington Congressmen Doc Hastings and Cathy McMorris Rodgers outlined four areas of concern and requested an additional 60-day comment period with additional hearings. Level of controversy: High in the State of Idaho.

**Wildlife Danger in Mountain-Prairie Region:** Wildfire Danger remains at extreme levels in parts of FWS Region 6 but still no Service lands have been affected by the current wildfires. Fire activity is moderating in Colorado, at least for now, due to the onset of a moist monsoonal airflow over the state. Many FWS employees are still participating in fire assignments but as the large fires are meeting control objectives the firefighters are either being moved to another active fire or are returned home to get rested for the next assignment. Fire activity is picking up in other parts of the region such as Utah and Montana and the National Preparedness Level remains at level 4 (on a scale of 1-5). As the summer progresses fire danger conditions are now reaching a critical stage in southern Montana and with a very hot and dry period expected for next week we are turning our eyes towards places like the Charles M. Russell and Red Rock Lakes NWRs in anticipation of increased fire activity there soon. Service Fire Managers at all levels remain highly engaged with interagency partners to coordinate our preparedness and response to wildfires.

**Fire Summary for USFWS Southwest Region:** Wildland fire activity has slowed across the western states and started to increase across Oklahoma within the Southwest region. There are currently 9 uncontrolled large fires within the states of Arizona (5 fires 27,260 acres), New Mexico (1 fires 7,287 acres), and Oklahoma (3 fires 2,273) with no fires on or threatening

Refuge lands. The fire danger indices are running from moderate to very high in Arizona and New Mexico, but the two states have started to receive some moisture over the last several days, the SW area covering AZ and NM dropped from Planning Level 4 to 3 yesterday. The indices for Texas and Oklahoma have recently risen into the high range and are climbing toward the very high range.

**LAND AND MINERALS MANAGEMENT**
**July 15 – July 21, 2012**

## SENIOR OFFICIALS' ACTIVITIES

**Week of July 16, 2012**
**Acting ASLM Burke** – Travel to Wyoming to tour BLM renewable and conventional energy sites July 16 – 19. In the office July 20.
**DAS Baca** – In the office all week.
**DAS Farquhar** – (b) (6) expecting to return to the office part-time late in the week.

**Week of July 23, 2012**
**Acting ASLM Burke** – In the office July 23 – 27. In Louisiana for deepwater well containment exercises July 28 – 30.
**DAS Baca** – In the office all week.
**DAS Farquhar** – (b) (6), expecting to be in the office part-time.

## HOT TOPICS

### Bureau of Land Management (BLM)

**Oil & Gas**

- *New:* **Oil Shale and Tar Sands Final Programmatic EIS (PEIS):** *The Notice of Availability (NOA) for the final PEIS is expected to publish in the FR in late July, which will initiate a 30 day public availability period. Under the Preferred Alternative, the BLM will continue to support the research and development of oil shale and tar sands resources. Approximately 461,965 acres would be available for future oil shale leasing consideration (35,308 acres in CO; 252,181 acres in UT; and 174,476 acres in WY); and 91,045 acres in eastern UT would be available for future tar sands leasing consideration.*

**Wild Horse & Burro**

- *New:* **BLM-NV Jackson Mountain Wild Horse Gather:** *BLM-NV concluded helicopter gather operations for the Jackson Mountain Herd Management Area (HMA), capturing and removing approximately 630 wild horses.*

**Solid Minerals**

- *New:* **BLM-UT Alton Coal EIS:** *On July 10, BLM-UT announced plans to develop a supplement to the Draft EIS for the proposed Alton Coal Mine, which BLM expects will be available for review in early 2013. In Nov. 2011, BLM-UT released the draft EIS for Alton Coal's lease by application (LBA) for a 3,576- acre tract located in Kane County, UT, 10 miles south of Bryce Canyon National Park. During the public comment period, the BLM received approximately 177,000 comments, indicating significant controversy regarding potential impacts to air quality and wetlands, and protection measures for the greater sage-grouse.*
- *New:* **Secretarial Order on Potash:** *On July 12, the Secretary announced the release of the Draft Secretarial Order on Oil and Gas and Potash Development within the Designated Potash*

*Area, Eddy and Lea Counties, New Mexico. This order promotes efficient development of potash and oil and gas resources, while minimizing conflicts and ensuring safety of operations. Industry representatives have been working together to propose a mutually acceptable path forward to help end decades of contention on this issue.*

## Transmission

- *New:* **DOI to be Cooperating Agency on Keystone Pipeline EIS:** *DOI accepted an invitation from the Department of State (DOS) to be a cooperating agency on the supplemental EIS for TransCanada's new application for a Presidential Permit for the proposed Keystone XL pipeline project. The proposed route which would cross the U.S.-Canada border into MT, run through SD, and terminate in NE, differs from the originally proposed route that was denied in January 2012. The BLM and the FWS will be the Department's primary representatives in this review.*
- *Update:* **Gateway West Transmission Project:** *This project consists of a proposed 1,100 mile, 500/230kV transmission line in WY and ID, that is intended to relieve operating limitations, increase capacity, and improve reliability of the grid, allowing for the delivery of up to 3,000 new megawatts. On June 29, the BLM released a draft sage-grouse analysis, which was not included in the Draft EIS, for a 30-day public review. The BLM plans to release the Final EIS to cooperating agencies in August, 2012. The Rapid Response Transmission Team is coordinating with BLM's Washington Office and the SOL to develop recommendations regarding various issues.*

## Congressional

- *New:* **Renewable Energy Briefing for Committee Staff:** *On July 12, the BLM and OCL briefed majority staff of the House Oversight and Government Reform Committee and minority staff of the Senate Budget Committee on the BLM's Renewable Energy program. This briefing is a follow-up to the BLM's Jan. 20 briefing to minority staff of the Senate Budget Committee. House Oversight and Government Reform Committee Chairman Issa and Senate Budget Committee Ranking Member Sessions wrote to Secretary Salazar on May 29 inquiring about DOI's relationship to the DOE Loan Guarantee Program, specifically as it relates to seven BLM-approved renewable energy projects. The Congressional correspondence included document requests that are being coordinated by the Department.*

## Miscellaneous

- *New:* **BLM-CO "Over the River" temporary art project:** *The Over the River Corporation (OTR) requested that the BLM amend the current OTR permit to provide for the OTR exhibition in August 2015, rather than in August 2014, as authorized in the EIS and Record of Decision. The BLM will treat the request to change the exhibition date as a request to renew the permit, which the BLM will consider when the current permit expires in 2014.*

**Bureau of Safety and Environmental Enforcement (BSEE)**

- *Update:* **Deepwater Well Containment Drill:** *BSEE is planning a deepwater deployment test in the Gulf of Mexico July 22 – Aug. 5. Director Watson will be onsite for the test. Members of Congress and foreign dignitaries have been invited to view the test from the command center in Louisiana. Acting Assistant Secretary Burke will oversee operations from the command center in DC. The Marine Well Containment Company (MWCC) will be the service company and Shell is the lead operator. BSEE has met with them regularly to develop objectives and discuss plans.*

*Shell and MWCC will install a parking pile on the seafloor in over 7,000 feet of water to replicate a subsea wellhead the third week of July in preparation for the deployment test.*

- ***New:*** **Meeting with NASA:** *BSEE will meet with NASA July 12 to learn more about NASA's Unmanned Aircraft System (UAS) program and to discuss the possibility of using UASs for monitoring of oil rigs and oil spills.*

## Bureau of Ocean Energy Management (BOEM)

- ***Update:*** **2012 - 2017 Five Year OCS Oil and Gas Leasing Program:** *On June 28, the Proposed Final Program (PFP) was sent to Congress. The PFP, together with the Final Program Environmental Impact Statement (EIS), has been posted on BOEM's website. The Notice of Availability of the EIS was published in the Federal Register on July 6 and the Notice of Availability of the 5 Year Program was published on July 13, 2012.*
- ***Update:*** **MA & RI Wind Energy Areas**: *On July 2, DOI announced the NOA of the EA for the RI/MA Area of Mutual Interest. Public information meetings will be held July 16-17, 2012. On May 24, the Programmatic Agreement for Section 106 consultation for the MA and RI wind energy areas was sent to the consulting parties for signature. As of July 12, the Mashpee Wampanoag Tribe, Narragansett Tribe, ACHP, and the RI and MA SHPOs have signed the agreement; however, the Aquinnah have not signed.*
- ***Update: Rhode Island Offshore Wind Transmission Project:*** *BOEM received no submissions indicating competitive interest for the Block Island Transmission System (BITS) ROW grant in response to a Request for Competitive Interest that was published in the Federal Register on May 23, 2012. The determination of no competitive interest Federal Register notice is in surnaming.*

## Office of Surface Mining (OSM)

- ***Update:*** **Transportation Bill Limits AML Payments:** *The transportation bill signed by the President on July 6 caps Abandoned Mine Land (AML) mandatory funding available to a certified state or tribe at $15 million per year. Certified states and tribes are those that have completed reclamation of all coal AML sites within their jurisdictions. Wyoming will be the state most significantly impacted because it is the only state which receives over $15 million per year. The Department and OMB are reviewing the provision and how monies are allocated within the AML fund. The Department briefed OMB on this provision on July 11.*
- ***New:*** **Marfork Coal Company Appeal:** *OSM is preparing a decision in response to an appeal by the State of WV regarding a permit extension issued by the State to Marfork Coal Company for its Eagle No. 2 mine in Raleigh County, WV. In February 2012, OSM issued a Ten-Day-Notice (TDN) to the State in response to a citizen's complaint alleging that Marfork's permit for the Eagle No. 2 mine had terminated due to the company's failure to initiate surface mining operations within three years of permit issuance, as required under SMCRA and the WV surface coal mining program. The State asserts that, despite the fact that Marfork had not initiated surface mining operations within the required 3 year period, because the State had not properly notified the company of the expiration as required under WV's coal program, the State's extension of the permit to June 2013 was appropriate. On June 8, the OSM's Charleston Field Office Director determined that the State's retroactive approval of permit extensions was not allowed under SMCRA or State law, and on June 8 the state appealed the Field Office decision to the Appalachian Regional Director. The Regional Director anticipates issuing a decision on this appeal within the next several weeks.*
- ***Update:*** **Proposed Expansion of Grundy Municipal Airport in Virginia:** *On July 12, OSM met with Senator Warner, VA Congressman Morgan Griffith, other Federal agencies, and state and local officials to discuss potential means for resolving issues related to the proposed*

*expansion/reconstruction of the Grundy Municipal Airport into the Breaks Regional Airport. Senator Warner has requested that the various agencies hold a follow-up meeting next month to evaluate progress in resolving legal and factual disagreements.*

- ***Update:*** **Lands Unsuitable for Mining (LUM) Petition**: *On July 12, OSM briefed the Department on the current status of the Petition, including revised Petition boundaries. The TN Attorney General sent a letter on June 26 stating that changes in petition boundaries proposed by OSM would undermine values the State is seeking to protect in its petition. This represents a change from the State's earlier position in which it agreed that OSM's proposed map was more accurate than its own. OSM is preparing a response to the Attorney General's letter. OSM continues to work with its contractor and cooperating agencies to develop the Draft EIS and Petition Evaluation Document for the Petition.*

## WEEK AHEAD
## Bureau of Land Management (BLM)

### Sunday, July 15

- ***Update*:** **Annual Helium Facility Shutdown:** ***The BLM's*** *helium facility in Amarillo, TX, is scheduled to undergo annual maintenance over a 10-12-day period. This event is extensively planned and coordinated to ensure that disruption to the helium marketplace is minimal. Annual shutdowns have occurred since 2003 to conduct routine aintenance. Helium deliveries will continue during the scheduled shutdown. A short-term reduction of crude helium may result in reduced allocations from private companies to their customers. Corning Industries has expressed concern over the disruption of supplies, and has contacted House and Senate authorizing committees, Senator Hagan, and the White House. Acting Assistant Secretary Burke and BLM have met with Corning, and BLM is working with Corning to try to address Corning's concerns.*

### Monday, July 16 – Thursday, July 20

- *New:* **BLM-WY ASLM Tour:** *Acting Assistant Secretary Burke will tour conventional and renewable energy projects in WY July 16-20. She will visit a coal mine in the Powder River Basin, uranium mining districts, and wind and transmission projects.*

## Bureau of Ocean Energy Management (BOEM)

### Monday, July 16 - Tuesday, July 17

- **No Change: Offshore Wind Outreach in MA and RI:** Director Beaudreau and BOEM staff will host public information sessions to provide an overview of the EA and next steps in the leasing process for the RI/MA Area of Mutual Interest. The sessions are scheduled to take place in Narragansett, RI and New Bedford, MA.

## Bureau of Safety and Environmental Enforcement (BSEE)

### Wednesday, July 18

- *New:* **Alaska Regional Interagency Working Group (ARIWG) Meeting:** *BSEE Alaska personnel will attend a meeting of the ARIWG in Anchorage. The meeting is intended to provide updates on Federal agency activities relating to Shell Offshore, Inc's., exploration activities in the Beaufort and Chukchi Seas.*

## Office of Surface Mining (OSM)

### Thursday, July 19

- *New:* **Hearing on Stream Protection Rule:** *The House Committee on Natural Resources invited Secretary Salazar and Director Pizarchik to provide testimony at a July 19 hearing to examine: 1) the status of the proposed Stream Protection Rule and the March 2010 settlement with plaintiffs concerning the 2008 Stream Buffer Zone Rule, and 2) "the failure of the Department to comply with the official Congressional subpoenas for documents" related to the SPR. Director Pizarchik will testify. At the current time, the hearing consists of a single panel.*

## WEEKS AHEAD

## Bureau of Land Management (BLM)

### Monday, July 23-Wednesday, July 25

- **No Change: National Landscape Conservation System (NLCS) Meeting:** The NLCS will hold a three-day, field-based workshop in Albuquerque, NM, to discuss updates to nine policy manuals and implementation of the NLCS 15-year Strategy.

### Tuesday, August 7

- *New:* **National Clean Energy Summit 5.0 Power of Choice:** *The fifth annual National Clean Energy Summit will bring together clean energy visionaries and leaders, public officials, business executives and entrepreneurs, investors, students, and the media to discuss how to empower the public with tools to promote the clean energy economy, increasing jobs and our energy independence. The day-long clean energy summit will be hosted by Senate Majority Leader Harry Reid (D-NV). Secretary Ken Salazar and President Bill Clinton are scheduled to speak.*
- *New:* **BLM-WY Oil & Gas Lease Sale:** *BLM-WY will auction 117 Parcels totaling 61,518 acres at an oil and gas lease sale in Cheyenne, WY. The protest period ended on June 8; 3 protests were received. Protests filed identify concerns with parcels being within or in proximity to Greater sage-grouse habitat, Golden Eagle habitat, and a National Historic Trail. BLM-WY is currently working on a protest response and will have one available prior to lease issuance.*

### Wednesday, August 8

- *New:* **BLM-NV Spring Valley Wind Dedication:** *BLM-NV will host a dedication to celebrate completion of the first wind energy generation facility to be constructed on public lands in Nevada. Acting BLM Deputy Director Neil Kornze will speak at the dedication. Construction of the 150-MW Spring Valley wind project began in 2011 and is expected to be complete in August 2012. The project is on 7,673 acres of public lands 30 miles east of Ely, NV and consist of 75 wind turbines and an electrical substation. It will utilize an existing 230kV transmission line for distribution.*

### Thursday, August 9

- *New:* **BLM-CO Oil & Gas Lease Sale:** *BLM-CO will auction 1 parcel totaling 921 acres at an oil and gas lease sale in Lakewood, CO. The protests period ended on June 11; No protest were filed. The sale is not expected to be controversial.*

## Bureau of Ocean Energy Management (BOEM)

- **Nothing new to Report**

## Bureau of Safety and Environmental Enforcement (BSEE)

## Wednesday, July 25 – Friday, August 3

- **No Change: The HALO Sea Barrier Defense will be tested at Ohmsett:** HALO's system is designed to handle multiple high impact incidents. The barrier can also be used as a platform to mount video surveillance cameras along the upper surface, provide sonar equipment attachment points underneath, drop netting to the sea floor to prevent diver attacks, and incorporate other deterrents such as lighting, sensors, and audible devices. Two HALO Sentinel barrier sections were recently tested at Ohmsett. A third barrier section will be added in this continuation of previous tests.

## Office of Surface Mining (OSM)

- **Nothing new to report.**

Weekly Report
July 13, 2012

Memorandum

To: David Hayes
Deputy Secretary

Liz Klein
Associate Deputy Secretary

From: Anne J. Castle
Assistant Secretary for Water and Science

Subject: Weekly Meeting Issues

**Senior Officials' Activities July 16-27:**
**Anne J. Castle** - July 16-17 in DC; July 18 providing Plenary address at the North American Congress of Conservation Biologists and visiting a Salt Pond restoration project in Oakland, CA; July 19 on site visits with Reclamation at Lake Berryessa and Folsom Dam Joint Federal Project; July 20 participating in Red Bluff Pumping Plant/Sacramento River event; July 22 speaking about the Federal Geospatial Platform at ESRI's Senior Executive Seminar in San Diego, CA. July 23-25 in DC; July 23 speaking at Landsat 40th Anniversary celebrations at the Newseum and on Capitol Hill; July 26 in Great Falls, MT for a Missouri River AGO event; July 27 in Laughlin, NV for a Colorado River Greenway Heritage Parks and Trails AGO event.
**John Tubbs** - July 16-18, 24-25 in DC; July 19-23 (b) (6) [redacted]; July 26-27 in Great Falls, MT for Missouri River AGO event.
**Lori Caramanian** - July 16-25 in DC; July 26-27 (b) (6) [redacted].
**Tanya Trujillo** - July 16-27 in DC.
**Marcia McNutt** - July 16, Reston, VA, Kickoff for FedsFeedFamilies, with John Berry, Director OPM; July 17-19, USGS Executive Leadership Team Meeting; July 17, Wash., D.C., Rollout event--Release of the latest studies regarding Airborne Hyperspectral Data Acquisition in Afghanistan, Embassy of Afghanistan (4-6 p.m.); July 23, Wash., D.C., Landsat reception to celebrate 40 years of service to America (Rayburn House Office Building, 5-7 p.m.); July 26-27, Personal vacation.
**Mike Connor** - July 16-23 in DC; July 24-26 attending BDCP meeting in Sacramento, CA; in DC on July 27.

**Reclamation**

**Rural Water Assessment Report**
On July 10, 2012, Reclamation posted the draft Rural Water Assessment Report (http://www.usbr.gov/ruralwater/). This Report, required by Public Law 109-451, the Rural Water Supply Act of 2006, reviews the status of potable water projects for rural areas and

provides Reclamation's plan for completing congressionally authorized projects. It also includes prioritization criteria intended to be used in a two-step process for requesting rural water construction appropriations. Reclamation is proposing to evaluate and rank projects using the criteria, then allocate requested funds to reflect project priorities and the ability of sponsors to complete phases that will deliver water. The 60 day comment period ends Sept. 10, 2012.

**Workshop on the Development of Alternatives for the Glen Canyon Dam LTEMP EIS (Colorado)**
On July 11-13, key managers from Reclamation's Upper Colorado Region participated with ASWS Anne Castle and managers from the National Park Service, U.S. Fish and Wildlife Service, U.S. Geological Survey, and Western Area Power Administration in a workshop in Flagstaff, Arizona, to develop alternatives for the Glen Canyon Dam Long-Term Experimental and Management Plan (LTEMP) Environmental Impact Statement (EIS).

**First Operation of the Delta Mendota Canal/California Aqueduct Intertie**
The Delta-Mendota Canal/California Aqueduct Intertie (Intertie) is expected to go into operation later this week or early next week. The Intertie will increase operational flexibility for the Central Valley Project (CVP) and State Water Project (SWP). During this initial operation, it is anticipated that the CVP will be able to increase exports from the Delta for the months of July, August and September 2012. This will allow additional water to be put into storage in San Luis Reservoir to support the South-of-Delta allocation. The CVP and SWP are continuing to work together to determine the most beneficial means of using the Intertie. Total Intertie costs of $29 million were funded using Recovery Act funds, appropriations, and contributed funds.

**Reclamation Met with Sanpete District on the Narrows Project FEIS (Utah)**
On July 11, Reclamation's Provo Area Office managers met with the Board of Directors from the Sanpete Water Conservancy District to provide an update on Reclamation's progress on the Narrows Project Final Environmental Impact Statement (FEIS) which is anticipated for completion in late fall 2012. The Narrows Project is a non-federal dam and reservoir proposed by the Sanpete Water Conservancy District on Gooseberry Creek in Sanpete County, Utah.

**Reclamation Met with CUWCD & CUPCA on the Olmstead Powerplant (Utah)**
On July 12, Reclamation's Provo Area Office managers met with the Central Utah Water Conservancy District (District) and Central Utah Project Completion Act Office to review initial findings and recommendations arising from the District's assessment of operation, maintenance, and replacement priorities at the Olmstead Powerplant. Reclamation acquired the powerplant (originally constructed in the early 1900s) in 1984. Since that time, the powerplant has been operated by Rocky Mountain Power, under a contract with Reclamation, as part of the settlement of its condemnation claim.

**US Geological Survey**
**High Concentrations of Nitrate and Perchlorate in Some California Inland Empire Groundwater:** New results from a study characterizing groundwater in the inland empire show that nitrate was detected at high concentrations in one quarter of the aquifer system used for public water supply. Additionally, high concentrations of perchlorate were found in 11 percent of the aquifer system, and in moderate concentrations in 53 percent. The study is part of a 10-

year effort by the USGS California Water Science Center to characterize groundwater quality in 120 basins that supply about 95 percent of public groundwater supplies in California. The study is scheduled for release during the July 16-19 timeframe.

**Flood Frequency Reports for California:** The USGS will release two Scientific Investigations Reports during the week of July 16 concerning flood frequency for California. The first report updates flood-frequency estimates from 1975 to 2006, and develops new prediction equations for determining the magnitude and frequency of annual instantaneous peak flows. These new equations are required for flood-hazard assessment, safe and cost-effective design of water conveyance and transportation structures in or near streams, and floodplain delineation for flood-insurance and land-use management. The second report focuses on sustained flood flows (flood duration) which are needed for the design, construction, and operation of dams, levees, and other flood control structures.

**Dust Control for Wildlife Refuges:** USGS scientists were present during field trials on July 8-13 of dust suppressant application at the Hagerman National Wildlife Refuge, TX. This is the third and final phase of a multi-year collaboration between the USGS and the FWS to identify potential environmental impacts of chemical dust suppression on unpaved roads, particularly in sensitive habitats such as wildlife refuges. The project brings together representatives from the USGS, the FWS, Central Federal Lands Highway Division and the dust control industry to identify environmentally responsible control methods. This is the first known study of its kind to quantify a variety of significant environmental variables relative to product performance under real conditions. These field trials will verify the environmental safety of products previously identified as non-toxic in the laboratory, thereby supporting their use on roads in sensitive habitats. The project will also provide road managers with scientific information with which to select products that balance economic, performance, and environmental concerns.

**USGS Alaska Volcano Observatory Provides Tour for Korean Air:** On July 16, USGS scientist Tina Neal and colleagues will provide a tour of the USGS Alaska Volcano Observatory (AVO) to a Dispatcher and the Anchorage Office Operations Manager for Korean Air. The tour will cover roles and responsibilities of AVO and Federal partners NWS and FAA, tools that the AVO and others use to detect, characterize, and track ash clouds, and a review of current volcanic activity in Alaska. Per request of Korean Airlines, the scientists will also discuss the state of monitoring and warning systems in the Russian Far East. Korean Air Lines is a major air carrier in the North Pacific and this meeting is part of their effort to effectively mitigate the impacts of ash clouds on their operations.

**USGS Participates in Alaskan Rural Teacher Training:** The USGS Alaska Science Center is conducting bear education safety clinics, July 16 and July 30, and providing participants with information about educational resources for first year teachers participating in The Alaska Humanities Forum Rose Urban Rural Exchange C3 Project (Creating Cultural Competence of Rural Early Career Teachers). The clinics will provide information on the three species of bears in Alaska, their habitat, population estimates, biology, behavior, and how to understand and mitigate risks in bear country. The educational resources will include links to Alaskan Federal and State research projects, educational materials on wildlife and contact information from the

USGS, the FWS, the Alaska Department of Fish and Game, and the Alaska Resources Library Information Service.

**USGS Publishes Updated Reports on Program for Estimating Undiscovered Mineral Resources:** The USGS has released two updated reports on the Economic MINERal Resource Simulator (EMINERS), a program which uses a statistical process to combine probabilistic estimates of undiscovered mineral deposits with models of mineral deposit grade and tonnage to estimate mineral resources. The updates are EMINERS version 3.0 and a quick start guide for the new version.

**USGS Interviewed Regarding Polar Bear Harvesting in Canada:** On June 29, USGS biologist Lily Peacock was contacted by a *Los Angeles Times* correspondent about polar bear harvesting in Canada, in advance of a potential proposal to uplist the polar bear to Appendix I of Convention on International Trade in Endangered Species. The article's publication date is unknown.

**Montgomery Advertiser on Capital City Plume:** Rick Harmon, Government Editor for the Montgomery Advertiser in Montgomery, AL, interviewed Jim Landmeyer of the USGS South Carolina Water Science Center July 5 about the study Landmeyer led in 2011 on Montgomery's Capital City Plume Groundwater Contamination. The city's printing industry, including the Advertiser, is the probable source of the contamination. Publication expected mid-July.

**USGS to Publish Polish Unconventional Oil and Gas Assessment:** During the week of July 16, USGS will publish its first assessment of unconventional oil and gas in Poland. For this study, the USGS worked with scientists from the Polish Geological Institute, Warsaw, who provided data and geological interpretations that were used by USGS in its assessment. This assessment is part of a larger effort to assess unconventional oil and gas accumulations around the world. A news release is NOT planned as this will not likely generate much interest domestically.

**USGS Meets with Chinese Scientists to Discuss Fish Passage at Hydroelectric Dams:** USGS scientists John Beemanand and Dr. Yao Yin recently traveled to China to discuss fish passage at hydroelectric dams with Chinese scientists. The USGS scientists were invited by The Nature Conservancy in Beijing and the Chinese Academy of Sciences in Wuhan to share information about the proper design, construction, and evaluation of fish passes in the United States in an effort to transfer the concepts to hydroelectric dams in China. Most dams in China currently either have no provisions for fish passage or have ineffective ones. The USGS and Chinese colleagues plan to develop a series of workshops to further share information on these topics, culminating with demonstration projects at one or more hydroelectric dams in China. The goal is to show that, with proper consideration of the biological and physical requirements of the fish species of interest, successful fish passage measures can be implemented in China. China currently has more hydroelectric dams than any other country on Earth, and has plans to build many more in the near future to help meet its growing need for electricity.

**USGS to Co-Host Roll-out of Afghanistan Hyperspectral Coverage at Afghan Embassy:** On July 17, the USGS will co-host a roll-out of Afghanistan hyperspectral coverage at the Afghan

Embassy. The USGS, in partnership with the Afghan Geological Survey and the DoD Task Force for Business and Stability Operations, has completely mapped the entire country of Afghanistan with hyperspectral imaging, making Afghanistan the first country entirely mapped with this technology. Hyperspectral imaging is an advanced imaging technique that uses reflection of light to analyze surface materials, such as minerals, vegetation, and snow. A news release and media advisory are planned.

**Louisiana request for technical assistance on tremors:** On July 10, USGS scientists met by teleconference with Assumption Parish emergency managers to answer their questions about recent ground shaking. The Assumption Parish Emergency Management Center has requested, through the USGS Louisiana Water Science Center, that USGS provide expertise and assistance, including establishing local seismic monitoring of the tremors. This request was forwarded to the Department of the Interior's Office of Environmental Policy and Compliance and to the USGS on Saturday, July 7. The reports of gas bubbles and ground shaking have come from Assumption Parish, Louisiana, which hosts the Napoleonville Salt Dome and where natural gas has been bubbling at the surface for the past month. Napoleonville Salt Dome contains over 50 caverns used to store natural gas and oil. One of many possible sources of the tremor would appear to be activities at the storage project; perhaps including leakage from one or more caverns, or activities related to an ongoing expansion of that storage project. On July 2, USGS public affairs staff in Denver was contacted by a reporter at the Baton Rouge Advocate, David Mitchell, who asked to speak with someone familiar with the seismic history of Louisiana as well as natural gas bubbles that are boiling in areas where tremors and quakes have been felt recently and in the past. No earthquakes have been located in this area recently, but an analysis of available data by USGS (Bill Ellsworth and Justin Rubenstein) provides evidence of low-frequency tremor for two of the three reported times of recent ground shaking. Mitchell's article in the Baton Rouge Advocate was published July 8.

**Media:**

- **USGS Featured in British Broadcasting Corporation Series "Volcano Live":** USGS Hawaiian Volcano Observatory (HVO) scientists describe their work monitoring Hawaiian volcanoes and the history of HVO in pre-recorded video interviews, June 27-July 3, for the BBC series "Volcano Live" to be broadcast from Hawai'i Volcanoes National Park, July 9-12. The interviews discuss Hawaiian volcanoes, how and why they erupt, Kilauea's eruptive history and explosive behavior, and volcano monitoring techniques.

**Streamflow presentation to committee of Montana Legislature**: USGS scientist Wayne Berkas, with the USGS Montana Water Science Center, presented current streamflow conditions to the Water Policy Interim Committee of the Montana Legislature in Helena, MT, on July 12.

**CONFIDENTIAL**

July 13, 2012

To: David Hayes, Deputy Secretary
Attn: James E. Anderson, Special Assistant

From: Michele F. Singer, Acting Principal Deputy Special Trustee

Re: Assistant Secretary Report for July 9 – July 13, 2012

**Office of the Special Trustee (OST)**
**Assistant Secretary Weekly Report**

**Schedule and Activities**

- The Acting PDST will conduct business in Albuquerque, NM, July 16-20.
- The Acting PDST will conduct business in Washington, DC, July 25-27.

**Review – July** 9-13

- **Update:** The Cobell Land Consolidation Implementation Work Group met in Denver during the week of July 9th to discuss the mapping project and the proposed interagency agreement among OST, BIA, and BLM. The Office of Mineral Evaluation was to provide an update on the mapping project. The draft inter-agency agreement is undergoing evaluation by OST, BIA, and BLM. OST staff have evaluated existing and potential alternative processes for issuing payments to individual land owners for their fractional interests and have analyzed the obligations of OST relative to these fractional interests.

  OST is analyzing a wide range of information for the payout process provided by the Claims Administrator, Garden City Group, e.g., a Class Member database; a flowchart describing the claims intake, review, evaluation, notification, and payment process; a detailed draft of GCG's claim processing and award determination protocol; a list of individuals who have self-identified as members of the Trust Administration Class to date, and a variety of other pieces of information.

  Coordination with SOL & DOJ continues as OST finalizes its responses to estate/probate questions posed by DOJ. OST is making the key planning assumption that final approval of the settlement will occur on August 20, 2012.

- **New:** The National Business Center (NBC) has posted the *Sources Sought Notification* to identify market capabilities and best industry practices for BIA and OST's Trust Land Management system and Trust Funds accounting and investment system (currently "TAAMS" and "TFAS," respectively). Vendors have until July 26th to respond, and the information submitted will assist OST and BIA with the development of a comprehensive procurement strategy for future TAAMS and TFAS contracts.

- **New:** OST representatives attended a meeting of the IEMSC in Salt Lake City on July 10-11. IEMSC is an advisory committee to the Department's Division of Indian Energy Policy Development. IEMSC consists of representatives from the Department's bureaus that manage the development of American Indian and Alaska Native energy and mineral resources. Members of the IEMSC oversee and review departmental policy and regulations for energy and mineral development, identify and document best practices, and monitor the status of energy and mineral development projects. The energy and mineral development needs at Ft. Peck, Ft. Berthold, and Unitah and Ouray reservations were discussed specifically.

- **Update:** OST maintains its support to SOL and DOJ on achieving settlement with litigating tribes. OST continues its high level of inter-office coordination to address the needs of SOL and DOJ, such as providing Trust Account Databases for tribes that are on the verge of settlement. Numerous support activities persist, such as the fine-tuning of analytical tools like the Joint Account Review Tool (JART), the imaging and coding of relevant documents at the American Indian Records Repository and at the Main Interior Building, and a broad range of historical research on accounts and disbursements

- **New:** The Blackfeet Agency OST staff will collaborate with the Office of Natural Resources Revenue (ONRR) on July 13-14 and conduct an outreach at the North American Indian Days, Browning, MT, and provide Indian trust beneficiaries with information about Individual Indian Money (IIM) accounts, the availability of direct deposit or debit cards, and financial skills.

**On the Horizon**

- **Update:** OST is scheduled to complete its move from the 2600E corridor in the Main Interior Building to the 3200W corridor in August 2012.

**UNITED STATES**
**DEPARTMENT OF THE INTERIOR**

July 12, 2012

Memorandum

To: David Hayes, Deputy Secretary
Liz Klein, Associate Deputy Secretary
c/o James Anderson, Special Assistant

From: Rhea Suh, Assistant Secretary-Policy, Management and Budget

Subject: July 12, 2012, Policy and Other Issues

This provides major policy and other issues that fall under the purview of the Assistant Secretary – PMB.

POLICY

**Big Bend.** On July 17 DAS Faeth will travel to Austin, Texas to join Acting Big Bend National Park Superintendent Bill Wright and others in a meeting with Carter Smith, Executive Director, Texas Parks and Wildlife Department. The purpose of the meeting is to provide an in-person update on the status of the port-of-entry, enhance engagement of Texas Parks and Wildlife staff in meetings with Mexico and development of the trans-boundary conservation strategy and to discuss ways to move the overall Big Bend/Rio Bravo Initiative forward, particularly in terms of developing adaptive management frameworks for the river and grasslands and engaging private landowners and local communities.

**USAID/ITAP.** On July 11, DAS Faeth and Office of International Affairs-Internaional Technical Assistance Program Director Barbara Pitkin will meet with Eric Postel, Assistant Administrator for USAID's Bureau for Economic Growth, Agriculture and Trade (EGAT). The meeting will cover the status of DOI's Participating Agency Partnership Agreement (DOI-PAPA) with USAID, opportunities for DOI-ITAP to communicate the broader range of the Department's technical expertise to USAID staff, and opportunities for more direct agreements between DOI-ITAP and USAID field Missions.

**Norway and Brazil Follow Up.** DAS Faeth and OIA staff are coordinating with BSEE and BOEM on follow up actions from the trip to Norway and the meeting with the Brazilian Ambassador to the U.S. Mauro Vieira. The highest priority is issuing invitations for the Ministers or a senior member of their staff to participate in a briefing on the MWCC deployment exercise which will be convened at the Shell training center in Robert, LA on August 1.

**Let's Move! in Indian Country.** On Saturday July 13,th the National Museum of the American Indian will host an event for their new exhibit which highlights Native American Olympians. In coordination with the First Lady's Olympic efforts with Let's Move!. LMIC is showing its role in this summer's festivities. Additionally, the Youth Office used the event to amplify the MOU between BIE and World Fit, and organization that brings former Olympians to schools to help build capacity for physical activity.

MANAGEMENT

**Leading Edge.** DAS-BFPA Pam Haze will be participating in a moderated panel discussion with other agency financial executives on July 25 as part of the Senior Executive training program. They singled out Interior as a participant based on Interior's excellent reputation in financial management and in financial systems deployment.

**IT Transformation**. PMB continues to work with Bureau HR teams to identify issues and opportunities for staffing operations for the new enterprise shared services within the OCIO. In the meantime, Bureau led service design teams continue to work on implementation plans for new enterprise services. AS Suh will lead another meeting with Bureau Deputy Directors, Executive Steering Committee members, and Associate Directors for Information Resources on Friday, July 13th, to seek input on detailed phasing plans and implementation plans for the new unified messaging service.

**BP America to Pay a $5,189,800 Civil Penalty:** On June 29, 2010, ONRR's Office of Enforcement issued BP a civil penalty for knowing or willful submission of false, inaccurate, or misleading royalty reports on gas produced from various Southern Ute Indian Tribal leases. BP requested a hearing on the civil penalty; however, after initial discovery in the case, BP decided to pay the penalty in lieu of proceeding to trial. BP and ONRR will file a joint motion to dismiss the case. ONRR will issue a press release when BP pays the civil penalty,

BUDGET

**2013 Appropriations Congressional Action**. The House Appropriations Committee completed markup of the 2013 Interior Bill on Thursday, June 28. The Interior bill provides a total of $28 billion is 4 percent below the request for all agencies in the bill. The bill provides $9.9 billion for Interior programs in net discretionary funding, a decrease of $340 million from the 2012 level.

The House bill included a one-year extension of the Payments of Lieu of Taxes program, with a scoring of $398 million. With enactment of the MAP-21 Transportation bill, which included a one-year PILT authorization, the $398 million in the House bill has been placed in the Spending Reduction Account and is no longer available for use by the House for Interior appropriations. PMB has drafted a letter addressing the House cuts that would be sent by the Secretary to the Speaker of the House – it is pending clearance at OMB. Formal effects statements describing the impacts of the House bill on Interior programs are being developed and will be used to communicate with the Senate in preparation for a conference agreement on the bill.

**2013 Continuing Resolution.** PMB is formulating the set of anomalies or exceptions needed to address funding and legislative issues to be included in a Continuing Resolution for FY 2013. Many of the issues identified by bureaus address issues that are well outside the scope of a short-term funding bill and will be addressed in the Department's discussions with House and Senate on a final 2013 appropriation. There are several language items that merit submission to OMB including a fix to BOEM and BSEE use of offsetting collections and correction to language relating to inspection fees.

**2012 Reprogrammings.** OMB has approved a reprogramming letter to implement a reorganization of functions in NBC. The letter is pending approval for transmittal to the appropriations committees. A second reprogramming to reallocate $1.4 million within NPS to support Park Police operations has OMB approval and is pending internal clearance. POB is also reviewing two other potential reprogrammings for submission to OMB and Congress concerning reorganizational issues within USGS and OST.

**Transportation Bill Extension.** The House and Senate enacted and the President signed the Surface Transportation Reauthorization on July 6, extending authority for DOT programs through September 2014. The bill provides $240 million per year for NPS, $30 million per year for FWS, and $30 million per year in competitive funding for BLM, Forest Service, and Army Corps of Engineers. The bill also includes $450 million a year for Tribal Transportation programs with the 6 percent returned by BIA for administrative expenses. Also included were provisions to:

- Reauthorize appropriations for the Sport Fish Restoration and Boating Trust Fund activities.
- Establish standards for over-flights in Grand Canyon National Park.
- Address commercial air tours operating at national parks.
- Cap abandoned mine land payments to certified states.
- Extend authority for PILT payments and Secure Rural Schools for one year.
- Establish a Gulf Coast Restoration Trust Fund.

OTHER

**IG/GAO Reports.** The list of current reports and their status is attached.

Attachments:
PMB Office Reports

cc: Deputy Assistant Secretaries—Policy, Management and Budget

## POLICY AND INTERNATIONAL AFFAIRS

### Office of Environmental Policy and Compliance

**New: Federal Interagency Operational Plan (FIOP) – National Response Framework (NRF).** The draft of the FIOP for the NRF has been released for review and comment. Presidential Policy Directive 8 requires that for each planning framework (i.e. Protection, Prevention, Mitigation, Response and Recovery) a FIOP must be developed. The draft of the FIOP has been disturbed to the Environmental Safeguards Group with comments due back to FEMA on July 11th. DOI/OEPC serves as a primary agency under Emergency Support Function (ESF) #11 –Agriculture and Natural Resources, and is the coordinating agency for the Natural and Cultural Resources and Historic Properties function of ESF #11.

**New: Colorado Cultural and Historic Resources Task Force**. On July 12, REO Denver participated in the quarterly meeting of the subject group, whose mission is to improve emergency preparedness for Colorado's cultural and historic resources. Agenda topics included debriefings on member activities during the recent High Park and Waldo Canyon wildfires, and review/evaluation of the original proposed Task Force goals in light of these events. OEPC is the national lead for ESF #11-Natural and Cultural Resources and Historic Properties under the National Response Framework and the Cultural and Historic Resources Recovery Support Function under the National Disaster Recovery Framework.

**New: Special Meeting Held on Potential Alaska-wide Area Committee.** On July 9, the Alaska REO participated in an invitation-only meeting to discuss comments and questions previously raised regarding the potential establishment of an Alaska-wide Area Committee consistent with the *National Oil and Hazardous Substance Pollution Contingency Plan*. The meeting, which was chaired by the U.S. Coast Guard (USCG) and Environmental Protection Agency (EPA) Alaska Regional Response Team (RRT) Co-Chairs, included USCG and EPA Federal On-Scene Coordinators and interested Alaska RRT members. The REO serves as the Department's Alaska RRT representative and has sought input on this topic from appropriate Alaska-based DOI Bureaus. The area committee proposal will also be on the agenda for the October 2012 Alaska RRT meeting.

**New: Topock PG&E Compressor Station Groundwater Remediation Consent Decree (CD)**. A proposed settlement with PG&E for the groundwater remediation at the Topock site is being surnamed for signature. The Director of OEPC is expected to sign the CD this week and forward it to the Department of Justice for lodging with the United States District Court for the Central District of California. The CD requires PG&E to finance and implement a groundwater remedy that will mitigate Chromium VI contamination in the groundwater. The estimated net cost of the remedy is $120 million.

**New: Central Hazardous Materials Fund (CHF) Internal Control Review.** The Bureau of Land Management's Ute-Ulay Mine will be the final internal control review of a CHF funded project this fiscal year, and will take place on July 24th and 25th.

**Update: Emergency Support Function (ESF) #11 Workshops, Oklahoma and Arkansas, August 1-2, 2012.** REO Albuquerque is assisting the Region 6 ESF #11 Coordinator in organizing participation of state agencies that may have interest in the Natural and Cultural Resources and Historic Properties Protection Part of ESF #11. The workshops will discuss communications, target capabilities and other response activities based on a disaster scenario. REO will be unable to attend either workshop because of a conflict with the Regional Response Teams 4/6 Meeting in Atlanta, Georgia, that week. REO provided information to the ESF #11 Regional Coordinator regarding two attendees from the Oklahoma State Historic Preservation Office. That Office will also assist by providing contacts for the Oklahoma natural resource agencies.

**Update: Navajo Pinabete Mine/Four Corners Power Plant Draft EIS, Navajo Nation, New Mexico.** REO Albuquerque completed the Memorandum of Agreement among the cooperators by inserting final requested changes and contact information for the parties. Awaiting only a decision from the Hopi Tribe on whether the Tribe will also be a cooperator. Once that is resolved, the REO will route it for signature among those participating.

**Update: Columbia River Treaty Review.** REO Portland coordinated and facilitated a regional DOI coordination call with the bureau contacts and the Secretary's Senior Advisor for the Northwest on July 2, 2012. During the call, the group discussed the Grand Ronde's request to participate on the Sovereign Review Team (SRT) and reviewed outcomes from the June 14 SRT meeting. They also prepared for the July 10 conference call with Departmental leadership and the July 12 SRT meeting.

**Office of Policy Analysis**

**New: Policy Office Adaptive Management Seminar/Webinar.** On July 9, the Office of Policy Analysis hosted a Department-wide seminar/webinar on adaptive management as part of the PPA monthly policy brown bag series. The session focused on DOI's recently-released *Adaptive Management: The U.S. Department of the Interior Applications Guide.* Attendance was extraordinary, with a full house here at DOI and 250 callers on the phone.

**New: DOI Agency Plan on Infrastructure Permitting.** Policy Analysis assisted the Counselor to the Deputy Secretary in preparing DOI's draft report on infrastructure permitting.

**Update: Economic Report.** Policy Analysis' economic contributions report was released on July 9, and received widespread media coverage.

**Update: Recreation Fee Program.** Policy Analysis is working with the Office of Congressional and Legislative Affairs, the Office of Budget, and staff from bureaus and the U.S. Forest Service to develop a reauthorization strategy for the Federal Lands Recreation Enhancement Act, which expires December, 2014. On July 10, the group met with OMB to discuss reauthorization of the Act.

**Update: Agency Climate Change Adaptation Efforts.** The 2013 Climate Change Adaptation Plan was submitted to OMB and CEQ in late June as an attachment to the Department's Strategic Sustainability Performance Plan. The Climate Change Adaptation Plan will be made available

for public review and comment after it is approved for release by OMB and CEQ. Policy Analysis is working with the Department's Climate Change Working Group on a Departmental Manual chapter on climate change adaptation.

**Ongoing: Arctic**. Policy Analysis continues to work directly with the Canadian, Icelandic, and Swedish delegations to the Arctic Council EBM Experts Group to prepare draft recommendations to the Foreign Ministers; a coordination call to establish final timelines is planned for July 16th. Policy Analysis is working directly with the White House Office of Science and Technology Policy to coordinate an interagency Arctic Management initiative.

**Ongoing: Indian Labor Force Report.** Policy Analysis is participating in an Indian Affairs led workgroup to develop a new approach to updating to the Indian Labor Force Report.

**Ongoing: Klamath Economic Support.** Policy Analysis staff is continuing to review some of the analysis in the socioeconomic section of the draft Environmental Impact Statement. Policy Analysis staff is reviewing the executive summary and the real estate sections of the draft EIS.

**Ongoing: Interior Energy Data Website.** Policy Analysis finalized the draft of Interior's energy data website, incorporating comments from BLM, BOEM, BSEE, and ONRR on the information displayed. PPA had discussions with data.gov staff regarding the web page.

**Office of Native Hawaiian Relations**

**NEW: ONHR Meeting with new Chair/Director of the Hawaiian Homes Commission/Department of Hawaiian Home Lands:** ONHR met with the new Chair of the Hawaiian Homes Commission (HHC), Jobie Masagatani, who previously served as the Deputy Director of the Department of Hawaiian Home Lands (DHHL) from 1995 to 2002. ONHR reviewed a list of DHHL matters in which ONHR has been involved, including State amendments to the Hawaiian Homes Commission Act (HHCA), land recovery, land exchanges, outreach to the Hawaiian homestead associations and HHCA beneficiaries, and US Fish and Wildlife Service and US Department of Agriculture matters. Such review will continue at another meeting to be scheduled. Chair Masagatani will be re-assigning some of the matters, thus will inform us of the new points of contact when such assignments are made.

**UPDATE: ONHR Assistance with the USFWS Integrated Pest Management Programmatic EIS for the Eradication and Control of Rats and Mongoose in Hawai'i:** ONHR assisted the USFWS staff with their outreach efforts to the Department of Hawaiian Home Lands (DHHL) by securing an opportunity to present and discuss the Programmatic EIS to staff in DHHL's Planning Office and Land Management Division. ONHR also assisted USFWS by reviewing and editing their presentation, highlighting points to emphasize to connect with the interests of DHHL, its beneficiaries, and the communities and neighbors in the areas of Hawaiian home lands. The DHHL staff were very supportive and understood the benefits of being a cooperating agency. The Planning Office will write up a recommendation to the Hawaiian Homes Commission to consider becoming a cooperating agency and entering into a memorandum of understanding with USFWS.

**UPDATE: ONHR Assistance to the US Army Garrison – Hawai'i and the Recognized Claimants in Its Schofield Barracks NAGPRA Matter:** ONHR continued assisting with the development of the Plan of Action of the US Army Garrison – Hawai'i (USAG-HI) which revised the draft Plan of Action (POA) following their legal review through Army Headquarters. Some of the Recognized Claimants were offended by the revision and were ready to walk away from the consultation with USAG-HI. ONHR assisted in the discussion of the revised POA with USAG-HI and the Recognized Claimants and proposed revisions from the Recognized Claimants to address Army Headquarters concerns while preserving some of the provisions most important to the Recognized Claimants. USAG-HI and the Recognized Claimants have been developing the POA since March 2011. USAG-HI will see a change of command on July 17th, and the Commander and the Recognized Claimants would like to conclude the POA in order to avoid the additional time that will likely be necessary to continue development of the POA with a new Commander who will require some time to be brought up to speed.

**Office of International Affairs**

**New: Trans-boundary Resource Management Workshop in Republic of Georgia:** OIA-ITAP will participate in a trans-boundary management workshop being held July 16-18 in Batumi, Georgia. Participants will include representatives from the Georgian and Turkish Ministries of Environment. The workshop will focus on the development and management of trans-boundary protected areas and will include lessons learned from U.S. trans-boundary protected area management experiences with Canada and Mexico. This workshop is funded by the U.S. Agency for International Development.

**New: Meeting with Senior Leadership at USAID:** On July 11, DAS Faeth and OIA-ITAP Director Barbara Pitkin will meet with Eric Postel, Assistant Administrator for USAID's Bureau for Economic Growth, Agriculture and Trade (EGAT). The meeting will cover the status of DOI's Participating Agency Partnership Agreement (DOI-PAPA) with USAID, opportunities for DOI-ITAP to communicate the broader range of the Department's technical expertise to USAID staff, and opportunities for more direct agreements between DOI-ITAP and USAID field Missions.

**Update: OCIO's Modified Approach on Travel IT Devices:** Earlier this year, the OCIO proposed a "Policy for Use of DOI-Provided Portable Electronic Devices While on International Travel" that would require use of specially-designated travel devices, in response to a GAO report from November 2010 calling for improved measures for information security in international settings. OIA provided comments concerning cost and impact on work performance that could result from the draft policy, and brought the OCIO together with bureau international offices for further discussion. After reviewing solutions employed by other federal agencies (as suggested by OIA), OCIO met with OIA on July 3 to outline a different approach by which a traveler's normal device can be remotely monitored for cyber-intrusions and shut down if necessary. This solution will have a lower cost, minimal impact on productivity and greater effectiveness in terms of information security. (Note: Final approval is subject to inter-office review and selection of a contractor.)

**Update: Secretary's Offshore Energy Meetings in Norway:** OIA staff returned from travel and completed follow-up tasks related to these meetings.

**Update: Cooperation with Colombia:** At the request of State and National Security Staff, OIA worked with State and bureaus to evaluate how DOI can support the next U.S.-Colombia High Level Partnership Dialogue (HLPD) in Bogotá, Colombia on July 31. OIA will draw together relevant information regarding DOI's activities and make it available in appropriate form for the State Department officials that will represent the US at the meeting.

**Update: Commission for Environmental Cooperation**: OIA staff made final preparations this week for the Nineteenth Regular Session of the Commission for Environmental Cooperation (CEC) Council that will take place on July 10-11 in New Orleans, LA. This year's Council Session will feature a "North American Environment Fair" that will showcase the work of some of CEC's community-based project partners. DOI will participate in the Council Session and staff a booth that features the Big Bend/Río Bravo Project, in light of the importance of that project for the overall CEC North American work program.

**Office of Restoration and Damage Assessment**

**NEW: Trustees Announce Completion of Natural Resource Restoration Projects in Pierce County, Washington.** On July 3, 2012, the federal, State and tribal natural resource trustees - U.S. Department of the Interior, represented by Bureau of Indian Affairs and U.S. Fish and Wildlife Service; Muckleshoot Indian Tribe; Puyallup Indian Tribe; U.S. Forest Service; and, the National Oceanic and Atmospheric Administration - announced the completion of natural resource restoration projects for the November 3, 2006 diesel spill into Silver Creek in the Mt. Baker-Snoqualmie National Forest, down slope from the Crystal Mountain Ski Area in Pierce County, Washington. The trustees settled natural resource damages claims against Puget Sound Energy, Inc for approximately $513,000 to restore natural resources injured by the spill. The two restoration projects implemented focused on riverine habitat and Chinook salmon restoration but will also benefit other fish and wildlife species in the White River Watershed. The Greenwater River floodplain restoration project restored river and floodplain processes to increase the range and distribution of salmon in the White River Watershed. This project removed road fill along the Greenwater River and incorporated large woody material into the channel as engineered log jams providing in-stream fish habitat. For further information see http://www.doi.gov/restoration/news/PSE-diesel-spill-restoration-completion.cfm.

**NEW: Port Gardner, WA Natural Resource Trustees Sign Agreement.** On July 3, 2012, Federal, state and tribal natural resource trustees (the Tulalip Tribes; the Suquamish Tribe; State of Washington; the National Oceanic and Atmospheric Administration; and, the U.S. Department of the Interior, represented by the Fish and Wildlife Service) have signed an agreement to jointly conduct Natural Resource Damage Assessment (NRDA) activities within the Port Gardner Bay and lower Snohomish River area. The agreement sets up a Trustee Council that will undertake the assessment, including selecting any restoration projects that may ultimately be implemented to restore and compensate for the injured natural resources. The Trustee Council will operate by consensus. The trustees are currently investigating evidence of contamination impacting natural resources and supporting habitats such as the sub-tidal, shoreline, estuary, and upland areas of

the site. Through the broader Puget Sound Initiative, the Washington Department of Ecology has identified 10 contaminated sites as sources for hazardous substances releases in the Port Gardner area.

## NATURAL RESOURCES REVENUE MANAGEMENT

**Takes vs. Entitlements Proposed Rule (No Change):** The ASPMB signed the proposed rule, AA02, Takes vs. Entitlements, which implements Section 6(d) of the Royalty Simplification and Fairness Act of 1996. The proposed rule prescribes when a Federal lessee must report and pay royalties on the volume of oil and gas it **takes** from a lease or on the volume to which it is **entitled** based on its ownership interest in the lease. The rule is currently with OMB.

**Advance Royalties for Coal Resources Proposed Rule (No Change):** ONRR plans to publish a proposed rule to implement provisions of the Energy Policy Act of 2005 governing the payment of advance royalties on coal resources produced from Federal lands. The proposed rule standardizes certain reporting requirements and clarifies responsibilities between ONRR and BLM associated with the approval, valuation, and payment of coal advance royalties. ONRR has coordinated closely with BLM on their coal rule, which is with OMB for review, to ensure joint publication. ONRR's proposed rule is currently with the Solicitor.

### Office of Natural Resources Revenue

**Department of Justice Solicitor's Review of "8g" Leases (New):** As a result of the fiscal year 2007 CFO audit finding questioning offshore fund coding, ONRR's Financial Management (FM) and BOEM identified approximately 65 leases that require distribution adjustments due to a variety of issues. Many of these leases date back to before the 1986 8(g) settlement. In order to determine the amounts, FM reviewed past disbursement records and (1) determined how revenues were distributed originally, (2) determined how the revenues should have been distributed, and (3) calculated the difference between (1) and (2). The State of Louisiana, in response to ONRR's July 2011 Demand for Payment for $2.8 million, filed suit in U.S. District Court. (b) (5) [redacted]

**ONRR Representative to Meet with State of New Mexico Auditor (New)**: The week of July 16, 2012, a representative from the Central Audit and Compliance Management (AMC) office will be meeting with a New Mexico auditor to finalize a Field Report regarding the correct royalty rate for Schedule D leases located in "productive limits" areas. During an audit, New Mexico discovered that certain properties are subject to higher royalty rates on natural gas liquids. The Mineral Leasing Act of 1946 encouraged new exploration inside of recognized areas by reducing the royalty rate to 12 1/2 percent for new discoveries. However, production inside the "productive limits" and not deemed a new discovery, retains a royalty rate of 16 2/3 percent. ONRR and the Bureau of Land Management (BLM) are working closely to determine which lands on the leases are subject to the higher royalty rate and which formations to grant a royalty rate reduction. Doing so requires BLM to determine which wells are within the

productive limits or producing from a formation that is deemed a new deposit, and then ACM and New Mexico must apply the correct royalty rate to the production. The Department has prevailed on several cases related to this issue.

**Annual Business Recovery Exercise (Update):** On July 11, 2012, ONRR conducted its 2012 Business Recovery Exercise at the Sungard facility located in Englewood, Colorado. ONRR contracts with Sungard to provide a business recovery location in the event of a disaster in order to effectively reestablish critical business operations within 48 to 72 hours. Selected staff from Financial Management completed their normal day's business from the site as proof of concept that ONRR can operate normally at the location.

**BOEM/BSEE "Insurance Clause" (Update):** ONRR continues to provide PFM and POB information on the financial controls related to the transfer of offsetting OCS rental receipts to BOEM and BSEE in the event that the "insurance clause" is invoked. ONRR is reviewing POB proposed appropriation language to accommodate the execution issues in future fiscal years. The "insurance clause" is a provision in BOEM and BSEE appropriations that specify that OCS rental revenue from rents below $3/acre can be transferred if revenue from rates above $3/acre is insufficient to reach appropriated amounts. While full-year rental receipts are expected to be sufficient, a change in OMB and Treasury monitoring has forced BOEM and BSEE to operate solely with previously transferred revenue rather than the full appropriated amount as in previous years. Reportedly, this change has caused program execution challenges, particularly for BOEM. ONRR has confirmed that appropriate controls are in place should the Department choose to invoke the "insurance clause" for BOEM and BSEE and is ready to initiate transfers if directed.

## YOUTH, PARTNERSHIPS AND SERVICE

**New: Let's Move! in Indian Country.** The Youth Office made arrangements to host an LMIC event on Thursday July 12, at Isleta Elementary School in New Mexico, where Secretary Salazar and AS-IA Del Laverdure were scheduled to speak about the initiative and the Presidential Active Lifestyle Award+ (PALA) Challenge, followed by a brief basketball game with students from the area.

**New: DOI Ambassadors Program.** The Office met with representatives from the Partnership for Public Service to draft a new plan for the DOI Ambassadors Program. YPS serves as DOI's point-of-contact for the program.

**New: Take Pride in America National Awards.** The nomination period for the annual Take Pride in America awards ends on Friday, July 13. Nominations will be reviewed by members of the Federal Interagency Team on Volunteerism, and other office representatives. The ceremony is scheduled for September.

**Update: Partners in Conservation Award.** Bureaus are reviewing their nominations and will provide this office with their top choices, for further review, by July 13. The ceremony is scheduled for September with a joint reception to be held with the Take Pride award recipients.

**Update: 21st Century Conservation Service Corps Advisory Committee.** The advisory committee, through a small working group, is fine-tuning the final report of recommendations that will be submitted to the Secretary at the end of July. The draft inter-agency MOU establishing a national governing council is currently under review by the Interior Solicitor's office. Members of the Youth, Partnerships, and Service Office serve as staff to the committee.

**Update: 301 DM 6 – Departmental Volunteer Policy.** The Office has completed edits and revisions to the draft volunteer policy and is sending to General Law for final surname.

**Update: TakePride.gov and Volunteer.gov.** The office has completed a rough timeline for the merging of TakePride.gov and Volunteer.gov. The Take Pride in America awards program will have a page within Volunteer.gov, as well as a place to provide information and user support on volunteer activities. A new and fresh re-design of Volunteer.gov has also been completed and will be unveiled at the same time, along with other updates and changes that are currently underway.

**Update: Public Land Corps Tracking System.** The Office has completed a rough timeline for the completion of the Public Land Corps tracking system to be housed on Volunteer.gov. The system will be built upon an already existing tracking device on Volunteer.gov and will help users access a hiring authority and connect to more job opportunities.

**Update: Let's Move! in Indian Country.** AS-IA Del Laverdure sent out a letter to all BIA and BIE employees calling on them to participate in the PALA+ Challenge. The letter is hyperlinked to the PALA+ Toolkit that was created by the Youth Office, to help participants understand how to effectively run the challenge in their communities.

**Update: Coach Across America.** Four coaches have been selected and are undergoing background checks through the BIA HR Office. The Youth Office manages the selection process.

## TECHNOLOGY, INFORMATION AND BUSINESS SERVICES

### Office of Hearings and Appeals

**Update: Every 1 Matters—Diversity Matters.** The Barrier Analysis Retention Team has received 64 acceptances from the invitations it sent to OS and SOL employees for nine focus

groups to be conducted in the D.C. area during July and August. The first four focus groups will be held the week of July 23.

**Office of the Chief Information Officer**

**New: Video Services for the US Park Police.** In cooperation with the NPS and the US Park Police (USPP), the CIO team managed the installation, configuration, and support of closed circuit video services.. These new services provided monitoring of the National Mall in support of the July 4th and the National Folk Festival celebrations. Live video feeds were broadcast within the Interagency Incident Command Center, and were shared with participant jurisdictions (e.g. DC-Fire & Rescue, DHS/FBI, Arlington Co. PD, etc.) during the 4th of July events.

**Update: Impact of Derecho on DOI Sites.** Due to severe "Derecho" thunderstorm systems that passed through seven Midwestern and Mid-Atlantic States on June 29, approximately 139 DOI sites in this region were impacted by storm related network service disruptions. Restoration efforts quickly restored many sites within the first 24 hours, and by the morning of July 2nd, only 28 DOI sites were still without normal network connectivity. As of Monday, July 9th, only 14 sites remain off-line in DC, MD, VA, and WV due to the lack of commercial power in these impacted areas.

**Office of Collaborative Action and Dispute Resolution.**

**Ongoing: EITI.** CADR continues to provide process assistance for the leadership team responsible for the EITI initiative.

**Ongoing: Osage Negotiated Rulemaking.** Senior Counsel for CADR and CADR continue to provide process assistance for Solicitor's Office and BIA leadership in planning a process under the Osage settlement agreement.

**Update: Contract for Professional Environmental Conflict Resolution services.** CADR is reviewing proposals submitted in response to the Request for Proposals for professional ECR services to support public participation, stakeholder engagement and collaborative problem solving for all DOI bureaus and offices and will award the contract by the end of Aug.

## PUBLIC SAFETY, RESOURCE PROTECTION, AND EMERGENCY SERVICES

**Secretary Salazar Visits the Waldo Canyon Fire.** Secretary Salazar visited the Waldo Canyon Fire in Colorado Springs on Monday, July 9, where he saw first-hand the wildfire response efforts, and thanked firefighters and volunteers for their efforts to protect life, public safety, and aid in community recovery from the fire. Secretary Salazar attended a briefing at the Incident Command Post with Colorado Springs Mayor Steve Bach, El Paso County Sheriff Terry Maketa, Incident Commander Troy Nelson, and BAER Team Leader Marc Stamer regarding federal, state and local response to the Waldo Canyon Fire. Secretary Salazar toured the Mountain Shadows subdivision where he met with members of the Burned Area Emergency Response team who are on site to assess damage.

**Immediate Office of the DAS**

**Update: Interagency Agreement with Customs and Border Protection.** Action items arising from the meeting with CBP on June 20th in Tucson are being addressed. Action items from the meeting are being summarized by Mary Anderson, Border Mitigation Coordinator. A Project Description, Statement of Work and Interagency Agreement amendment adding $3,000,000 was received on April 16, 2012 and the funding has been obligated at CBP. These funds will be directed towards mitigation of impacts on endangered species in Texas (primarily the ocelot) through acquisition and restoration of habitat. Acquisition is expected to occur in the fall of 2012. The properties to be acquired have been identified and approved by Customs and Border Protection. The funds are now in the process of being transferred to the Fish and Wildlife Service for contracting a third party agreement to acquire the mitigation land. Acquisition of the mitigation lands is expected in the fall of this year.

**Update: Integrated Fixed Towers and Remote Video Surveillance System (RVSS) Proposed New Tower Construction in Arizona.** The Office of Technology, Innovation and Acquisition (OTIA) is continuing to assess priorities for new Integrated Fixed Tower construction. The highest priority is on the Tohono O'odham Nation and field engineering surveys are being planned for July. The facilitated scoping meeting to discuss the location of new integrated fixed towers in southwest Arizona to be held in Yuma has been postponed. Due to changes in threat levels interest has grown in placing Integrated Fixed Towers in South Texas but there are no specific plans at this time. A proposal for construction of 20 new RVSS monopole towers has been received. There are three new sites on Bureau of Reclamation lands, three sites on National Park Service lands and two sites on Bureau of Land Management lands. The sites are in proximity to the international border from Douglas to Yuma. The analysis of impacts on DOI lands and resources is underway.

**Update: CBP Preparing NEPA documents for Tactical Infrastructure Maintenance and Repair (TIMR) Along the Southwest Border (Arizona, New Mexico and California).** CBP and FWS officials met on June 21st to discuss finalization of the Biological Assessment for the TIMR in Arizona. After lengthy discussion agreement was reached on the conservation measures to be used in the Biological Opinion. CBP also agreed to provide $100,000 in support of mitigation for Sonoran Pronghorn Antelope. The Sonoran Pronghorn, Chiricahua Leopard Frog, Sonoran Tiger Salamander and Pima Pineapple Cactus may be affected by the proposed TIMR activities. CBP has modified the BA in accordance with the discussions in Tucson and will forward this document to FWS the week of July 9th. FWS will then prepare the final Biological Opinion. This is expected to be completed by early August. The approach used in Arizona will be used in the analysis of TIMR work in New Mexico and Arizona. Draft Biological Assessments and NEPA documents for NM and CA are being revised and are expected to be issued for internal review in late April/May. There have been preliminary meetings on the TIMR work in New Mexico and California. Additional outreach to private land owners is needed for TX and environmental reviews are not expected to begin in the foreseeable future.

**Update: Fire IT Project**. The executive sponsors held an "all hands" meeting with wildland fire information technology and other employees at the National Interagency Fire Center the

week of June 25, and met with the Project Implementation Team to continue work on a detailed project plan. The memorandum of understanding between Interior and Agriculture has been signed by all but two agencies; signature is expected from those agencies this week.

**Update: Fire Program Assessment.** The first deliverable under the assessment contract, draft Baseline Program and Opportunities for Improvement, was reviewed internally by the project teams and comments provided to the contractor. The final product was received on July 3. Preparations for Tribal Consultations in late August continue.

**Update: Interagency Interoperability.** The project plan has been updated and shared with the Chief Information Officers of Agriculture and US Forest Service, and Interior Deputy Chief Information Officer. A meeting of all parties has been set for late July to discuss next steps.

**No Change: Bog Creek Road Access-Idaho.** The U.S. Forest Service and U.S. Border Patrol are entering into a cooperative effort to resolve issues surrounding the opening of this road adjacent to the Canadian border. The road was closed as part of an effort to protect "core grizzly bear" habitat. There are court imposed restrictions on the amount of open road that can be present and still allow the area to be designated core habitat. Current plans are for USFS and USBP to cooperate on preparation of a detailed Environmental Assessment. Fish and Wildlife Service will provide input related to Endangered Species Act provisions. A statement of work is being prepared by CBP to begin scoping of issues and alternative development.

**No Change: Northern Border EIS Being Prepared by Customs and Border Protection (CBP).** CBP published a draft Programmatic Environmental Impact Statement (PEIS) in September of 2011. A DOI consolidated response was sent to DHS for review. DOI and CBP have met periodically to discuss review comments. CBP forwarded a final draft of the PEIS for review and comment prior to preparing a Record of Decision. Final comments were received from DOI Bureaus and forwarded to CBP. CBP expects to issue the final Record of Decision and PEIS in July of 2012. This is a broad programmatic document and it is expected there will be additional environmental compliance for most future changes (e.g., construction of tactical infrastructure).

**No Change: Programmatic ARPA Section 106 Agreement.** CBP has prepared a programmatic document for the northern and southern borders which will describe activities that may be excluded from the standard Section 106 reviews. The programmatic documents have been prepared on a state by state basis and CBP is seeking the concurrence of the State Historic Preservation Officers for the entire state. Consultation with 188 border region Tribes is also underway. CBP would also like DOI involvement and approval. Borderlands Coordinator Andrew facilitated a preliminary review by Bureau preservation officers. Informal comments were received from the Bureaus and sent to CBP for their review and many have been incorporated. This formal review will begin within 2 weeks and conclude no later than August 3 and will be scheduled through the Office of Environmental Policy and Compliance.

**No Change: Customs and Border Protection to Prepare Summary of Mitigation.** CBP has agreed to compile all completed and outstanding mitigation work on record so that a clear understanding of the work and future commitments made to date is captured. Once reviewed by

DOI Bureaus priorities may be assigned to each of the projects identified. The summary will be done on a state by state basis. The first report for Arizona is expected by the end of the month.

**No Change: Big Hatchet Communication Site:** U.S. Border Patrol (USBP) is enhancing communications sites in the El Paso Sector. One of these sites is at Big Hatchet Mountain on BLM land proposed as Wilderness and managed as an Area of Critical Environmental Concern (ACEC). Concerns have been raised with regard to the potential for impairment of wilderness quality through continued use of this site. The current use of the site has been reauthorized through a Memorandum of Understanding initiated in 2007. Improvements to the site will not be completed prior to June 15 but the current site is adequate to meet CBP communications needs. To avoid impacts on endangered long-eared bats returning to use a maternity cave near the facility the upgrade will be completed in October. Work will be limited to improvements "within the footprint" of the current use. BLM has identified potential alternative sites (two) which could be used to replace Big Hatchet. Two antennae would be needed to replace the single antenna on Big Hatchet. BLM will conduct field evaluations of these sites and may provide substantial support to CBP in preparation of the NEPA documents for this project. Depending on the outcome of the EA – BLM may need to revise the ACEC rule to allow for issuance of a right-of-way permit for long term use of the Big Hatchet site. Discussion is ongoing between the New Mexico State office and the El Paso Sector of US Border Patrol.

**No Change: Ajo 1 Mitigation—Coordination Meeting.** Mitigation work related to the construction and operation of the "SBI Net" towers known as Ajo 1 has not been fully implemented. Fish and Wildlife Service and CBP met on June 4 to discuss the current status of mitigation activities and the plan for completing or modifying the mitigation agreed upon. The Office of Technology Innovation and Acquisition, U.S. Border Patrol personnel and Facilities, Engineering and Maintenance staff attended the meeting. Issues with the current Biological Opinion and mitigation measures still to be implemented were discussed. CBP is completing its evaluation of the need to reinitiate consultation and it is considered unlikely that they will do so. Responses to issues raised during the June 4 meeting are being prepared and will be forwarded to FWS within 2 weeks.

**No Change: H.R. 1505 – The National Security and Federal Lands Protection Act.** The bill was debated on the floor of the House on June 19 and voted on favorably. The bill would provide U.S. Border Patrol with immediate access to all DOI lands within 100 miles of the land borders of the U.S. for the purpose of achieving border security. A bill with the same purpose has been introduced in the Senate (S. 805). There is no word at this time on any Senate action with this legislation.

**No Change: Lower Colorado (Limitrophe) Mitigation.** Customs and Border Protection and the Bureau of Land Management are continuing discussions on the proposed mitigation for brush clearing in riparian habitats along the Lower Colorado. Additional clearing occurred prior to completion of mitigation requirements for the initial clearing. A plan is being developed to address the need for additional mitigation. Discussion is continuing on the best course of action for completing the required mitigation which may include restoration of a larger acreage of migratory habitat which is less costly to restore.

**No Change: Radio Transformation.** PRE worked with OCIO and PAM staff to revise and update the memorandum that lays out short-term and long-term strategies for management of the Department's radio programs. A new draft will be provided to the PMB executive sponsor DAS's for their consideration.

**No Change: Interagency Dispatch Improvement.** Pilot projects in the Southwest and California are making significant progress. A face to face meeting of the pilot teams was rescheduled to July to begin developing national-level lessons learned and recommendations for dispatch improvement in other parts of the country..

**No Change: Enterprise Geospatial Project – Landscape Decision Tool (Executive Viewer).** PRE and OWFC are supporting DAS Andrew Jackson, project core team, and the vendor to integrate DOI information in an executive viewer to inform leadership on priority initiatives improving agency decision-making.

**No Change: Aviation Program Transfer.** PRE is working with the DAS – Technology, Information, and Business Services, the DAS – Budget, Finance, Performance and Acquisition, the National Business Center, and the Aviation Management Directorate on transition issues related to the proposed transfer of aviation programs to LESEM.

**No Change: Gulf Coast Response Staffing.** Ongoing clean up and associated activities are expected to continue for much of this calendar year, with some work extending into 2013 and beyond.

**Final: Interagency Agreement with Customs and Border Protection - $8 million to Support Mitigation Efforts.** On June 28, Fish and Wildlife Service and the State of California closed on the purchase of the Hidden Valley tract, an inholding on San Diego National Wildlife Refuge. This tract was purchased by a third party (The Nature Conservancy) using a combination of funds from U.S. Customs and Border Protection ($8 million) and the State of California ($10 million). Following closing the land was then transferred to Fish and Wildlife Service for the future management. This completes the only outstanding mitigation project in California involving land acquisition. Partners will commemorate the acquisition on July 11. The lands acquired will mitigate for impacts on Arroyo Toad, Quino Checkerspot Butterfly and California Gnatcatcher resulting from construction of tactical border security infrastructure. The funds from the State of California were used to mitigate to impacts of highway construction in the region.

**Final: Public Lands Liaison Annual Meeting.** The Border Patrol rescheduled this training workshop until September.

**Office of Law Enforcement and Security (OLES)**

**New: OLES is Organizing a 2 Day Meeting of All Non-Title 50 Agencies and Key Intelligence Community Partners to Improve Collaboration and Support for Mission Critical Programs.** The two day off-site meeting will take place on July 30 and 31in northern Virginia. The focus of the meetings will be to improve collaboration among the NT-50 agencies

in order to maximize the benefits and leverage the assistance the Intelligence Community has to offer in support of mission-critical programs. Topical areas will include intelligence, counterintelligence and insider threat programs.

**New: A Privacy and Civil Liberties Roundtable Discussion on July 11.** The OLES and the OCIO are working collaboratively to ensure that privacy and civil liberties for all citizens are being adequately protected within DOI collection and reporting programs. Protecting these rights is the foundation upon which legal intelligence collection programs are established as the nation works to protect the homeland from foreign and domestic terrorism.

**New: OLES Represents the Department on Federal Law Enforcement Training Accreditation (FLETA) Board:** The OLES represents the DOI and bureau law enforcement training functions on the FLETA board as a voting member and as Parliamentarian for the Executive Committee. FLETA accreditation standards recognize high-quality, standards-based training in Federal law enforcement. The NPS has one training program accredited and other bureaus are working toward accreditation. The FLETA Board meets July 10-12, in Brunswick, GA.

**No Change: OPR Final Assessment Reports for the Bureau of Reclamation (BOR).** The final reports (Inspection/Compliance) for the BOR's Internal Affairs Unit are currently under review by the Director of BOR's Law Enforcement Program.

**No Change: Arctic Intelligence Overview for DOI Senior Leaders.** The OLES coordinated with the Office of the Director of National Intelligence (ODNI) to present a classified Arctic area intelligence overview briefing to senior Department decision makers on July 13th. OLES partnered with the Intelligence Community's Principal Analyst for the Arctic to schedule this presentation.

**No Change: Department of Homeland Security - Customs and Border Protection (CBP) Annual Intelligence Workshop.** The DHS CBP Office of Intelligence has extended an invitation to OLES to participate in their annual Intelligence Workshop in late July. The OLES will highlight the Department's missions and equities along the border for CBP and other stakeholders as CBP evolves its border enforcement efforts towards a more risk-based and law enforcement intelligence approach.

**No Change: National Insider Threat Task Force (NITTF) Performing Review of the DOI/OLES Insider Threat Program.** Executive Order (EO) 13587 and National Insider Threat Policy directs USG Departments and Agencies to establish, implement, monitor, and report on the effectiveness of insider threat programs to protect classified national security information. As outlined in the EO, the NITTF will visit and assist DOI/OLES to review DOI insider threat programs for program implementation.

**Final: Training Videos for Law Enforcement Officials and Resource Managers.** The OLES finalized two training videos produced collaboratively with the FBI on the Sovereign Citizen Movement and with DHS for an overview of the threats along the U.S. borders. OLES will host the videos in a catalog on DOI Learn and is working with the bureaus to facilitate

access to these law enforcement sensitive products by the appropriate audience. The videos will ensure awareness of threats to officers and general public safety concerns posed by members of the Sovereign Citizen Movement as well as cross-border illegal activities conducted by transnational criminal organizations.

**Final: Collaborative Agreement at the Steering Committee Stakeholders Forum.** The OLES recently established a process to identify non-Title 50 representatives who will attend the Senior Steering Committee (SSC) meetings at the White House that are led by the National Security Staff. The SSC is developing policy and implementation plans that will fundamentally change security and access to classified computer systems across the US government. Such changes are meant to reduce the threat from counterintelligence activities and insider threats. OLES took the lead to ensure that non-Title 50 departments and agencies were represented on this critical committee.

**Final: Participation in Review of National Intelligence Priorities Framework - Intelligence Topic Information Needs.** The OLES supported a request from the Office of the Director of National Intelligence (ODNI) to ensure the equities of non-Title 50 Departments and Agencies are being met by the Intelligence national intelligence collection requirements as well as Homeland Security Standing Information Needs.

**Final: MIB July 4th Celebration.** Members of the OLES participated in the pre-planning and were on site at the MIB and SIB during the July 4th celebration. The OLES involvement included coordinating the security for the event, coordinating with the U.S. Park Police and the Metropolitan Police Department to ensure employee access, and assisting NBC as needed.

**Final: DOI participation in Department of Homeland Security (DHS) Interagency Security Committee (ISC) Working Group**. The ISC has established a new Lessons Learned and Best Practices Working Group. This working group will provide a process to determine which lessons learned, best practices, and innovative ideas can be shared throughout the ISC membership. At the request of the ISC, the OLES provided a representative to the working group.

**Office of Emergency and Management (OEM)**

**New: Monthly Emergency Management Council (EMC) Meeting.** The OEM will be holding its monthly DOI Emergency Management Council (EMC) meeting on July 11. Topics that will be discussed include: an update on the Presidential Policy Directive 8 planning process, an overview of wildland fire operational activities, upcoming IQCS training, and Continuity Program updates.

**New: DOI One Health Group.** LCDR Elaine Bond, U.S. Public Health Service detailee to the OEM, will lead the monthly DOI One Health Group conference call on July 11. Doug Austen, the director of the Landscape Conservation Cooperatives (LCCs), will be briefing the group. A discussion will follow on how these LCCs fit into the One Health concept of animal health, human health and environmental health all being interconnected.

**Update: Emergency Response Activities.** The Interior Operations Center (IOC) was engaged in reporting and coordination activities during the past week:

- *Wildland Fire Activity*: As of July 9, there were 8,184 firefighters deployed, including 1,418 DOI employees to fight 40 fires large nationwide. Last week, DHS Secretary Napolitano and Agriculture Secretary Vilsack visited the scene of the Waldo Canyon Fire, and Secretary Salazar visited the fires on July 9. Working in coordination with OWFC, the IOC staff produced daily reports describing fire activity and attended daily FEMA video/teleconferences regarding fire response activities. On Monday of last week, the IOC hosted a video-teleconference between Secretary Salazar and the National Interagency Fire Center.

- *Mid-Atlantic Storms*: On June 29, a "derecho" traveled in an easterly direction for approximately 600 miles during a 10 hour period. The storm caused widespread damage from the lower Great Lakes to the Mid-Atlantic States. The storm left downed trees, power lines, loss of water purification systems and numerous fatalities across a wide area. At the height the storm there were approximately 3.6 million customers without power across the affected states. As of July 9, there were about 131,000 persons remaining without power from the derecho.

- *Deepwater Horizon Response*: For the past week, the primary focus was on reassessing access points, Shoreline Cleanup and Assessment Technique (SCAT) resurveys of beaches impacted by Tropical Storm Debby and assessment of known bird and turtle nesting sites to determine where operations could continue or be expanded. In two operational days, 200 pounds of oily debris was recovered, with only 10 percent of the mat being removed to date. SCAT estimates the product is 90 percent oil, rather than the standard 10 to 15 percent. There are approximately 800 people working on the Spill, with 45 of those being DOI employees.

- *Volcano Activity*: Kilauea Volcano and Cleveland Volcano are both at Alert Level WATCH and the Aviation Color Code ORANGE due to minor, ongoing eruptive activity.

**Update: The Interior Operations Center (IOC) Support of BSEE.** The OEM and the IOC continue to work in close coordination with BSEE regarding an upcoming, no notice, oil spill exercise that will occur in late July/early August. The OEM and BSEE planners met on July 3 to discuss the Marine Well Containment Company (MWCC) concerns regarding operational security of the exercise video feeds during the event. The Director, the OEM and the Director, BSEE met with the MWCC CEO to allay concerns and outline a way forward to allow for MWCC representatives to be available to provide commentary and answer questions during times when there are video feeds. Additionally, the OEM is working with BSEE to draft an Oil Spill Appendix to the DOI Baseline Operational Plan; this appendix will be tested during the exercise and will provide operating procedures for coordination of future spills.

**Update: Online Training Development**. The OEM edited the draft script for the training course which will be sent to Emergency Coordinators this week for their feedback on accuracy

and content. EM-201 will be used to train the OEM staff, bureau/office emergency managers, and personnel assigned to Department-wide teams, helping them understand how all of components of EM within the Department fit together. Following development of this course, a second online emergency management training course will be designed this year to familiarize all employees with expectations and responsibilities during emergencies.

**Update: Occupant Emergency Planning (OEP).** The OEM, in conjunction with the NBC Nurse and Safety Officer, trained 27 of July 4th special event staff and security guards on the use of evacuation chairs in preparation for the July 4th event at the MIB. The OEM is working on the final revisions of the 2012 update of the OEP and Occupant Emergency Employee Guide.

**Update: All-Hazard Incident Management Planning.** The OEM announced to bureau and office senior executives that the Incident Qualifications and Certifications System (IQCS) has been successfully modified to accept all-hazards qualifications based on the DOI Guide. As a result, bureau and office points of contact will begin taking FWS-sponsored IQCS training during the weeks of July 9 and July 16. This marks the completion of a significant milestone in implementing the Deputies Operating Group's recommendation for a single point ordering system for the Department's emergency responders.

**Update: Interagency Emergency Health Policy.** LCDR Elaine Bond, U.S. Public Health Service Officer detailed to OEM, participated in the National Security Staff-led Pandemic Influenza sub-Interagency Policy Committee discussion on the development of worker protection guidance and communications messaging. LCDR Bond will be participating in the weekly National Bio-surveillance Information System conference call on Wednesday, July 11.

**Update: Indian Affairs Emergency Management Expert Study.** The Director, of the OEM and the Director, Office of Justice Services met on July 3 to discuss the outcomes of the BIA Regional Directors meeting as well as begin preparation for an update meeting to be scheduled with Deputy Secretary Hayes. OEM supports the BIA decision to hire regional emergency coordinator positions and will assist in the development of the associated emergency management policy for the BIA.

**Update: National Level Exercise-2012 (NLE-12).** With the completion of the fourth and final exercise that comprised NLE-12 June 19-21, the OEM has drafted a Quick Look report which covers Eagle Horizon 2012 and will be finalized this week. The After Action Report which will include much more detail than the Quick Look report will be published in August. The AAR will cover all four exercises in the NLE-12 cycle, though the largest input will come from DOI's participation in Exercise 4, Eagle Horizon. NLE-12 examined the Nation's ability to coordinate plans and capabilities pertaining to a significant cyber event.

**Update: National Response Framework (NRF) Revision.** After providing Departmental concurrence on June 15, the OEM is awaiting FEMA's release of the final approved version of the National Response Framework for operational use. In the meantime, the OEM is working with DOI's Principal Planners for the Emergency Support Functions (ESFs) to review the Federal Interagency Operational Plan (FIOP) – Response to ensure it adequately reflects Interior's resources and identifies the appropriate process for deployment.

**Update: National Preparedness Directive/Presidential Policy Directive 8 (PPD-8).** In addition to working on the FIOP-Response, the OEM has begun participating in the development of the Interagency Operational Plan (IOP) for Recovery. As part of the development effort, the OEM is coordinating with the DOI Principal Planners for the Recovery Support Functions (RSFs) to ensure Interior equities are adequately addressed. As efforts commence for IOPs for the other frameworks (Protection, Prevention, and Mitigation) the OEM will coordinate participation as necessary

**No Change: The Interior Operations Center (IOC) Support of USGS:** A Service Level Agreement has been signed by the OEM and the USGS outlining the support that the IOC will provide USGS in identifying and providing information about Storm Surge Sensors that are placed in the environment on a 24-hour a day basis. The IOC personnel are working on a Standard Operating Procedure document to outline procedures for handling reports.

**No Change: Secure Video Teleconference (SVTC).** Departmental headquarters maintains SVTC capabilities to coordinate interagency response during continuity events and other emergencies. Installation and testing of interim systems at the MIB and COOP Site C are complete and are now fully operational. Site C conducted multiple SVTCs during the Eagle Horizon exercise to include meetings with White House level personnel and classified discussions with the Office of Personnel Management (OPM). Installation of the permanent system will occur later within the next few months.

**No Change: Multipoint Video Teleconferencing (VTC).** The OEM, OCIO and NBC are coordinating the installation of a multipoint VTC capability in the IOC Conference Room. This project is currently on hold because the contractor that was integrating this project has ceased operations and must be replaced. A new contract is being competed to select a replacement contractor. Once completed, this capability will provide for internet (IP) and ISDN video teleconferencing in the IOC conference room and at other VTC locations in the Main Interior Building, with no incremental costs for departmental offices using the system.

**Office of Wildland Fire (OWF)**

**New: Fire Management Briefing with the Council of Environmental Quality (CEQ) and Office of Management and Budget (OMB).** Amy Holly, Matt Lee Ashley, and Roy Johnson joined the Department of Agriculture and Forest Service to brief CEQ and OMB on how the federal government agencies interact with local, state, and Tribal governments in managing wildfire, provided an overview of the National Cohesive Wildland Fire Management Strategy, and an outlook for the remainder of the wildfire season.

**Update: Hazardous Fuels Reduction Program.** Work continued to identify the definitions and business rules for the Project Priority System (PPS) attributes to be used when identifying the high priority Hazardous Fuels Reduction (HFR) projects for FY 2013. Proposed attribute write-ups are near completion. The information will be presented to the Interior Fire Executive Council at their meeting in Boise the week of July 22.

OWF is working with the Forest Service (FS) to complete a joint report to OMB, requested through FY 2013 budget pass back. The FS portion of the report is in draft form, and is under review by FS leadership. It will be shared with DOI following that review. No target date for the release has been suggested by the FS.

Field units have accomplished more than 513,000 acres of HFR treatments to date in FY 2012. FY 2012 HFR acre targets have been established for all bureaus. The DOI total is 959,828 acres, thus more than 53 percent of the Department's target has been completed and recorded.

## HUMAN CAPITAL AND DIVERSITY

### Office of Human Resources

**New: Bureau of Reclamation (BOR) Great Plains Region Report.** BOR's Denver Office issued a report on its accountability review of its Great Plains Region. This review was conducted at the regional office located in Billings, Montana during the week of April 2, 2012. BOR commended the Great Plains Region for its continuing efforts to conduct and identify good business practices in human resources (HR) management which includes implementation of Individual Development Plans (IDPs) for all employees; strong working relationships with DOI University to reduce course cost and travel expenses; and use of an Access database to track and maintain data related to the OPM 80-day hiring model, etc. The report also identified best practices with respect to use of alternative learning methods [e.g. on-line digital versatile disc, VTC delivery of courses; extensive library of sample critical elements (by series); and a relational performance and awards database]. BOR identified six issues requiring corrective action and an additional seventeen areas for which corrective action was recommended. The Great Plains Region has been directed to submit a corrective action plan no later than 60 days from the date of the release of the report.

**Update: Telework.** The telework measurement working group and the telework steering committee have been reviewing ways to measure telework savings and participation. Savings will be considered at the July meeting. Participation reports are issued every pay period showing the numbers and percent of employees who teleworked in that pay period. A cumulative report for the FY12 year to date will be published this week.

**Update: Project SEARCH.** The Denver-based program selected 11 students to participate in school year 2012-2013. The students, parents, DOI managers, and state and local stakeholders met June 27th in Denver. A "board of directors" that includes all stakeholders is currently working on initial internship placements within DOI bureaus located at and around the Denver Federal Center. A ribbon cutting/open house is planned for September 2012. The Secretary along with senior level state and local officials will be asked to participate.

The DC-based program is getting ready for its second year. The 2012-2013 school year will bring new opportunities to students. DOI is partnering with GSA, OPM and Commerce to provide internship opportunities at those agencies, in addition to the internship opportunities within Interior. Project SEARCH DC had a student from the 2011-2012 school year selected for

permanent employment in the Bureau of Reclamation - her start date was July 1st. Other students are being considered for permanent employment, both within Interior and with other Federal agencies.

**Update: IT Transformation Workforce Management:** Over the past couple of weeks, members of the human resources community have worked together to analyze various options for management consideration for managing the transition of the IT workforce. These options evaluated strengths, weaknesses, opportunities, and threats from HR, labor relations and legal perspectives in an effort to inform decision making. DOI engaged with OPM to learn about various options and current policies, regulation, and law.

## Office of Strategic Employee and Organizational Development

**Update:** The vacancy announcement for the SES Candidate Development Program has been extended to July 16, 2012, and the requirement for two levels of supervisory endorsement has been removed. The supervisory endorsement was removed based in applicant feedback that it was a barrier to their application. The endorsement was intended to communicate to supervisors that participation in the program requires a significant commitment of time; instead, supervisors considered it an endorsement of the applicant's selection. Endorsement of an applicant's selection occurs later in the process when bureau leadership recommends individuals from the best qualified list.

# BUDGET, FINANCE, PERFORMANCE AND ACQUISITION

## Office of Acquisition and Property Management (PAM)

**New: DOI Suspension and Debarment Program – Development of Debarment Training Seminar.** The DOI Debarment Program Manager, as Chair of the Interagency Suspension and Debarment Committee (ISDC), is participating in the development of a debarment training seminar on taking performance based actions. The seminar will be jointly sponsored by the Council of Inspectors General for Integrity and Efficiency (CIGIE), the National Science Foundation Office of Inspector General, and the ISDC. The seminar is scheduled for November 16, 2012. A kick-off meeting with Steve Linick and Allison Lerner of CIGIE was held on July 3, 2012.

**New: Federal Energy and Water Management Awards.** The Department of Energy Federal Energy Management Program (FEMP) has announced the winners of the 2012 Federal Energy and Water Management Awards. The following DOI entries were chosen as winners in the Project Category:

Net Zero Energy Student Intern Center
National Park Service/Santa Monica Mountains NRA
Thousand Oaks, California

*Ric Alesch, Bethany Mills, Tara Moore, Woody Smeck, John Williams*

Neosho National Fish Hatchery Visitor Center
U.S. Fish and Wildlife Service
Neosho, Missouri
*Carol Fix, David Hendrix, Meaghan Nelson, Craig Swedenborg, Todd Turner*

Audubon National Wildlife Refuge Visitor Center/HQ
U.S. Fish and Wildlife Service
Coleharbor, North Dakota
*Michael Crocker, Jackie Jacobson, Lloyd Jones, Eric Jordan, Gary Williams*

Awards will be presented at a ceremony on October 4, 2012, at the Mayflower Hotel in Washington, DC.

**Office of Budget (POB)**

**Update: 2014 Budget Planning and Low Priority Programs.** POB has received all LPP lists from bureaus, and will evaluate proposals in the context of 2014 budget priorities. Bureaus and offices are asked to identify low priority programs accounting for 6 percent of their 2012 appropriations level.

Bureau 2014 budget submissions were received by POB June 4. Preliminary Secretarial Decisions will be issued the week of July 23 followed by appeals and final decisions on August 2. Bureaus will have until August 27 to prepare their draft OMB Submissions for POB review. DOI's Budget is due to OMB on September 10.

**No Change: 2013 Apportionments.** POB issued guidance on June 16 on preparation and submission of FY 2013 Initial Carryover Apportionment requests to POB no later than July 16, 2012. Explanations of estimated unobligated balances and anticipated recoveries of prior year unpaid obligations are of particular interest in the OMB review. Bureaus/offices are asked to describe their estimated carryover and recovery amounts and how estimates were determined.

**No Change: Appropriations and OMB Staff Travel.**

- Senate Appropriations Subcommittee members and staff are planning to travel to Alaska in August. DAS BFPA, Pam Haze, is working with the bureaus to develop a draft itinerary.
- Potential OMB site visit to Reclamation's Mid-Pacific Region. Sites to be visited include the Central Valley Project (CVP), Bay-Delta, San Joaquin and Klamath.
- House Interior Subcommittee Chairman Mike Simpson is planning a trip to the Southwest in September. The trip would tentatively include visits to Indian Affairs, NPS and Forest Service sites. The September trip is under development.

**Office of Financial Management (PFM)**

**New: Schedule of Spending (SoS).** PFM in collaboration with the Departmental Offices will chair a sub-group to ensure consistent use of the budget object class (BOC) codes between bureaus. A kickoff work group meeting was held last week and decisions were made regarding the best methods for pulling information by BOC to populate the new schedule. Bureaus agreed to the use of the FOOT 07 application in Hyperion as the data source for pulling by BOC. The sub-group is currently scheduling a meeting to move forward with the SoS implementation.

**New: EDL/Contingent Liabilities Updates.** The FBMS asbestos reporting module phase 1 testing is scheduled for Wednesday, July 11. Only representatives from the OEPC, PAM, and PFM will be involved in this phase of testing. Accounting guidance on asbestos cleanup is in the surname process. Once both documents are signed, they will be forwarded to the bureaus for preparation of implementation of Technical Bulletin 2006-1 on October 1, 2012. PFM is also in the process of drafting a Financial Management Memorandum (FMM) for contingent liabilities reporting. The FMM will either be co-signed with or surnamed by the Solicitor's Office.

**Update: GAO Reports.** PFM provided comments on the following draft reports:

- *Data Center Consolidation: Agencies Making Progress on Efforts, but Inventories and Plans Need to be Completed (GAO-12-742)* – one recommendation to OCIO;
- *Payments to Counties: More Clarity Could Help Ensure County Expenditures Are Consistent with Key Parts of the Secure Rural Schools Act (GAO-12-775)* – one recommendation to BLM.

**Update: FY 2012 Audit Follow Up.** PFM is working with bureaus and offices to accelerate their audit recommendation closure rates to meet the Department's goal of closing at least 85% of open GAO and OIG recommendations scheduled for closure by September 30, 2012. Several bureaus and offices are considered potentially at risk for not meeting the FY 2012 year-end goal, particularly those who have implemented 40% or less as of the end of the third quarter. These include: BIE, BSEE, BIA, BLM, and OS.

**Update: FY 2012 Assessment of FBMS-related Internal Controls over Financial Reporting**. Subject to current review by bureau representatives, the FY 2012 assessment of FBMS-related internal controls over financial reporting will include application control review in five business processes: acquisition through accounts payable, real property, personal property, sales and distribution (with accounts receivable), and financial assistance.

**Office of Planning and Performance Management (PPP)**

**Update: Priority (Performance) Goals**. Follow-up discussions with OMB are being coordinated with the corresponding goal leaders and managers, including:

- Renewable energy -- OMB is interested is seeing the equivalent homes-powered calculations, including where we got the factors used in the calculation and how they were applied (solution under final review by senior leadership).
- Oil and Gas High-Risk inspections – OMB is interested in the number of scheduled 2012 high-risk cases in comparison to 2011 (before the end of June).

- Safe Indian Communities – The strategy for Rosebud and San Carlos reservations was discussed with OMB along with a brief status of IMARS implementation throughout Indian country.
- Climate Change Adaptation – OMB has requested a more in-depth discussion about the vulnerability assessment and adaptation action inventories along with possibly increasing the number of adaptation actions that qualifies a region for the goal target (by early July)

Bureau status reports for progress made through the 3rd Quarter of FY 2012 are due to the Office of Planning and Performance Management by July 13 so as to prepare for the Quarterly Status Reviews in early August.

**Update: GAO Report on Opportunities to Reduce Duplication, Overlap and Fragmentation.** OMB issued guidance to agencies requiring the completion of surveys relating to the recommendations made by the Government Accountability Office in three reports on ways to reduce overlap in government and achieve savings. PPP is coordinating the collection of information from bureaus and offices. Information is due to OMB by August 16.

**Office of Small and Disadvantaged Business Utilization (OSDBU)**

**Update: Small Business Goals and Accomplishments.** As of July 5, the Department has awarded **53.76 percent** of its Fiscal Year 2012 awarded contract dollars to small businesses. The Department-wide small business goal for FY 2012 is 51.5 percent.

**Update: Final Small Business Procurement Scorecard (Scorecard) Released to Public.** The Small Business Administration (SBA) released the Final Small Business Procurement Scorecard to the public on July 3. Interior received an "A" on the Scorecard.

**Update: Report to OMB on Set Asides, Multiple-Award Contracts and Accountability.** PMB submitted to OMB a report on the actions being taken to ensure set asides for small business contracting, the use of small businesses in multi-award contracts and efforts to ensure accountability in order to meet the Department's 51.5% small business goal for 2012. Copies of the report have been distributed to bureau Acquisition Chiefs and Small Business Specialists.

**Update: Scheduled Events.**

- **AbilityOne / National Institute for the Severely Handicapped (NISH) Training Webinar.** On Thursday July 12 from 2:00 PM until 4:00 PM the OSDBU will present a training webinar on the two programs. Participants may earn two Continuous Learning Points (CLPs).
- **No Change: National Minority Enterprise Development Week 2012 Conference, Washington, DC.** The National Minority Enterprise Development (MED) Week Conference is scheduled for September 25-26 at the Omni Shoreham Hotel in Washington DC. MED Week is the Nation's premier event for minority entrepreneurs and the public and private sectors.

**Financial and Business Management System (FBMS) Program Management Office (PMO)**

**New: July FBMS Executive Steering Committee (ESC) Meeting.** The July meeting of the FBMS ESC was held on July 10, 2012. The purpose of the monthly meeting is to receive FBMS

Program Management Office (PMO) updates, gather stakeholder input and concerns, and receive ESC decisions and guidance on major program actions. Agenda items for the July 10 meeting included Value Capture Pilot Initiatives; analysis of the D6 End User Acceptance Survey results; D7 updates, and an update on the DOI Cloud Initiative. The next meeting of the FBMS ESC is scheduled for August 14, 2012.

**Departmental Offices FBMS Implementation Office (OS IMO)**

**New: Preparations for Year End.** The NBC released the official FY2012 Departmental Offices (DO) closing schedule. The schedule will help DO ensure accurate and timely recording of all transactions, allow sufficient time for yearend purchases, and ensure FBMS's orderly close. Regularly scheduled meetings take place for all impacted stakeholders to address any concerns and challenges.

**New: Deployment 7 (D7) Cycle 2 Integration Testing.** The IMO conducted a Cycle 2 Integration Testing Webcast Kickoff for its Cycle 2 testers who will test 32 new scripts as part of D7. The Webcast delivered an overview of integration testing and testing roles, tester responsibilities, and schedules specific to DO's 28 testers. Testing began Monday, July 9.

**New: Aviation Management (AMD) and Administrative Operations (AOD) Realignment.** Planning and restructuring activities are on-going. AMD D7 conversion began with new master data loads starting July 5. Data loads will continue through September and planning for other expected deliverables for new D7 functionality for inventory and fleet management is underway.

## Anderson, Michael D

**From:** Clary, Grayson E
**Sent:** Friday, July 13, 2012 4:53 PM
**To:** DOI_Politicals
**Subject:** Bureau Reports
**Attachments:** Perf Goal Base - as of July 12 2012.pdf; Department-wide Reports awaiting management response as of July 13 2012.pdf; Bureau Reports 7-13-12.docx

Please see attached.

Grayson Clary
Office of the Deputy Secretary
United States Department of the Interior
(202) 513-0881

## OIG - Reports Awaiting Management Response

July 13, 2012

| Reports | Report Title | Bureau/ Office | Status | Response Due Date | Contact | PFM Action/Remarks |
|---|---|---|---|---|---|---|
| Draft C-IN-MOA-0013-2010 | Management of Rights-of-Way | BLM | Late | 7/9/2012 | | 17 recs divided between BLM, NPS, OVS, and PMB. Draft response being reviewed and surnamed. Elisha Pippen tracking it through DTS. PMB and ASLM still reviewing. |
| Draft CR-IN-BIA-0001-2011 | Evaluation Report - Oil and Gas Leasing in Indian Country: An Opportunity for Economic Development | BIA | Extension | 7/12/2012 | | Another extension granted by the IG. Response still in Office of Justice Services. |
| R-GR-FWS-0005-2012 | U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Mississippi, Department of Wildlife, Fisheries, and Parks, From July 1, 2009, Through June 30, 2011 | FWS | Due | 8/20/2012 | | |
| R-GR-FWS-0006-2012 | U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of Florida, Fish and Wildlife Conservation Commission, From July 1, 2009, Through June 30, 2011 | FWS | Due | 8/16/2012 | | |
| R-GR-FWS-0003-2012 | U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of New Jersey, Department of Environmental Protection, Division of Fish and Wildlife, From July 1, 2009, Through June 30, 2011 | FWS | Due | 9/20/2012 | | |
| R-GR-FWS-0004-2012 | U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration Program Grants Awarded to the State of California, Department of Fish and Game, From July 1, 2009, Through June 30, 2011 | FWS | Due | 9/24/2012 | | |

**Early Alert** - Coming up
**Due** - Due within 10 business days or less of the response due date.
**Late** - After the response due date.
**Extension** - Reports that have been granted a response due date extension.
**Completed** - Response sent to OIG.

## GAO - Reports Awaiting Management Response

July 13, 2012

| Reports | Report Title | Lead Bureau/ Office | Status | Response Due Date | Contact | Current Location/Comments |
|---|---|---|---|---|---|---|
| Final GAO-12-569 | **INDIGENT DEFENSE:** DOJ Could Increase Awareness of Eligible Funding and Better Determine the Extent to Which Funds Help Support This Purpose | BIA | Complete | 7/9/2012 | Nancy Thomas 202-208-7954 | Draft 60-day letter prepared by IA being reviewed and surnamed. All surnames collected. Signed letters mailed out. |
| Final GAO-12-544 | **URANIUM MINING**: Opportunities Exist to Improve Oversight of Financial Assurances | BLM | Due | 7/25/2012 | Nancy Thomas 202-208-7954 | Three recommendations to BLM. Proposed statement of actions prepared by BLM being reviewed and surnamed. PMB currently reviewing. |
| Draft GAO-12-423 | **OIL AND GAS MANAGEMENT:** Interior's Reorganization Complete but Challenges Remain in Implementing New Requirements | BSEE | Complete | 7/9/2012 | Nancy Thomas 202-208-7954 | 11 recommendations. Draft response along with technical comments prepared by the Office of the ASLM and additional data and analysis sent to GAO on 7/12/12. |
| Final GAO-12-505 | **PHOSPHATE MINING**: Oversight Has Strengthened, but Financial Assurances and Coordination Still Need Improvement | BLM | Due | 8/3/2012 | Nancy Thomas 202-208-7954 | 3 recommendations to BLM. |
| Draft GAO-12-792 | **CHIEF ACQUISITION OFFICERS:** Appointments Generally Conform to Legislative Requirements, but Agencies Need to Clearly Define Roles and Responsibilities | PMB | Complete | 7/9/2012 | Nancy Thomas 202-208-7954 | No recommendations to the Dept. Informed GAO that the Department does not have any comments. |
| Draft GAO-12-779 | **FEDERAL REAL PROPERTY:** Strategic Partnerships and Local Coordination Could Help Agencies Better Utilize Space | PAM | Complete | 7/10/2012 | Nancy Thomas 202-208-7954 | No recommendations to the Dept. Informed GAO that the Department does not have any comments. |
| Draft GAO-12-780 | **FEDERAL FLEETS**: Overall Increase in Number of Vehicles Masks that Some Agencies Managed to Decrease their Fleets | PAM | Complete | 7/16/2012 | Nancy Thomas 202-208-7954 | No recommendations to the Dept. Informed GAO that the Department does not have any comments. |
| Draft GAO-12-554 | **HOUSING ASSISTANCE:** Opportunities Exist to Increase Collaboration and Consider Consolidation | BIA | Complete | 7/12/2012 | Nancy Thomas 202-208-7954 | No recommendations to the Dept. Emailed informal comments to GAO on 7/11/12. |
| Final GAO-12-559 | **KACHEMAK BAY FERRY:** Federally Funded Ferry Was Constructed with Limited Oversight and Faces Future Operating Challenges | BIA | Due | 8/27/2012 | Nancy Thomas 202-208-7954 | One recommendation to BIA. |
| Draft GAO-12-585 | **OIL DISPERSANTS**: Additional Research Needed, Particularly on Subsurface and Arctic Applications | BSEE | Due | 8/29/2012 | Nancy Thomas 202-208-7954 | One recommendation to BSEE. |
| Draft GAO-12-852 | **CRITICAL INFRASTRUCTURE**: DHS Needs to Refocus Its Efforts to Lead the Government Facilities Sector | PLE | Due | 7/27/2012 | Nancy Thomas 202-208-7954 | No recommendations to the Dept. |

## OIG AND GAO AUDIT RECOMMENDATIONS
## FY 2012 DEPARTMENTAL PERFORMANCE GOAL FOR CLOSING AUDITS
### As of July 12, 2012

| BUREAU | Beginning Balance OIG | Additions OIG | Beginning Balance GAO | Additions GAO | COUNT TOTAL RECS | COUNT IMPLEMENTED | WEIGHTED OPEN | WEIGHTED IMPLEMENTED | GOAL BASE % |
|---|---|---|---|---|---|---|---|---|---|
| DEPT/OS | 15 | 32 | 16 | 7 | 70 | 32 | 74.5 | 33.0 | 44% |
| NBC | 2 | 4 | 0 | 1 | 7 | 4 | 7.0 | 4.0 | 57% |
| OST | 1 | 11 | 0 | | 12 | 9 | 13.5 | 10.5 | 78% |
| ONRR | 3 | 8 | 3 | | 14 | 6 | 15.0 | 6.0 | 40% |
| BIA | 9 | 11 | 0 | | 20 | 6 | 17.5 | 4.5 | 26% |
| BIE | 3 | 0 | 3 | | 6 | 0 | 7.5 | 0.0 | 0% |
| NPS | 7 | 14 | 1 | | 22 | 19 | 23.0 | 20.0 | 87% |
| FWS | 6 | 9 | 5 | 2 | 22 | 16 | 22.5 | 17.0 | 76% |
| BLM | 23 | 14 | 25 | 1 | 63 | 23 | 81.0 | 25.0 | 31% |
| BOEM | 2 | | 0 | | 2 | 1 | 3.0 | 1.5 | 50% |
| BSEE | 38 | | 6 | | 44 | 11 | 66.0 | 16.5 | 25% |
| OSM | 2 | | 0 | | 2 | 2 | 2.5 | 2.5 | 100% |
| BOR | 0 | 4 | 0 | | 4 | 2 | 4.0 | 2.0 | 50% |
| USGS | 0 | 0 | 2 | | 2 | | 2.0 | 0.0 | 0% |
| ***TOTAL*** | **111** | **107** | **61** | **11** | **290** | **131** | **339.0** | **142.5** | **42%** |

**Departmental Annual Performance Goal = 85% (weighted)**

Potential risk of failing to meet the goal

**While OIG recommendations are weighted .5, 1.0, or 1.5 according to their materiality and/or level of qualification assigned by the auditors, all GAO recommendations have a weight of 1.0 except for the ones related to the oil and gas program, which has a weight of 1.5.**

7/12/20124:43 PM

## Anderson, Michael D

**From:** Cardinale, Richard
**Sent:** Thursday, November 29, 2012 9:56 AM
**To:** Farquhar, Ned; Barlan, Bryce
**Subject:** FW: SO Potash
**Attachments:** 2012 11 15 Final Potash SOdvedits.docx.docx

I now know that what you requested was the comment analysis. Janet is working on getting that. Attached is a copy of the final Secretary's Order was delivered to the Secretary's office yesterday.

Rich

---

**From:** Howarth, Robert
**Sent:** Thursday, November 29, 2012 9:52 AM
**To:** Cardinale, Richard
**Subject:** SO Potash

Rich, I believe this is what you are looking for.

Rob

Robert Howarth
Deputy Director for Correspondence, Document Production, and FOIA Management
Office of the Executive Secretariat and Regulatory Affairs
Department of the Interior
1849 C Street, NW
Washington, DC 20240
202-208-3181
202-208-4451 (direct)
202-208-549-8961 (cell)

ORDER NO.

Subject: Oil, Gas, and Potash Leasing and Development within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

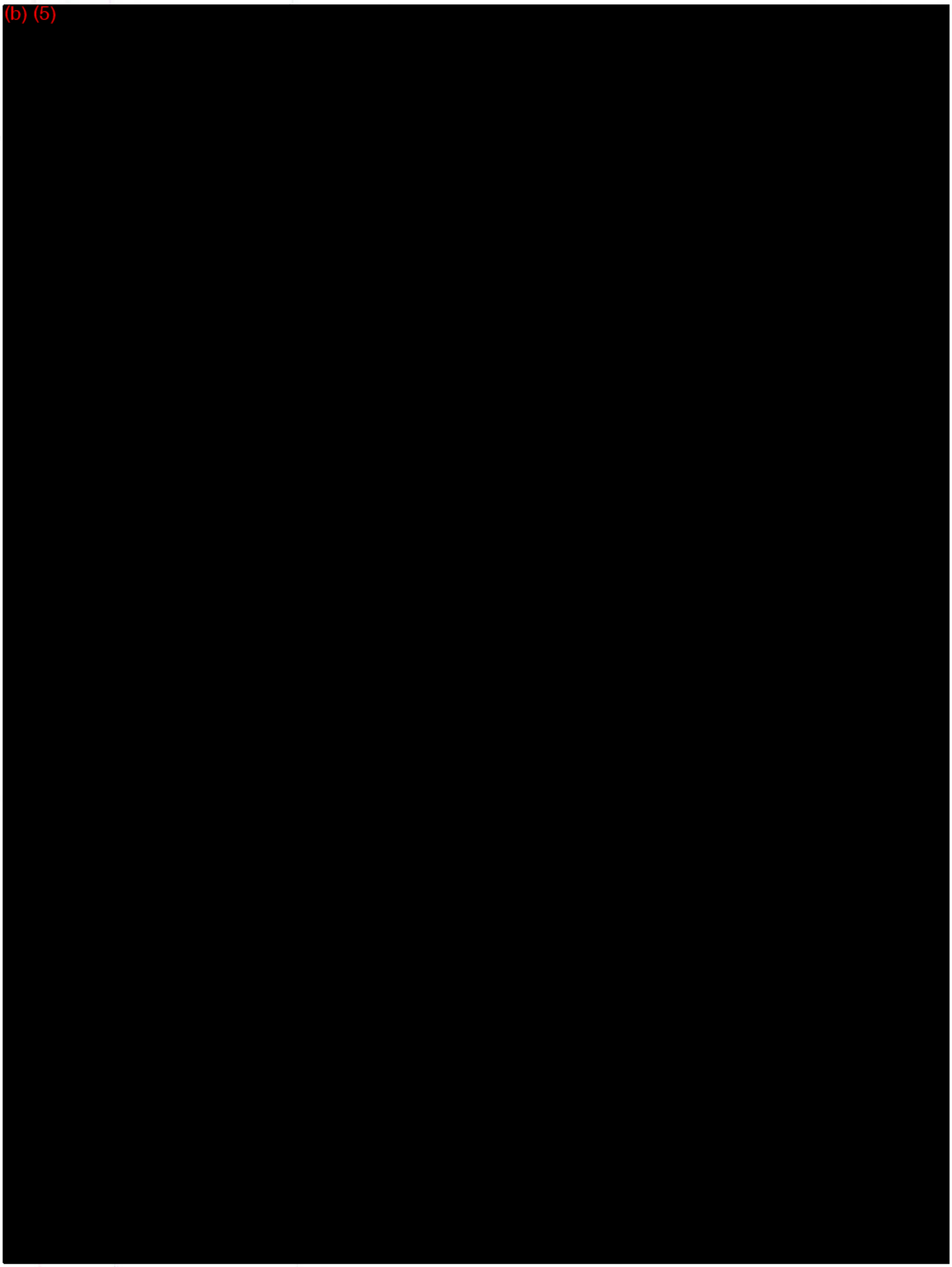
Sec. 2 **Authority.** (b) (5) [redacted]

Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5)

[redacted]

(b) (5)

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e. Oil and Gas Drilling.

(b) (5)

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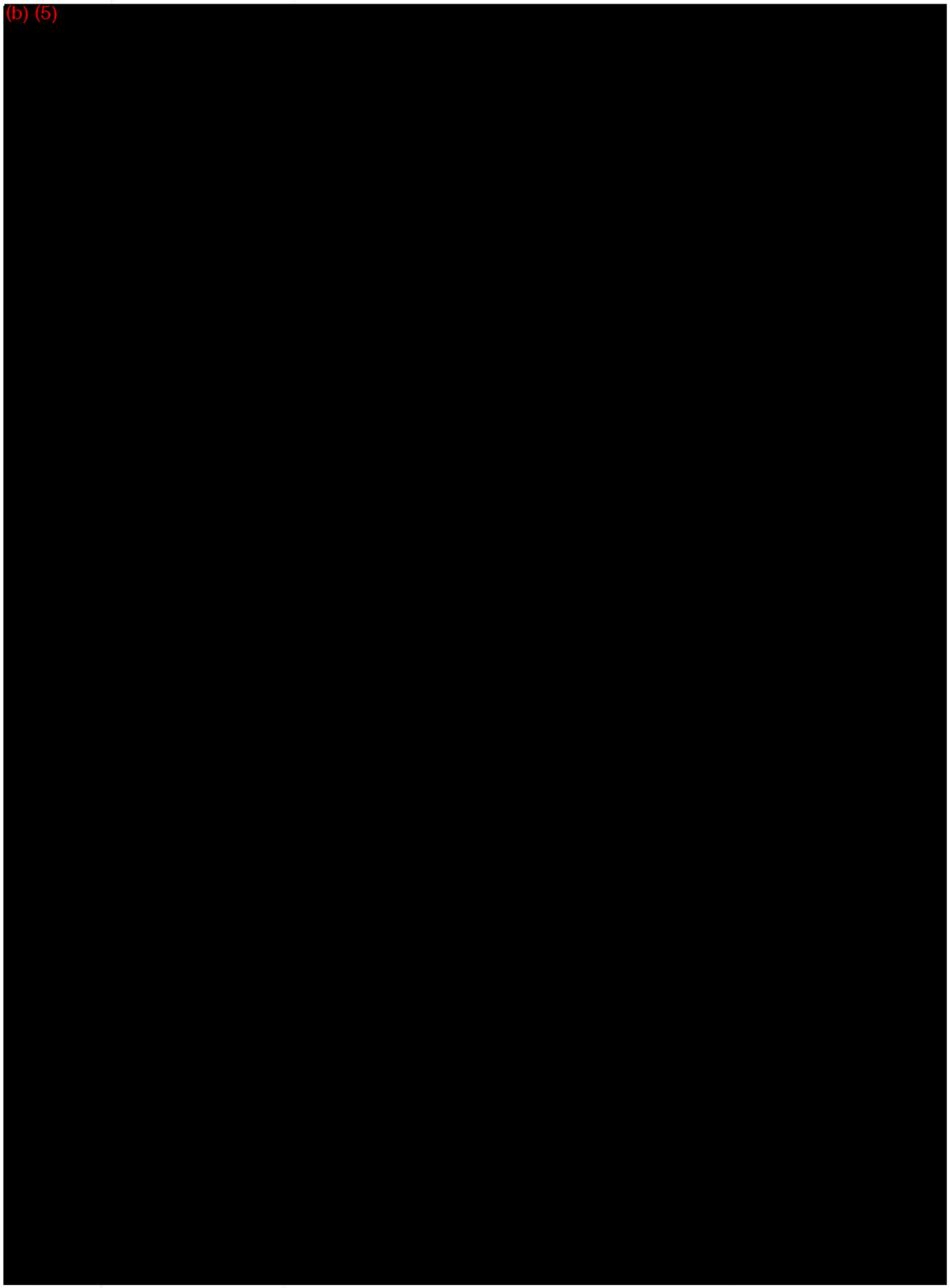
(b) (5)



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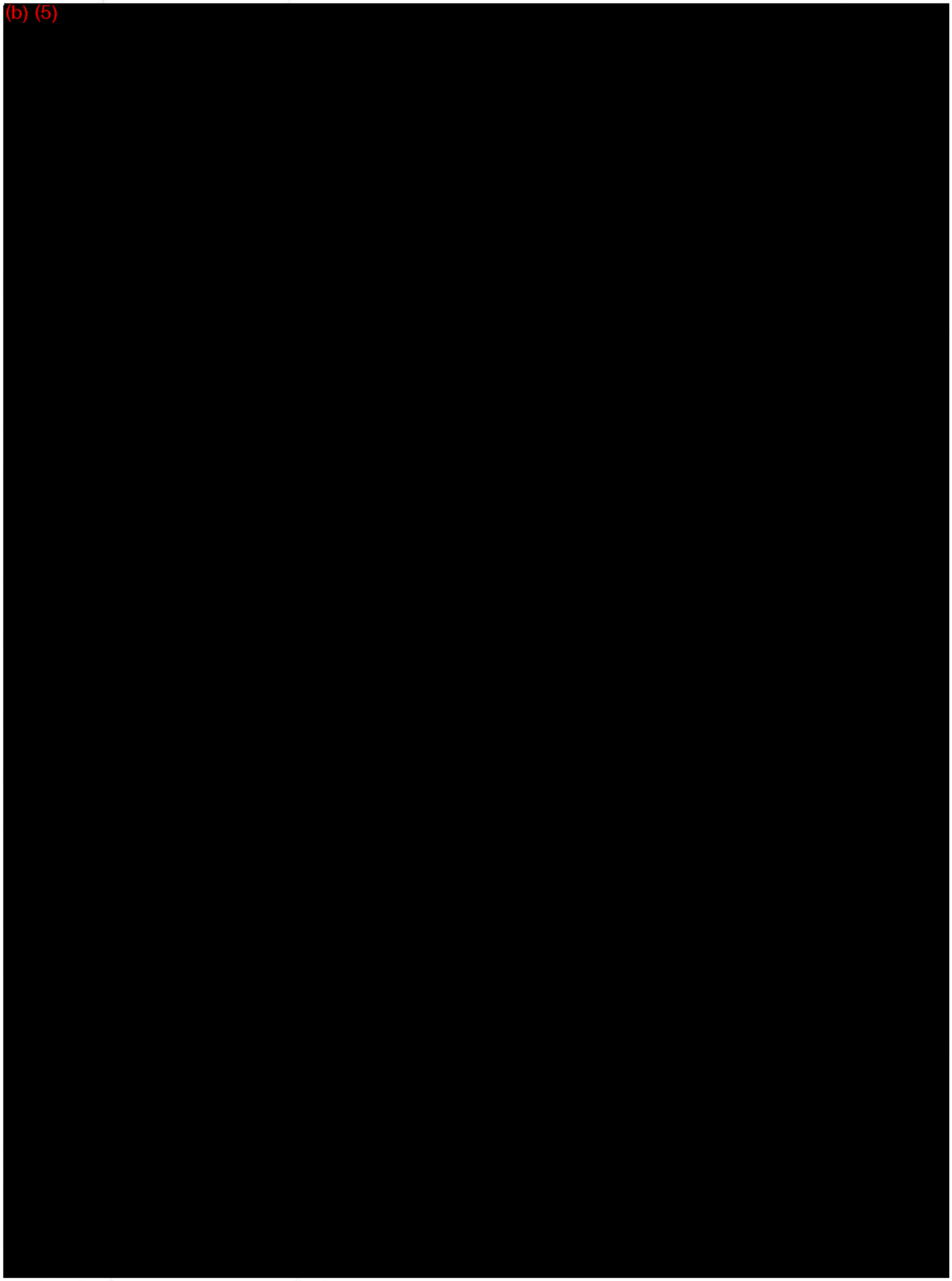

(b) (5)

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Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date:

**Anderson, Michael D**

**From:** Barlan, Bryce
**Sent:** Wednesday, November 28, 2012 4:42 PM
**To:** Farquhar, Ned
**Subject:** FW: SO on Potash
**Attachments:** 2012 11 15 Final Potash SO.docx; 2012.11.14 BBF redline of ASLM edits - Potash Order.docx

Here you go Ned.

This is the latest version that I have. The redlined word doc illustrates where the solicitors saw our comments and made recommendations to modify or maintain the edits we provided. The other version is simply a clean copy.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

---

**From:** Allard, Phil
**Sent:** Thursday, November 15, 2012 10:39 AM
**To:** Wilson, Hazel A; Howarth, Robert; Iudicello, Fay
**Cc:** Fugate, Barbara; Hawbecker, Karen; Barlan, Bryce; Lin, Janet H; Kornze, Neil G; Cardinale, Richard
**Subject:** SO on Potash

Both Mike Pool and Jack Haugrud have surnamed this version and it incorporates the greater part of ASLM's edits. This is the version that went to Hilary Tompkins for review this morning. This means, I believe, that it is the closest to a final of the Order that we have at the moment.

I have attached both a clean version and a track changes version of the document.

Phil

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

Sec. 2 **Authority.** (b) (5) [redacted]

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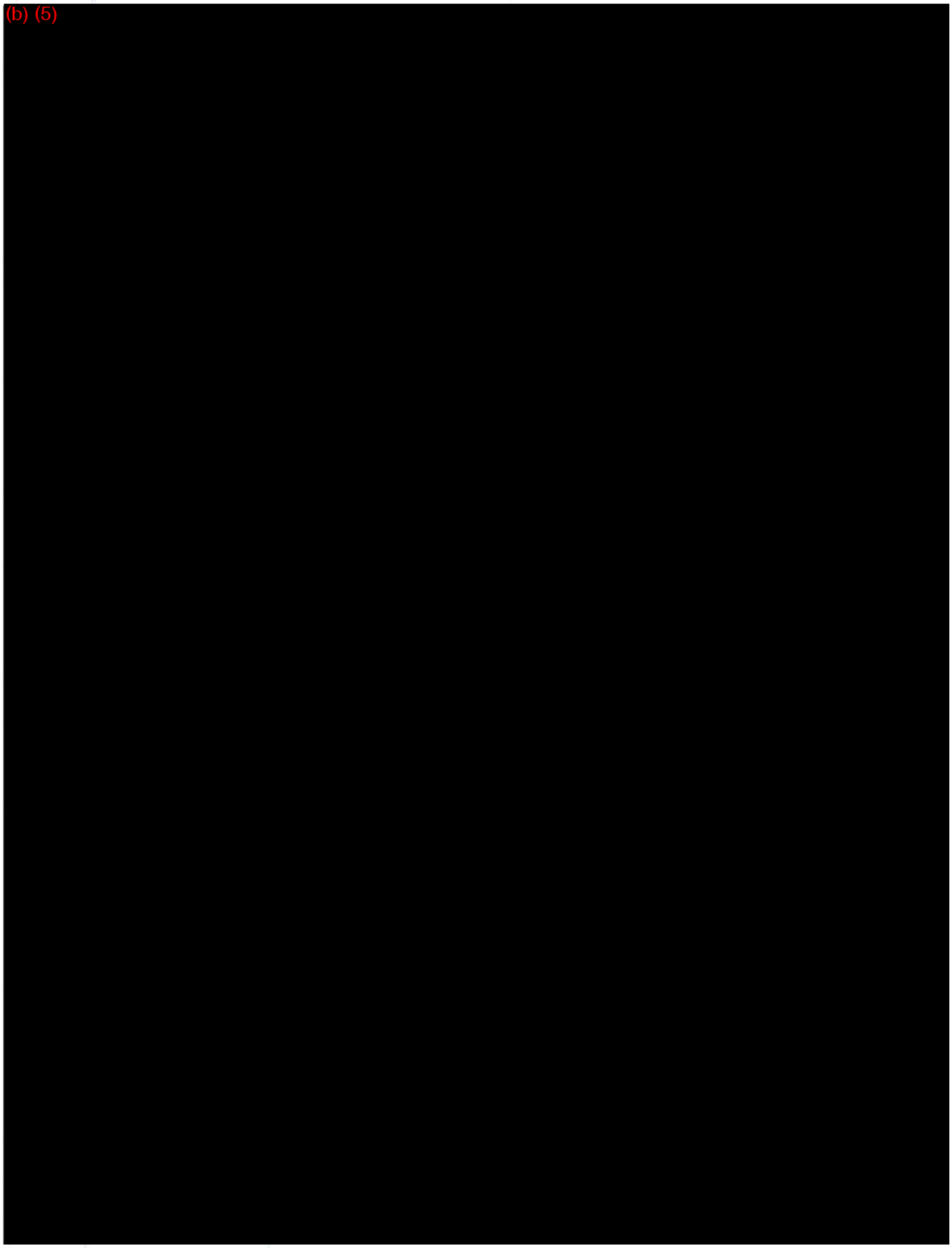

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a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

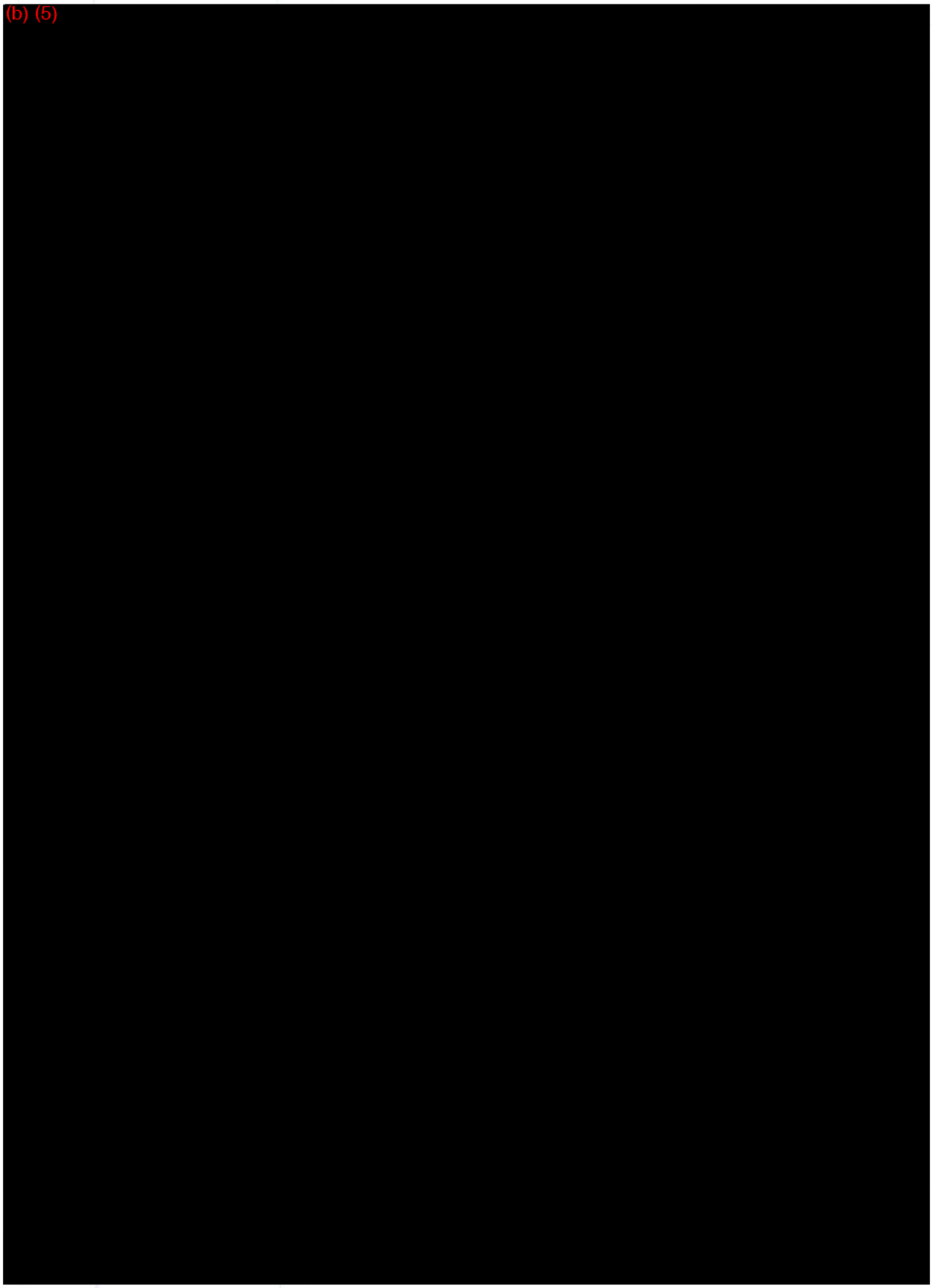
[redacted]

e. Oil and Gas Drilling.

(b) (5)

[redacted]

(b) (5)



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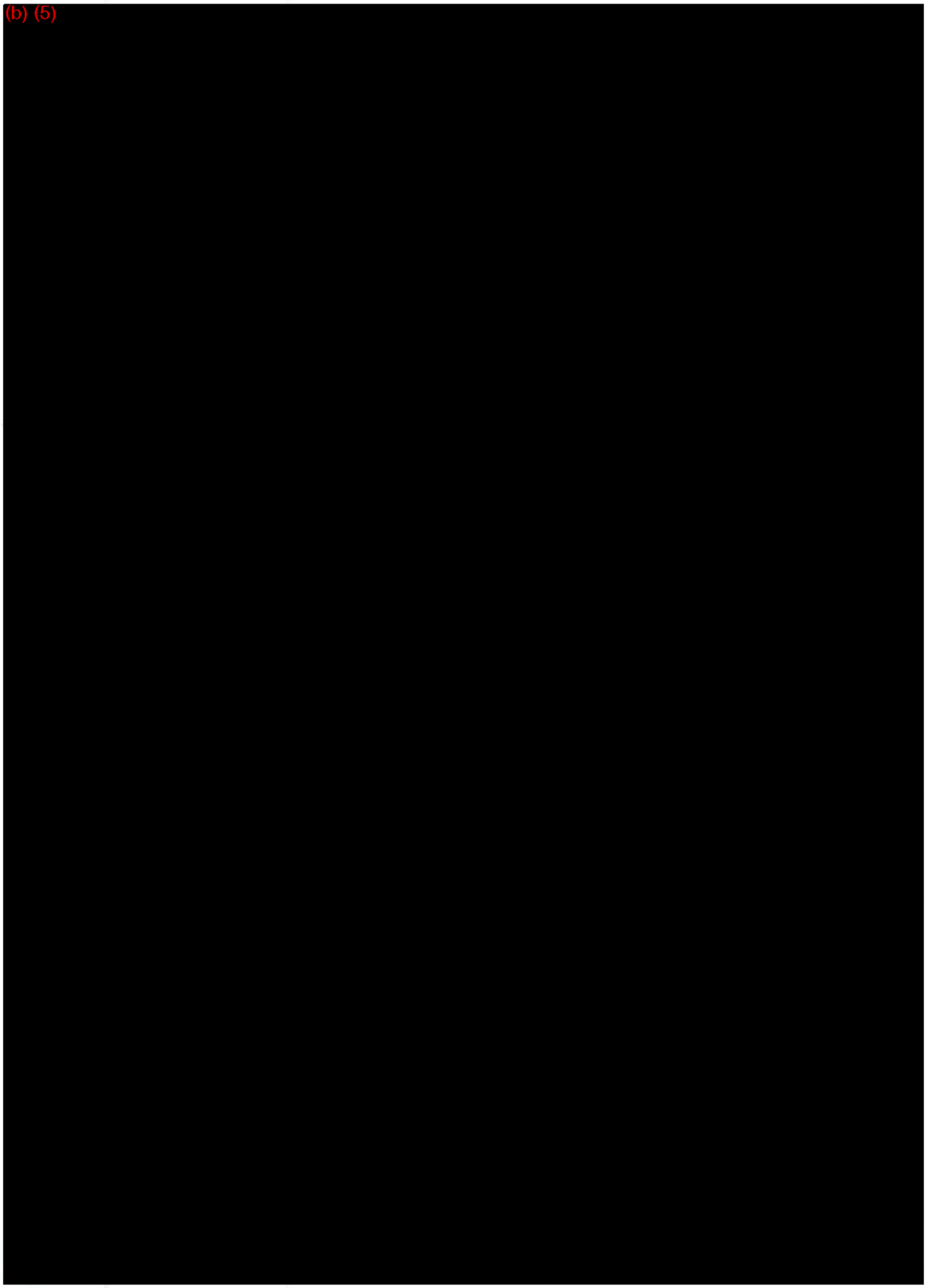

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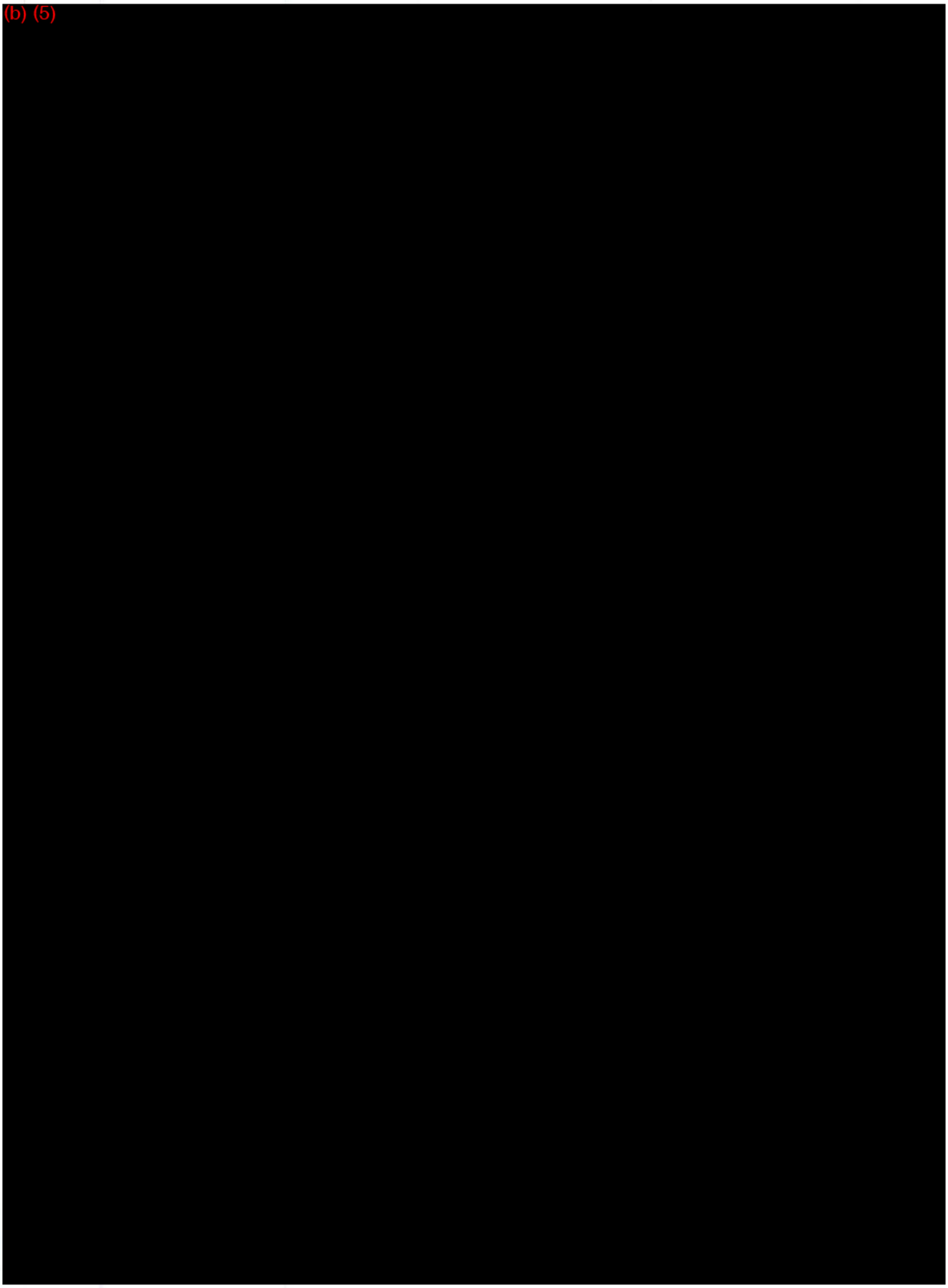

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Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

Sec. 9 **Administrative Provisions.** (b) (5)

[redacted]

Secretary of the Interior

Date: 202-208-4586

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

Sec. 2 **Authority.** (b) (5) [redacted]

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Sec. 4. **Definitions.**

(b) (5) [redacted] (b) (5) [redacted]

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(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. ( [redacted]

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(b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

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e. Oil and Gas Drilling.

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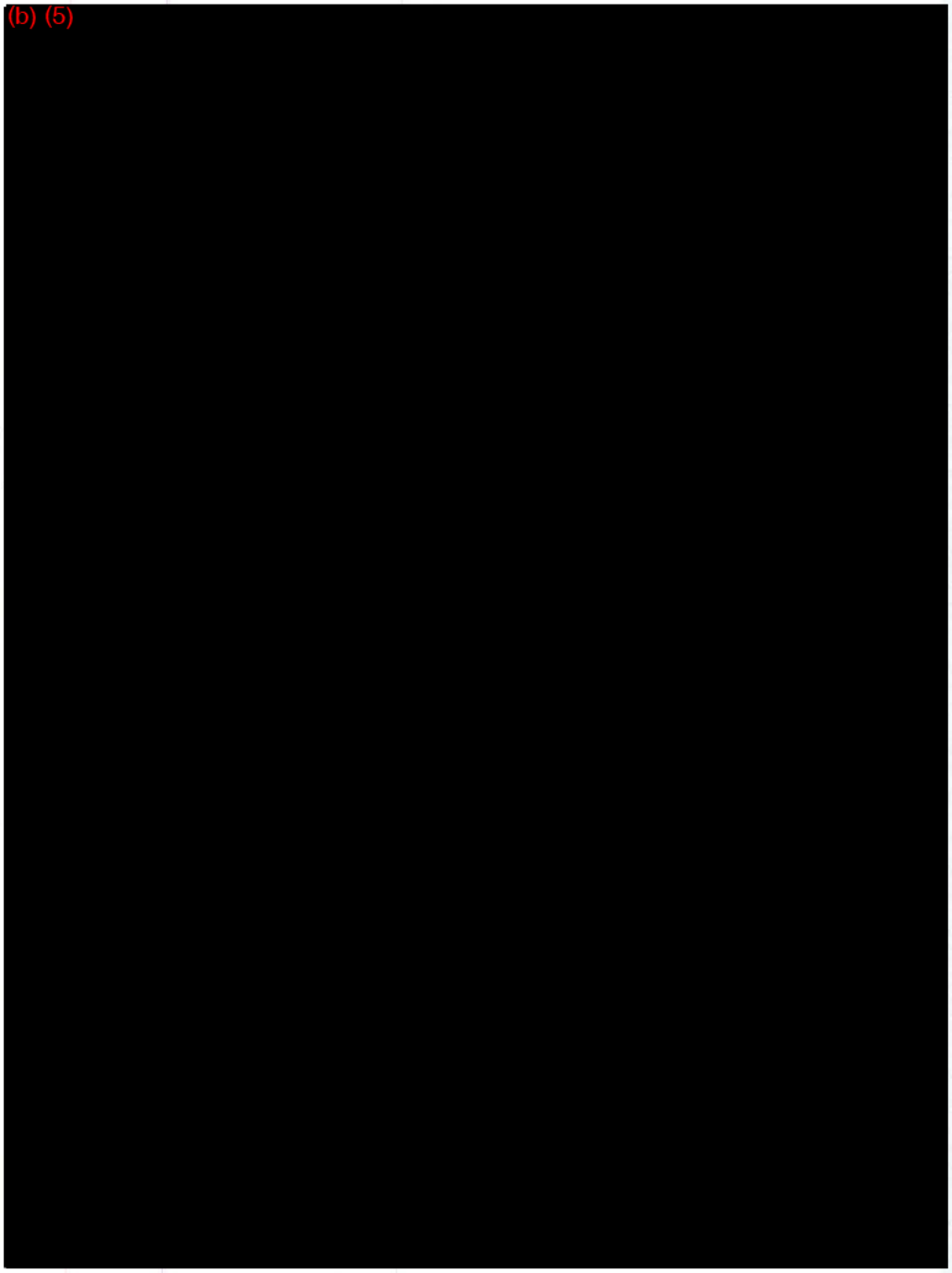

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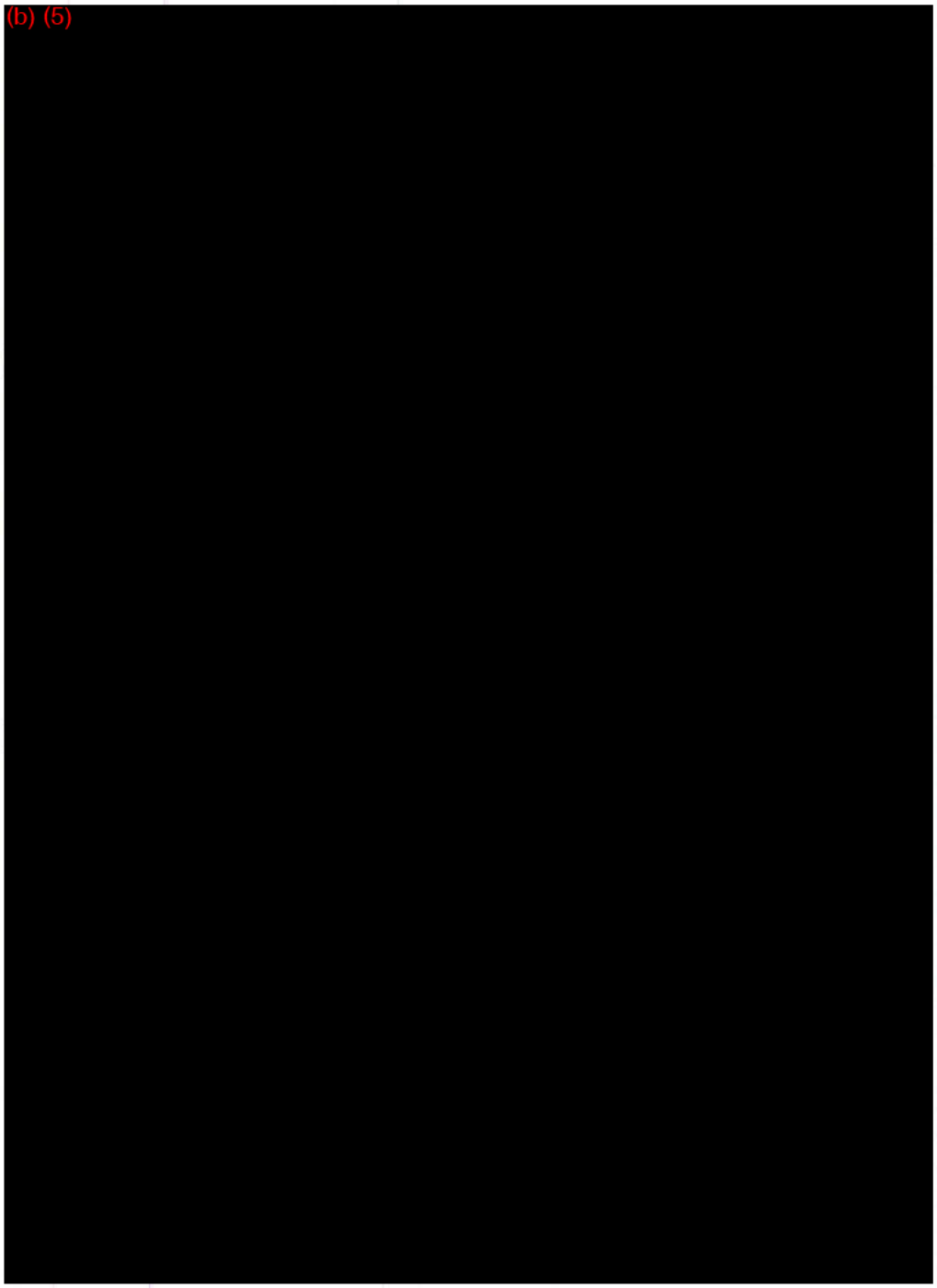

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[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

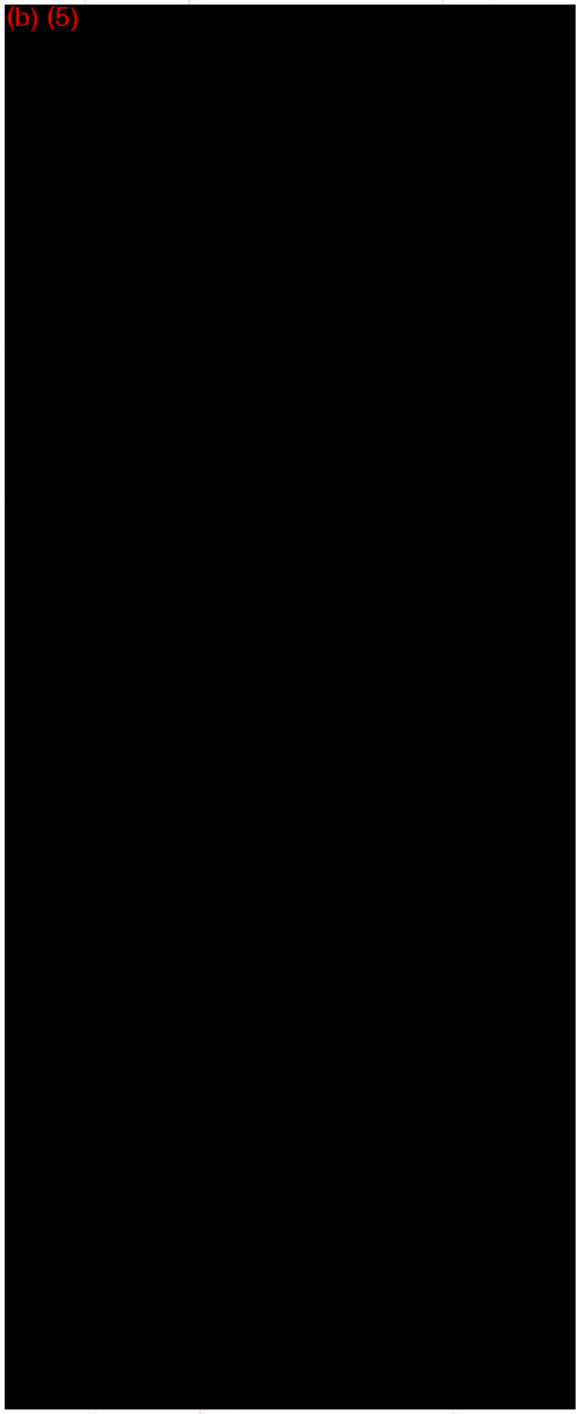
[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date: 202-208-4586

## Anderson, Michael D

**From:** Cunningham, Celina P
**Sent:** Friday, November 16, 2012 8:45 AM
**To:** Cunningham, Celina P; Weekly Reports
**Cc:** Mouritsen, Karen E; Burke, Marcilynn; Farquhar, Ned; Ishee, Mary K; McQuilliams, Jully; Barlan, Bryce; Davis, Vermell; Lassiter, Tracie L; Cardinale, Richard
**Subject:** RE: Weekly Report to the Secretary
**Attachments:** ASLM Weekly Report to the Secretary 11-15-12 final.docx

Jamey – could you please use this version instead. Sorry getting it to you so late.

---

**From:** Cunningham, Celina P
**Sent:** Thursday, November 15, 2012 5:58 PM
**To:** Weekly Reports
**Cc:** Mouritsen, Karen E; Burke, Marcilynn; Farquhar, Ned; Ishee, Mary K; 'McQuilliams, Jully'; Barlan, Bryce; Davis, Vermell; Lassiter, Tracie L; Cardinale, Richard; Cunningham, Celina P
**Subject:** Weekly Report to the Secretary

Hi Jamey – attached is the weekly report to the Secretary.

Thanks,
Celina

Celina Cunningham
Special Assistant to the Assistant Secretary
Land and Minerals Management
U.S. Dept. of the Interior
(202) 208-5348
celina_cunningham@ios.doi.gov

## Anderson, Michael D

**From:** Haugrud, Jack
**Sent:** Thursday, November 15, 2012 12:40 PM
**To:** Farquhar, Ned; Lin, Janet H; Barlan, Bryce; Hawbecker, Karen; Fugate, Barbara; Cardinale, Richard; Allard, Phil; Blank, Harvey
**Cc:** Burke, Marcilynn; Tompkins, Hilary C
**Subject:** Potash - Proposed Decision Memorandum
**Attachments:** Potash Order Decision Memo for Secy (SOL 11 15 2012).docx

Internal Deliberative Document
Attorney-Client Communication
DO NOT DISCLOSE

I spoke briefly with the Secretary yesterday evening, and he confirmed that he did not need an (b) (5) [redacted] but I do not have a redline version that shows the precise areas where revisions were made. But I did not change anything substantively.

**DECISION MEMORANDUM FOR THE SECRETARY**

FROM: Mike Pool, Acting Director

CC: David Hayes, Deputy Secretary
Marcilynn Burke, Acting Assistant Secretary, Land and Minerals Management
Hilary C. Tompkins, Solicitor

SUBJECT: Proposed Final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

## I. INTRODUCTION

The Bureau of Land Management (BLM) has prepared a proposed final "Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico."

The proposed final 2012 Secretary's Order would supersede the current Secretary's Order that addresses management of the oil and gas and potash resources in the designated area. The revisions in the new Order are designed to promote the efficient development of potash, oil, and gas resources, while minimizing conflict between the industries and ensuring the safety of operations. Industry representatives from leading oil and gas and potash interests have been working together to identify and propose an acceptable path forward. The opportunity to finalize a Secretary's Order that has the potential support of both industries is historic, particularly in light of the long and contentious history of the area.

The proposed Secretary's Order was made available for public comment from July 13 to August 31, 2012. The BLM received 28 comment letters that contained 41 distinct comments on the proposed Order. After careful analysis of these comments, the BLM made several changes to the proposed Order and prepared the proposed final 2012 Secretary's Order.

The BLM also conducted government-to-government tribal consultation meetings with seven tribes beginning on July 17; none of the tribes expressed any adverse opinions about the proposed Order.

## II. BACKGROUND

Potash is a potassium-bearing mineral used primarily for fertilizer. The Carlsbad Mining District has a unique geology that contains potash, oil, and gas deposits. Oil and gas is found in formations below the potash-bearing formations, so oil and gas wells must be drilled through the potash formations. If a well casing fails, gas could enter the mine workings and endanger miners. The potential for such a breach also could increase potash operating costs because

enhanced ventilation and specialized equipment would be needed before mining could continue. These conflicts have led to litigation; numerous cases have been appealed to the Interior Board of Land Appeals and to federal court.

While there has been a long history of litigation, substantial mineral development has occurred in the past, as evidenced by the fact that a total of 4,959 wells (approximately 2,295 active oil wells, 577 active gas wells, 33 water injection wells, and 2,054 dry holes and abandoned wells) are currently located within the area covered by the Order. Historically, there have been seven major potash mining operations in this area with thousands of miles of interconnected underground mine workings. Currently, two companies operate four potash mines in the area. In addition, about 2,500 potash core holes have been drilled within the area.

The Designated Potash Area (DPA) was established by a Secretary's Order in 1939, which originally withdrew approximately 43,000 acres from oil and gas leasing and development to protect potash deposits. Exploration by several companies continued after 1939 and the potash area was expanded by a 1951 Order, which lifted the withdrawal and authorized concurrent development by the oil and gas and potash industries. To achieve concurrent development, the 1951 Order, and later Orders in 1965, 1975, and 1986, imposed protective stipulations in new leases issued for both oil and gas and potash, to avoid conflicts as much as possible. The DPA currently covers a total area of approximately 497,002 acres and includes 350,617 acres of BLM-managed land where leasing of oil and gas and potash occurs.

In 2011, potash and oil and gas companies formed a Joint Industry Technical Committee (JITC) with the objective to "establish how both Potash Mining and Oil and Gas Production will operate when their activities are in close proximity so as to allow safe, concurrent development of both minerals." The JITC formulated a consensus document to recommend a new method for the BLM's management of orderly concurrent development of oil and gas and potash within the DPA. The proposed 2012 Secretary's Order is consistent with the principles set forth in the consensus document.

In developing the proposed final 2012 Secretary's Order, the BLM prepared an environmental assessment (EA) under the provisions of the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 et seq. In this EA the BLM determined that the 2012 Secretary's Order would be consistent with the land use plans for the DPA. The EA evaluated the potential environmental effects of continuing to operate under the 1986 Secretary's Order (the No Action Alternative) and operating under the 2012 Secretary's Order (the Proposed Action). The EA noted that any surface disturbing activities approved under the procedures of either the 1986 Secretary's Order or the 2012 Secretary's Order would be subject to further site-specific evaluation under NEPA, but determined that the new emphasis on Development Areas, Drilling Islands, and unitization of oil and gas development would tend to focus the surface activities of oil and gas development in certain areas, consolidate facilities, and reduce the amount acreage required for access routes. This would have a beneficial effect on the natural environment.

As discussed in the EA, the overall environmental effect of the proposed revision would result from focusing surface activities within designated Development Areas and Drilling Islands. While the intensity of surface use in these Drilling Islands would be greater than that associated with an individual well pad or typical lease operation, there are several environmental benefits that can be realized through opportunities for centralized facilities. In addition, the focus on unitization and development of units primarily through horizontal drilling could ultimately

reduce the number of oil and gas surface locations within the DPA. Consolidating activities in Drilling Islands may reduce habitat fragmentation and reduce impacts to potash resources by preventing undue waste due to reducing the areas requiring safety Buffer Zones for mining activities. In addition, wells currently producing outside of Development Areas and Drilling Islands would be allowed to produce until they are no longer serviceable. After production is complete these well locations would be reclaimed. Over time, the result would be a reduction in scattered or dispersed wells. Therefore, the overall surface disturbance acreage and habitat fragmentation impacts should be less through the use of the Development Area and Drilling Island concepts.

Based on the analysis in the EA, the BLM has evaluated whether approval of the proposed final 2012 Secretary's Order could result in a significant adverse impact to the human environment. For the reasons noted above, the EA shows that there would not be any significantly adverse impacts to the human environment from approving the proposed final Order. To the contrary, the impact of mineral development (which would be subject to additional NEPA review) is expected to be reduced under the proposed final 2012 Secretary's Order because of the consolidation of surface activities and better coordination between the oil and gas and potash industries.

## III. SUMMARY OF PROPOSED ORDER

Under the proposed final 2012 Secretary's Order, the BLM would manage the DPA under a plan of co-development, mostly through the establishment of Development Areas with associated Drilling Islands. The BLM believes that the proposed final Order provides tools that would lead to more effective management of the DPA. In particular, the proposed final Order would lead to more careful development of oil and gas resources from Drilling Islands. The proposed final 2012 Secretary's Order should also lead to enhanced conservation of potash resources.

The proposed final Order would introduce the term "co-development," defined as the concurrent development of oil and gas and potash resources in the DPA in the context of a cooperative effort between industries under the guidelines of the Order. Under the new Order, the BLM would establish "Development Areas" where oil and gas wells could be drilled from one or more "Drilling Islands." The Drilling Island concept was first introduced in the 1975 Secretary's Order. In most cases, a single Drilling Island would be established for each Development Area, but if circumstances so dictated, the BLM could establish additional Drilling Islands. Drilling Islands would be situated in such a manner that extended reach horizontal wells could access oil and gas within the associated Development Area. Emerging technologies associated with horizontal drilling and production allow for the oil and gas industry to develop these resources in a manner that has less impact on potash resources and the environment, in some cases allowing the bottom hole location to be safely located below measured potash reserves.

The BLM expects that expanding the use of Drilling Islands and designating Development Areas that encompass many different leases over large areas would result in a greater recovery of potash and oil and gas resources. In addition, under the proposed final 2012 Secretary's Order, the BLM could authorize drilling from areas proven to be barren of potash or, in the BLM's sole discretion, from a single well site or a Drilling Island outside of a Development Area that was jointly recommended to the BLM by the oil and gas lessee and the nearest potash lessee.

Historically, the BLM managed one Application for Permit to Drill (APD) at a time and few horizontal or directional wells were developed. Under the proposed final 2012 Secretary's Order, the BLM would still review each APD for approval. However, any APD decisions would be informed by and incorporate analysis and factual information developed by the BLM in the agency's review of plans for Development Areas. Most drilling would occur from Drilling Islands within an associated Development Area. The number of wells on each Drilling Island would vary. It is reasonable to expect that some Drilling Islands would accommodate only 15 to 50 wells while others could support 150 wells or more.

The BLM envisions that, under the proposed final 2012 Secretary's Order, the oil and gas leases in a Development Area would be unitized and developed by a unit operator, or operated under a communitization agreement. This should lead to more orderly development of the oil and gas resources in the Development Area and minimize impacts to surface resources due to a reduction in the number of drill pads and associated roads, power lines, and other ancillary facilities. Moreover, the resulting reduction in the number and spacing of oil and gas drilling locations where wells penetrate the potash formation is expected to minimize impacts to potash resources and enhance the safety of underground potash miners. This would also allow some currently inaccessible oil and gas leases to be taken out of suspension and put into production.

The proposed final 2012 Secretary's Order would retain several important features of the 1986 Order, including the boundaries of the DPA established in the 1986 Order, as corrected in 1987. The new Order would also retain the language of the 1986 Order for stipulations for oil and gas leases and potash leases issued, reinstated, renewed, or readjusted in the DPA.

## IV. POSITIONS OF COMMENTING PARTIES

The JITC is composed of a number of oil and gas companies and potash companies, along with Sandia National Laboratories. The potash company members of the JITC hold all of the potash leases in the DPA. The oil and gas company members of the JITC are responsible for approximately 85% of the oil and gas production in the DPA. All but one JITC member (OXY) signed a consensus document in April 2012 containing a general outline for a proposed management plan for the DPA. The proposed final 2012 Secretary's Order is consistent with the key concepts suggested by the JITC. While one JITC member (Yates Petroleum) later submitted comments criticizing the proposed Order, the other members of the JITC (including OXY) proposed very few edits to the proposed Order, most of which have been incorporated into this proposed final Order.

The companies representing the remaining 15% of oil and gas production in the DPA have declined to participate in the JITC. Some of these companies (who in total account for approximately 3% of the oil and gas produced in the DPA) commented that the proposed Order would adversely affect the oil and gas industry. The BLM expects that the proposed revision would benefit the overall economic outlook for both industries and give access to leases that cannot be developed under the 1986 Order. The BLM is committed to working with all lessees in implementing the proposed final 2012 Secretary's Order, if it is approved.

New Mexico Governor Susana Martinez and staff for Senators Bingaman and Udall and Representative Pearce have been briefed by the BLM and the JITC on the possibility of a new 2012 Secretary's Order. Industry has briefed Texas Senators Hutchinson and Cornyn and reports that the two Texas Senators are supportive of the JITC recommendations. Tom Bemis, New

Mexico Cabinet Secretary for Energy, Minerals, and Natural Resources, and Ray Powell, New Mexico State Land Office Commissioner, have also been briefed by the JITC on the consensus that it reached. The New Mexico Oil Conservation Division (NMOCD) commented on the proposed Order that the language in one section potentially could cause conflict due to differences between NMOCD and BLM regulatory frameworks. The BLM adopted a change to the proposed final 2012 Secretary's Order that addresses this concern. Eddy, Lea, and Chaves Counties submitted comments expressing concern that the proposed Order was in essence a withdrawal of the entire DPA from concurrent development and requesting coordination with local governments. The BLM has met with the Eddy and Lea County commissions to discuss the proposed final 2012 Secretary's Order to further explain how the BLM would approach the implementation of the 2012 Secretary's Order. The county commissioners with whom the BLM met indicated that these meetings aided their understanding of how the BLM would manage the development of both resources in the DPA.

The BLM's Carlsbad Field Office consulted with seven federally recognized tribes that have interests within the DPA in June, July, and August of 2012. The BLM made initial contact with tribes in the form of a letter informing them of the proposed revision and soliciting their concerns and input. The BLM sent a second letter, which included a copy of the draft revision to the 1986 Secretary's Order, to the tribes on July 9, 2012, and held face-to-face meetings with the various tribes in July and August 2012. The BLM arranged these meetings to discuss the proposed revision of the 1986 Secretary's Potash Order and other projects. The tribes did not express any adverse opinions regarding the substance of the proposed Order, but were very concerned that the BLM continue to follow the Native American Graves Protection and Repatriation Act (NAGPRA) and immediately notify the tribes if any human remains and associated funerary items are discovered. The proposed final 2012 Secretary's Order would not affect the BLM's continuing commitment to fulfill its responsibilities under NAGPRA. The tribes did not identify any areas of traditional cultural importance within the DPA.

## V. RECOMMENDATION

I recommend that you approve the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico.

## VI. DECISION BY THE SECRETARY

I have decided to issue the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Dated:_____

_____

Ken Salazar

**Anderson, Michael D**

**From:** Cardinale, Richard
**Sent:** Thursday, November 15, 2012 10:41 AM
**To:** Farquhar, Ned; Burke, Marcilynn
**Subject:** Fw: SO on Potash
**Attachments:** 2012 11 15 Final Potash SO.docx; 2012.11.14 BBF redline of ASLM edits - Potash Order.docx

Fyi

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**From**: Allard, Phil
**Sent**: Thursday, November 15, 2012 10:38 AM
**To**: Wilson, Hazel A; Howarth, Robert; Iudicello, Fay
**Cc**: Fugate, Barbara; Hawbecker, Karen; Barlan, Bryce; Lin, Janet H; Kornze, Neil G; Cardinale, Richard
**Subject**: SO on Potash

Both Mike Pool and Jack Haugrud have surnamed this version and it incorporates the greater part of ASLM's edits. This is the version that went to Hilary Tompkins for review this morning. This means, I believe, that it is the closest to a final of the Order that we have at the moment.

I have attached both a clean version and a track changes version of the document.

Phil

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

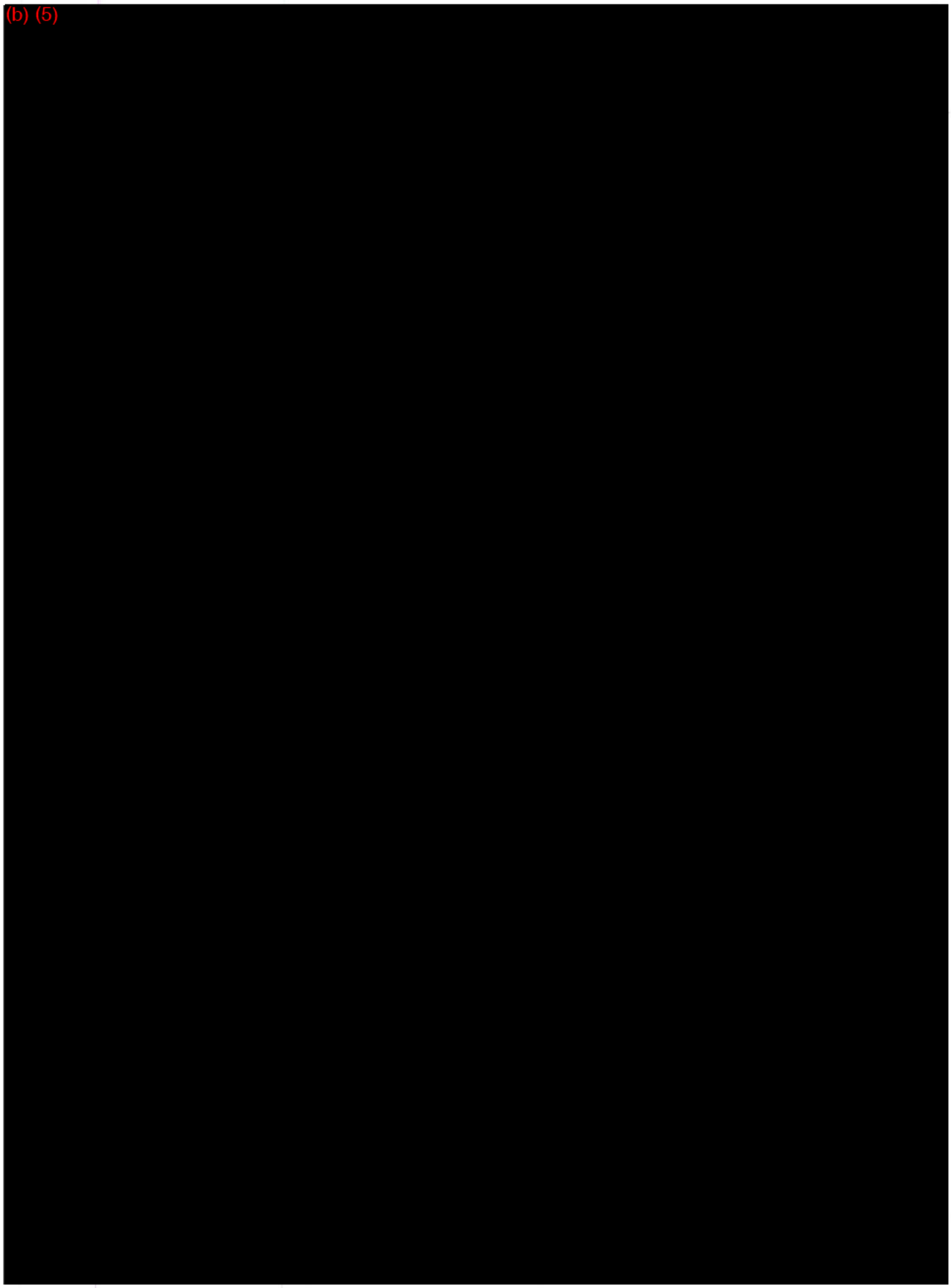
Sec. 2 **Authority.** (b) (5) [redacted]

Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

e. Oil and Gas Drilling.

(b) (5) [redacted]

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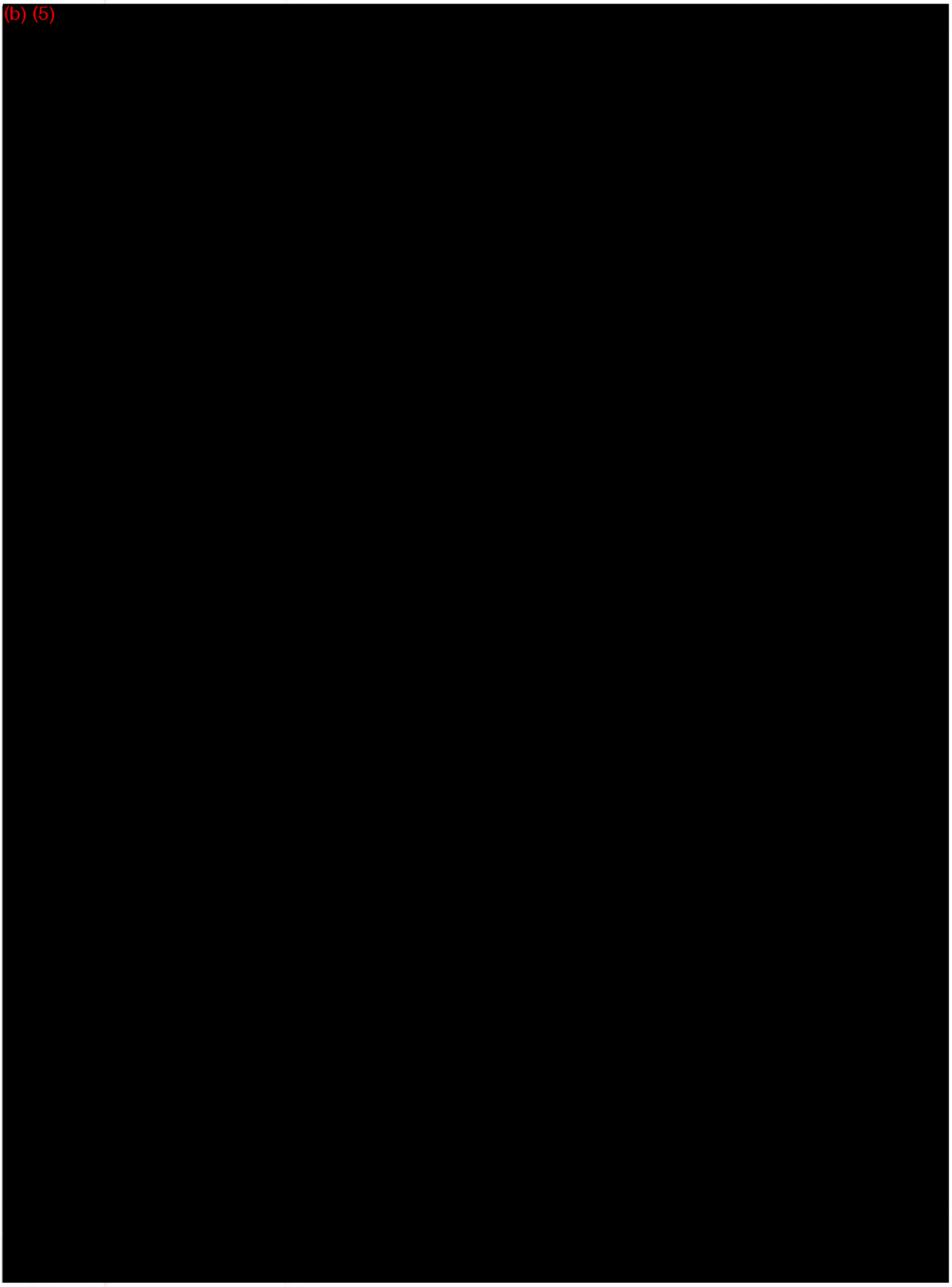

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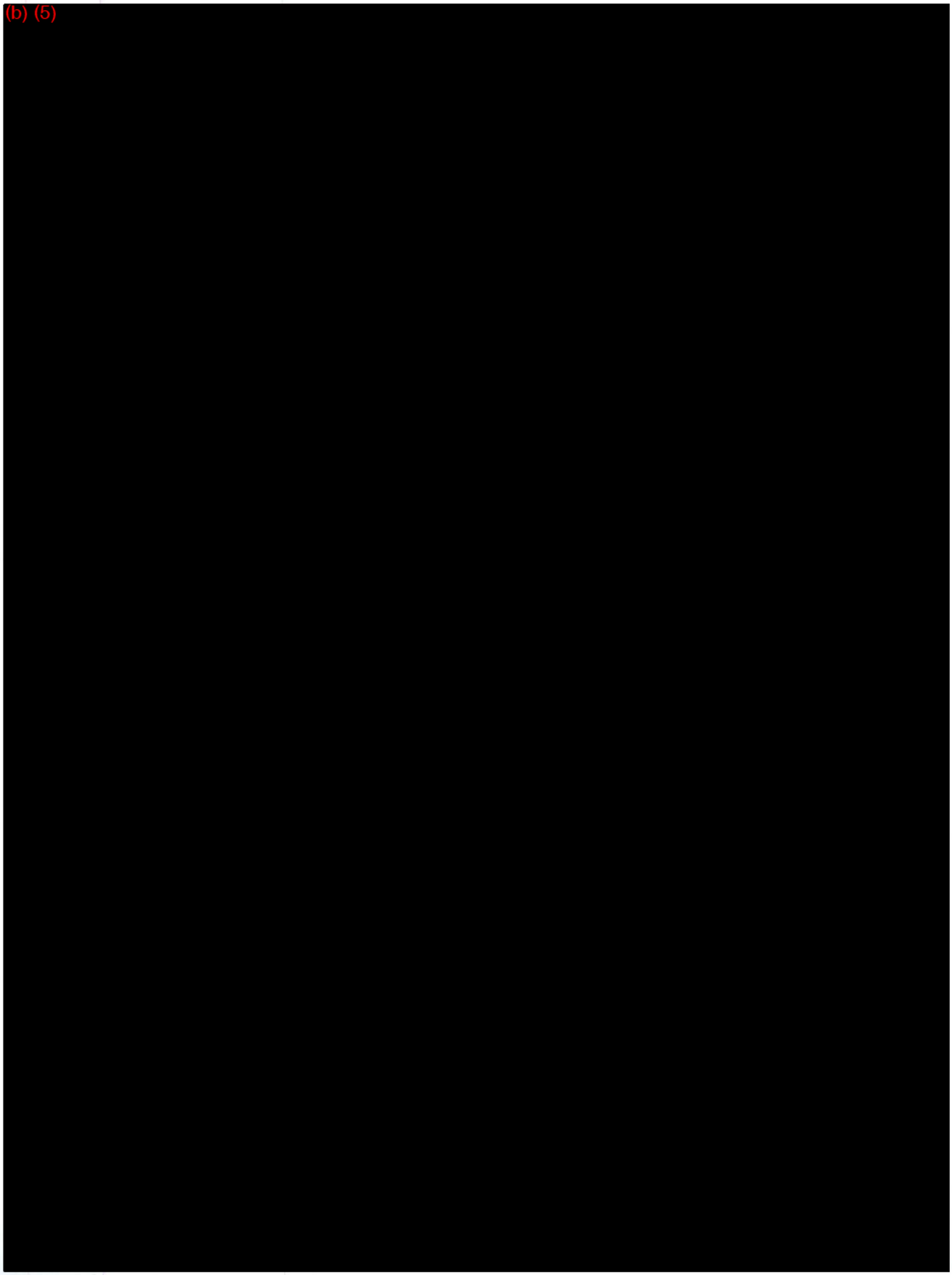

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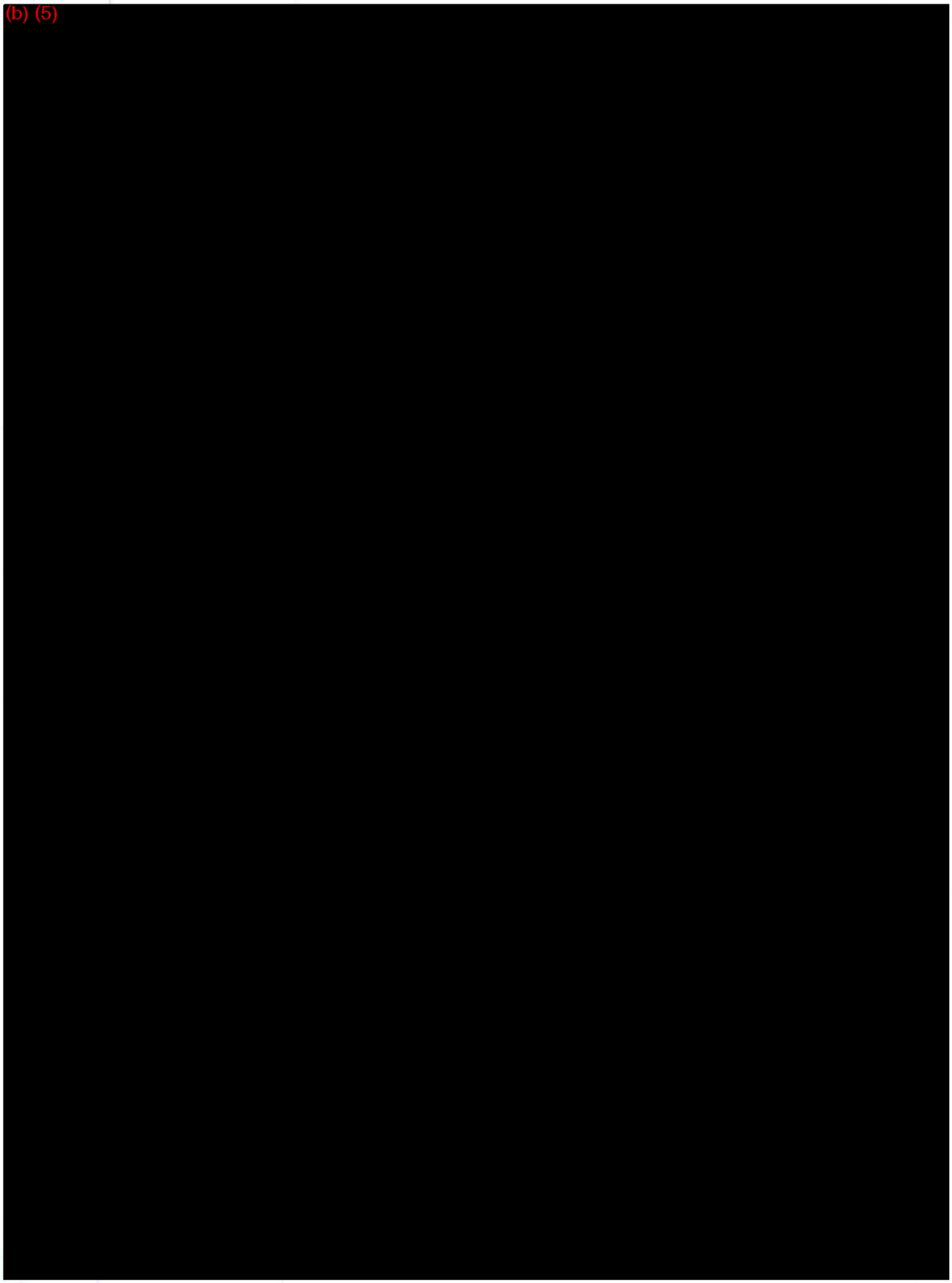


(b) (5)

[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

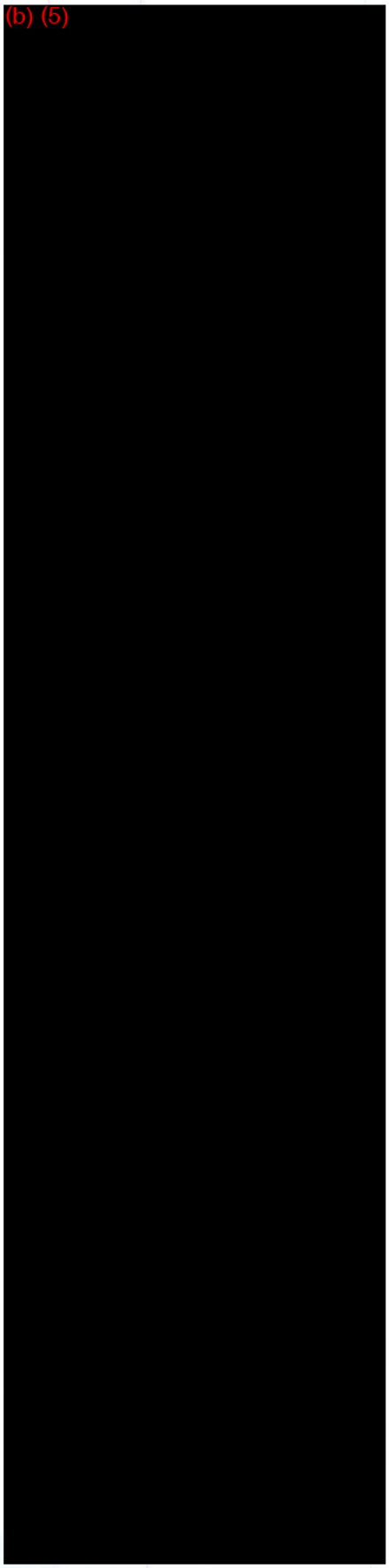
[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date: 202-208-4586

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

Sec. 2 **Authority.** (b) (5) [redacted]

Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted] (b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted] (b) (5) [redacted]

(b) (5)

[redacted]

(b) (5)

(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases (b) (5) [redacted]

(b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

[redacted]

e. Oil and Gas Drilling.

(b) (5)

[redacted]

(b) (5)

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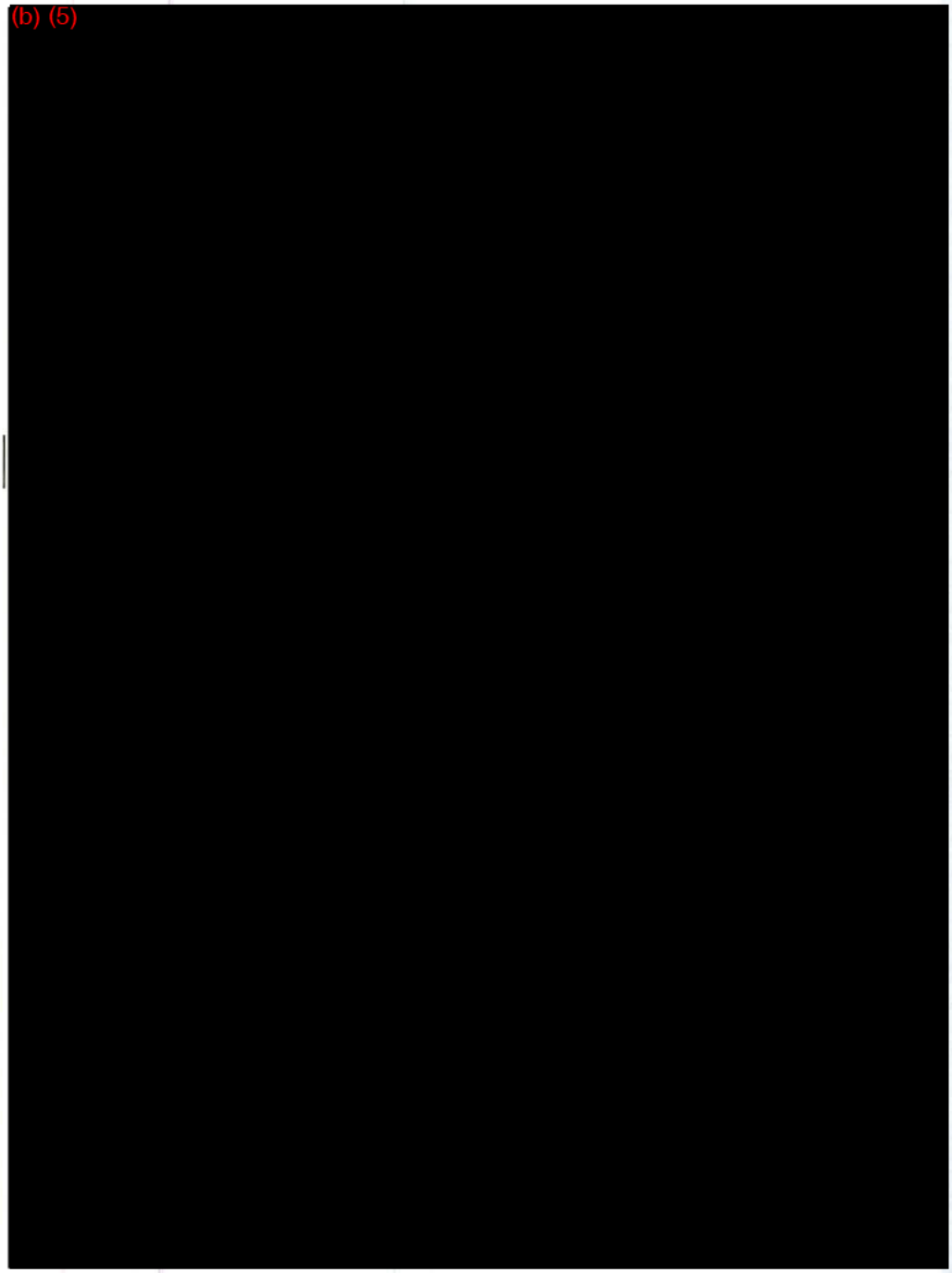

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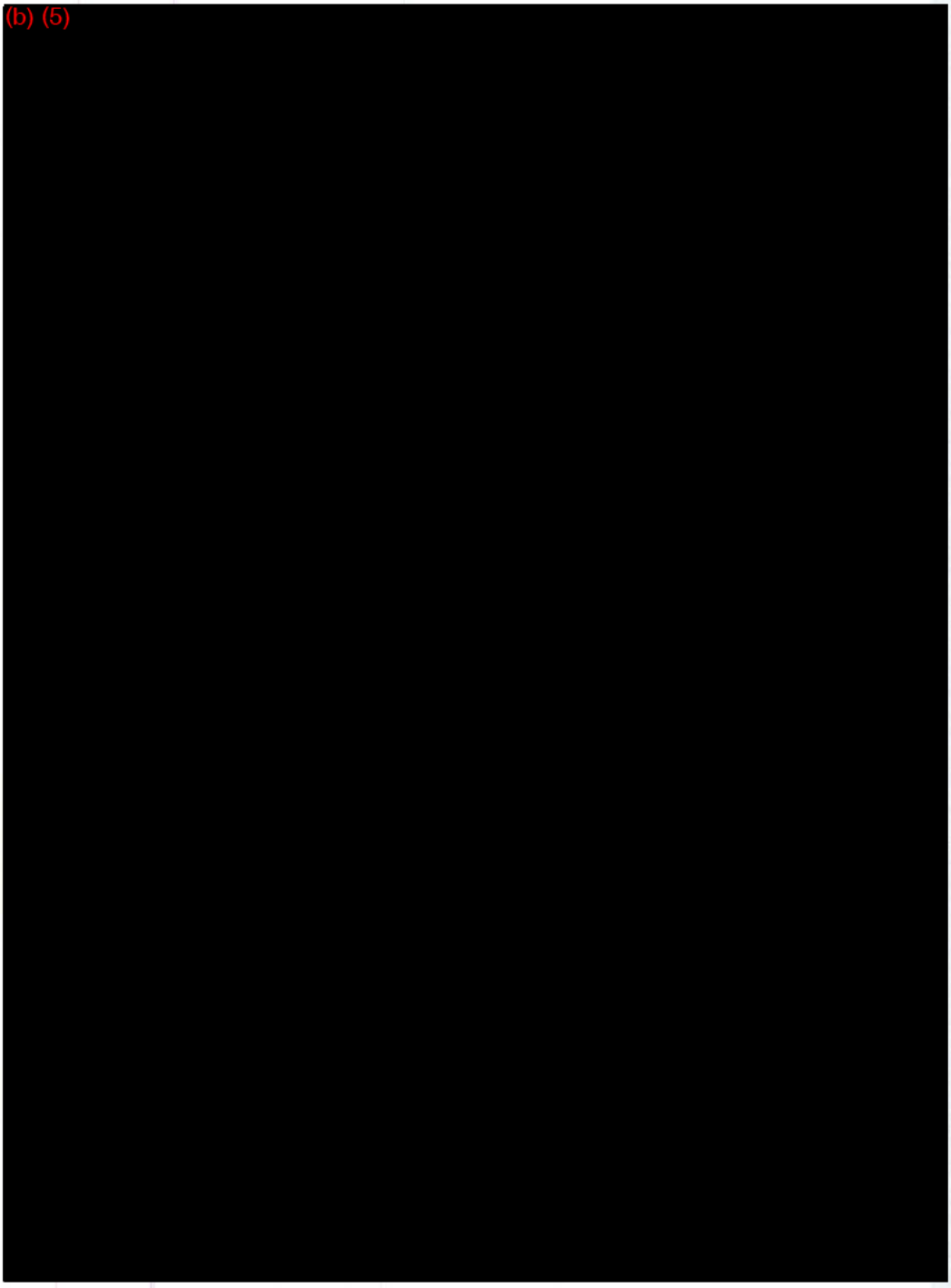

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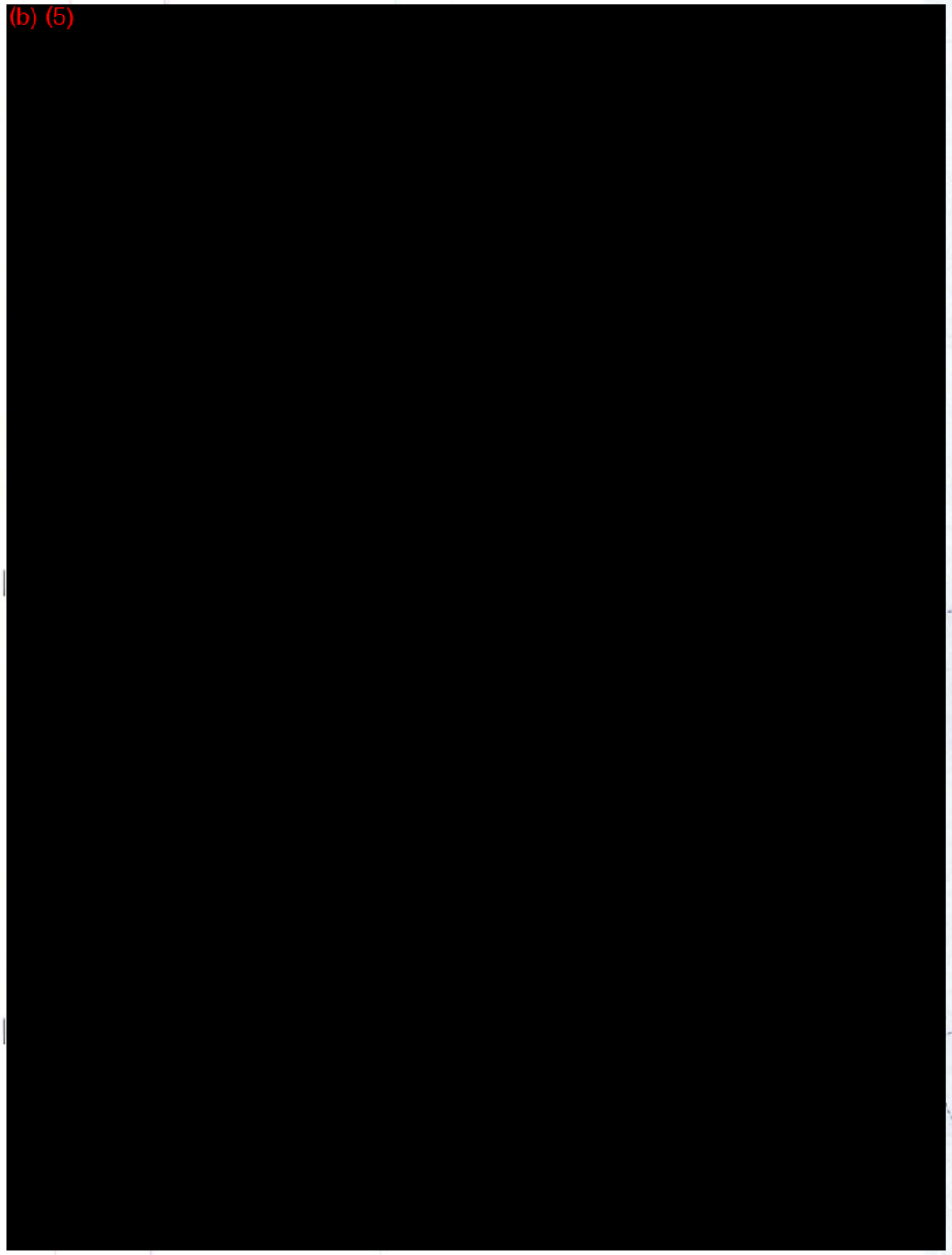

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(b) (5)

[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

[redacted]

(b) (5)

[redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date: 202-208-4586

## Anderson, Michael D

**From:** Barlan, Bryce
**Sent:** Wednesday, November 14, 2012 12:14 PM
**To:** Burke, Marcilynn
**Cc:** Farquhar, Ned; Cardinale, Richard
**Subject:** Potash Order Documents
**Attachments:** MAB Review-Decision Memo for Secy Draft_ASLM Edits 11.14.12.docx; 2012.11.12 J.Haugrud edits -draft NOA for potash order_ASLM Edits 11.13.12.docx; SO Potash -11-13-12_ASLM Surnamed 11.14.12.docx

Marcilynn,

Attached please find the three core documents Ned, Rich, and I reviewed as part of the surnaming package for the proposed final Potash Order.

For the NOA, you'll notice text that has been highlighted. All text highlighted in gray are edits Jack made. We made all the other edits (which are highlighted in yellow). Ned recommended that I share this with you ASAP for your consideration and to also let you know that these documents were just shared with the BLM. They will work on incorporating our edits.

Please let me know if you have an questions.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

**DECISION MEMORANDUM FOR THE SECRETARY**

FROM: Mike Pool, Acting Director

CC: David Hayes, Deputy Secretary
Marcilynn Burke, Acting Assistant Secretary, Land and Minerals Management
Jack Haugrud, Acting Principal Deputy Solicitor

SUBJECT: Proposed Final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico and Finding of No Significant Impact

I. INTRODUCTION

The Bureau of Land Management (BLM) (b) (5) has prepared a proposed final "Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico."

The proposed final 2012 Secretary's Order would supersede the current Secretary's Order that addresses (b) (5) . The revisions in the new Order are designed to (b) (5) promote the efficient development of potash, oil, and gas resources, while minimizing conflict between the industries and ensuring the safety of operations. Industry representatives from leading oil and gas and potash interests have been working together to identify and propose a (b) (5) n acceptable path forward. The opportunity to finalize a Secretary's Order that has the potential support of both industries is historic, particularly in light of the long and contentious history of the area (b) (5)

The proposed Secretary's Order was made available for a 30-day public comment period on July 13, 2012. The BLM thereafter extended the public comment period, which closed on August 31. The BLM received 28 comment letters that contained 41 distinct comments on the draft Order

(b) (5)

The BLM conducted government-to-government tribal consultation meetings with seven tribes beginning on July 17; ~~and~~ none of the tribes expressed any adverse opinions about the proposed Order.

II. BACKGROUND

Potash is a potassium-bearing mineral used primarily for fertilizer. The Carlsbad Mining District has a unique geology that contains potash, oil, and gas deposits (b) (5) [redacted]. Oil and gas is found in formations below the potash-bearing formations, so oil and gas wells must be drilled through the potash formations. If a well casing fails, gas could enter the mine workings and endanger miners. The potential for such a breach also could increase potash operating costs because enhanced ventilation and specialized equipment would be needed before mining could continue. These conflicts have led to litigation; ~~and~~ numerous cases have been appealed to the Interior Board of Land Appeals ~~(IBLA)~~ and to Federal court.

(b) (5)

While there has been a long history of litigation, multiple mineral development has occurred in the past, as ~~is~~ evidenced by the fact that a total of 4,959 wells (approximately 2,295 active oil wells, 577 active gas wells, 33 water injection wells, and 2,054 dry holes and abandoned wells) are currently located within the area covered by the Order. Historically, there have been seven major potash mining operations in this area with thousands of miles of interconnected underground mine workings. Currently, two companies operate four potash mines in the area. In addition, about 2,500 potash core holes have been drilled within the area.

The Designated Potash Area (DPA) was established by a Secretary's Order in 1939 ~~that~~, which originally withdrew approximately 43,000 acres from oil and gas leasing and development to protect potash deposits. Exploration by several companies continued after 1939 and the potash area was expanded by a 1951 Order, which lifted the withdrawal and authorized concurrent development by the oil and gas and potash industries. To achieve concurrent development, the 1951 Order, and later Orders in 1965, 1975, and 1986, imposed protective stipulations in new leases issued for both oil and gas and potash, to avoid conflicts as much as possible. The DPA currently covers a total area of approximately 497,002 acres and includes 350,617 acres of ~~BLM~~ BLM-managed land where leasing of oil and gas and potash occurs.

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

[redacted]

III. POSITIONS OF ~~of~~ INTERESTED PARTIES

The JITC is composed of a number of oil and gas companies and potash companies, along with Sandia National Laboratories. The potash company members of the JITC hold all of the potash leases in the DPA. The oil and gas company members of the JITC are responsible for approximately 85% of the oil and gas production in the DPA. All but one JITC member (OXY) signed a consensus document in April 2012 containing a general outline for a proposed management plan for the DPA. The proposed final 2012 Secretary's Order is consistent with the key concepts suggested by the JITC. While one JITC member (Yates Petroleum) later submitted comments criticizing the proposed Order, the other members of the JITC (including OXY) proposed very few edits to the proposed Order, most of which have been incorporated into this proposed final Order.

The companies representing the remaining 15% of oil and gas production in the DPA have declined to participate in the JITC. Some of these companies commented that the proposed Order would adversely affect the oil and gas industry. (b) (5) [redacted]. The BLM expects that the proposed revision would benefit the overall economic outlook for both industries and give access to leases that cannot be developed under the 1986 Order. (b) (5) [redacted]. The BLM is committed t(b) (5) working with all lessees in implementing the proposed final 2012 Secretary's Order, if it is approved. (b) (5) [redacted]

New Mexico Governor Susana Martinez and staff for Senators Bingaman and Udall and Representative Pearce have been briefed by the BLM and the JITC on the possibility of a new 2012 Secretary's Order. Industry has briefed Texas Senators Hutchinson and Cornyn and reports that the two Texas Senators are supportive of the JITC recommendations. Tom Bemis, New Mexico Cabinet Secretary for Energy, Minerals, and Natural Resources, and Ray Powell, New Mexico State Land Office Commissioner, have also been briefed by the JITC on the consensus that it reached. The New Mexico Oil Conservation Division (NMOCD) commented that the language in one section potentially could cause conflict due to differences between NMOCD and BLM regulatory frameworks. The BLM adopted a change to the new 2012 Secretary's Order (b) (5) [redacted] Eddy, Lea, and Chaves Counties submitted comments expressing concern that the proposed Order was in essence a withdrawal of the entire DPA from concurrent development and requesting coordination with local governments. (b) (5) [redacted] The BLM has met with the Eddy and Lea County commissions to discuss the proposed final 2012 Secretary's Order and the comments they provided to further explain how the BLM would approach the implementation of the 2012 Secretary's Order. (b) (5) [redacted] The county commissioners with whom the BLM met indicated that these me[redacted] understanding of how the BLM would manage the development of both resources in the DPA.

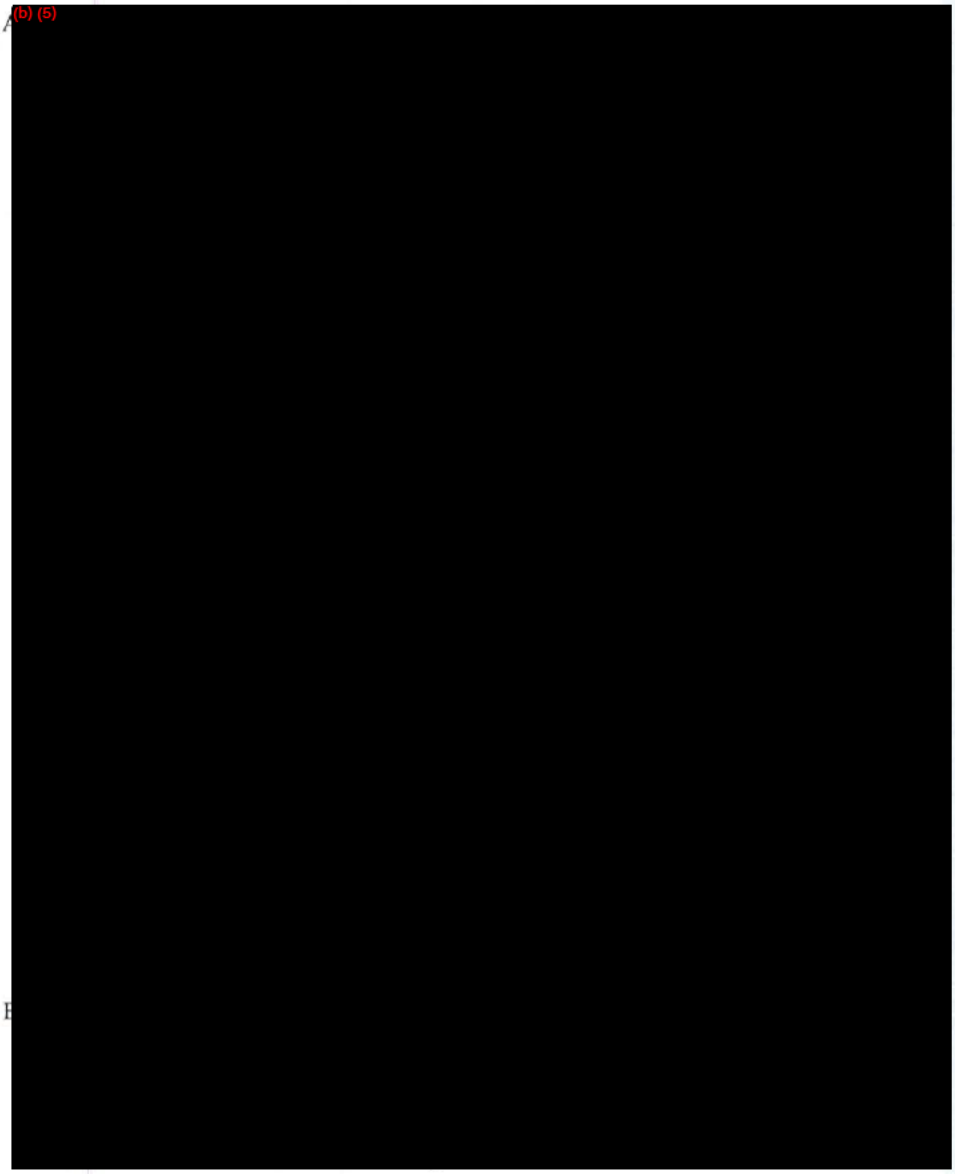
(b) (5) [redacted]

The BLM's Carlsbad Field Office consulted with seven Federally recognized tribes that have interests within the DPA in June, July, and August of 2012. The BLM made initial contact with tribes in the form of a letter informing them of the proposed revision and soliciting their concerns and input. The BLM sent a second letter, which included a copy of the draft revision to the 1986 Secretary's Order, to the tribes on July 9, 2012, and held face-to-face meetings with the various tribes in July and August 2012. The BLM arranged these meetings to discuss the proposed

revision of the 1986 Secretary's Potash Order and other projects. The tribes did not express any adverse opinions regarding the substance of the proposed Order, but were very concerned that the BLM continue to follow the Native American Graves Protection and Repatriation Act (NAGPRA) and immediately notify the tribes if any human remains and associated funerary items are discovered. The proposed final 2012 Secretary's Order would not affect the BLM's continuing commitment to fulfill its responsibilities under NAGPRA. The tribes did not identify any areas of traditional cultural importance within the DPA.

IV. DECISION OPTIONS

A (b) (5)



B

V. RECOMMENDATION

I recommend that you approve the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico (b) (5) [redacted]

VI. DECISION BY THE SECRETARY

SELECT OPTION A: ___

SELECT OPTION B: ___

CHECK IF SUBJECT TO COMMENTS: ___

(b) (5) [redacted] ___

_____

Ken Salazar

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

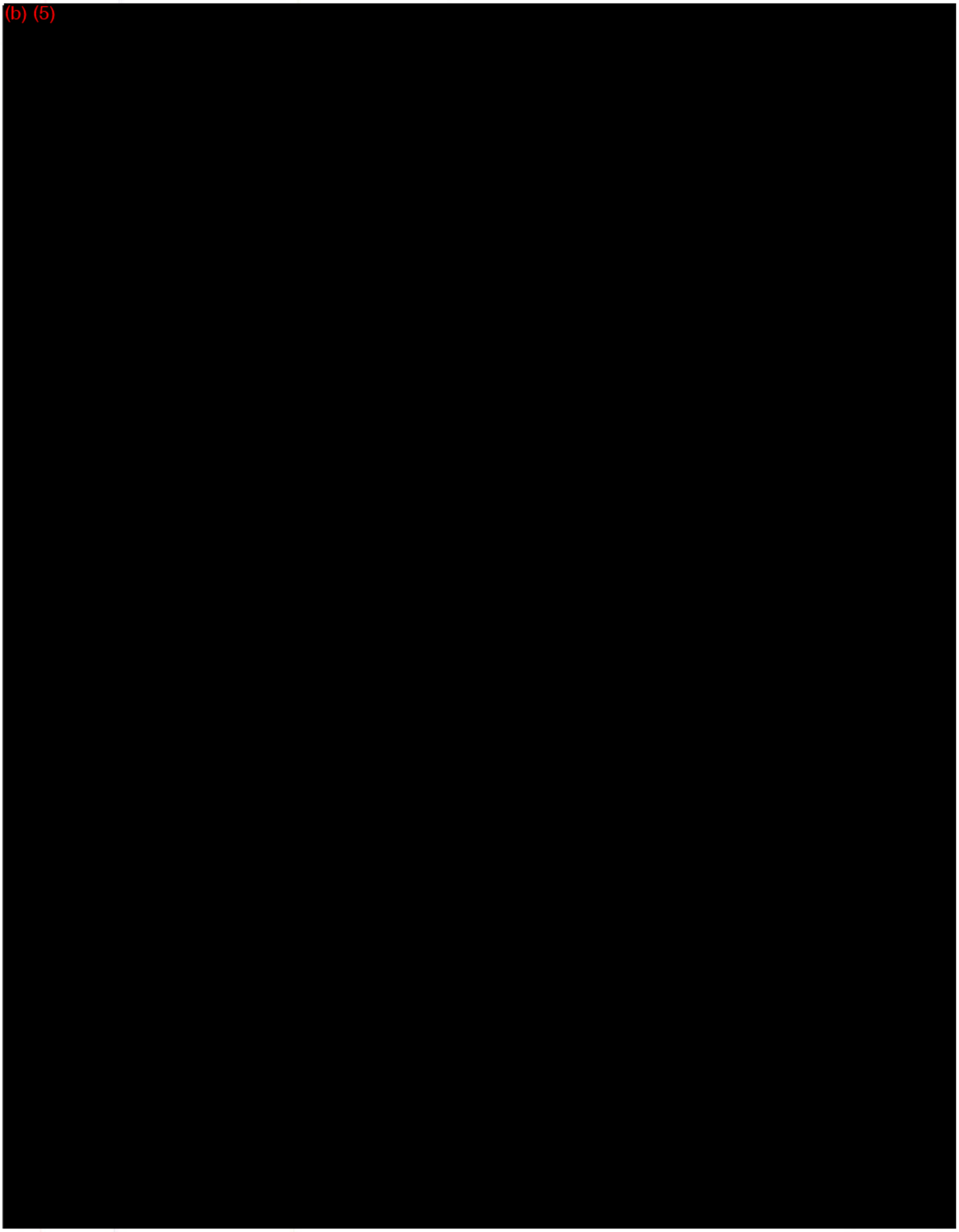
Sec. 2 **Authority.** (b) (5) [redacted]

Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

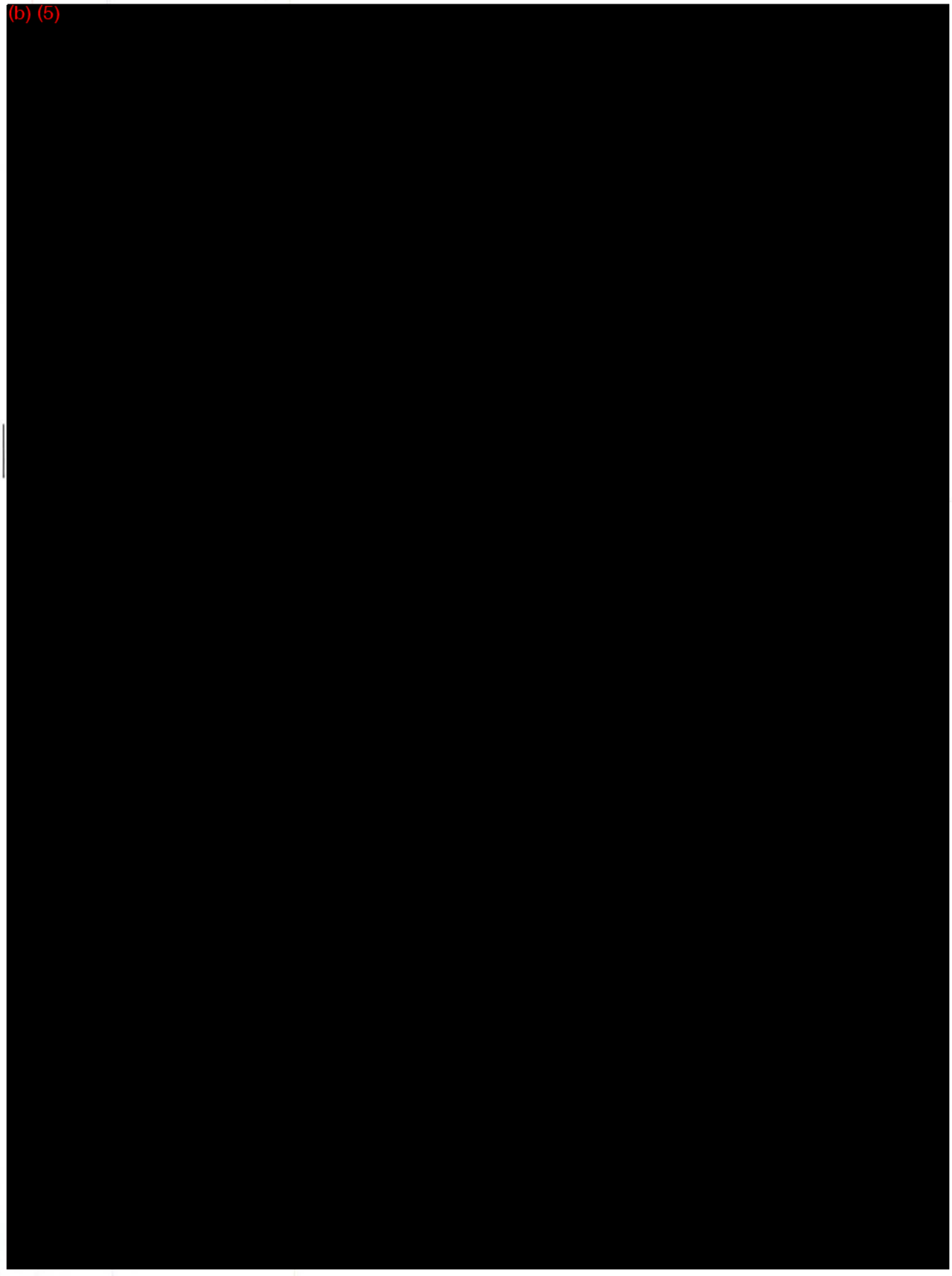
[redacted]

e. Oil and Gas Drilling.

(b) (5)

[redacted]

(b) (5)



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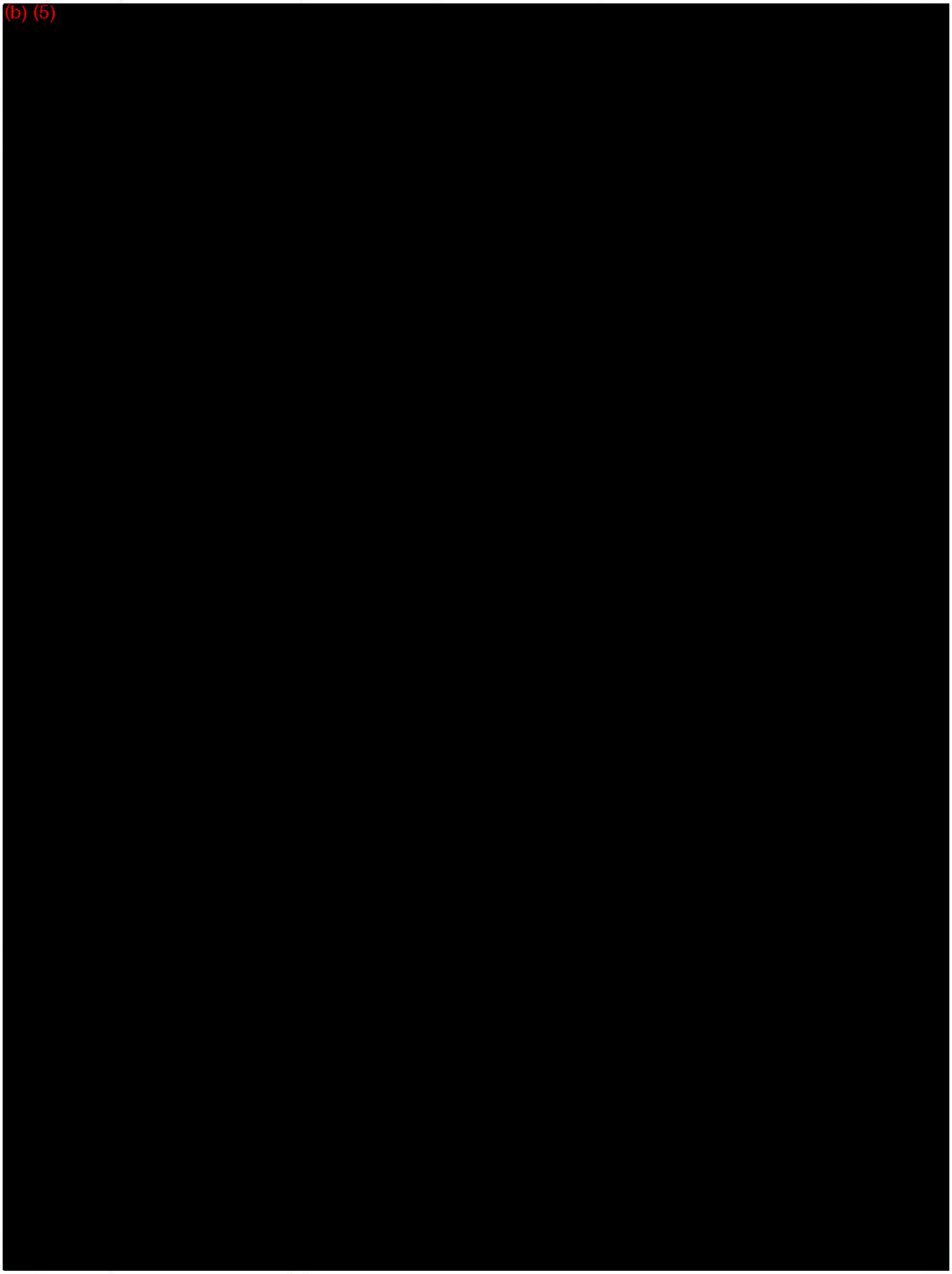


(b) (5)

[redacted]

(b) (5)

[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

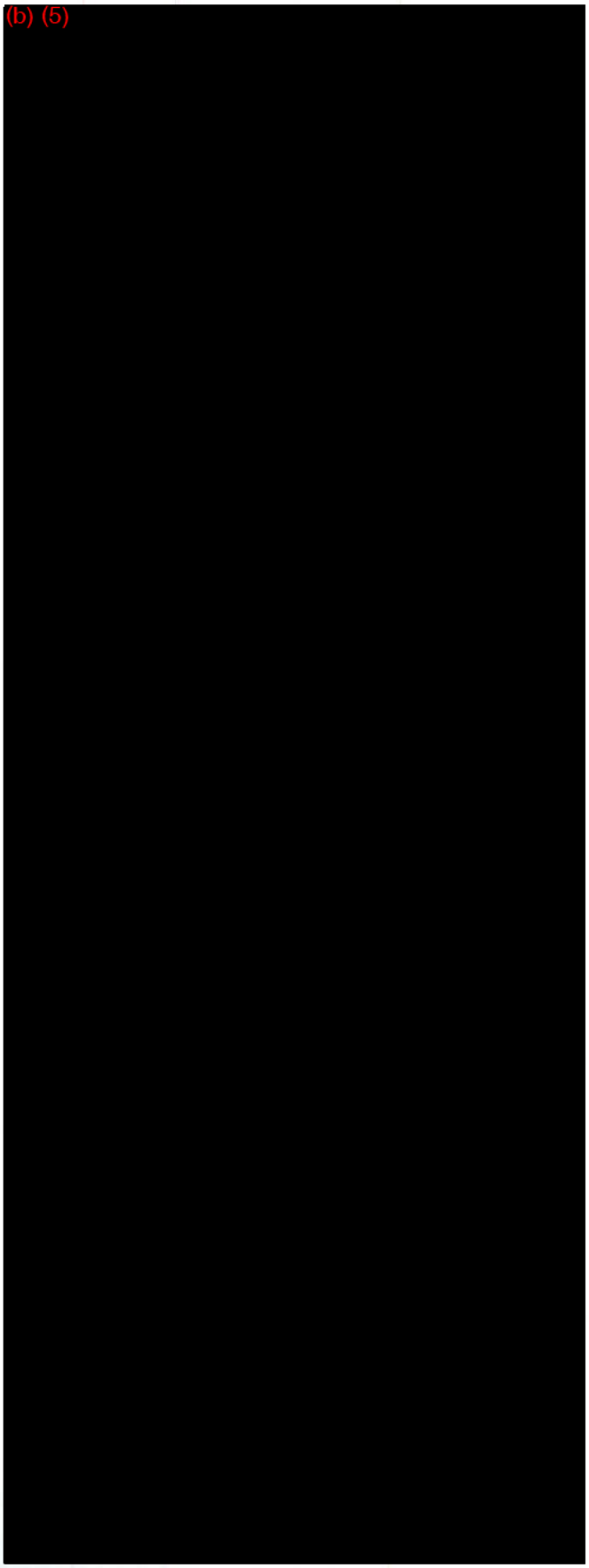
[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date: 202-208-4586

4310-VC

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLWO100000, L18200000.XX0000]**

**Notice of Availability of BLM's Responses to Public Comments and of BLM's Environmental Assessment on the Proposed Order of the Secretary on Oil, Gas, and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of availability.

**SUMMARY:** Under the authority of the Mineral Leasing Act, as amended, (b) (5) [redacted] 2012, the Secretary of the Interior (b) (5) [redacted] ssued an Order (b) (5) [redacted] address oil, gas, and potash leasing and development within the Designated Potash Area in Eddy and Lea counties in New Mexico. The 2012 Secretary's Order (b) (5) [redacted] supersedes a previous Order issued in 1986 and corrected in 1987 that addresses these issues. In developing the 2012 Secretary's Order (b) (5) [redacted], a draft Order was released for a public comment period that began on July 13, 2012 and ended on August 31, 2012, 77 FR 41442. This Notice announces the availability of the Bureau of Land Management's (BLM) responses to the comments that were received during the comment period and the availability of the Environmental Assessment that was prepared by BLM in developing the 2012 Secretary's Order.

**ADDRESSES:** The comments that were received, (b) (5) [redacted] the comment responses, and the Environmental Assessment are available for review at the following Website: http://www.blm.gov/nm/st/en/info/potash.html. The 2012 Secretary's Order was published

in the Federal Register on [INSERT DATE OF PUBLICATION OF THE 2012 SECRETARY'S ORDER IN THE FEDERAL REGISTER]

**FOR FURTHER INFORMATION CONTACT:** Tony Herrell; telephone 505-954-2222; 301 Dinosaur Trail, Santa Fe, New Mexico, 87508; e-mail: therrell@blm.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

An area near the town of Carlsbad in southeastern New Mexico [redacted] contains large deposits of potash, oil, and gas. Oil and gas have been produced from this area since the early twentieth century. In 1925 [redacted] potash (potassium-bearing salts primarily used for fertilizer) was discovered in this area [redacted] and has been mined since 1930.

The Secretary issued the first Potash Order in 1939 (4 FR 1012, February 25, 1939). That Order withdrew approximately 43,000 acres of public land from oil and gas leasing [redacted] to protect potash deposits. In 1951, the Secretary revoked the 1939 Order and issued a new Order that instituted the policy of authorizing concurrent development of oil and gas and potash reserves within an area comprising 298,345 acres, under reciprocal lease stipulations to ensure that the development of either mineral would not interfere with development of the other (16 FR [redacted] 0669, October 18, 1951). The Order was amended in 1965 (30 FR 6692, May 15, 1965), 1975 (40 FR 51486, November 5, 1975), and 1986 (51 FR 39425, October 28, 1986). A correction to the 1986 Order was issued in 1987 (52 FR 32171, August 26, 1987). The potash area designated by the corrected 1986 Order comprises approximately 497,000 acres, and the 2012 Secretary's Order, published [INSERT DATE OF PUBLICATION OF THE ORDER IN THE FEDERAL REGISTER], does not alter the boundaries of the area.

The potash deposits in this area occur from 800 feet to over 2,000 feet beneath the surface and are mined by both conventional and solution mining methods; conventional methods require miners to be underground. The oil and gas in the area is found in formations below the potash-bearing formations, so oil and gas wells must extend through potash formations. If potash mining (b) (5) were to breach a well casing, or if a well casing near a potash mine failed for other reasons, gas could (b) (5) migrate into the mine workings, thus endangering the miners. Additionally, the potential for such a breach could raise the costs of potash mining due to the need (b) (5) to utilize enhanced ventilation techniques and specialized equipment needed to mine in a (b) (5) gas-filled environment. (b) (5) Given these safety risks, it has (b) (5) been a challenge to produce potash and oil and gas at the same time in the same area. This has led to a long history of conflict between the potash and the oil and gas industries.

This conflict has resulted in a great deal of litigation regarding decisions made by the BLM on a variety of potash or oil and gas development applications. Nevertheless, (b) (5) (b) (5) leading members of the two industries have initiated efforts to work together over the past two years. A number of productive meetings and discussions have occurred among many of the parties involved in these previous disputes. Additionally, there have been significant advances in the technology of oil and gas drilling that could be used to reduce the conflict between such drilling and the extraction of potash. Further, the economic outlook for both the oil and gas industry and the potash industry has recently improved. The BLM has also worked with Sandia National Laboratories to investigate well logging technology, gas migration in the potash formations, and standards to use for estimating the

(b) (5)

mineability of potash and potash cutoff grades. These circumstances led to review of the 1986 Secretary's Order.

**The [redacted] 012 Secretary's Order**

The 2012 Secretary's Order differs from the 1986 Order as described below.

The formatting is modified to be consistent with the Department of the Interior's (Department) style requirements for Secretary's Orders. These requirements were changed in 1992 and are recorded in Section 012 DM 1 of the Departmental Manual.

The 2012 Secretary's Order authorizes the BLM to establish "Development Areas," where oil and gas wells can be drilled from one or more "Drilling Islands." The Drilling Island concept was first introduced in the 1975 Secretary's Order. In most cases, a single Drilling Island will be established for each Development Area, but if circumstances so dictate, the BLM may establish additional Drilling Islands. Drilling Islands will be situated in such a manner that extended reach horizontal wells could access oil and gas within the associated Development Area. The 2012 Secretary's Order envisions that the oil and gas leases in a Development Area will ordinarily be unitized under the regulations found at 43 CFR subpart 3180 and developed by a unit operator, or operated under a communitization agreement as authorized under 43 CFR subpart 3105. [redacted]

[redacted]

[redacted] These oil and gas reservoir management tools should lead to more orderly development of the oil and gas resources in the Development Area and minimize impacts to surface resources due to a reduction in the number of drill pads and associated roads, power lines, and other ancillary facilities. Moreover, the resulting reduction in the number and spacing of

[redacted]

oil and gas drilling locations where wells penetrate the potash formation is expected to minimize impacts to potash resources and enhance the safety of underground potash miners.

The BLM envisions that a substantial portion of the Designated Potash Area will eventually be divided into Development Areas designed to minimize the impacts to potash mining while allowing for the development of oil and gas resources. Th[redacted] BLM expects that [redacted] the oil and gas in Development Areas will largely [redacted] developed with extended reach horizontal wells using the most current technology, consistent with applicable laws and regulations.

The 2012 Secretary's Order retains several important features of the 1986 Order, including the boundaries of the Designated Potash Area established in the 1986 Order, as corrected in 1987. The Secretary's Order also retains language of the 1986 Order for stipulations for oil and gas leases and potash leases issued, reinstated, renewed, or readjusted in the Designated Potash Area.

**Comments on the Draft Order**

The BLM received 28 comment letters during the comment period, including 41 distinct comments. These comments and the BLM's responses to them are available for review at the following website:

http://www.blm.gov/nm/st/en/info/potash.html.

Environmental Assessment

Pursuant to the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 et seq., and BLM's implementing regulations, the BLM prepared an Environmental Assessment (EA) in conjunction with the development of the 2012 Secretary's Order. Based on the EA, a Finding of No Significant Impact (FONSI) was made. The EA/FONSI is available for

review at the following website: (b) (5) [redacted]

(b) (5) [redacted]

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Mike Pool

Acting Director, Bureau of Land Management

AUTHORITY: 43 CFR 3164.1, 43 CFR 3590.2

## Anderson, Michael D

**From:** Barlan, Bryce
**Sent:** Wednesday, November 14, 2012 11:00 AM
**To:** Wilson, Hazel A; Cardinale, Richard
**Cc:** Farquhar, Ned; 'Royal, Pam'
**Subject:** RE: SO - Potash
**Attachments:** SO Potash -11-13-12_ASLM Surnamed 11.14.12.docx

As promised.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

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**From:** Barlan, Bryce
**Sent:** Wednesday, November 14, 2012 10:50 AM
**To:** Wilson, Hazel A; Cardinale, Richard
**Cc:** Farquhar, Ned; Royal, Pam
**Subject:** RE: SO - Potash

I will send them to you in a bit.

Thanks!

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

---

**From:** Wilson, Hazel A
**Sent:** Wednesday, November 14, 2012 10:43 AM
**To:** Cardinale, Richard
**Cc:** Barlan, Bryce; Farquhar, Ned; Royal, Pam
**Subject:** RE: SO - Potash

Attached is the copy that was in the surname package you received yesterday. The content is the same as Friday's with the addition of Barbara Fugate's change sent late Friday evening and my formatting changes.

If would be helpful if you use the attached draft to make any changes.

Thanks much.

**From:** Cardinale, Richard
**Sent:** Wednesday, November 14, 2012 10:32 AM
**To:** Wilson, Hazel A
**Cc:** Barlan, Bryce; Farquhar, Ned; Royal, Pam
**Subject:** RE: SO - Potash

Hazel,

We just completed our review and have provided our surnames. Bryce Barlan, our BLM analyst is going include a track changes copy with our edits. You had advised yesterday that Exec. Sec. was aware that this document was evolving. The track changes copy reflects our recommended edits (Ned's Bryce's and mine), which has been reviewed by Ned Farquhar. Bryce will send you the electrons with the track changes so that you will have them as the document evolves. Bryce is going to bring the package to Pam right now.

Question: Is the hard copy that you delivered to us yesterday the same version that Janet Lin sent out last Friday evening at 5:21 PM?

Rich

---

**From:** Wilson, Hazel A
**Sent:** Wednesday, November 14, 2012 10:23 AM
**To:** Cardinale, Richard
**Subject:** SO - Potash

Rich,

Just checking on the A/S –LM surname on the subject SO. Pls. advise. Thanks much.

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

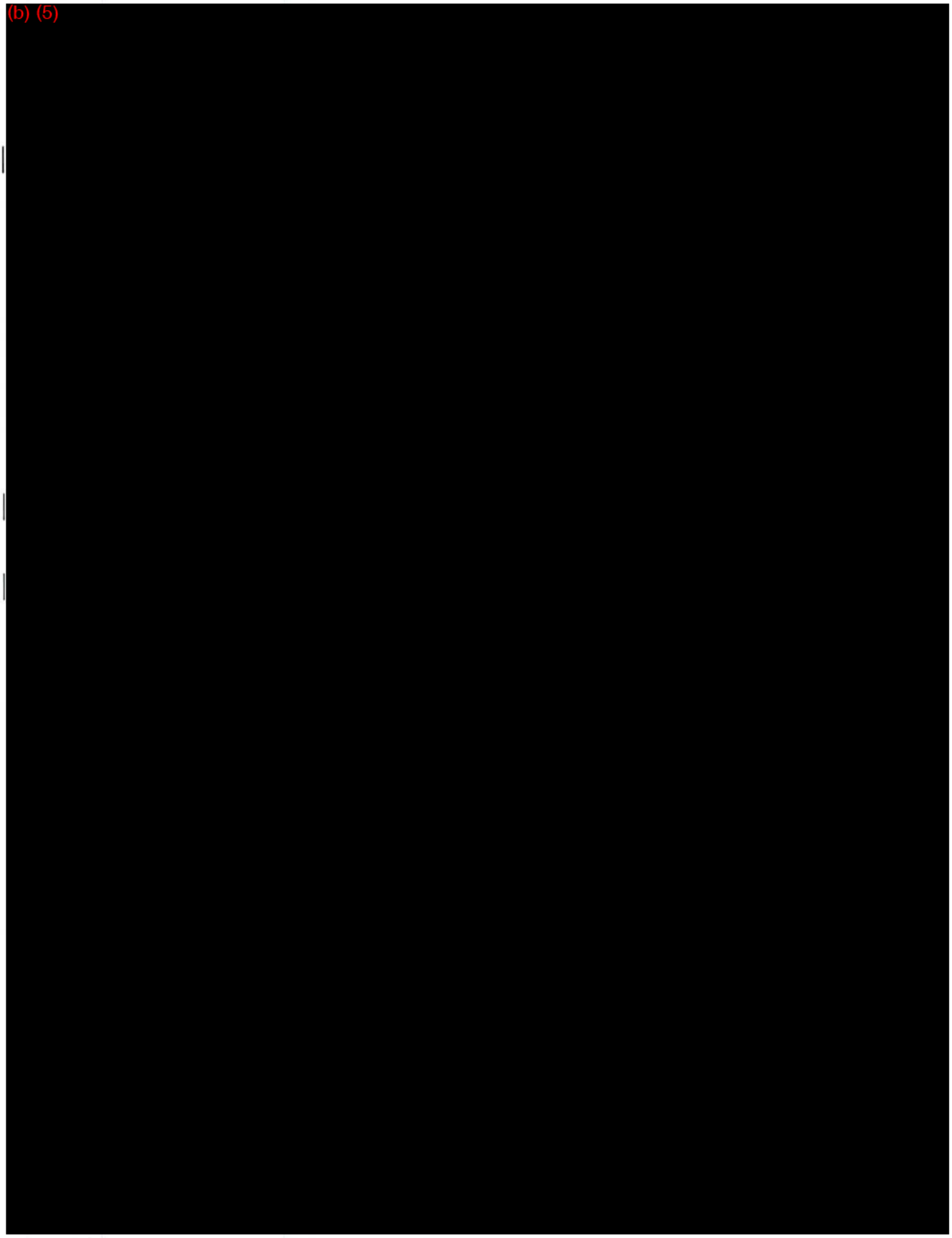
Sec. 2 **Authority.** (b) (5) [redacted]

Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

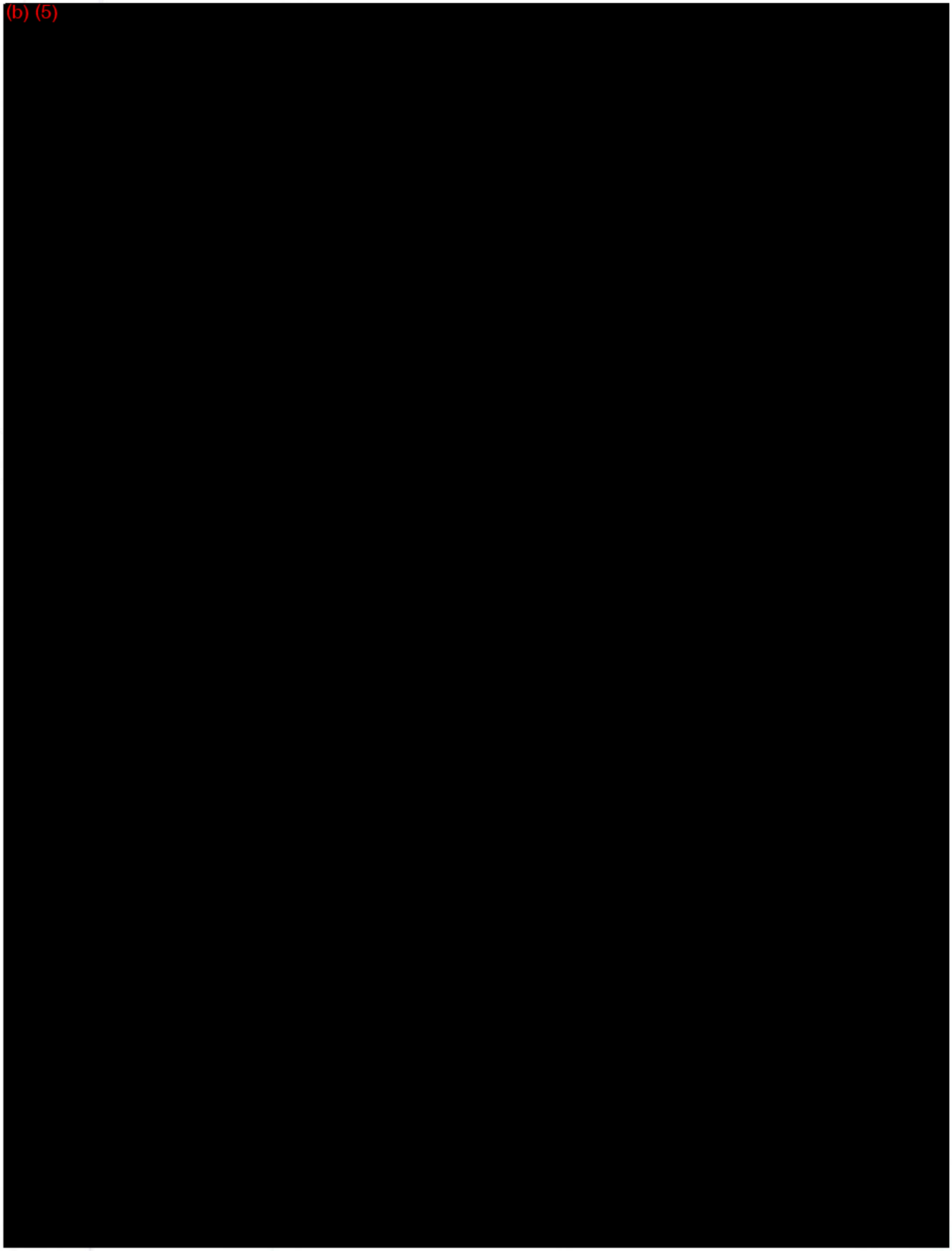
(b) (5) [redacted]

(b) (5) [redacted]

e. Oil and Gas Drilling.

(b) (5) [redacted]

(b) (5)



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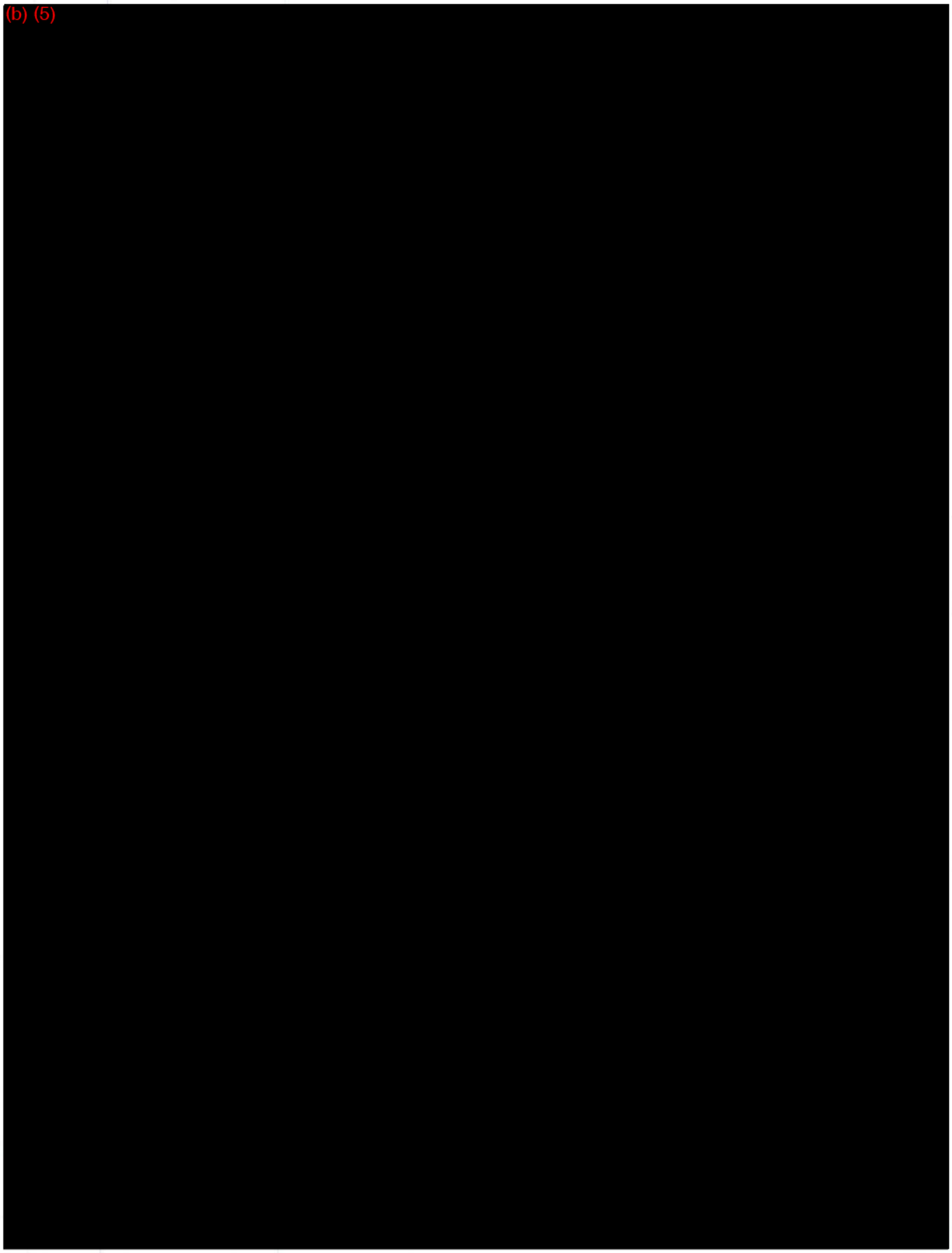

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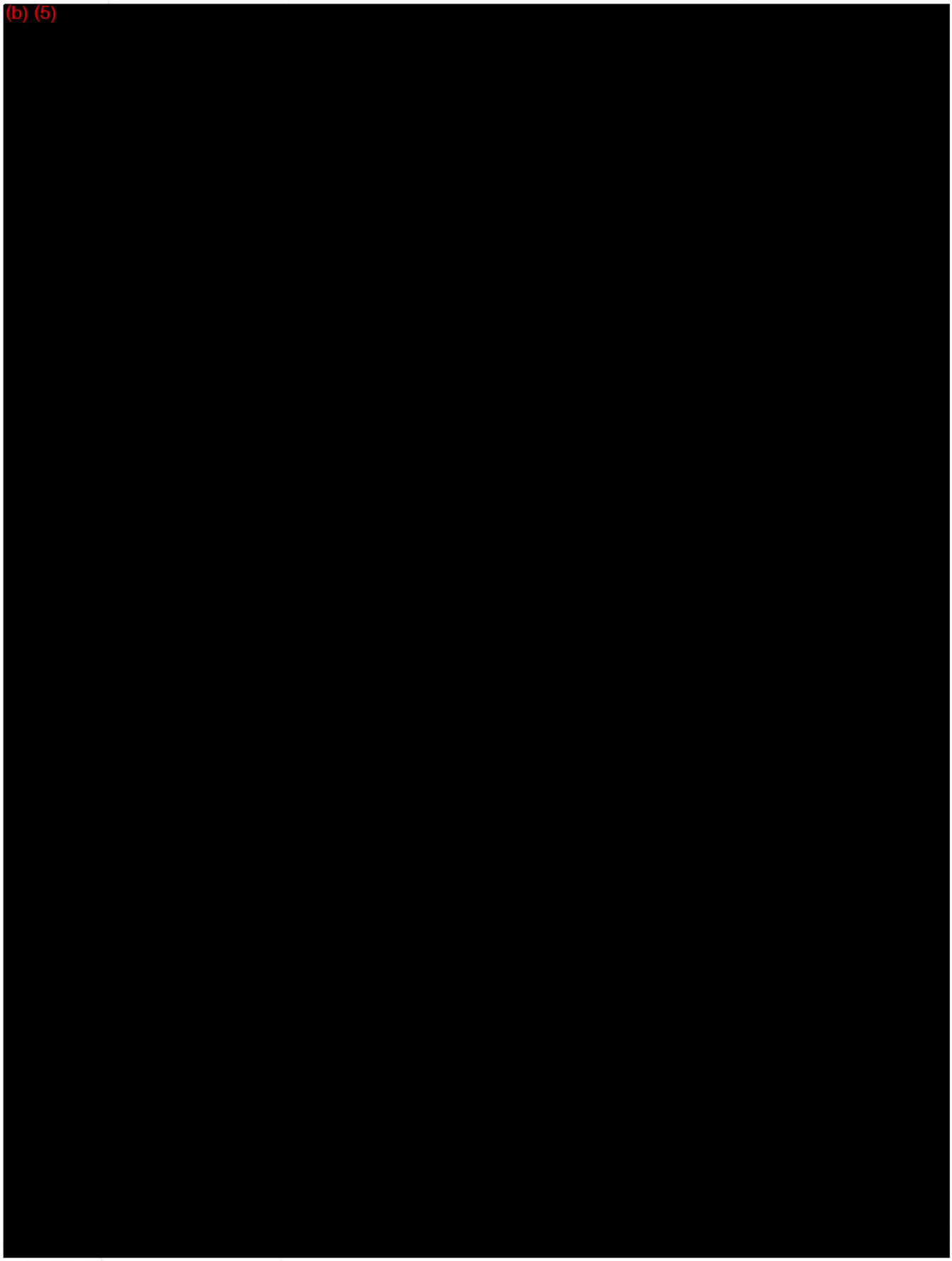

(b) (5)

[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date: 202-208-4586

## Anderson, Michael D

**From:** Barlan, Bryce
**Sent:** Tuesday, November 13, 2012 10:45 AM
**To:** Farquhar, Ned; Cardinale, Richard
**Subject:** FW: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy
**Attachments:** 2012.11.09 draft NOA for potash order comment responses RTC edits_BGB edits 11.13.12.docx; 2012.11.09 Draft Decision Memo for Secy RTC edits_BGB edits 11.13.12.docx; 2012.11.06 Revised draft potash order - with DMR RTC edits, accepted by BLM_BGB 11.13.12.docx; 2012 10 31 DMR comment responses BLM Response.docx.docx

FYI – I just spoke to Phil. He says that the comment analysis document is pretty much done except for one comment (Comment 2) that the BLM and the Solicitor's office is still working out.

Other than that, Phil informed me that the attached document is the final version (b) (5) [redacted] The comment analysis document is in track changes and illustrates the deliberative process between the BLM and Solicitors on how the response should read. This is why you'll see track changes and comment bubbles all throughout the document.

FYI – All the other documents I sent to you earlier all is also included in this email. I did that for ease of having all the most current docs accessible in one email message.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

---

**From:** Barlan, Bryce
**Sent:** Tuesday, November 13, 2012 10:10 AM
**To:** Cardinale, Richard; Farquhar, Ned
**Subject:** RE: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Ned/Rich,

Here are my comments. I did want to point out a couple of things:

1. Rich – For the Potash Order, (b) (5) [redacted]
2. For the NOA, (b) (5) [redacted]
3. We are still missing one document...the comment analysis document. I could not find it on the list of documents Janet shared with us.

In the meantime, here are my edits (which have been combined with Rich's edits).

Please let me know if you have any questions.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

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**From:** Cardinale, Richard
**Sent:** Monday, November 12, 2012 10:27 AM
**To:** Farquhar, Ned; Barlan, Bryce
**Subject:** Fw: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Very minor edits to the Secretarial Order, NOA, and Decision Memo.

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**From:** Richard Cardinale [redacted]
**Sent:** Monday, November 12, 2012 10:24 AM
**To:** Cardinale, Richard
**Subject:** Re: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

**From:** "Cardinale, Richard" <Richard_Cardinale@ios.doi.gov>
**To:** "[redacted]
**Sent:** Monday, November 12, 2012 9:38 AM
**Subject:** Fw: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

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**From:** Lin, Janet H
**Sent:** Friday, November 09, 2012 05:24 PM
**To:** Farquhar, Ned; Burke, Marcilynn
**Cc:** Cardinale, Richard; Barlan, Bryce
**Subject:** FW: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Hey Ned – I didn't mean to leave you off, but I know that Bryce/Rich usually review before you and Marcilynn do, so I didn't want to get ahead of that process. I am sending to Marcilynn as well. As you can see, Jack and Hilary have not reviewed either – but in the interest of time, we wanted to get this to you. We are told that something final needs to be ready by next Friday.

Thanks all!

---

**From:** Lin, Janet H
**Sent:** Friday, November 09, 2012 5:21 PM
**To:** Barlan, Bryce; Juen, Jesse J; Herrell, Tony J; Juen, Jesse J; Herrell, Tony J; Allard, Phil; Stovall, James K; Fugate, Barbara; Hawbecker, Karen; Blank, Harvey; Cardinale, Richard; Barlan, Bryce; Nedd, Michael D; Fugate, Barbara; Pool, Michael J; Kornze, Neil G; Velasco, Janine; Decker, Julie A; Hanson, Joshua F; Iudicello, Fay; Wilson, Hazel A; Boddington, Celia; Krauss, Jeff
**Subject:** SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Attached are the versions that will begin making their way simultaneously through ASLM, BLM Director's Office, Exec Sec, and SOL. Please use these versions for those of you who have paper packages. BLM-NM – could you send us your e-surname of these versions?

Fay and Hazel: I believe Phil has mentioned that this Secretarial Order (b) (5) [redacted] We appreciate your consideration of these factors as you conduct your review.

---

**From:** Fugate, Barbara
**Sent:** Friday, November 09, 2012 4:16 PM
**To:** Lin, Janet H; Allard, Phil
**Cc:** Hawbecker, Karen; Blank, Harvey
**Subject:** Attaching Potash Order, NOA for comment responses, & Decision Memo for Secy

Janet (and Phil when you get back) –

Karen has just surnamed the attached documents that are revised versions of the ones included in the initial surname package: (1) proposed final 2012 Secretary's Potash Order; (2) Notice of Availability of BLM's comment responses; and (3) Decision Memorandum for the Secretary. Please note that we have just transmitted this surname package to the front office, so Jack and Hilary have not yet reviewed these versions.

I'm also attaching a redline version of the proposed final Order showing the revisions that have been made to the July 13, 2012, proposed Order and a redline version of the draft Decision Memorandum showing DMR revisions to the version BLM sent on November 7 in response to DMR's initial edits We are currently reviewing BLM's responses to DMR's suggested edits to the comment responses and the EA. Please let me know if you have questions. Thank you.

Barbara

4310-VC

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLWO100000, L18200000.XX0000]**

**Notice of Availability of BLM's Responses to Public Comments on the Proposed Order of the Secretary on Oil, Gas, and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of availability.

**SUMMARY:** Under the authority of the Mineral Leasing Act, as amended, the Secretary of the Interior has issued an Order to address oil, gas, and potash leasing and development within the Designated Potash Area in Eddy and Lea counties in New Mexico. The Secretary's Order (2012 Secretary's Order) supersedes a previous Order issued in 1986 and corrected in 1987 that addresses these issues. (b) (5) [redacted] This Notice announces the availability of the Bureau of Land Management's (BLM) responses to the comments that were received during the comment period.

**ADDRESSES:** The comments that were received and the comment responses are available for review at the following Website: http://www.blm.gov/nm/st/en/info/potash.html. The 2012 Secretary's Order was published in the Federal Register on [INSERT DATE OF PUBLICATION OF THE 2012 SECRETARY'S ORDER IN THE FEDERAL REGISTER]

**FOR FURTHER INFORMATION CONTACT:** Tony Herrell; telephone 505-954-2222; 301 Dinosaur Trail, Santa Fe, New Mexico, 87508; e-mail: therrell@blm.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

An area near the town of Carlsbad in southeastern New Mexico [redacted] contains large deposits of potash, oil, and gas. Oil and gas have been produced from this area since the early twentieth century. In 1925 [redacted] potash (potassium-bearing salts primarily used for fertilizer) was discovered in this area [redacted] and has been mined since 1930.

The Secretary issued the first Potash Order in 1939 (4 FR 1012, February 25, 1939). That Order withdrew approximately 43,000 acres of public land from oil and gas leasing in order to protect potash deposits. In 1951, the Secretary revoked the 1939 Order and issued a new Order that instituted the policy of authorizing concurrent development of oil and gas and potash reserves within an area comprising 298,345 acres, under reciprocal lease stipulations to ensure that the development of either mineral would not interfere with development of the other (16 F[redacted]10669, October 18, 1951). The Order was amended in 1965 (30 FR 6692, May 15, 1965), 1975 (40 FR 51486, November 5, 1975), and 1986 (51 FR 39425, October 28, 1986). A correction to the 1986 Order was issued in 1987 (52 FR 32171, August 26, 1987). The potash area designated by the corrected 1986 Order comprises approximately 497,000 acres, and the 2012 Secretary's Order, published [INSERT DATE OF PUBLICATION OF THE ORDER IN THE FEDERAL REGISTER], does not alter the boundaries of the area.

[redacted]

The potash deposits in this area occur from 800 feet to over 2,000 feet beneath the surface and are mined by both conventional and solution mining methods; conventional methods require miners to be underground. The oil and gas in the area is found in formations below the potash-bearing formations, so oil and gas wells must extend through potash formations. If potash mining [redacted] were to breach a well casing, or if a well casing near a potash

mine failed for other reasons, gas coul[redacted] migrate into the mine workings, thus endangering the miners. Additionally, the potential for such a breach could raise the costs of potash mining due to the need [redacted] o utilize enhanced ventilation techniques and specialized equipment needed to mine in [redacted] gas-filled environment. [redacted] iven these safety risks, it has [redacted] been a challenge to produce potash and oil and gas at the same time in the same area. This has led to a long history of conflict between the potash and the oil and gas industries.

This conflict has resulted in a great deal of litigation regarding decisions made by the BLM on a variety of potash or oil and gas development applications. Nevertheless, [redacted] [redacted] the two industries have initiated efforts to work together over the past two years. A number of productive meetings and discussions have occurred among many of the parties involved in these previous disputes. Additionally, there have been significant advances in the technology of oil and gas drilling that could be used to reduce the conflict between such drilling and the extraction of potash. Further, the economic outlook for both the oil and gas industry and the potash industry has recently improved. The BLM has also worked with Sandia National Laboratories to investigate well logging technology, gas migration in the potash formations, and standards to use for estimating the mineability of potash and potash cutoff grades. These circumstances led to review of the 1986 Secretary's Order.

[redacted]

**The New 2012 Secretary's Order**

The 2012 Secretary's Order differs from the 1986 Order as described below.

The formatting is modified to be consistent with the Department of the Interior's (Department) style requirements for Secretary's Orders. These requirements were changed in 1992 and are recorded in Section 012 DM 1 of the Departmental Manual.

(b) (5) [redacted]

5. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

The BLM envisions that a substantial portion of the Designated Potash Area will eventually be divided into Development Areas designed to minimize the impacts to potash mining while

allowing for the development of oil and gas resources. The BLM's goal is for the oil and gas in Development Areas to be developed with extended reach horizontal wells using the most current technology, consistent with applicable laws and regulations.

The 2012 Secretary's Order retains several important features of the 1986 Order, including the boundaries of the Designated Potash Area established in the 1986 Order, as corrected in 1987. The Secretary's Order also retains language of the 1986 Order for stipulations for oil and gas leases and potash leases issued, reinstated, renewed, or readjusted in the Designated Potash Area.

**Comments on the Draft Order**

The BLM received 28 comment letters during the comment period, including 41 distinct comments. These comments and the BLM's responses to them are available for review at the following website:

http://www.blm.gov/nm/st/en/info/potash.html.

---

Mike Pool

Acting Director, Bureau of Land Management

AUTHORITY: 43 CFR 3164.1, 43 CFR 3590.2

**Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico**
***Comments on Proposed Secretarial Order***

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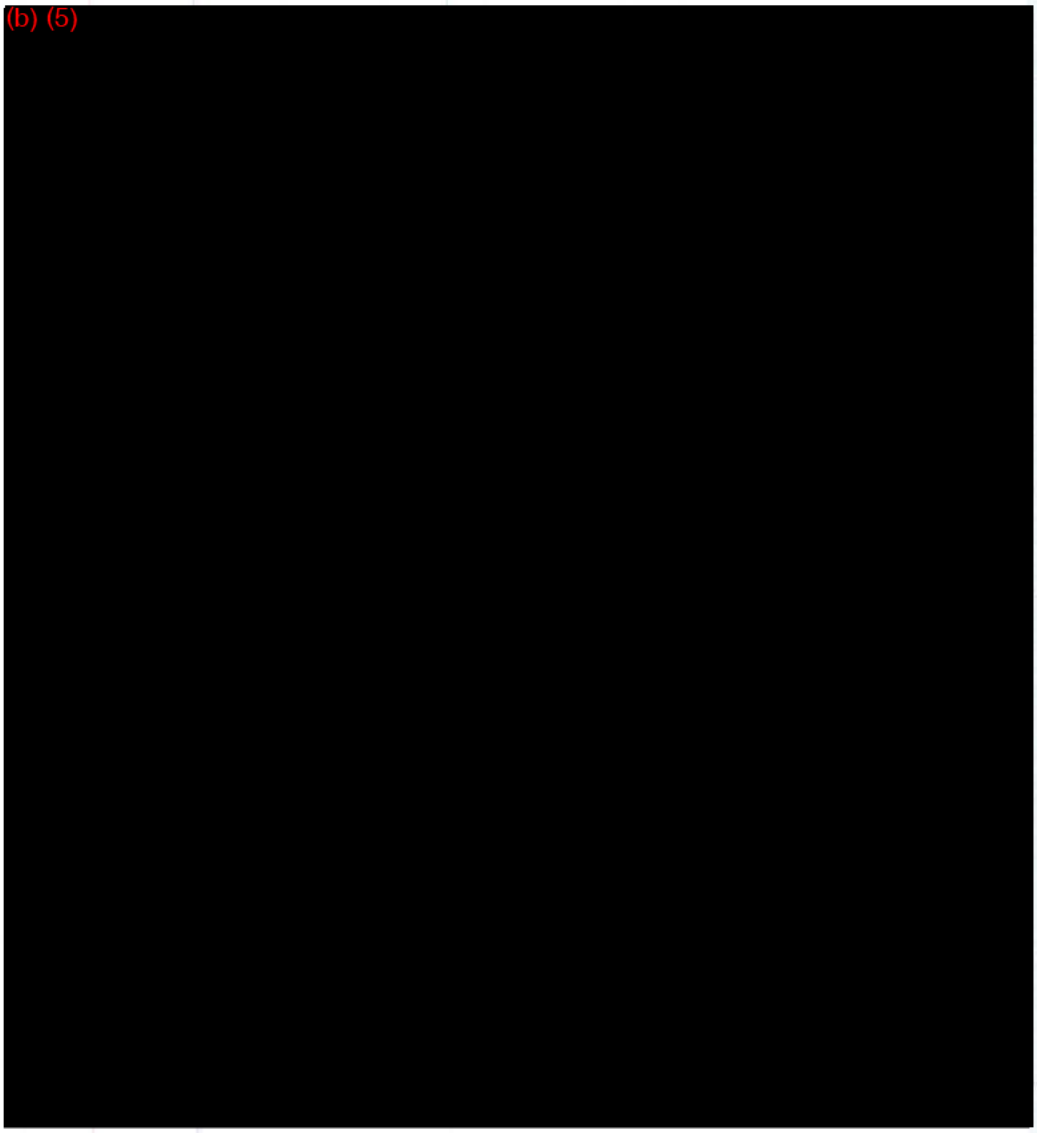

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**Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico**
***Comments on Proposed Secretarial Order***

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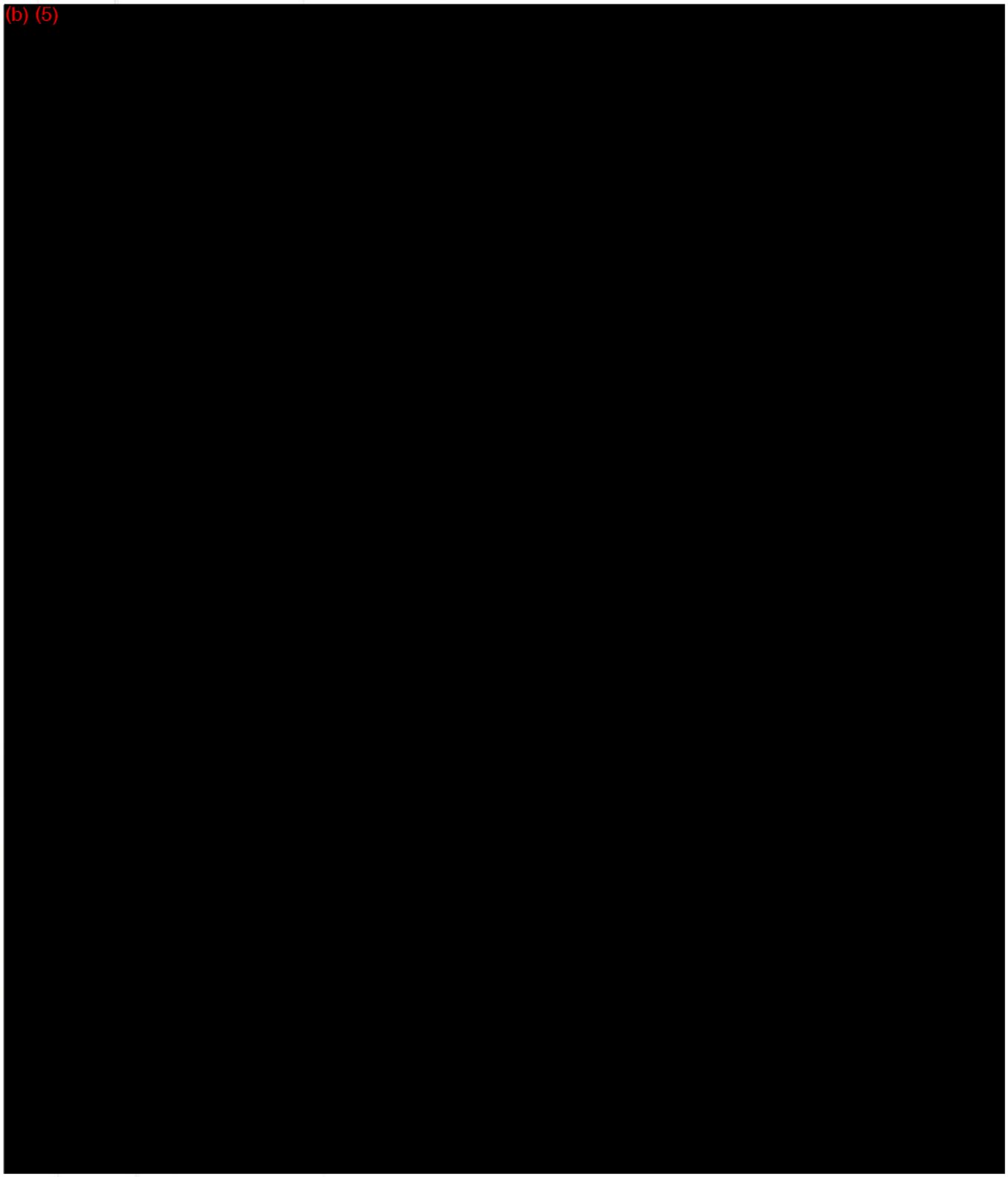
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ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5)
(b) (5)

Sec. 2 **Authority.** (b) (5)
(b) (5)

Sec. 3 **Order Revised and Superseded.** (b) (5)
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Sec. 4. **Definitions.**
(b) (5)

(b) (5)

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(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

~~(b.)~~ b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

~~(c.)~~ Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

e. Oil and Gas Drilling.

(b) (5) [redacted]

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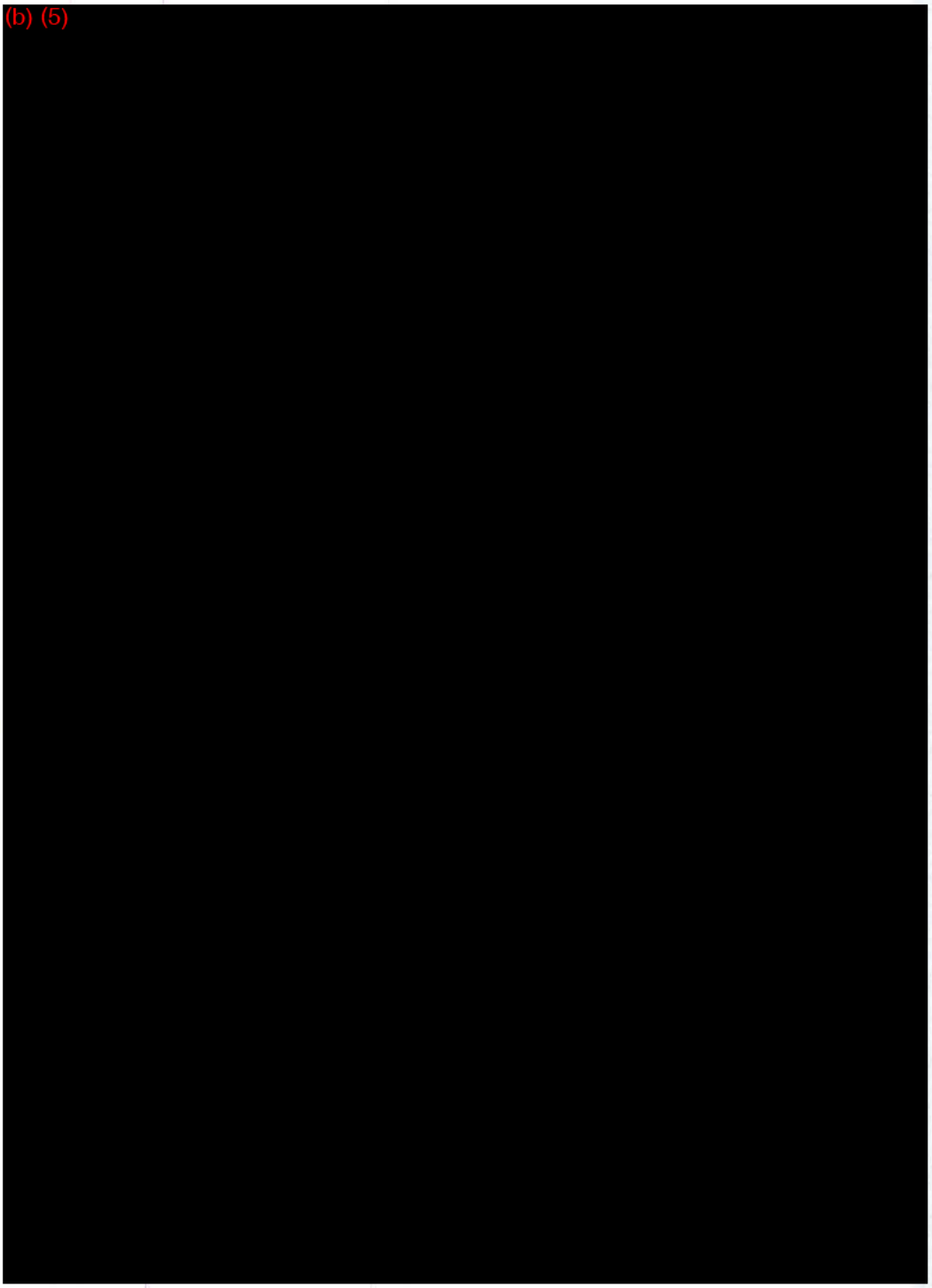

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Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

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Sec. 8. **The Designated Potash Area Legal Description.**

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Sec. 9 **Administrative Provisions.** (b) (5) [redacted].

Secretary of the Interior

Date:

DRAFT

**DECISION MEMORANDUM FOR THE SECRETARY**

FROM: Mike Pool, Acting Director

CC: David Hayes, Deputy Secretary
Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management
Jack Haugrud, Acting Principal Deputy Solicitor

SUBJECT: Proposed Final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

I. INTRODUCTION

The Bureau of Land Management (BLM) (b) (5) has prepared (b) (5) proposed final "Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico."

The proposed final 2012 Secretary's Order would supersede the current Secretary's Order that addresses these issues. The revisions are designed to further promote the efficient development of potash, oil, and gas resources, while minimizing conflict between the industries and ensuring the safety of operations. Industry representatives from oil and gas and potash interests have been working together to identify and propose a mutually acceptable path forward. The opportunity to finalize a Secretary's Order that has the potential support of both industries is historic, particularly in light of the long and contentious history of this issue.

(b) (5)

Comment [bbarlan2]: Same comment as previous.

The proposed Secretary's Order was made available for a 30-day public comment period on July 13, 2012. The BLM thereafter extended the public comment period, which closed on August 31. The BLM received 28 comment letters that contained 41 distinct comments on the draft Order

(b) (5)

The BLM conducted government-to-government tribal consultation meetings with seven tribes beginning on July 17; ~~and~~ none of the tribes expressed any adverse opinions about the proposed Order.

II. BACKGROUND

Potash is a potassium-bearing mineral used primarily for fertilizer. The Carlsbad Mining District has a unique geology that contains potash, oil, and gas deposits. Concurrent development of these minerals has led to conflicts between the oil and gas and potash industries. Oil and gas is

found in formations below the potash-bearing formations, so oil and gas wells must be drilled through the potash formations. If a well casing fails, gas could enter the mine workings and endanger miners. The potential for such a breach also could increase potash operating costs because enhanced ventilation and specialized equipment would be needed before mining could continue. These conflicts have led to litigation; ~~and~~ numerous cases have been appealed to the Interior Board of Land Appeals (IBLA) and to Federal court.

While there has been a long history of litigation, multiple mineral development has occurred in the past, as ~~is~~ evidenced by the fact that a total of 4,959 wells (approximately 2,295 active oil wells, 577 active gas wells, 33 water injection wells, and 2,054 dry holes and abandoned wells) are currently located within the area covered by the Order. Historically, there have been seven major potash mining operations in this area with thousands of miles of interconnected underground mine workings. Currently, two companies operate four potash mines in the area. In addition, about 2,500 potash core holes have been drilled within the area.

The Designated Potash Area (DPA) was established by a Secretar(b) (5) ~~'s~~ Order in 1939 (b) (5) which originally withdrew approximately 43,000 acres from oil and gas leasing and development to protect potash deposits. Exploration by several companies continued after 1939 and the potash area was expanded by a 195(b) (5) Order, which lifted the withdrawal and authorized concurrent development by the oil and gas and potash industries. To achieve concurrent development, the 1951 Order, and later Orders in 1965, 1975, and 1986, imposed protective stipulations in new leases issued for both oil and gas and potash, to avoid conflicts as much as possible. The DPA currently covers a total area of approximately 497,002 acres and includes 350,617 acres of BLM managed land where leasing of oil and gas and potash occurs.

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(b) (5) [redacted]

III. POSITION of INTERESTED PARTIES

The JITC is composed of a number of oil and gas companies and potash companies, along with Sandia National Laboratories. The potash company members of the JITC hold all of the potash leases in the DPA. The oil and gas company members of the JITC are responsible for approximately 85% of the oil and gas production in the DPA. All but one JITC member (OXY) signed a consensus document in April 2012 containing a general outline for a proposed management plan for the DPA. The proposed final 2012 Secretarialy's Order is consistent with the key concepts suggested by the JITC. While one JITC member (Yates Petroleum) later submitted comments criticizing the proposed Order, the other members of the JITC (including OXY) proposed very few edits to the proposed Order, most of which have been incorporated into this proposed final Order.

The companies representing the remaining 15% of oil and gas production in the DPA have declined to participate in the JITC. Some of these companies commented that the proposed Order would adversely affect the oil and gas industry. (b) (5) [redacted]. The BLM expects that the proposed revision would benefit the overall economic outlook for both industries and give access to leases that cannot be developed under the 1986 Order. (b) (5) [redacted]

(b) (5) The BLM is committed to working with all lessees in implementing the proposed final 2012 Secretarialy's Order, if it is approved. (b) (5)

New Mexico Governor Susana Martinez and staff for Senators Bingaman and Udall and Representative Pearce have been briefed by the BLM and the JITC on the possibility of a new 2012 Secreta(b) (5)'s Order. Industry has briefed Texas Senators Hutchinson and Cornyn and reports that the two Texas Senators are supportive of the JITC recommendations. Tom Bemis, New Mexico Cabinet Secretary for Energy, Minerals, and Natural Resources, and Ray Powell, New Mexico State Land Office Commissioner, have also been briefed by the JITC on the consensus that it reached. The New Mexico Oil Conservation Division (NMOCD) commented that the language in one section potentially could cause conflict due to differences between NMOCD and BLM regulatory frameworks. The BLM adopted a change to the new 2012 Secreta(b) (5) Orde(b) (5) Eddy, Lea, and Chaves Counties submitted comments expressing concern that the proposed Order was in essence a withdrawal of the entire DPA from concurrent development and requesting coordination with local governments. (b) (5) (b) (5) The BLM has met with the Eddy and Lea County commissions to discuss the proposed final 2012 Secreta(b) (5) Order and the comments they provided to further explain how the BLM would approach the implementation of the 2012 Secretary's Order(b) (5) e county commissioners with whom the BLM met indicated that these meetings aided their understanding of how the BLM would manage the development of both resources in the DPA.

(b) (5)

The BLM's Carlsbad Field Office consulted with seven Federally recognized tribes that have interests within the DPA in June, July, and August of 2012. The BLM made initial contact with tribes in the form of a letter informing them of the proposed revision and soliciting their concerns and input. The BLM sent a second letter, which included a copy of the draft revision to the 1986 Secretar(b)'s(b) (5) Order, to the tribes on July 9, 2012, and held face-to-face meetings with the various tribes in July and August 2012. The BLM arranged these meetings to discuss the proposed revision of the 1986 Secreta(b) (5)(b) (5) rder and other projects. The tribes did not express any adverse opinions regarding the substance of the proposed Order, but were very concerned that the BLM continue to follow the Native American Graves Protection and Repatriation Act (NAGPRA) and immediately notify the tribes if any human remains and associated funerary items are discovered. The proposed final 2012 Secreta(b) (5)'s Order would not affect the BLM's continuing commitment to fulfill its responsibilities under NAGPRA. The tribes did not identify any areas of traditional cultural importance within the DPA.

## IV. DECISION OPTIONS

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B. [redacted]

C. [redacted]

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V. RECOMMENDATION

I recommend that you approve the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico.

VI. DECISION BY THE SECRETARY

APPROVE: ___

DISAPPROVE: ___

COMMENTS: ___

_____

Ken Salazar

## Anderson, Michael D

**From:** Barlan, Bryce
**Sent:** Tuesday, November 13, 2012 10:10 AM
**To:** Cardinale, Richard; Farquhar, Ned
**Subject:** RE: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy
**Attachments:** 2012.11.09 draft NOA for potash order comment responses RTC edits_BGB edits 11.13.12.docx; 2012.11.09 Draft Decision Memo for Secy RTC edits_BGB edits 11.13.12.docx; 2012.11.06 Revised draft potash order - with DMR RTC edits, accepted by BLM_BGB 11.13.12.docx

Ned/Rich,

Here are my comments. I did want to point out a couple of things:

1. Rich – For the Potash Order, (b) (5) [redacted]
2. For the NOA, (b) (5) [redacted].
3. We are still missing one document...the comment analysis document. I could not find it on the list of documents Janet shared with us.

In the meantime, here are my edits (which have been combined with Rich's edits).

Please let me know if you have any questions.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

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**From:** Cardinale, Richard
**Sent:** Monday, November 12, 2012 10:27 AM
**To:** Farquhar, Ned; Barlan, Bryce
**Subject:** Fw: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Very minor edits to the Secretarial Order, NOA, and Decision Memo.

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**From**: Richard Cardinale [mailto:(b) (6) [redacted]
**Sent**: Monday, November 12, 2012 10:24 AM
**To**: Cardinale, Richard
**Subject**: Re: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

**From:** "Cardinale, Richard" (b) (6)
**To:** "(b)( (6) Richard Cardinale
**Sent:** Monday, November 12, 2012 9:38 AM
**Subject:** Fw: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

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**From:** Lin, Janet H
**Sent:** Friday, November 09, 2012 05:24 PM
**To:** Farquhar, Ned; Burke, Marcilynn
**Cc:** Cardinale, Richard; Barlan, Bryce
**Subject:** FW: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Hey Ned – I didn't mean to leave you off, but I know that Bryce/Rich usually review before you and Marcilynn do, so I didn't want to get ahead of that process. I am sending to Marcilynn as well. As you can see, Jack and Hilary have not reviewed either – but in the interest of time, we wanted to get this to you. We are told that something final needs to be ready by next Friday.

Thanks all!

---

**From:** Lin, Janet H
**Sent:** Friday, November 09, 2012 5:21 PM
**To:** Barlan, Bryce; Juen, Jesse J; Herrell, Tony J; Juen, Jesse J; Herrell, Tony J; Allard, Phil; Stovall, James K; Fugate, Barbara; Hawbecker, Karen; Blank, Harvey; Cardinale, Richard; Barlan, Bryce; Nedd, Michael D; Fugate, Barbara; Pool, Michael J; Kornze, Neil G; Velasco, Janine; Decker, Julie A; Hanson, Joshua F; Iudicello, Fay; Wilson, Hazel A; Boddington, Celia; Krauss, Jeff
**Subject:** SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Attached are the versions that will begin making their way simultaneously through ASLM, BLM Director's Office, Exec Sec, and SOL. Please use these versions for those of you who have paper packages. BLM-NM – could you send us your e-surname of these versions?

Fay and Hazel: I believe Phil has mentioned that this Secretarial Order (b) (5)
[redacted] We appreciate your consideration of these factors as you conduct your review.

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**From:** Fugate, Barbara
**Sent:** Friday, November 09, 2012 4:16 PM
**To:** Lin, Janet H; Allard, Phil
**Cc:** Hawbecker, Karen; Blank, Harvey
**Subject:** Attaching Potash Order, NOA for comment responses, & Decision Memo for Secy

Janet (and Phil when you get back) –

Karen has just surnamed the attached documents that are revised versions of the ones included in the initial surname package: (1) proposed final 2012 Secretary's Potash Order; (2) Notice of Availability of BLM's

comment responses; and (3) Decision Memorandum for the Secretary. Please note that we have just transmitted this surname package to the front office, so Jack and Hilary have not yet reviewed these versions.

I'm also attaching a redline version of the proposed final Order showing the revisions that have been made to the July 13, 2012, proposed Order and a redline version of the draft Decision Memorandum showing DMR revisions to the version BLM sent on November 7 in response to DMR's initial edits We are currently reviewing BLM's responses to DMR's suggested edits to the comment responses and the EA. Please let me know if you have questions. Thank you.

Barbara

## Anderson, Michael D

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Barbara

4310-VC

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLWO100000, L18200000.XX0000]**

**Notice of Availability of BLM's Responses to Public Comments on the Proposed Order of the Secretary on Oil, Gas, and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of availability.

**SUMMARY:** Under the authority of the Mineral Leasing Act, as amended, the Secretary of the Interior has issued an Order to address oil, gas, and potash leasing and development within the Designated Potash Area in Eddy and Lea counties in New Mexico. The Secretary's Order (2012 Secretary's Order) supersedes a previous Order issued in 1986 and corrected in 1987 that addresses these issues. (b) (5) [redacted] This Notice announces the availability of the Bureau of Land Management's (BLM) responses to the comments that were received during the comment period.

**ADDRESSES:** The comments that were received and the comment responses are available for review at the following Website: http://www.blm.gov/nm/st/en/info/potash.html. The 2012 Secretary's Order was published in the Federal Register on [INSERT DATE OF PUBLICATION OF THE 2012 SECRETARY'S ORDER IN THE FEDERAL REGISTER]

**FOR FURTHER INFORMATION CONTACT:** Tony Herrell; telephone 505-954-2222; 301 Dinosaur Trail, Santa Fe, New Mexico, 87508; e-mail: therrell@blm.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

An area near the town of Carlsbad in southeastern New Mexico [redacted] large deposits of potash, oil, and gas. Oil and gas have been produced from this area since the early twentieth century. Potash (potassium-bearing salts primarily used for fertilizer) was discovered in this area [redacted] and has been mined since 1930.

The Secretary issued the first Potash Order in 1939 (4 FR 1012, February 25, 1939). That Order withdrew approximately 43,000 acres of public land from oil and gas leasing [redacted] to protect potash deposits. In 1951, the Secretary revoked the 1939 Order and issued a new Order that instituted the policy of authorizing concurrent development of oil and gas and potash reserves within an area comprising 298,345 acres, under reciprocal lease stipulations to ensure that the development of either mineral would not interfere with development of the other (16 FR [redacted] October 18, 1951). The Order was amended in 1965 (30 FR 6692, May 15, 1965), 1975 (40 FR 51486, November 5, 1975), and 1986 (51 FR 39425, October 28, 1986). A correction to the 1986 Order was issued in 1987 (52 FR 32171, August 26, 1987). The potash area designated by the corrected 1986 Order comprises approximately 497,000 acres, and the 2012 Secretary's Order, published [INSERT DATE OF PUBLICATION OF THE ORDER IN THE FEDERAL REGISTER], does not alter the boundaries of the area. The potash deposits in this area occur from 800 feet to over 2,000 feet beneath the surface and are mined by both conventional and solution mining methods; conventional methods require miners to be underground. The oil and gas in the area is found in formations below the potash-bearing formations, so oil and gas wells must extend through potash formations. If potash mining [redacted] a well casing, or if a well casing near a potash mine failed for other reasons, gas could [redacted] the mine workings, thus endangering the miners. Additionally,

the potential for such a breach could raise the costs of potash mining due to the need [redacted] enhanced ventilation techniques and specialized equipment needed to mine in a [redacted] environment. [redacted] given these safety risks, it [redacted] to produce potash and oil and gas at the same time in the same area. This has led to a long history of conflict between the potash and the oil and gas industries.

This conflict has resulted in a great deal of litigation regarding decisions made by the BLM on a variety of development applications. Nevertheless, [redacted] the two industries have initiated efforts to work together. A number of productive meetings and discussions have occurred among many of the parties involved in these previous disputes. Additionally, there have been significant advances in the technology of oil and gas drilling that could be used to reduce the conflict between such drilling and the extraction of potash. Further, the economic outlook for both the oil and gas industry and the potash industry has recently improved. The BLM has also worked with Sandia National Laboratories to investigate well logging technology, gas migration in the potash formations, and standards to use for estimating the mineability of potash and potash cutoff grades. These circumstances led to review of the 1986 Secretary's Order.

**The New 2012 Secretary's Order**

The 2012 Secretary's Order differs from the 1986 Order as described below.

The formatting is modified to be consistent with the Department of the Interior's (Department) style requirements for Secretary's Orders. These requirements were changed in 1992 and are recorded in Section 012 DM 1 of the Departmental Manual.

The 2012 Secretary's Order authorizes the BLM to establish "Development Areas," where oil and gas wells can be drilled from one or more "Drilling Islands." The Drilling Island concept was first introduced in the 1975 Secretarial Order. In most cases, a single Drilling Island will be established for each Development Area, but if circumstances so dictate, the BLM may establish additional Drilling Islands. Drilling Islands will be situated in such a manner that extended reach horizontal wells could access oil and gas within the associated Development Area. The 2012 Secretary's Order envisions that the oil and gas leases in a Development Area will be unitized under the regulations found at 43 CFR subpart 3180 and developed by a unit operator, or operated under a communitization agreement as authorized under 43 CFR subpart 3105. [redacted] s should lead to more orderly development of the oil and gas resources in the Development Area and minimize impacts to surface resources due to a reduction in the number of drill pads and associated roads, power lines, and other ancillary facilities. Moreover, the resulting reduction in the number and spacing of oil and gas drilling locations where wells penetrate the potash formation is expected to minimize impacts to potash resources and enhance the safety of underground potash miners.

The BLM envisions that a substantial portion of the Designated Potash Area will eventually be divided into Development Areas designed to minimize the impacts to potash mining while allowing for the development of oil and gas resources. The BLM's goal is for the oil and gas in Development Areas to be developed with extended reach horizontal wells using the most current technology, consistent with applicable laws and regulations.

The 2012 Secretary's Order retains several important features of the 1986 Order, including the boundaries of the Designated Potash Area established in the 1986 Order, as corrected in 1987. The Secretary's Order also retains language of the 1986 Order for stipulations for oil and gas leases and potash leases issued, reinstated, renewed, or readjusted in the Designated Potash Area.

**Comments on the Draft Order**

The BLM received 28 comment letters during the comment period, including 41 distinct comments. These comments and the BLM's responses to them are available for review at the following website:

http://www.blm.gov/nm/st/en/info/potash.html.

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Mike Pool

Acting Director, Bureau of Land Management

AUTHORITY: 43 CFR 3164.1, 43 CFR 3590.2

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

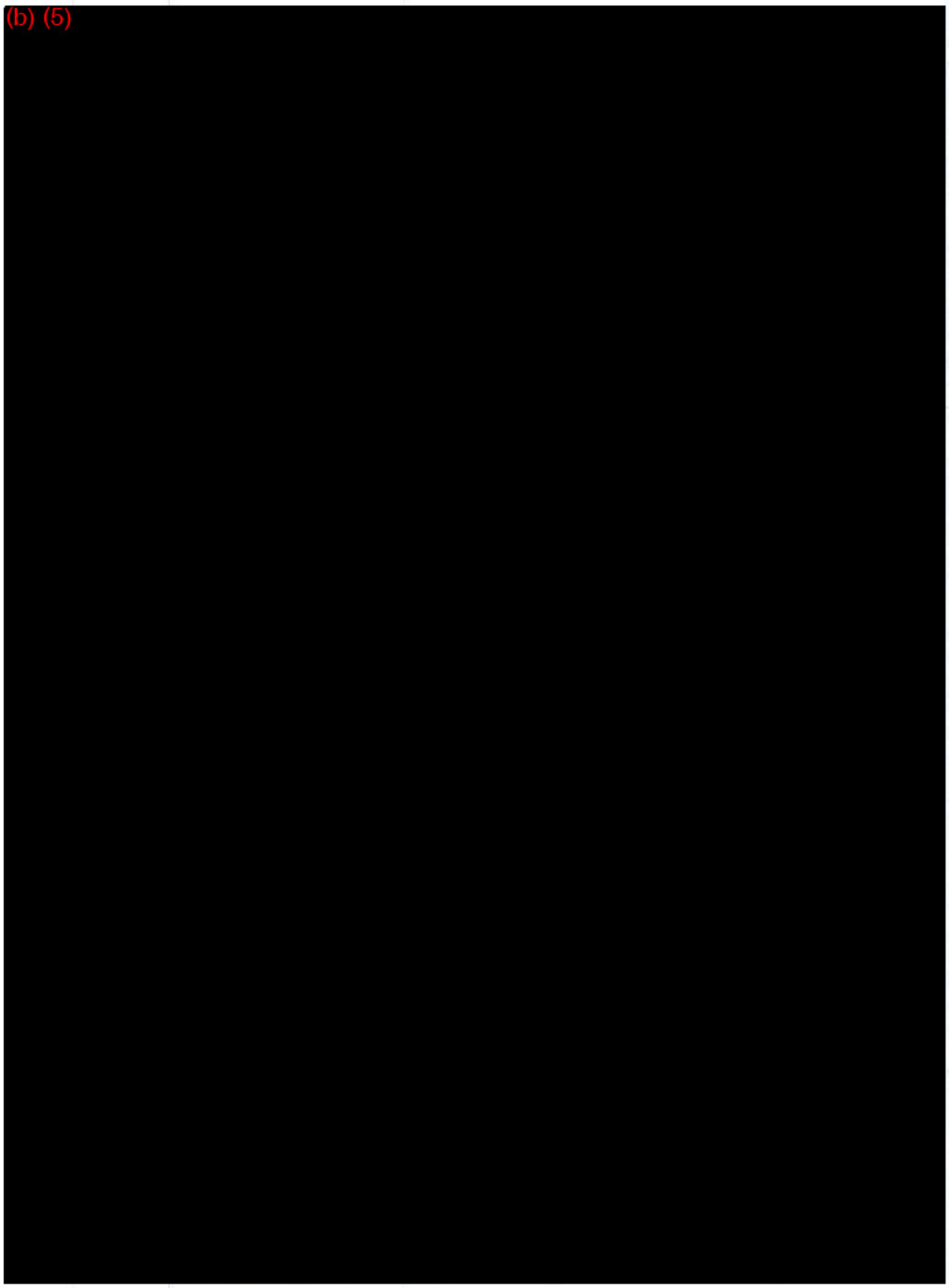
Sec. 2 **Authority.** (b) (5) [redacted]

Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5) [redacted]

d. Delineation of Resource Areas. (b) (5) [redacted]

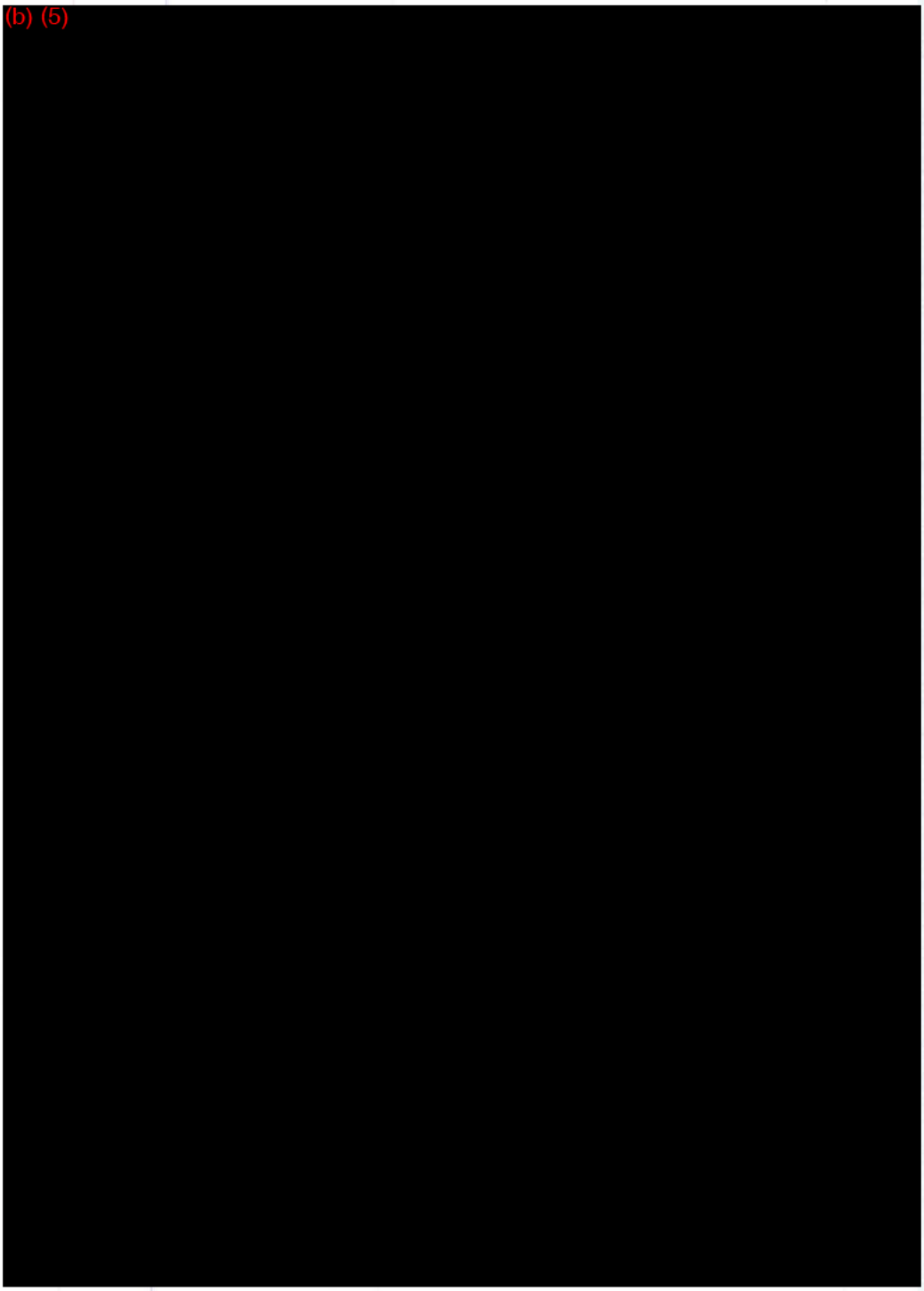
(b) (5) [redacted]

(b) (5) [redacted]

e. Oil and Gas Drilling.

(b) (5) [redacted]

(b) (5)



(b) (5)

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[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

[redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5)

[redacted]

(b) (5)

[redacted]

DRAFT

(b) (5)

[redacted]

DRAFT

(b) (5) [redacted]

Sec. 9. **Administrative Provisions.** (b) (5) [redacted]

(b) (5) [redacted]

Secretary of the Interior

Date:

DRAFT

**DECISION MEMORANDUM FOR THE SECRETARY**

FROM: Mike Pool, Acting Director

CC: David Hayes, Deputy Secretary
Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management
Jack Haugrud, Acting Principal Deputy Solicitor

SUBJECT: Proposed Final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

I. INTRODUCTION

The Bureau of Land Management (BLM) ~~is~~ has preparedi~~ng~~ a proposed final "Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico."

The proposed final 2012 Secretary's Order would supersede the current Secretary's Order that addresses these issues. The revisions are designed to further promote the efficient development of potash, oil, and gas resources, while minimizing conflict between the industries and ensuring the safety of operations. Industry representatives from oil and gas and potash interests have been working together to identify and propose a mutually acceptable path forward. The opportunity to finalize a Secretary's Order that has the potential support of both industries is historic, particularly in light of the long and contentious history of this issue.

The proposed Secretary's Order was made available for a 30-day public comment period on July 13, 2012. The BLM thereafter extended the public comment period, which closed on August 31. The BLM received 28 comment letters that contained 41 distinct comments on the draft Order.

(b) (5) [redacted]

The BLM conducted government-to-government tribal consultation meetings with seven tribes beginning on July 17; ~~and~~ none of the tribes expressed any adverse opinions about the proposed Order.

II. BACKGROUND

Potash is a potassium-bearing mineral used primarily for fertilizer. The Carlsbad Mining District has a unique geology that contains potash, oil, and gas deposits. Concurrent development of these minerals has led to conflicts between the oil and gas and potash industries. Oil and gas is

found in formations below the potash-bearing formations, so oil and gas wells must be drilled through the potash formations. If a well casing fails, gas could enter the mine workings and endanger miners. The potential for such a breach also could increase potash operating costs because enhanced ventilation and specialized equipment would be needed before mining could continue. These conflicts have led to litigation; ~~and~~ numerous cases have been appealed to the Interior Board of Land Appeals (IBLA) and to Federal court.

While there has been a long history of litigation, multiple mineral development has occurred in the past, as ~~is~~ evidenced by the fact that a total of 4,959 wells (approximately 2,295 active oil wells, 577 active gas wells, 33 water injection wells, and 2,054 dry holes and abandoned wells) are currently located within the area covered by the Order. Historically, there have been seven major potash mining operations in this area with thousands of miles of interconnected underground mine workings. Currently, two companies operate four potash mines in the area. In addition, about 2,500 potash core holes have been drilled within the area.

The Designated Potash Area (DPA) was established by a Secret[redacted] ~~y's~~ Order in 1939 that originally withdrew approximately 43,000 acres from oil and gas leasing and development to protect potash deposits. Exploration by several companies continued after 1939 and the potash area was expanded by a 1951 [redacted]rder, which lifted the withdrawal and authorized concurrent development by the oil and gas and potash industries. To achieve concurrent development, the 1951 Order, and later Orders in 1965, 1975, and 1986, imposed protective stipulations in new leases issued for both oil and gas and potash, to avoid conflicts as much as possible. The DPA currently covers a total area of approximately 497,002 acres and includes 350,617 acres of BLM managed land where leasing of oil and gas and potash occurs.

[redacted]

(b) (5) [redacted]

III. POSITION of INTERESTED PARTIES

The JITC is composed of a number of oil and gas companies and potash companies, along with Sandia National Laboratories. The potash company members of the JITC hold all of the potash leases in the DPA. The oil and gas company members of the JITC are responsible for approximately 85% of the oil and gas production in the DPA. All but one JITC member (OXY) signed a consensus document in April 2012 containing a general outline for a proposed management plan for the DPA. The proposed final 2012 Secret[redacted] Order is consistent with the key concepts suggested by the JITC. While one JITC member (Yates Petroleum) later submitted comments criticizing the proposed Order, the other members of the JITC (including OXY) proposed very few edits to the proposed Order, most of which have been incorporated into this proposed final Order.

The companies representing the remaining 15% of oil and gas production in the DPA have declined to participate in the JITC. Some of these companies commented that the proposed Order would adversely affect the oil and gas industry. (b) (5) [redacted]. The BLM expects that the proposed revision would benefit the overall economic outlook for both industries and give access to leases that cannot be developed under the 1986 Order. (b) (5) [redacted]

(b) (5) [redacted]. The BLM is committed to working with all lessees in implementing the proposed final 2012 Secretary's Order, if it is approved. (b) (5) [redacted]

New Mexico Governor Susana Martinez and staff for Senators Bingaman and Udall and Representative Pearce have been briefed by the BLM and the JITC on the possibility of a new 2012 Secretary's Order. Industry has briefed Texas Senators Hutchinson and Cornyn and reports that the two Texas Senators are supportive of the JITC recommendations. Tom Bemis, New Mexico Cabinet Secretary for Energy, Minerals, and Natural Resources, and Ray Powell, New Mexico State Land Office Commissioner, have also been briefed by the JITC on the consensus that it reached. The New Mexico Oil Conservation Division (NMOCD) commented that the language in one section potentially could cause conflict due to differences between NMOCD and BLM regulatory frameworks. The BLM adopted a change to the new 2012 Secretary's Order (b) (5) [redacted] Eddy, Lea, and Chaves Counties submitted comments expressing concern that the proposed Order was in essence a withdrawal of the entire DPA from concurrent development and requesting coordination with local governments. (b) (5) [redacted] The BLM has met with the Eddy and Lea County commissions to discuss the proposed final 2012 Secretary's Order and the comments they provided to further explain how the BLM would approach the implementation of the 2012 Secretary's Order. (b) (5) [redacted] The county commissioners with whom the BLM met indicated that these meetings aided their understanding of how the BLM would manage the development of both resources in the DPA.

The BLM's Carlsbad Field Office consulted with seven Federally recognized tribes that have interests within the DPA in June, July, and August of 2012. The BLM made initial contact with tribes in the form of a letter informing them of the proposed revision and soliciting their concerns and input. The BLM sent a second letter, which included a copy of the draft revision to the 1986 Secretary's (b) (5) Order, to the tribes on July 9, 2012, and held face-to-face meetings with the various tribes in July and August 2012. The BLM arranged these meetings to discuss the proposed revision of the 1986 Secretary's (b) (5) Order and other projects. The tribes did not express any adverse opinions regarding the substance of the proposed Order, but were very concerned that the BLM continue to follow the Native American Graves Protection and Repatriation Act (NAGPRA) and immediately notify the tribes if any human remains and associated funerary items are discovered. The proposed final 2012 Secretary's Order would not affect the BLM's continuing commitment to fulfill its responsibilities under NAGPRA. The tribes did not identify any areas of traditional cultural importance within the DPA.

IV. DECISION OPTIONS

A. (b) (5) [redacted]

B [redacted]

C

V. RECOMMENDATION

I recommend that you approve the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico.

VI. DECISION BY THE SECRETARY

APPROVE: ___

DISAPPROVE: ___

COMMENTS: ___

_____
Ken Salazar



(b) (5)

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## Anderson, Michael D

**From:** Lin, Janet H
**Sent:** Friday, November 09, 2012 5:25 PM
**To:** Farquhar, Ned; Burke, Marcilynn
**Cc:** Cardinale, Richard; Barlan, Bryce
**Subject:** FW: SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy
**Attachments:** 2012.11.06 Revised draft potash order - with DMR edits, accepted by BLM.docx; 2012.11.09 draft NOA for potash order comment responses.docx; 2012.11.09 Draft Decision Memo for Secy.docx; 2012.11.09 Comparison of draft revised Potash Order to July proposed Order.docx; 2012.11.09 DMR redline of BLM's Nov. 7 revised Dec. Memo for Secy.docx

Hey Ned – I didn't mean to leave you off, but I know that Bryce/Rich usually review before you and Marcilynn do, so I didn't want to get ahead of that process. I am sending to Marcilynn as well. As you can see, Jack and Hilary have not reviewed either – but in the interest of time, we wanted to get this to you. We are told that something final needs to be ready by next Friday.

Thanks all!

---

**From:** Lin, Janet H
**Sent:** Friday, November 09, 2012 5:21 PM
**To:** Barlan, Bryce; Juen, Jesse J; Herrell, Tony J; Juen, Jesse J; Herrell, Tony J; Allard, Phil; Stovall, James K; Fugate, Barbara; Hawbecker, Karen; Blank, Harvey; Cardinale, Richard; Barlan, Bryce; Nedd, Michael D; Fugate, Barbara; Pool, Michael J; Kornze, Neil G; Velasco, Janine; Decker, Julie A; Hanson, Joshua F; Iudicello, Fay; Wilson, Hazel A; Boddington, Celia; Krauss, Jeff
**Subject:** SURNAME VERSION Potash Order, NOA for comment responses, & Decision Memo for Secy

Attached are the versions that will begin making their way simultaneously through ASLM, BLM Director's Office, Exec Sec, and SOL. Please use these versions for those of you who have paper packages. BLM-NM – could you send us your e-surname of these versions?

Fay and Hazel: I believe Phil has mentioned that this Secretarial Order (b) (5) [redacted] We appreciate your consideration of these factors as you conduct your review.

---

**From:** Fugate, Barbara
**Sent:** Friday, November 09, 2012 4:16 PM
**To:** Lin, Janet H; Allard, Phil
**Cc:** Hawbecker, Karen; Blank, Harvey
**Subject:** Attaching Potash Order, NOA for comment responses, & Decision Memo for Secy

Janet (and Phil when you get back) –

Karen has just surnamed the attached documents that are revised versions of the ones included in the initial surname package: (1) proposed final 2012 Secretary's Potash Order; (2) Notice of Availability of BLM's comment responses; and

(3) Decision Memorandum for the Secretary. Please note that we have just transmitted this surname package to the front office, so Jack and Hilary have not yet reviewed these versions.

I'm also attaching a redline version of the proposed final Order showing the revisions that have been made to the July 13, 2012, proposed Order and a redline version of the draft Decision Memorandum showing DMR revisions to the version BLM sent on November 7 in response to DMR's initial edits We are currently reviewing BLM's responses to DMR's suggested edits to the comment responses and the EA. Please let me know if you have questions. Thank you.

Barbara

**DECISION MEMORANDUM FOR THE SECRETARY**

FROM: Mike Pool, Acting Director

CC: David Hayes, Deputy Secretary
Marcilynn Burke, Acting Assistant Secretary, Land and Minerals Management
Jack Haugrud, Acting Principal Deputy Solicitor

SUBJECT: Proposed Final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

## I. INTRODUCTION

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The proposed final 2012 Secretary's Order would supersede the current Secretary's Order that addresses these issues. The revisions are designed to further promote the efficient development of potash, oil, and gas resources, while minimizing conflict between the industries and ensuring the safety of operations. Industry representatives from oil and gas and potash interests have been working together to identify and propose a mutually acceptable path forward. The opportunity to finalize a Secretary's Order that has the potential support of both industries is historic, particularly in light of the long and contentious history of this issue.

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through the potash formations. If a well casing fails, gas could enter the mine workings and endanger miners. The potential for such a breach also could increase potash operating costs because enhanced ventilation and specialized equipment would be needed before mining could continue. These conflicts have led to litigation and numerous cases have been appealed to the IBLA and to Federal court.

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The Designated Potash Area (DPA) was established by a Secretary's Order in 1939 that originally withdrew approximately 43,000 acres from oil and gas leasing and development to protect potash deposits. Exploration by several companies continued after 1939 and the potash area was expanded by a 1951 Order, which lifted the withdrawal and authorized concurrent development by the oil and gas and potash industries. To achieve concurrent development, the 1951 Order, and later Orders in 1965, 1975, and 1986, imposed protective stipulations in new leases issued for both oil and gas and potash, to avoid conflicts as much as possible. The DPA currently covers a total area of approximately 497,002 acres and includes 350,617 acres of BLM managed land where leasing of oil and gas and potash occurs.

(b) (5) [redacted]

(b) (5) [redacted]

[redacted]

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## IV. DECISION OPTIONS

A. (b) (5) [redacted]

B. (b) (5) [redacted]

C. [redacted]

V. RECOMMENDATION

I recommend that you approve the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico.

VI. DECISION BY THE SECRETARY

APPROVE: ___

DISAPPROVE: ___

COMMENTS: ___

_____
Ken Salazar

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1 **Purpose and Effect.** (b) (5) [redacted]

Sec. 2 **Authority.** (b) (5) [redacted]

(b) (5) [redacted]

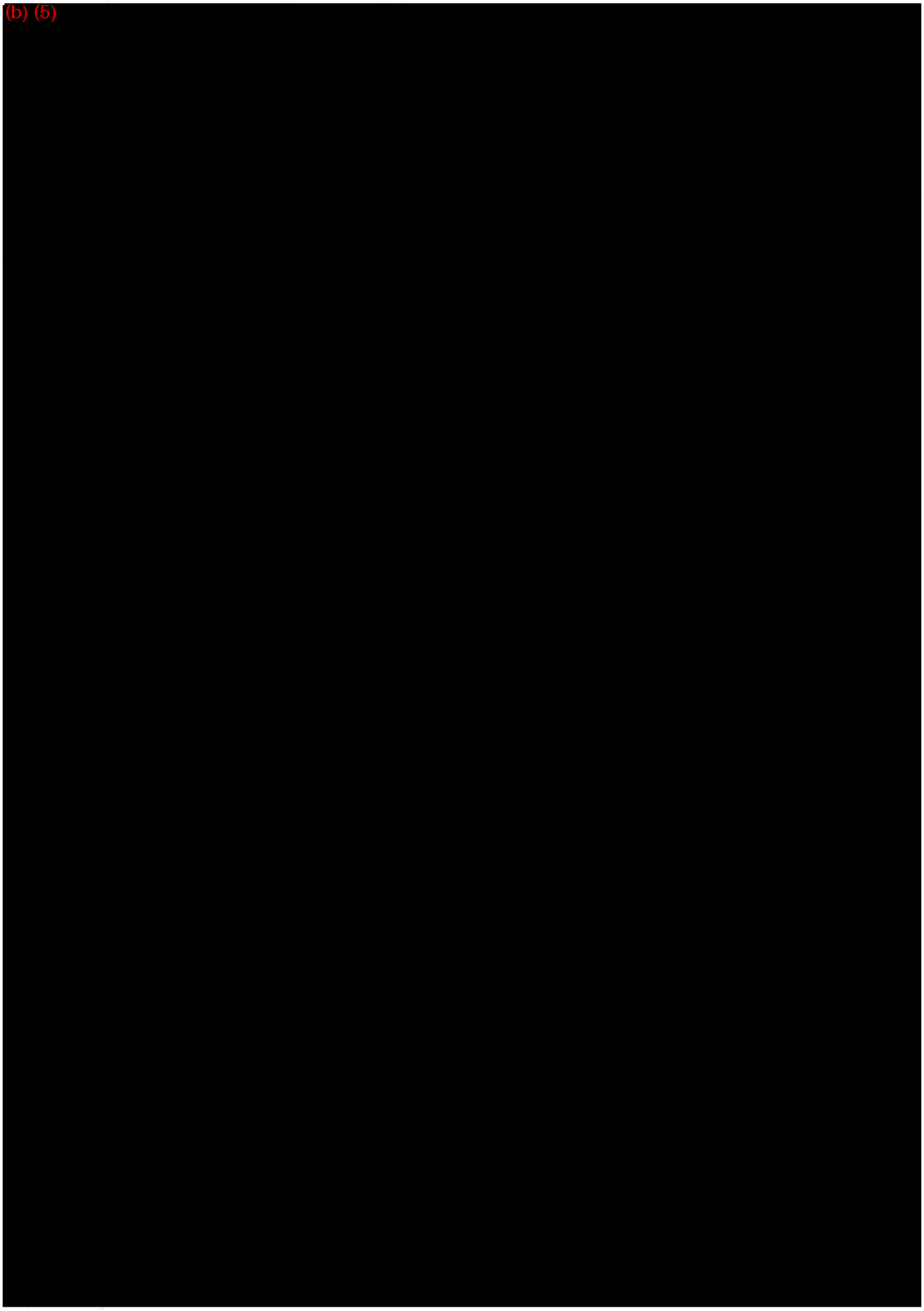
Sec. 3 **Order Revised and Superseded.** (b) (5) [redacted]

(b) (5) [redacted]

Sec. 4. **Definitions.**

(b) (5) [redacted]

(b) (5)



(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

b. Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

c. Potash Leases.

(b) (5)

[redacted]

d. Delineation of Resource Areas. (b) (5)

(b) (5)

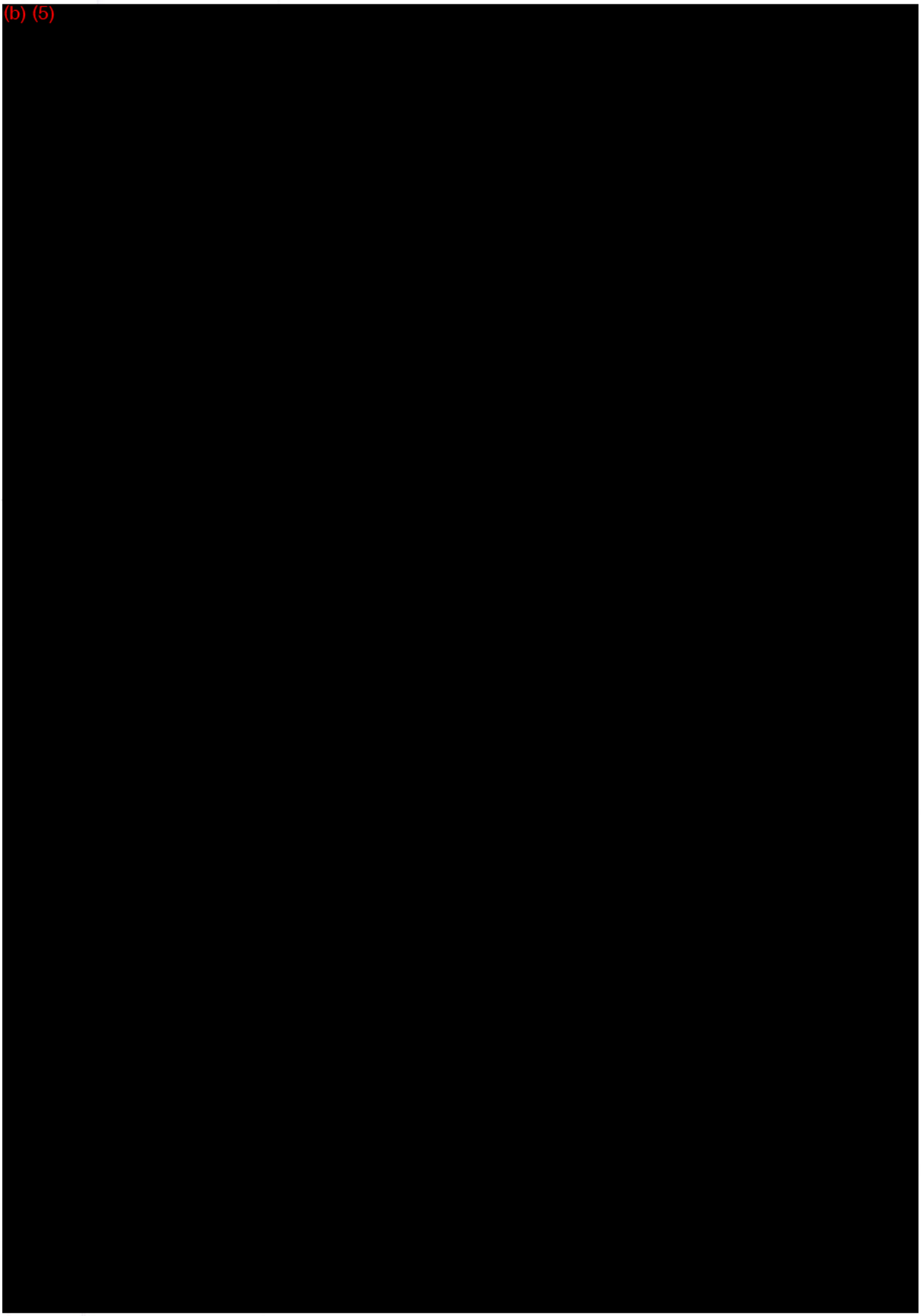
[redacted]

(b) (5) [redacted]

e. Oil and Gas Drilling.

(b) (5) [redacted]

(b) (5)



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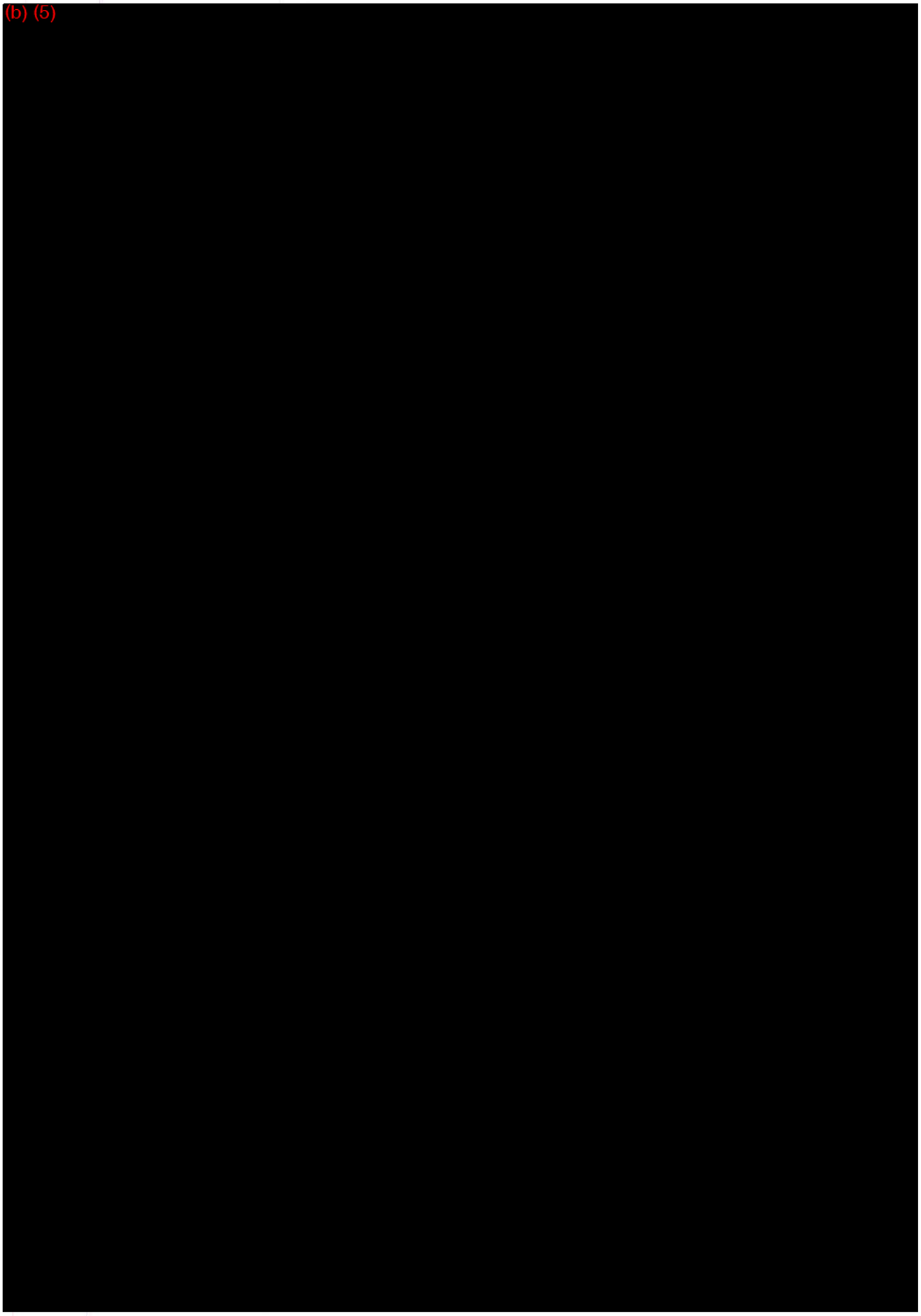

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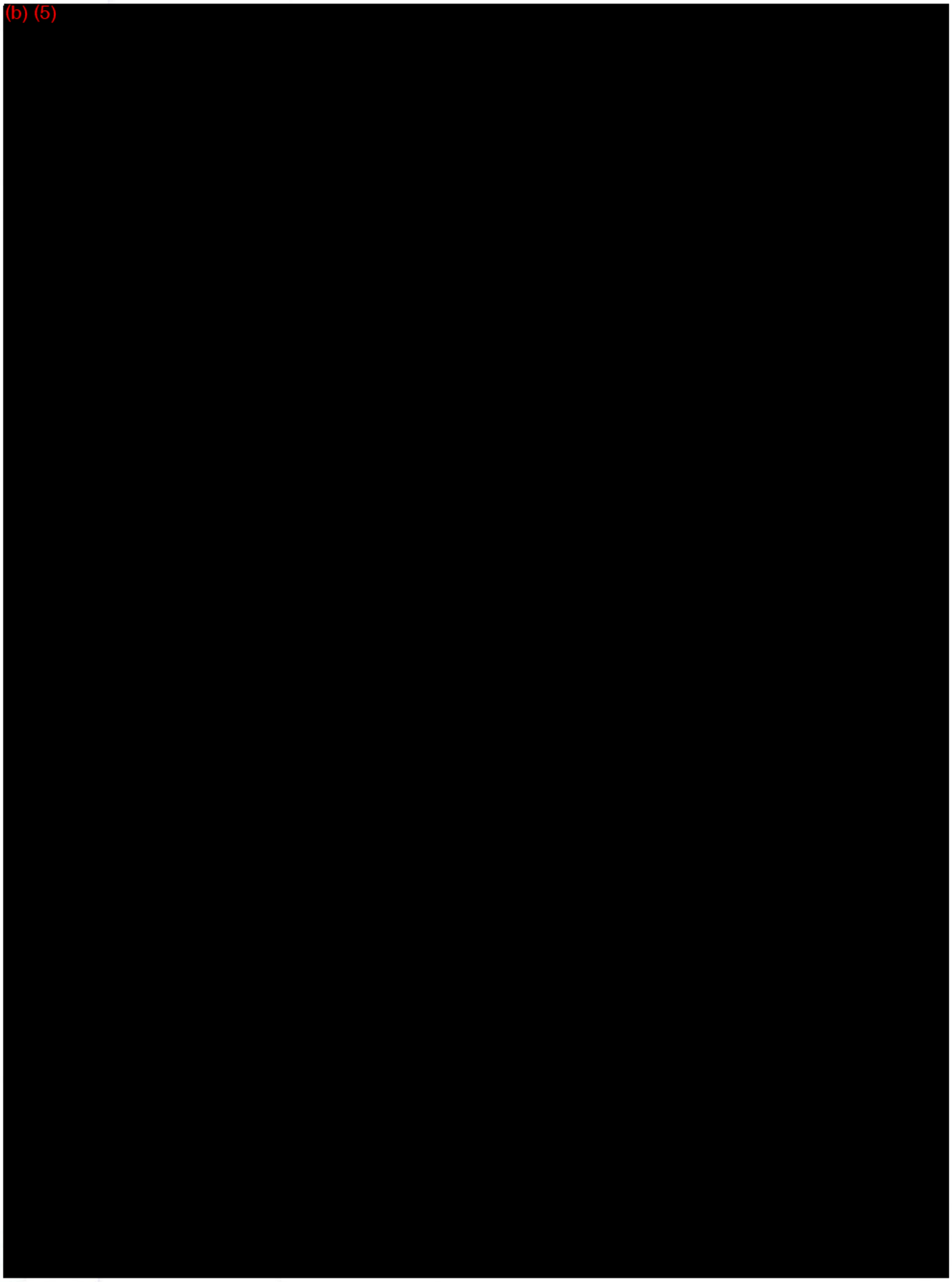

(b) (5) [redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

(b) (5)

[redacted]

DRAFT

(b) (5)

[redacted]

DRAFT

(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted]

Secretary of the Interior

Date:

DRAFT

**DECISION MEMORANDUM FOR THE SECRETARY**

FROM: Mike Pool, Acting Director

CC: David Hayes, Deputy Secretary
Marcilynn Burke, Acting Assistant Secretary, Land and Minerals Management
Jack Haugrud, Acting Principal Deputy Solicitor

SUBJECT: Proposed Final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

I. INTRODUCTION

The Bureau of Land Management (BLM) is preparing a proposed final "Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico."

The proposed final 2012 Secretary's Order would supersede the current Secretary's Order that addresses these issues. The revisions are designed to further promote the efficient development of potash, oil, and gas resources, while minimizing conflict between the industries and ensuring the safety of operations. Industry representatives from oil and gas and potash interests have been working together to identify and propose a mutually acceptable path forward. The opportunity to finalize a Secretary's Order that has the potential support of both industries is historic, particularly in light of the long and contentious history of this issue.

The proposed Secretary's Order was made available for a 30-day public comment period on July 13, 2012. The BLM thereafter extended the public comment period, which closed on August 31. The BLM received 28 comment letters on the draft Order that contained 41 distinct comments.

(b) (5)

[redacted]

The BLM conducted government-to-government tribal consultation meetings with seven tribes beginning on July 17 and none of the tribes expressed any adverse opinions about the proposed Order.

II. BACKGROUND

Potash is a potassium-bearing mineral used primarily for fertilizer. The Carlsbad Mining District has a unique geology that contains potash, oil, and gas deposits. Concurrent development of these minerals has led to conflicts between the oil and gas and potash industries. Oil and gas is found in formations below the potash-bearing formations, so oil and gas wells must be drilled

through the potash formations. If a well casing fails, gas could enter the mine workings and endanger miners. The potential for such a breach also could increase potash operating costs because enhanced ventilation and specialized equipment would be needed before mining could continue. These conflicts have led to litigation and numerous cases have been appealed to the IBLA and to Federal court.

While there has been a long history of litigation, multiple mineral development has occurred in the past, as is evidenced by the fact that a total of 4,959 wells (approximately 2,295 active oil wells, 577 active gas wells, 33 water injection wells and 2,054 dry holes and abandoned wells) are currently located within the area covered by the Order. Historically, there have been seven major potash mining operations in this area with thousands of miles of interconnected underground mine workings. Currently, two companies operate four potash mines in the area. In addition, about 2,500 potash core holes have been drilled within the area.

The Designated Potash Area (DPA) was established by a Secretary's Order in 1939 that originally withdrew approximately 43,000 acres from oil and gas leasing and development to protect potash deposits. Exploration by several companies continued after 1939 and the potash area was expanded by a 1951 Order, which lifted the withdrawal and authorized concurrent development by the oil and gas and potash industries. To achieve concurrent development, the 1951 Order, and later Orders in 1965, 1975, and 1986, imposed protective stipulations in new leases issued for both oil and gas and potash, to avoid conflicts as much as possible. The DPA currently covers a total area of approximately 497,002 acres and includes 350,617 acres of BLM managed land where leasing of oil and gas and potash occurs.

(b) (5) [redacted]

(b) (5) [redacted]

[redacted]

(b) (5) [redacted]

[redacted]

[redacted]

[redacted]

III. POSITION of INTERESTED PARTIES

The JITC is composed of a number of oil and gas companies and potash companies, along with Sandia National Laboratories. The potash company members of the JITC hold all of the potash leases in the DPA. The oil and gas company members of the JITC are responsible for approximately 85% of the oil and gas production in the DPA. All but one JITC member (OXY) signed a consensus document in April 2012 containing a general outline for a proposed management plan for the DPA. The proposed final 2012 Secretary's Order is consistent with the key concepts suggested by the JITC. While one JITC member (Yates Petroleum) later submitted comments criticizing the proposed Order, the other members of the JITC (including OXY) proposed very few edits to the proposed Order, most of which have been incorporated into this proposed final Order.

The companies representing the remaining 15% of oil and gas production in the DPA have declined to participate in the JITC. Some of these companies commented that the proposed Order would adversely affect the oil and gas industry. (b) (5) [redacted]. The BLM expects that the proposed revision would benefit the overall economic outlook for both industries and give access to leases that cannot be developed under the 1986 Order. (b) (5) [redacted]

(b) (5) [redacted]. The BLM is committed to work with all lessees in implementing the proposed final 2012 Secretary's Order, if it is approved. (b) (5) [redacted]

New Mexico Governor Susana Martinez and staff for Senators Bingaman and Udall and Representative Pearce have been briefed by the BLM and the JITC on the possibility of a new 2012 Secretary's Order. Industry has briefed Texas Senators Hutchinson and Cornyn and reports that the two Texas Senators are supportive of the JITC recommendations. Tom Bemis, New Mexico Cabinet Secretary for Energy, Minerals, and Natural Resources, and Ray Powell, New Mexico State Land Office Commissioner, have also been briefed by the JITC on the consensus that it reached. The (b) (5) [redacted] New Mexico Oil Conservation Division (NMOCD) commented that the language in one section potentially could cause conflict due to differences between NMOCD and BLM regulatory frameworks. The BLM (b) (5) [redacted] dopted a change to the new 2012 Secretary's Order (b) (5) [redacted]. Eddy, Lea, and Chaves Counties submitted comments expressing concern that the proposed Order was in essence a withdrawal of the entire DPA from concurrent development and requesting coordination with local governments. (b) (5) [redacted] The BLM has met with the Eddy and Lea County commissions to discuss the proposed final 2012 Secretary's Order and the comments they provided to further explain how the BLM would approach the implementation of the 2012 Secretary's Orde (b) (5) [redacted] The county commissioners with whom the BLM met indicated that these meetings aided their understanding of how the BLM would manage the development of both resources in the DPA.

(b) (5) [redacted]

The BLM's Carlsbad Field Office consulted with seven Federally recognized tribes that have interests within the DPA in June, July, and August of 2012. The BLM made initial contact with tribes in the form of a letter informing them of the proposed revision and soliciting their concerns and input. The BLM sent a second letter, which included a copy of the draft revision to the 1986 Secretary's Potash Order, to the tribes on July 9, 2012, and held face-to-face meetings with the various tribes in July and August 2012. The BLM arranged these meetings to discuss the proposed revision of the 1986 (b) (5) [redacted] ecretary's Potash Order and other projects. The tribes did not express any adverse opinions regarding the substance of the proposed Order, but were very concerned that the BLM continue to follow the Native American Graves Protection and Repatriation Act (NAGPRA) and immediately notify the tribes if any human remains and associated funerary items are discovered. The proposed final 2012 Secretary's Order would not affect the BLM's continuing commitment to fulfill its responsibilities under NAGPRA. The tribes did not identify any areas of traditional cultural importance within the DPA.

IV. DECISION OPTIONS

(b) (5) [redacted]

(b) (5) [redacted]

V. RECOMMENDATION

I recommend that you approve the proposed final 2012 Secretary's Order on Oil and Gas and Potash Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico.

VI. DECISION BY THE SECRETARY

(b) (5) [redacted]

APPROVE: ___

DISAPPROVE: ___

COMMENTS: ___

_____

Ken Salazar

ORDER NO.

Subject: Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Sec. 1. **Purpose and Effect.** (b) (5)

(b) (5)

Sec. 2. **Authority.** (b) (5)

(b) (5)

Sec. 3. **Order Revised and Superseded.** (b) (5)

(b) (5)

Sec. 4. **Definitions.**

(b) (5)

(b) (5)

[redacted]

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(b) (5) [redacted]

Sec. 5 **Status of Lands.** (b) (5) [redacted]

Sec. 6 **General Provisions.**

a. Issuance of Oil and Gas Leases. (b) (5) [redacted]

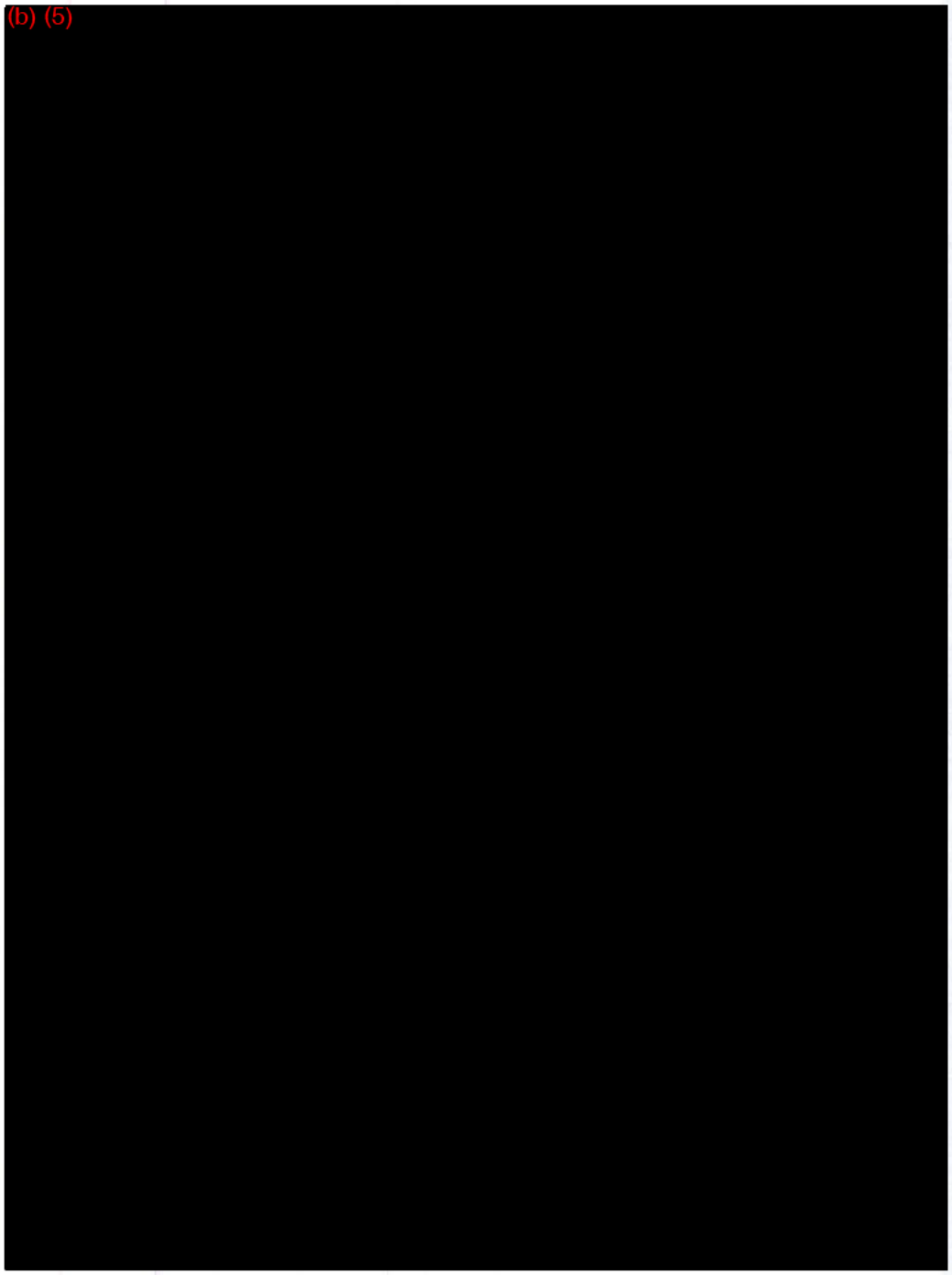
(b) (5) [redacted]

~~(b).~~ Reinstatement or Renewal of Oil and Gas Leases. (b) (5) [redacted]

(b) (5) [redacted]

~~(c).~~ Potash Leases.

(b) (5)



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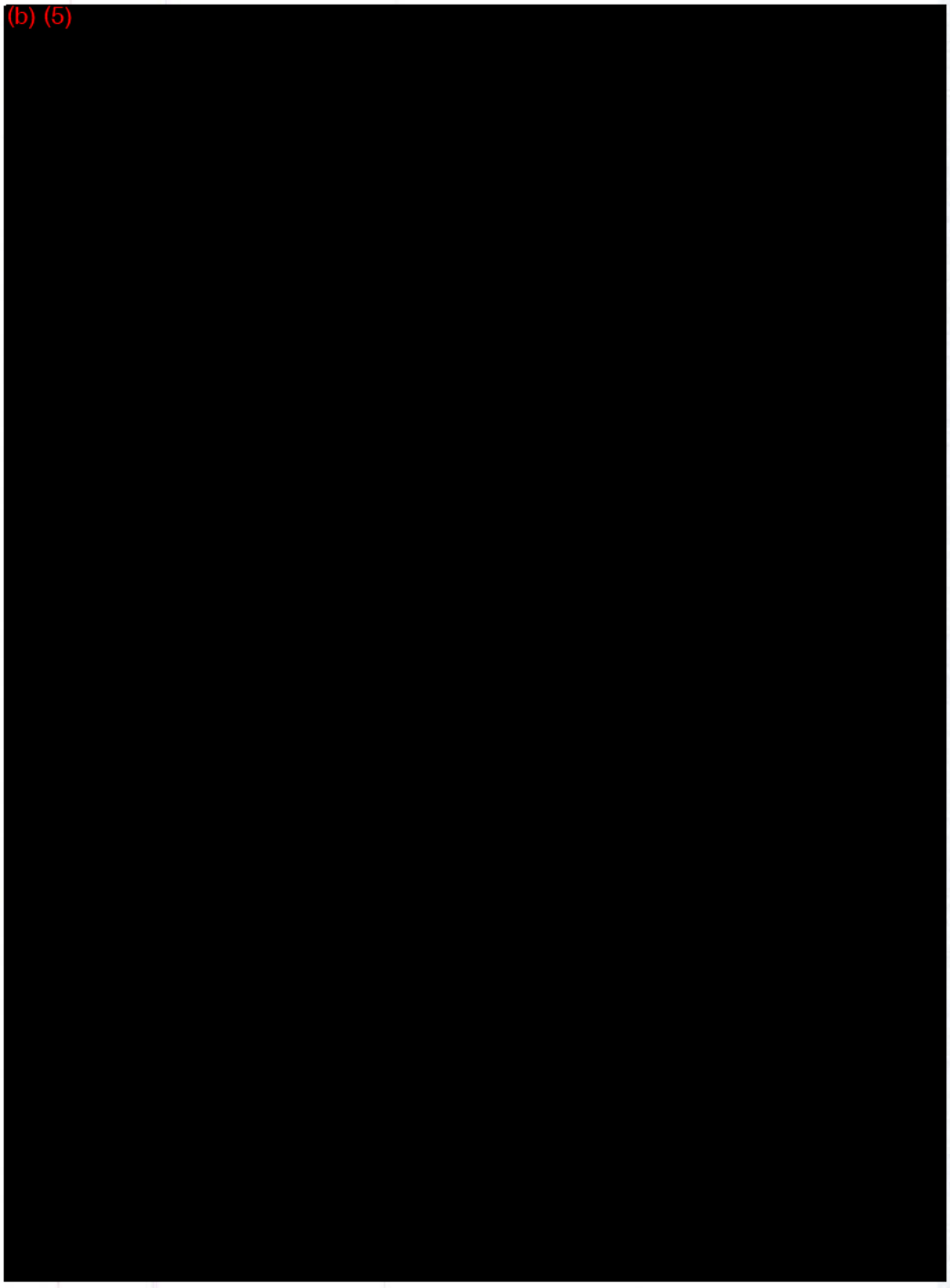
[redacted]

e. Oil and Gas Drilling.

(b) (5)

[redacted]

(b) (5)



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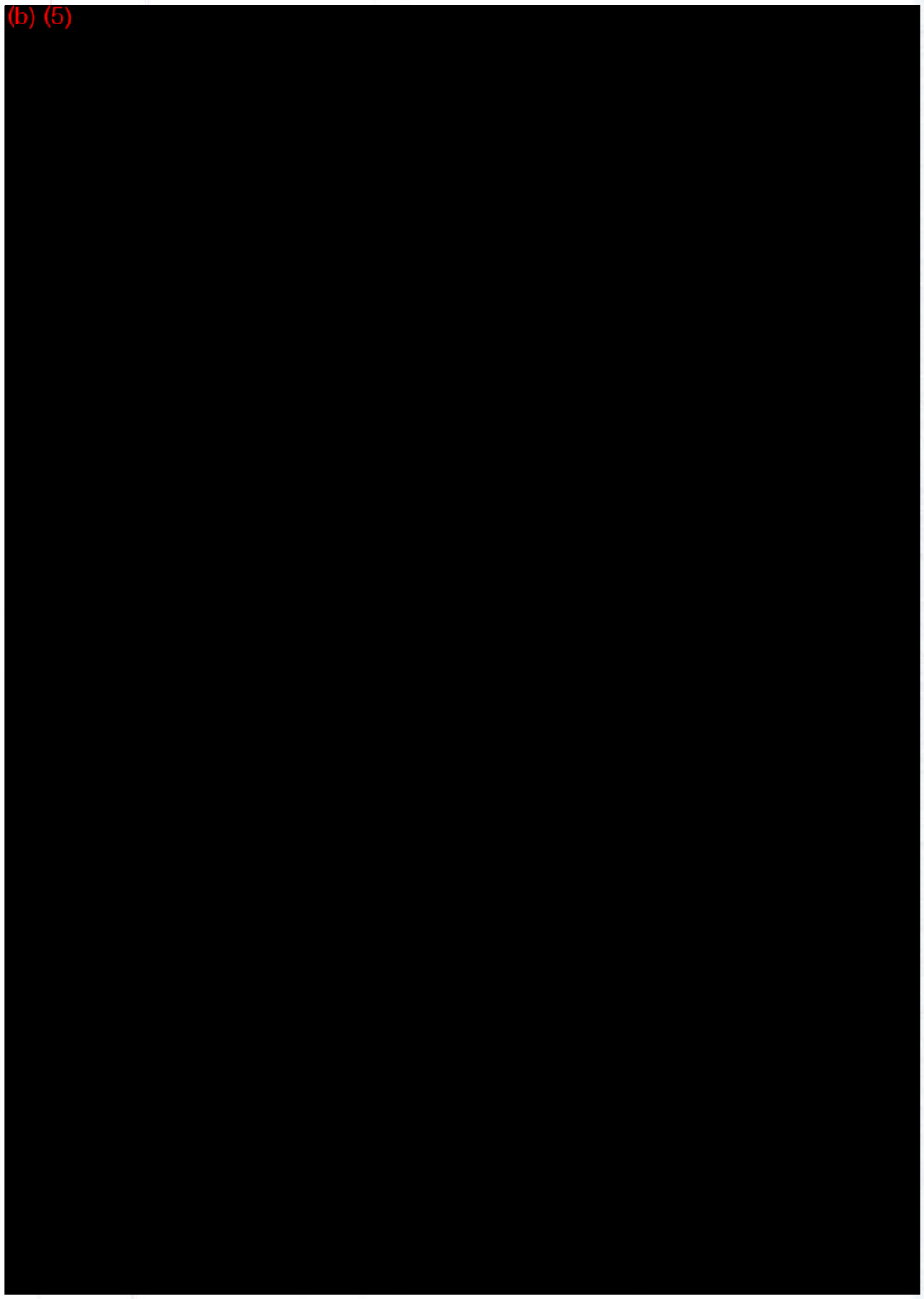

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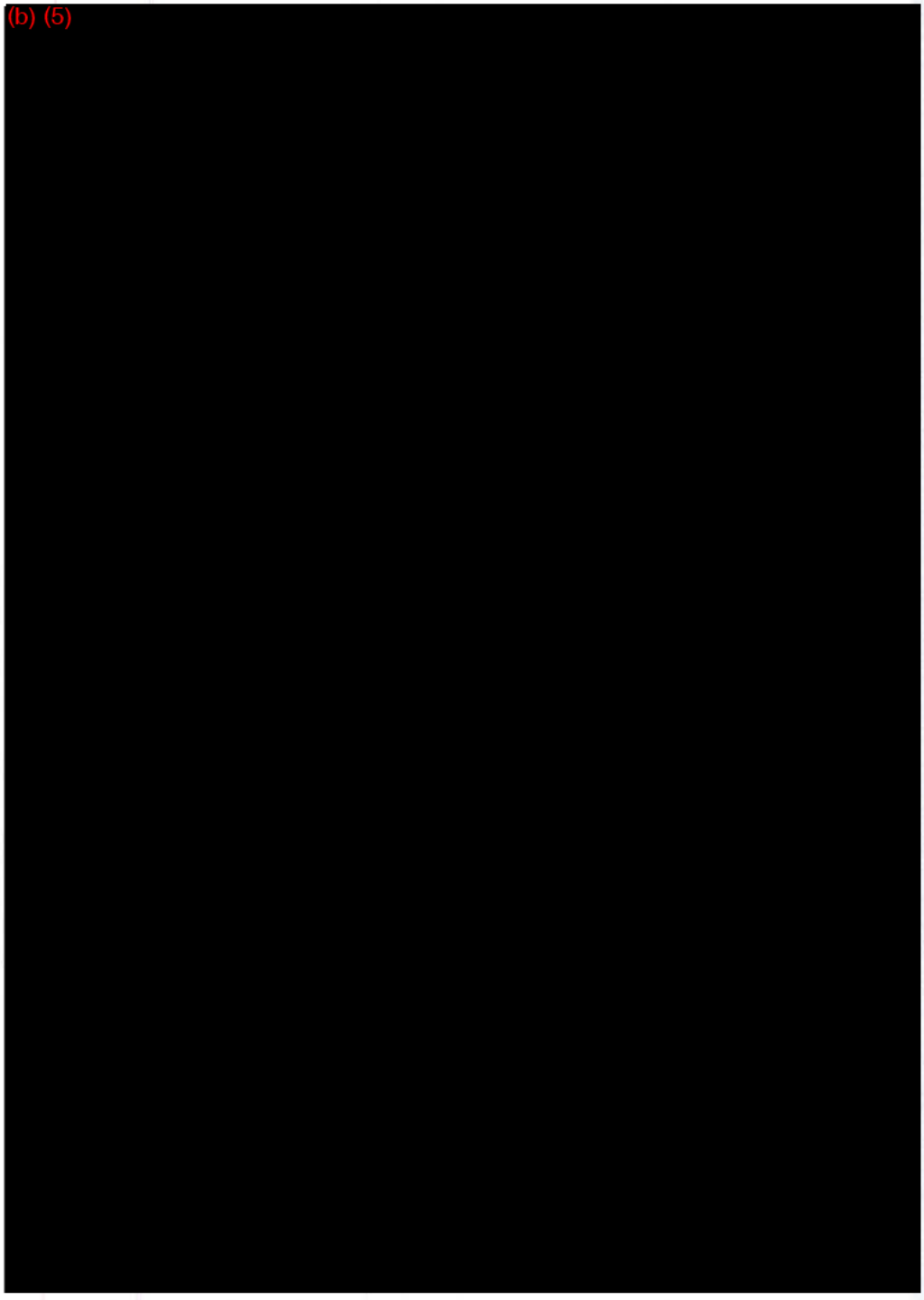

(b) (5)

[redacted]

Sec. 7 **Regulatory and Administrative Matters.**

(b) (5)

[redacted]

(b) (5) [redacted]

Sec. 8. **The Designated Potash Area Legal Description.**

(b) (5) [redacted]

DRAFT

(b) (5)

[redacted]

DRAFT

(b) (5) [redacted]

Sec. 9 **Administrative Provisions.** (b) (5) [redacted].

Secretary of the Interior

Date:

DRAFT

4310-VC

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLWO100000, L18200000.XX0000]**

**Notice of Availability of BLM's Responses to Public Comments on the Proposed Order of the Secretary on Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of availability.

**SUMMARY:** Under the authority of the Mineral Leasing Act, as amended, the Secretary of the Interior has issued an Order to address oil, gas, and potash leasing and development within the Designated Potash Area in Eddy and Lea counties in New Mexico. The Secretary's Order (2012 Secretary's Order) supersedes a previous Order issued in 1986 that addresses these issues. (b) (5) [redacted] This Notice announces the availability of the Bureau of Land Management's (BLM) responses to the comments that were received during the comment period.

**ADDRESSES:** The comments that were received and the comment responses are available for review at the following Website: http://www.blm.gov/nm/st/en/info/potash.html. The 2012 Secretary's Order was published in the Federal Register on [INSERT DATE OF PUBLICATION OF THE 2012 SECRETARY'S ORDER IN THE FEDERAL REGISTER]

**FOR FURTHER INFORMATION CONTACT:** Tony Herrell; telephone 505-954-2222; 301 Dinosaur Trail, Santa Fe, New Mexico, 87508; e-mail: therrell@blm.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

An area near the town of Carlsbad in southeastern New Mexico [redacted] large deposits of potash, oil, and gas. Oil and gas have been produced from this area since the early twentieth century. Potash (potassium-bearing salts primarily used for fertilizer) was discovered in this area [redacted] and has been mined since 1930.

The Secretary issued the first Potash Order in 1939 (4 FR 1012, February 25, 1939). That Order withdrew approximately 43,000 acres of public land from oil and gas leasing [redacted] to protect potash deposits. In 1951, the Secretary revoked the 1939 Order and issued a new Order that instituted the policy of authorizing concurrent development of oil and gas and potash reserves within an area comprising 298,345 acres, under reciprocal lease stipulations to ensure that the development of either mineral would not interfere with development of the other (16 FR [redacted] October 18, 1951). The Order was amended in 1965 (30 FR 6692, May 15, 1965), 1975 (40 FR 51486, November 5, 1975), and 1986 (51 FR 39425, October 28, 1986). A correction to the 1986 Order was issued in 1987 (52 FR 32171, August 26, 1987). The potash area designated by the corrected 1986 Order comprises approximately 497,000 acres, and the 2012 Secretary's Order, published [INSERT DATE OF PUBLICATION OF THE ORDER IN THE FEDERAL REGISTER], does not alter the boundaries of the area. The potash deposits in this area occur from 800 feet to over 2,000 feet beneath the surface and are mined by both conventional and solution mining methods; conventional methods require miners to be underground. The oil and gas in the area is found in formations below the potash-bearing formations, so oil and gas wells must extend through potash formations. If potash mining [redacted] a well casing, or if a well casing near a potash mine failed for other reasons, gas could [redacted] mine workings, thus endangering the miners. Additionally, the potential for such a breach could raise the costs of potash mining due to the need [redacted] enhanced ventilation techniques and specialized equipment needed to mine in a [redacted]

environment. (b) (5) [redacted] given these safety risks, it has (b) (5) [redacted] produce potash and oil and gas at the same time in the same area. This has led to a long history of conflict between the potash and the oil and gas industries.

This conflict has resulted in a great deal of litigation regarding decisions made by the BLM on a variety of development applications. Nevertheless, (b) (5) [redacted], the two industries have initiated efforts to work together. A number of productive meetings and discussions have occurred among many of the parties involved in these previous disputes. Additionally, there have been significant advances in the technology of oil and gas drilling that could be used to reduce the conflict between such drilling and the extraction of potash. Further, the economic outlook for both the oil and gas industry and the potash industry has recently improved. The BLM has also worked with Sandia National Laboratories to investigate well logging technology, gas migration in the potash formations, and standards to use for estimating the mineability of potash and potash cutoff grades. These circumstances led to review of the 1986 Secretary's Order.

**The New 2012 Secretary's Order**

The 2012 Secretary's Order differs from the 1986 Order as described below.

The formatting is modified to be consistent with the Department of the Interior's (Department) style requirements for Secretary's Orders. These requirements were changed in 1992 and are recorded in Section 012 DM 1 of the Departmental Manual.

The 2012 Secretary's Order authorizes the BLM to establish "Development Areas," where oil and gas wells can be drilled from one or more "Drilling Islands." The Drilling Island concept was first introduced in the 1975 Secretarial Order. In most cases, a single Drilling Island will be established for each Development Area, but if circumstances so dictate, the BLM may establish additional Drilling Islands. Drilling Islands will be situated in such a

manner that extended reach horizontal wells could access oil and gas within the associated Development Area. The 2012 Secretary's Order envisions that the oil and gas leases in a Development Area will be unitized under the regulations found at 43 CFR subpart 3180 and developed by a unit operator, or operated under a communitization agreement as authorized under 43 CFR subpart 3105. (b) (5) [redacted] should lead to more orderly development of the oil and gas resources in the Development Area and minimize impacts to surface resources due to a reduction in the number of drill pads and associated roads, power lines, and other ancillary facilities. Moreover, the resulting reduction in the number and spacing of oil and gas drilling locations where wells penetrate the potash formation is expected to minimize impacts to potash resources and enhance the safety of underground potash miners.

The BLM envisions that a substantial portion of the Designated Potash Area will eventually be divided into Development Areas designed to minimize the impacts to potash mining while allowing for the development of oil and gas resources. (b) (5) [redacted] the oil and gas in Development Areas (b) (5) [redacted] eveloped with extended reach horizontal wells using the most current technology, consistent with applicable laws and regulations.

The 2012 Secretary's Order retains several important features of the 1986 Order, including the boundaries of the Designated Potash Area established in the 1986 Order, as corrected in 1987. The Secretary's Order also retains language of the 1986 Order for stipulations for oil and gas leases and potash leases issued, reinstated, renewed, or readjusted in the Designated Potash Area.

**Comments on the Draft Order**

The BLM received 28 comment letters during the comment period, including 41 distinct comments. These comments and the BLM's responses to them are available for review at the following website:

http://www.blm.gov/nm/st/en/info/potash.html.

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Mike Pool

Acting Director, Bureau of Land Management

AUTHORITY: 43 CFR 3164.1, 43 CFR 3590.2

## Anderson, Michael D

**From:** Barlan, Bryce
**Sent:** Friday, November 09, 2012 1:54 PM
**To:** Farquhar, Ned; Cardinale, Richard
**Subject:** Potash Order Supporting Docs
**Attachments:** POTASH-OG NOA for comment analysis 10-10-12_bb edits 10.10.12.docx; Potash Order 11.5.2012 track changes_bb edits 11.09.12.docx; 2012 10 31 DMR comment responses BLM Response.docx.docx; 2012.10.12 BFugate-HBlank-KHawbecker redline of EA -Sec Potash Order v.2.docx

Ned/Rich,

I dropped off on your chairs a copy of the following supporting documents for the Secretarial Potash Order;

1. **Proposed Potash Order** – A copy of the potash order in track changes indicating where edits were made as a result of the comments that were received. It also contains edits I've made.
2. **Notice of Availability** – A copy of the NOA with my edits only in track changes
3. **Comments Analysis Document** – All substantive comments with an analysis of those comments, including edits and notes provided by the solicitors.
4. **Environmental Assessment** – A copy of the EA in track changes with edits made by the solicitors.

I've attached an electronic version of these documents to this email for convenience.

I still have the main surnaming package and can give it to you if you wish.

As soon as I receive a Karen Hawbecker-approved comment analysis document, I will share it with you all.

Please let me know if you have any questions.

Bryce Barlan
Office of the Assistant Secretary
Land and Minerals Management
US Department of the Interior
Office: 202-208-4114
Fax: 202-208-6243
bbarlan@blm.gov

4310-VC

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLWO100000, L18200000.XX0000]**

**Notice of Availability of the Comment Analysis for the Order of the Secretary on Oil and Gas and Potash Development Within the Designated Potash Area, Eddy and Lea Counties, New Mexico**

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of availability.

**SUMMARY:** Under the authority of the Mineral Leasing Act, as amended, the Secretary of the Interior has issued an Order to address oil, gas, and potash leasing and development within the Designated Potash Area in Eddy and Lea counties in New Mexico. The Secretary's Order (2012 Secretary's Order) supersedes a previous Order issued in 1986 that addresses these issues. (b) (5) [redacted]. This Notice announces the availability of the Bureau of Land Management's (BLM) analysis of the comments that were received during the comment period.

**ADDRESSES:** The Comments that were received and the comment analysis are available for review at the following Website: http://www.blm.gov/nm/st/en/info/potash.html. The 2012 Secretary's Order was published in the Federal Register on [INSERT DATE OF PUBLICATION OF THE 2012 SECRETARY'S ORDER IN THE FEDERAL REGISTER]

**FOR FURTHER INFORMATION CONTACT:** Tony Herrell; telephone 505-954-2222; 301 Dinosaur Trail, Santa Fe. New Mexico, 87508; e-mail: therrell@blm.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

An area near the town of Carlsbad in southeastern New Mexico [redacted] contains large deposits of potash, oil, and gas. Oil and gas resources have been produced from this area since the early twentieth century. [redacted] In 1925, potash (potassium bearing salts primarily used for fertilizer) was discovered in this area [redacted] and has been mined since 1930.

[redacted] That Order withdrew 43,000 acres of public land from oil and gas leasing in order to protect potash deposits. The Order was amended in 1951 (16 FR [redacted] 0669, October 18, 1951) to allow for multiple mineral development in a larger area and established special lease terms for use in both potash leases and oil and gas leases. Such lease terms were designed to facilitate the protection of mineral resources and the safety of miners. The Order was also amended in 1965 (30 FR 6692, May 15, 1965), 1975 (40 FR 51486, November 5, 1975), and 1986 (51 FR 39425, October 28, 1986). A correction to the 1986 Order was issued in 1987 (52 FR 32171, August 26, 1987). The potash area designated by the corrected 1986 Order comprises approximately 497,000 acres, and the 2012 Secretary's Order, published [INSERT DATE OF PUBLICATION OF THE ORDER IN THE FEDERAL REGISTER], does not alter the boundaries of the area.

[redacted]

The potash deposits in this area occur from 800 feet to over 2,000 feet beneath the surface and are mined by both conventional and solution mining methods; conventional methods require miners to be underground. The oil and gas in the area is found in formations below the potash bearing formations, so oil and gas wells must extend through potash formations. If potash mining [redacted] were to breach a well casing, or if a well casing near a potash mine failed for other reasons, gas could [redacted] migrate into the mine workings, thus endangering the miners. [redacted] Such a breach would raise the costs of potash mining

due to the need [redacted] to utilize enhanced ventilation techniques and specialized equipment ~~needed to mine~~ [redacted] in [redacted] gas-filled environment. [redacted] Given these safety risks, it has [redacted] been a challenge to [redacted] produce [redacted] potash and oil and gas resources ~~are~~ that are found in the same area. This has led to a long history of conflict between the potash and the oil and gas industries. This conflict has resulted in a great deal of litigation regarding decisions made by the BLM on a variety of potash or oil and gas development applications. Nevertheless [redacted] the two industries have initiated efforts to work together over the past two years. A number of productive meetings and discussions have occurred among many of the parties involved in these previous disputes. Additionally, there have been significant advances in the technology of oil and gas drilling that could be used to reduce the conflict between such drilling and the extraction of potash. Further, the economic outlook for both the oil and gas industry and the potash industry has recently improved. The BLM has also worked with Sandia National Laboratories to investigate well logging technology, gas migration in the potash formations, and standards to use for estimating the mineability of potash and potash cutoff grades. These circumstances have led to this current review of the 1986 Secretary's Order.

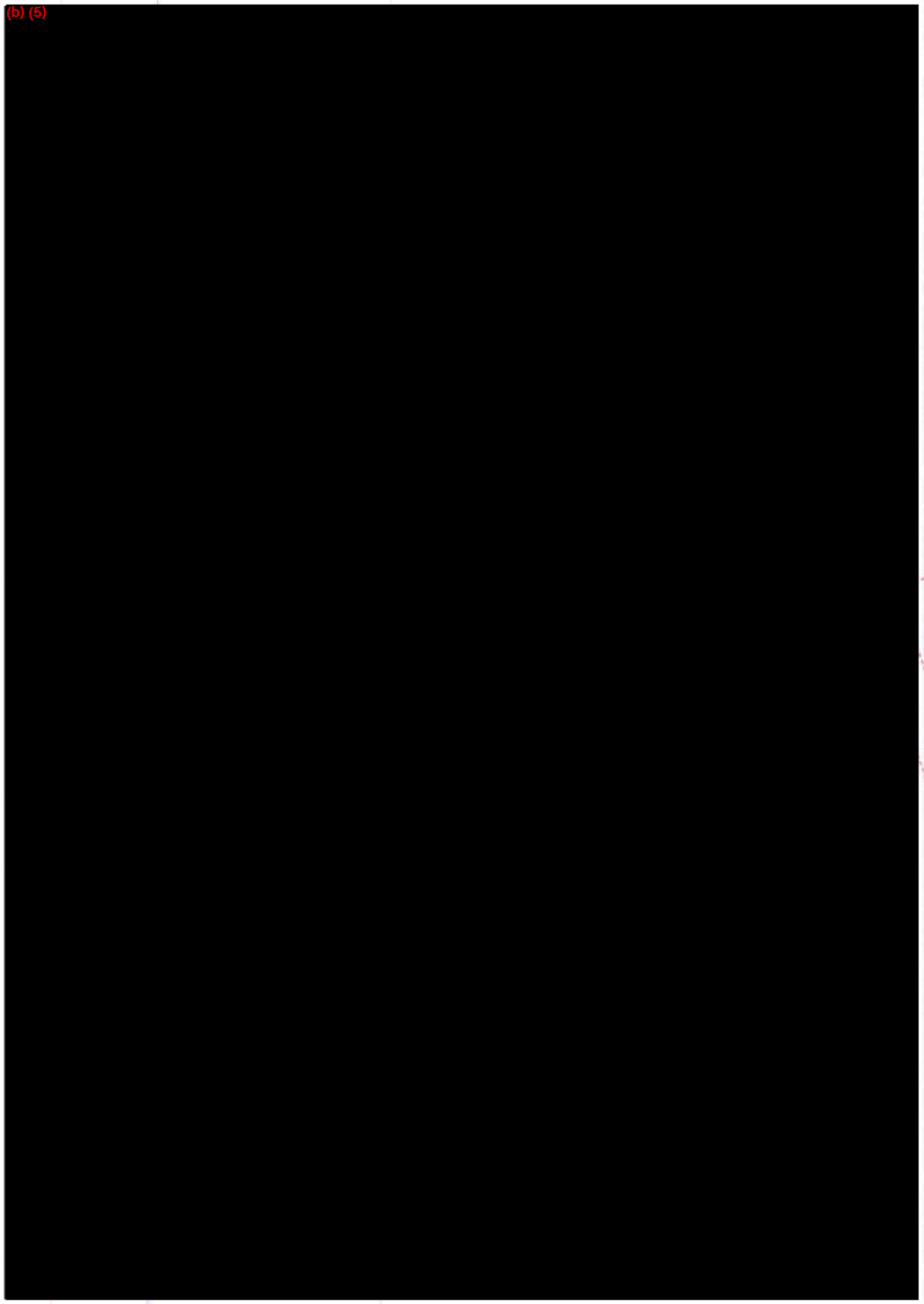
[redacted]

**The New 2012 Secretary's Order**

The 2012 Secretary's Order differs from the 1986 Order in several important ways. [redacted]

First, the formatting is modified to be consistent with the Department's style requirements for Secretary's Orders. These requirements were changed in 1992 and are recorded in Section 012 DM 1 of the Departmental Manual.

N[redacted]e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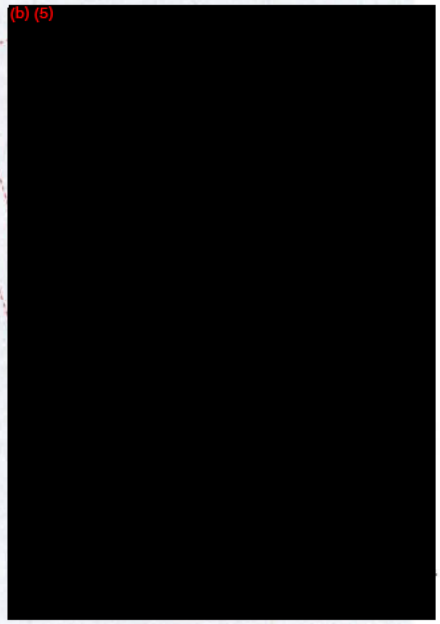
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(b) (5) [redacted]

**Comments on the Draft Order**

The BLM received 28 comment letters during the comment period including 40 distinct comments. (b) (5) [redacted]

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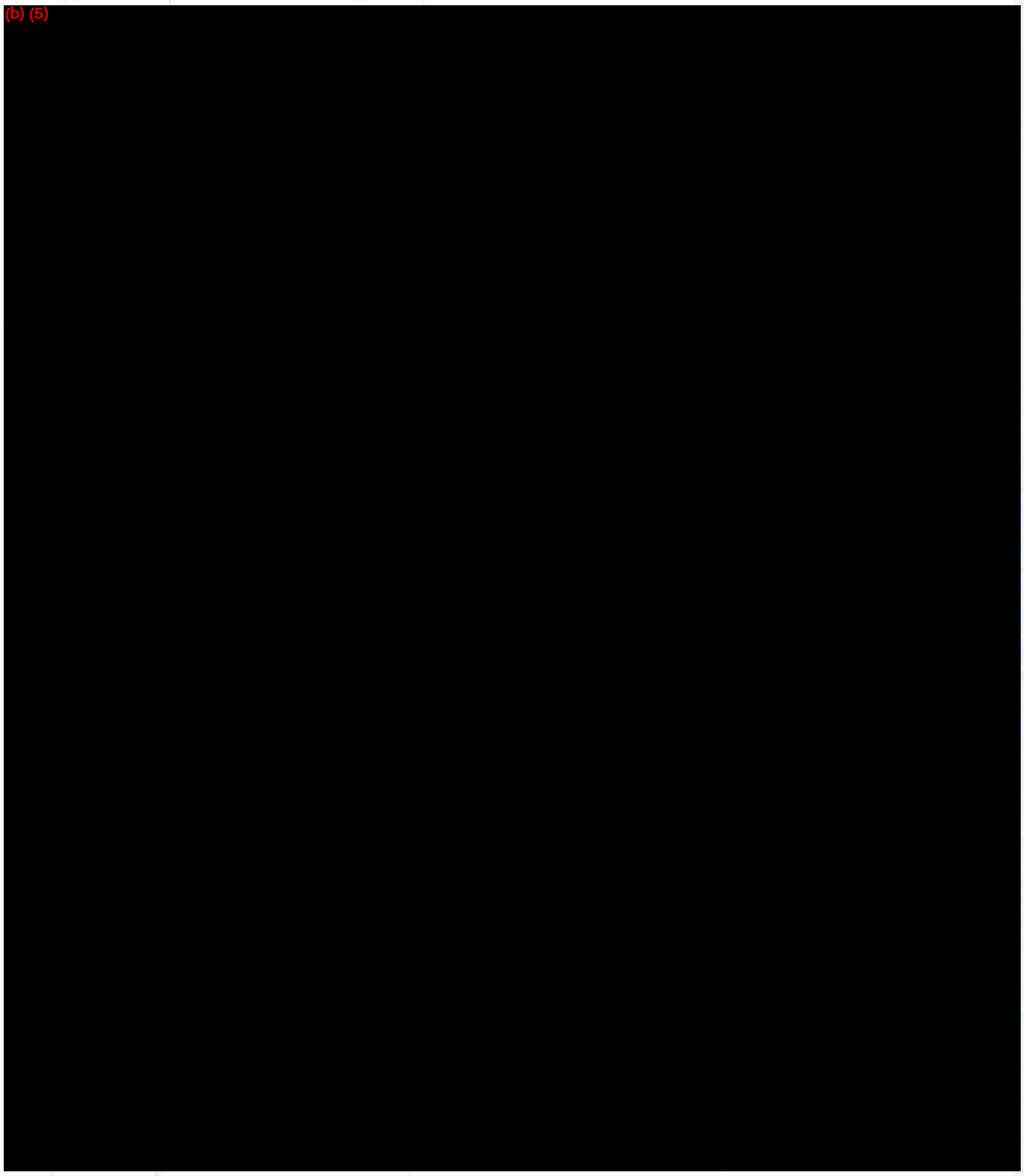

http://www.blm.gov/nm/st/en/info/potash.html. The comment letters are also available at the same website.

Mike Pool

Acting Director, Bureau of Land Managment

AUTHORITY: 43 CFR 3164.1, 43 CFR 3590.2

## Anderson, Michael D

**From:** Lin, Janet H
**Sent:** Tuesday, June 12, 2012 5:22 PM
**To:** Farquhar, Ned
**Subject:** FW: Secretary's Potash Area new Order - response from JITC
**Attachments:** 20120607155428369.pdf; ATT00001.htm; Final Secretary_s Potash Order Revision (6.07.12-No Comments).DOC; ATT00002.htm; Final Secretary_s Potash Order Revision (6.07.12) Redline with COMMENTS.DOC; ATT00003.htm

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**From:** Juen, Jesse J
**Sent:** Friday, June 08, 2012 6:39 PM
**To:** Lin, Janet H; Allard, Phil
**Subject:** Fwd: Secretary's Potash Area new Order - response from JITC

Here is all of their final document reviews and letters. I suspect forwards them to you but just in case.

Jesse

Sent from my iPad

Begin forwarded message:

> **From:** "Smitherman, John" <jrsmitherman@BassPet.Com>
> **Date:** June 8, 2012 11:22:51 AM CDT
> **To:** "Pool, Michael J" <mpool@blm.gov>
> **Cc:** John Mansanti <john.mansanti@intrepidpotash.com>, "Juen, Jesse J" <jjuen@blm.gov>, "Herrell, Tony J" <therrell@blm.gov>, "Smitherman, John" <jrsmitherman@BassPet.Com>
> **Subject: Secretary's Potash Area new Order - response from JITC**
>
> Mr. Pool:
>
> Please find, attached the additional information as promised yesterday. We are hereby submitting electronic versions of the consensus response to the Solicitor's Office's draft of the new Order along with a redline version with comments. I have also included the letter that we sent you yesterday as part of that submittal. As you can see by the comments, the issues involved in creating a new, lasting Order are complex and the balance represented in our consensus is delicate. We offer our further time, as much as needed, to ensure that the final result is effective both near term and into the distant future.
>
> Please do not hesitate to let either of us know if you have questions or need further information.
>
> John Mansanti
> Sr. Vice President Operations
> Intrepid Potash
> (303) 996-2607
>
> John R Smitherman
> Vice President Operations
> BOPCO, L.P.
> (817) 390-8805

DEPARTMENT OF THE INTERIOR

Office of the Secretary

Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Order

Section 1. *Purpose and Effect.* This Order revises and supersedes the Order of the Secretary of the Interior dated October 28, 1986 (51 FR 39425), corrected August 6, 1987 (52 FR 32171), and provides procedures and guidelines for fostering more orderly co-development through safe, concurrent operations in prospecting for, developing, and producing oil and gas and potash deposits owned by the United States within the Designated Potash Area.

Section 2. *Authority.* This Order is issued in accordance with the authority vested in the Secretary of the Interior in the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 *et seq.);* the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359); the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1701 *et seq.),* and regulations and onshore orders implementing these statutes.

Section 3. *Order Revised and Superseded.* The Order of the Secretary of the Interior of October 28, 1986 (51 FR 39425), corrected August 6, 1987 (52 FR 32171), is hereby superseded and the following provisions will apply to concurrent operations in prospecting for, developing, and producing oil and gas and potash deposits owned by the United States within the Designated Potash Area.

I. Definitions

Authorized Officer - Any employee of the Bureau of Land Management (BLM) authorized to perform duties described in 43 CFR Parts 3000, 3100, and 3500, as delegated in the BLM Manual.

Barren Area - An area established by BLM within the Designated Potash Area for which sufficient data is available to establish a lack of potash mineralization in sufficient thickness and quality to be mineable under existing technology and economics.

Buffer Zone - Areas established by the BLM within the Designated Potash Area (1) extending outward from the perimeter of existing underground open mine workings within which oil and gas operations are generally not allowed due to a BLM determination that oil and gas drilling could constitute a hazard to or interfere with orderly potash mining operations, and (2) extending outward from operating oil and gas well(s) or operating Drilling Islands within which potash operations are generally not allowed due to a BLM determination that potash mining or exploration operations could constitute a hazard to or interfere with orderly oil and gas operations.

Designated Potash Area - The land area described at Section 3.V. of this Order.

Development Area - An area established by the BLM within the Designated Potash Area in consideration of appropriate current oil and gas technology such that wells can be drilled from a Drilling Island capable of effectively extracting oil and gas resources while managing the impact on commercial potash resources. Each Development Area will typically have only one Drilling Island, subject to narrow exceptions based on specific facts and circumstances. All new oil and

gas drilling that penetrates the potash formations within a Developoment Area will be performed from its associated Drilling Island or Islands. Existing wells may be included within the boundaries of a Development Area. The boundaries of each Development Area will be determined in conformity with Section 3.III.E.2.

Drilling Island - An area established by the BLM associated with and usually within a Development Area from which all new drilling of vertical, directional or horizontal wells that newly penetrate the potash formations can be performed to support the development of oil and gas resources from the Development Area.

Indicated Resources - as defined by the BLM.

Inferred Resources - as defined by the BLM.

Joint Industry Technical Committee - A committee established by, and subject to the management and control of, the potash mining industry and the oil and gas industry whose role is to study how concurrent development of potash and oil and gas can be safely performed in proximity to each other. While the committee may provide input to the BLM on such matters as indicated herein or otherwise at its discretion, it will not be subject to the BLM's management or control.

Measured Reserves (also known as "Potash Enclave") - Areas within the Designated Potash Area where potash is known to exist in sufficient thickness and quality to be mineable under existing technology and economics.

Potash - Potassium and associated minerals as specified in the Act of February 27, 1927 (30 U.S.C. 281-287).

Unknown Area - An area within the Designated Potash Area where there is an absence of data for the BLM to classify the mineralization as Measured Reserves, Indicated Resources, Inferred Resources or Barren Area.

II. Status of Lands

This Order will not affect the current status of lands with respect to their being withdrawn from or open to entry or leasing.

III. General Provisions

*A. Issuance of Oil and Gas Leases*

The Department of the Interior reaffirms its policy that the lease stipulations contained in the Order of the Secretary of the Interior dated October 28, 1986, corrected August 6, 1987 (52 FR 32171), are necessary to protect the rights of the oil and gas and potash lessees and operators. Therefore, each successful applicant for a noncompetitive oil and gas lease, and any party awarded a competitive lease, for lands included in the Designated Potash Area is required, as a condition to the issuance of such lease, to execute a stipulation to the lease as follows:

1. Drilling for oil and gas shall be permitted only in the event that the lessee establishes to the satisfaction of the Authorized Officer, Bureau of Land Management, that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States will best be served by permitting such drilling.

2. No wells shall be drilled for oil or gas at a location which, in the opinion of the Authorized Officer, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

3. When the Authorized Officer determines that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the Authorized Officer.

4. The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations (43 CFR 3160), including such requirements as the Authorized Officer may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

In addition, the Authorized Officer will include a lease provision providing that drilling for and production of oil and gas will be subject to the terms of this Order, any subsequent revisions, and the orders of the Authorized Officer thereunder.

*B. Reinstatement or Renewal of Oil and Gas Leases*

As a condition to the granting of any discretionary reinstatement or renewal of any existing lease embracing lands included in the Designated Potash Area, the BLM will impose stipulations identical to those specified in Section 3. III. A.

*C. Potash Leases*

1. All potash permits, licenses and leases hereafter issued or existing potash leases hereafter readjusted for Federal lands within the Designated Potash Area, must be subject to a requirement, either to be included in the lease, license or permit or imposed as a stipulation, that no mining or exploration operations may be conducted that, in the opinion of the Authorized Officer, will constitute a hazard to oil or gas production, or that will unreasonably interfere with orderly development and production under any oil or gas lease issued for the same lands.

2. BLM will continue to include applicable due diligence stipulations in all potash leases issued or readjusted after the date of this Order.

3. Before being allowed to participate in a competitive lease sale, all bidders must certify in writing that they have an identifiable, substantial and genuine interest in developing the potash resources and that they intend to develop the potash resource in accordance with the applicable diligence stipulations. In addition the BLM will be required to make a reasonable determination, that each bidder's interest is identifiable, substantial and genuine and not merely speculative or casual.

In addition, the Authorized Officer will include a lease provision providing that potash mining operations will be subject to the terms of this Order, any subsequent revisions, and the orders of the Authorized Officer thereunder.

*D. Delineation of Resource Areas*

Each potash lessee must file annually by March 1, with the Authorized Officer, data and a map(s) on which has been delineated the following information with respect to: (1) the Federal Potash leases which are then held; and (2) lands on which exploration activities have been conducted.

a. The areas where active mining operations are currently in progress in one or more ore zones;
b. The area where operations have been completed in one or more ore zones;
c. Those areas that are not presently being mined which are considered to contain Measured Reserves in one or more ore zones;
d. Those areas that are not presently being mined which are considered to contain Indicated Resources in one or more ore zones;
e. Those areas that are not presently being mined which are considered to contain Inferred Resources in one or more ore zones;
f. Those areas which are considered to be Barren Areas;
g. Those areas that are Unknown Areas; and
h. Those areas that are planned to be mined as per a three year mine plan.

The Authorized Officer will annually review the information submitted in this regard and make any revisions to the boundaries of Measured Reserves, Indicated Resources, Inferred Resources, Barren Areas and Unknown Areas. The Authorized Officer will commit the initial findings to a map(s) of suitable scale and will thereafter revise that map(s) as necessary to reflect the latest available information.

*E. Oil and Gas Drilling*

1. Drilling within the Designated Potash Area.

It is the intent of the Department of Interior to administer oil and gas operations throughout the Designated Potash Area in a manner which promotes safe, orderly co-development of both resources. It is the policy of the Department of the Interior to deny approval of most applications for permits to drill oil and gas wells from surface locations within the Designated Potash Area established in Section 3.V. of this Order. Four exceptions to this policy shall be permitted under the following conditions: (1) if the drilling will occur from a Drilling Island associated with a Development Area established under this Order; or (2) if the drilling will occur from a Drilling Island established under a prior Order; or (3) if the drilling will occur from a Barren Area if the Authorized Officer determines that such operations will not adversely affect active or planned mining operations in the immediate vicinity of the proposed drill-site ; or (4) if the drilling will occur from a Drilling Island or single well site established under this Order by the authorization of the Authorized Officer, provided that such site was jointly recommended to the Authorized Officer by the oil and gas lessee(s) and the nearest potash lessee(s) or prescribed by prior agreement of the oil and gas lessee(s) and the potash lessee(s) in a written contract.

2. Development Areas.

a. When processing an application for permit to drill (APD) an oil or gas well in the Designated Potash Area that complies with regulatory requirements, the Authorized Officer will determine whether to establish a Development Area in connection with the proposal, and if so, will determine the boundaries of the Development Area and the location within the Development Area of one or more Drilling Islands from which drilling will be permitted. BLM may also designate a Development Area outside of the APD process based on information in its

possession, and may modify the boundaries of a Development Area. A Development Area may include federal oil and gas leases and other federal and non-federal lands.

b. After designating or modifying a Development Area, the BLM will issue a Notice to Lessees, consistent with its authorities under 43 CFR subpart 3105 or part 3180, or both, as appropriate. informing lessees that future drilling on lands under an oil and gas lease within that Development Area will: (1) occur, under most circumstances, from a Barren Area or a Drilling Island within the Development Area; and (2) be managed under a unit or communitization agreement, generally by a single operator, consistent with BLM regulations and this Order. Unit and communitization agreements will be negotiated among lessees. BLM will consider whether a specific plan of development is necessary or advisable for a particular Drilling Island.

c. The Authorized Officer reserves the right to approve an operator or successor operator of a Development Area and/or a Drilling Island to ensure that the operator has the resources to operate and extract the oil and gas resources consistent with the requirements of this Order and all applicable laws and regulations.

d. The Authorized Officer will determine the appropriate designation of a Development Area in terms of location, shape and size. In most cases, a single Drilling Island will be established for each Development Area. In establishing the location, shape and size of a Development Area and an associated Drilling Island, the Authorized Officer will consider:

    i. The appropriate location, shape and size of a Development Area and associated Drilling Island to allow effective extraction of oil and gas resources while managing the impact on commercial potash resources;
    ii. The appropriate application of current available oil and gas drilling and production technology in the Permian Basin;
    iii. The applicable geology of the Designated Potash Area and optimal locations to minimize loss of potash ore while considering co-development of both resources;
    iv. Any long term exploration and/or mining plans provided by the potash industry;
    v. Whether a Barren Area may be the most appropriate area for a Drilling Island;
    vi. The requirements of this Order; and
    vii. Any other relevant factors.

e. As the Authorized Officer establishes a Development Area, the Authorized Officer will consider more rigorous application of the factors listed in section 3.III.E.2.d, especially the appropriate application of the best available oil and gas drilling and production technology in the Permian Basin when closer to current traditional (non-solution) potash mining operations. Greater flexibility in the application of the factors listed in section 3.III.E.2.d will be applied further from current and near-term traditional potash mining operations. No Drilling Islands will be established within one mile of any area where approved potash mining operations will be conducted within three years consistent with the three year mine plan referenced above (section 3.III.D.h) without the consent of the nearest affected Potash Lessee.

f. The Authorized Officer may establish a Development Area associated with a well or wells drilled from a Barren Area as appropriate and necessary.

g. As part of the consideration for establishing Development Areas and Drilling Islands, the BLM will consider input from all relevant parties as long as that input is received timely. Relevant parties are considered to be those parties required to be noticed by the provisions of section 3.III.E.7 of this Order.

3. Maintenance of Buffer Zones.

Current buffers are: ¼ mile for oil wells and ½ mile for gas wells. These offsets will be considered Buffer Zones and will stay in effect until such time as revised distances are adopted by the BLM State Director or other BLM official, as delegated. The State Director will base revised Buffer Zones on science, engineering and new technology and will consider comments and reports from the Joint Industry Technical Committee and other interested parties in adopting any revisions.

4. Unitization and Communitization.

To more properly conserve the potash and oil and gas resources in the Designated Potash Area and to adequately protect the rights of all parties in interest, including the United States, it is the policy of the Department of the Interior that all leases within a Development Area should be unitized or subject to an approved communitization agreement unless there is a compelling reason for another operating system. The Authorized Officer will make full use of his/her authorities wherever necessary or advisable to require unitization and/or communitization pursuant to the regulations in 43 CFR subparts 3105 or 3180, or both, if appropriate. The BLM will use its discretion to the fullest extent possible to assure that any communitization agreement and any unit plan of operations hereafter approved or prescribed within the Designated Potash Area will adhere to the provisions of this Order. The BLM will work with Federal lessees, and with the State of New Mexico as provided below, to include non-Federal mineral rights owners in unit or communitization agreements to the extent possible.

5. Coordination with the State of New Mexico.

a. If the effective operation of any Development Area requires that the New Mexico Oil Conservation Division (NMOCD) revise the state's mandatory well spacing requirements, BLM will participate as needed in such a process. The BLM may adopt the NMOCD spacing requirements and require lessees to enter into communitization agreements based on those requirements.

b. The BLM will cooperate with the NMOCD in the implementation of that agency's rules and regulations. In that regard, the Federal potash lessees will continue to have the right to protest to the NMOCD the drilling of a proposed oil and gas well on Federal lands provided that the location of said well is within the State of New Mexico's "Oil-Potash Area" as that area is delineated by NMOCD Order No. R-111, as amended. However, the BLM will exercise its prerogative to make the final decision about whether to approve the drilling of any proposed well on a Federal oil and gas lease within the Designated Potash Area.

c. In taking any action under Section 3.III.E. of this Order, the Authorized Officer will take into consideration the applicable rules and regulations of the Oil Conservation Division of the State of New Mexico.

6. Potash Exploration Licenses and Approvals.

a. Exploration for potash on lands leased for potash is permitted only with approval by the BLM, in consultation and coordination of the potash lessee, of an exploration plan in accordance with 43 CFR subpart 3592.

b. An oil and gas or potash operator may apply for an exploration license to drill core holes necessary to define the absence or existence and extent of mineable potash reserves in areas within the Designated Potash Area. Exploration licenses allow the exploration of known, unleased mineral deposits to obtain geologic, environmental and other pertinent data concerning the deposit. See 43 CFR subpart 3506. These licenses can be obtained from the BLM at the Carlsbad Field Office. Costs for such exploration may be shared consistent with the provisions of 43 CFR 3506.14, if applicable.

c. Should an oil and gas or potash operator desire to attempt to establish a Barren Area in any part of the Designated Potash Area not defined as Barren, provisions and protocols are included in this Order for the operator to review relevant data in the area to design a core acquisition program (see section 3.III.F.2 of this Order) and to obtain access to acquire core data (subpart b. of this section). The BLM will develop and employ, as appropriate, 1) cost sharing guidelines for the acquisition of this new potash core data and 2) data management protocols to protect the appropriate use of the data so obtained. The BLM will use such newly acquired data to determine the resulting potash ore quality and make any changes to potash reserves and resources maps.

7. Notice to Affected Parties

An applicant for an APD, or a proponent of a plan of development for a unit or communitization area or a proposal for a Development Area or a Drilling Island, will provide notice of the application, plan or proposal to the potash lessees and potash operators in the Designated Potash Area included on a list maintained by the BLM described hereinbelow, the owners of the oil and gas rights and surface owners to be determined by an instructional memorandum by the BLM. A list of current potash lessees and potash operators will be available and maintained by the Carlsbad Field Office, BLM. This notice should be prior to or concurrent with the submission of the application, plan or proposal to the BLM. The BLM will not authorize any action prior to this notice.

*F. Access to Maps and Surveys*

1. Well records and survey plats that an oil and gas lessee is required to file pursuant to applicable operating regulations (43 CFR subpart 3160) will be available for inspection at the Carlsbad Field Office, BLM, by any party holding a potash permit or lease on the lands on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

2. Maps of mine workings and surface installations and records of core analyses that a potash lessee is required to file pursuant to applicable operating regulations (43 CFR 3590) will be available for inspection at the Carlsbad Field Office, BLM. These records are available for viewing by any party holding an oil and gas lease on the same lands insofar as such records are pertinent to the development and protection of oil and gas deposits.

3. In order for an oil and gas or potash operator to establish and design a core acquisition program for the purpose of proving a Barren Area, those records of core analysis in the area

of the planned program that are necessary to design that program will be provided in a timely fashion by the BLM, subject to data management protocols as referenced in section 3.III.E.6.c.

4. Maps of potash reserves and resources prepared under the provisions of Section 3.III.D. will be available for inspection in the Carlsbad Field Office, BLM. Digital copies of these maps will be available by mail or at these offices by May 1 of each year. Maps of established Development Areas will be updated as new Development Areas are established. These maps of Development Areas will be provided in a timely fashion by the BLM.

IV. Regulatory and Administrative Matters

A. This Order applies to the exercise of all existing leases in the Designated Potash Area in conformity with lease stipulations and Federal law.

B. Except to the extent otherwise provided by this Order, the regulations contained in 43 CFR Parts 3100, 3160 and 3180 (governing the leasing and development of oil and gas) and 43 CFR Group 3500 and 3590 (governing the leasing and development of potash deposits), remain applicable to the lands covered by this Order.

C. In implementing this Order, the BLM is authorized to exercise its discretion through any and all appropriate means, including, where necessary or advisable, rulemaking, notices to lessees, and orders of the Authorized Officer.

D. The BLM is authorized to select an outside, unbiased technical institute or organization to act as a science advisor to the Joint Industry Technical Committee as to the BLM. Sandia National Laboratories will serve that role initially.

E. The BLM, in coordination and consultation with the Joint Industry Technical Committee will develop guidelines consistent with this Order for: establishing Development Areas, Drilling Islands, and other aspects germain to the effectiveness of this Order.

F. The BLM will develop appropriate timeframe guidelines and requirements, as appropriate, to ensure timely actions pursuant to the execution of this Order. This will include a timeframe for establishing Development Areas and Drilling Islands and the processing of APDs, Oil and Gas Leases and Potash Leases within the Designated Potash Area.

V. The designated Potash Area is as follows:

New Mexico Principal Meridian

T 22 S., R. 28 E., Secs. 25 and 36.

T. 23 S., R. 28 E., Sec. I.

T. 19 S., R. 29 E., Secs. I and 2; Secs II to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 36.

T. 20 S., R. 29 E., Secs. 1 and 2; Secs. 11 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 36 inclusive.

T 21 S" R, 29 E., Secs. I to 5 inclusive; Secs, 10 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 36 inclusive.

T. 22 S., R. 29 E., Secs. I to 5 inclusive; Sees. 8 to 17 inclusive; Sees. 19 to 36 inclusive.

T. 23 S., R. 29 E., Sees. 1 to 17 inclusive; Sees. 21 to 28 inclusive; Sees. 33 to 36 inclusive.

T. 24 S., R. 29 E., Sees. 1 to 4 inclusive.

T. 18 S., R. 30 E., Sees. 8 to 17 inclusive; Sees 20 to 29 inclusive; Sees. 32 to 36 inclusive.
T. 19 S., R. 30 E.,
T. 20 S., R. 30 E.,
T. 21 S., R. 30 E.,
T. 22 S., R. 30 E.,
T. 23 S., R. 30 E.,

T. 24 S., R. 30 E., Sees. I to 18 inclusive.

T. 19 S., R. 31 E., Sees. 7, 18; Sees. 31 to 36 inclusive.
T. 20 S., R. 31 E.,
T. 21 S., R. 31 E.,
T.22 S., R. 31 E.,

T. 24 S., R. 31 E., Sees. I to 18 inclusive; Sees. 35 and 36.

T. 25 S., R. 31 E., Sees. 1 and 2.

T. 19 S., R. 32 E., Sees. 25 to 28 inclusive; Sees 31 to 36 inclusive.
T. 20 S., R. 32 E.,
T. 21 S., R. 32 E.,

T. 22 S., R. 32 E., Sees. 1 to 12 inclusive.

T. 19 S., R. 33 E., Sees. 21 and 36 inclusive.
T. 20 S., R. 33 E.,
T. 21 S., R. 33 E.,

T. 22 S., R. 33 E., Sees. 1 to 12 inclusive.

T. 19 S., R. 34 E., Sees. 19 and 20; Sees. 29 to 32 inclusive.

T. 20 S., R. 34 E., Sees. 3 and 10 inclusive; Sees. 15 and 36 inclusive.

T. 21 S., R. 34 E., Sees. 5 to 8 inclusive; Sees. 17 to 20 inclusive; Sees. 29 to 32 inclusive.

T. 22 S., R. 34 E., Sec. 6.

The area described, including public and non-public lands, aggregates 497,002.03 acres, more or less.

Section 4. *Administrative Provisions.* The Director, Bureau of Land Management, is authorized to delegate responsibilities herein as are determined appropriate.

DEPARTMENT OF THE INTERIOR

Office of the Secretary

Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Order

Section 1. *Purpose and Effect.* This Order revises and supersedes the Order of the Secretary of the Interior dated October 28, 1986 (51 FR 39425), **corrected August 6, 1987 (52 FR 32171),** and provides procedures and guidelines for fostering **more orderly co-development through safe,** concurrent operations in prospecting for, developing, and producing oil and gas and potash deposits owned by the United States within the Designated Potash Area.

Section 2. *Authority.* This Order is issued in accordance with the authority vested in the Secretary of the Interior in the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 *et seq.);* the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359); the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1701 *et seq.),* and regulations and onshore orders implementing these statutes.

Section 3. *Order Revised and Superseded.* The Order of the Secretary of the Interior of October 28, 1986 (51 FR 39425), **corrected August 6, 1987 (52 FR 32171),** is hereby superseded and the following provisions will apply to concurrent operations in prospecting for, developing, and producing oil and gas and potash deposits owned by the United States within the Designated Potash Area.

I. Definitions

Authorized Officer - Any employee of the Bureau of Land Management (BLM) authorized to perform duties described in 43 CFR Parts 3000, 3100, and 3500, as delegated in the BLM Manual.

Barren Area - An area established by BLM within the Designated Potash Area for which sufficient data is available to establish a lack of potash mineralization in sufficient thickness and quality to be mineable under existing technology and economics.

Buffer Zone - ~~An area~~**Areas** established by the BLM within the Designated Potash Area **(1) extending outward from the perimeter of existing underground open mine workings** within which ~~(1)~~ oil and gas operations are generally not allowed due to a BLM determination that oil and gas drilling could constitute a hazard to or interfere with orderly potash mining operations, ~~or (2)~~**and (2) extending outward from operating oil and gas well(s) or operating Drilling Islands within which** potash operations are generally not allowed due to a BLM determination that potash mining or exploration operations could constitute a hazard to or interfere with orderly oil and gas operations.

Designated Potash Area - The land area described at Section 3.V. of this Order.

Development Area - An area established by the BLM within the Designated Potash Area~~, within which all new oil and gas wells are to be located on one or more specified Drilling~~ **in consideration of appropriate current oil and gas technology such that wells can be drilled from a Drilling Island capable of effectively extracting oil and gas resources while managing the impact on commercial potash resources. Each Development Area will typically have**

**Comment [JITC1]:** Consistent with our Recommendation Consensus Document (RCD), we intend for these new rules to result in more orderly development of both resources. Just as used in the RCD, this is not intended to establish some independent standard represented by the term "Orderly Co-Development", rather we expect that the use of provisions of this Secretarial Order will result in co-development of oil and gas and potash that will be more orderly than without these provisions.

**Comment [JITC2]:** These changes are necessary to properly locate these Buffers to be effective.

only one Drilling Island, subject to narrow exceptions based on specific facts and circumstances. All new oil and gas drilling that penetrates the potash formations within a Developoment Area will be performed from its associated Drilling Island or Islands. Existing wells may be included within the boundaries of a Development Area. The boundaries of each Development Area will be determined in conformity with Section 3.III.E.~~1.~~2.

Drilling Island - An area established by the BLM associated with and usually within a Development Area~~, in which all new oil and gas wells that are drilled in connection with leased lands within that Development Area are to be located. Drilling Islands may be located on lands on which existing wells are located.~~ from which all new drilling of vertical, directional or horizontal wells that newly penetrate the potash formations can be performed to support the development of oil and gas resources from the Development Area.

~~Indicated Resources - Potash resources from which tonnage, grade and mineral content are computed partly from specific measurements and samples, and partly from projection of geologic evidence. Indicated Resources are estimated at a lower level of confidence than Measured Reserves.~~
Indicated Resources - as defined by the BLM.

~~Inferred Resources - Potash resources which are probable, considering reasonably correlated data from lithologic descriptions and well logs, but for which tonnage and grade cannot be computed due to the absence of specific data.~~
Inferred Resources - as defined by the BLM.

Joint Industry Technical Committee - A committee established by, and subject to the management and control of, the potash mining industry and the oil and gas industry whose role is to study how concurrent development of potash and oil and gas can be safely performed in proximity to each other. While the committee may provide input to the BLM on such matters as indicated herein or otherwise at its discretion, it will not be subject to the BLM's management or control.

Measured Reserves (also known as "Potash Enclave") - Areas within the Designated Potash Area where potash is known to exist in sufficient thickness and quality to be mineable under existing technology and economics. ~~Measured Reserves tonnage is computed from dimensions revealed in workings and drill holes and the grade is computed from the results of detailed sampling. Measured Reserves will be delineated by data points no more than 1½ miles apart if geologic inference shows these projections to be reasonable. Measured Reserves will not be delineated by less than 3 data points that meet all other distance and thickness and grade criteria. Measured Reserves will not be projected further than ¼ mile from a data point which meets thickness and quality standards where no projection or geologic inference data exists.~~

Potash - Potassium and associated minerals as specified in the Act of February 27, 1927 (30 U.S.C. 281-287).

Unknown Area - An area within the Designated Potash Area where there is an absence of data for the BLM to classify the mineralization as Measured Reserves, Indicated Resources, Inferred Resources or Barren Area.

II. Status of Lands

This Order will not affect the current status of lands with respect to their being withdrawn from or open to entry or leasing.

III. General Provisions



**Comment [JITC3]:** The definition of a Development Area is critical to the successful balance that the JITC achieved in its deliberations and is reflected in the RCD. The JITC strongly urges that this definition be used without change as it has significant impacts on the remainer of the proposed Order. For example, the idea of having more than one Drilling Island is consistent with the RCD but only on an exception basis.

**Comment [JITC4]:** This was not in the RCD but is a good addition from the Solicitor's Office. This also corrects the reference.

**Comment [JITC5]:** This definition is taken from the RCD and has been carefully crafted to address how Drilling Islands will be used and managed. The JITC recommends that this language be adopted. Should the recommendation not be accepted, the existing lanugage must be modified to address some important elements.

**Comment [JITC6]:** The JITC believes that the definition of this potash ore quality should be established and maintained outside of this Order.

**Comment [a7]:** The JITC believes that the definition of this potash ore quality should be established and maintained outside of this Order.

**Comment [JITC8]:** Conceptually it is feasible that new methodologies could be developed in the future that may help better administrate the potash area or new standards for core hole density or quality and thickness criteria or new types of ore. Therefore it would be pragmatic to be less prescriptive in the order to allow for changes through IM's or IB's

**Comment [JITC9]:** We believe the detailed description of the methodology for determining Measured Reserves is more appropriately documented in an Instructional Bulletin or an Instructional Memorandum. We recommend that these details be deleted from the Order. This is consistent with the RCD.

**Comment [JITC10]:** The JITC is unsure what is intended by this section. We request a communication from the Solicitors so that we might have constructive feedback, if necessary.

*A. Issuance of Oil and Gas Leases*

The Department of the Interior reaffirms its policy that the lease stipulations contained in the Order of the Secretary of the Interior dated October 28, 1986, **corrected August 6, 1987 (52 FR 32171),** are necessary to protect the rights of the oil and gas and potash lessees and operators. Therefore, each successful applicant for a noncompetitive oil and gas lease, and any party awarded a competitive lease, for lands included in the Designated Potash Area is required, as a condition to the issuance of such lease, to execute a stipulation to the lease as follows:

1. Drilling for oil and gas shall be permitted only in the event that the lessee establishes to the satisfaction of the Authorized Officer, Bureau of Land Management, that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States will best be served by permitting such drilling.

2. No wells shall be drilled for oil or gas at a location which, in the opinion of the Authorized Officer, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

3. When the Authorized Officer determines that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the Authorized Officer.

4. The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations (43 CFR 3160), including such requirements as the Authorized Officer may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

In addition, the Authorized Officer will include a lease provision providing that drilling for and production of oil and gas will be subject to the terms of this Order, any subsequent revisions, and the orders of the Authorized Officer thereunder.

*B. Reinstatement or Renewal of Oil and Gas Leases*

As a condition to the granting of any discretionary reinstatement or renewal of any existing lease embracing lands included in the Designated Potash Area, the BLM will impose stipulations identical to those specified in Section 3. III. A.

*C. Potash Leases*

1. All potash permits, licenses and leases hereafter issued or existing potash leases hereafter readjusted for Federal lands within the Designated Potash Area, must be subject to a requirement, either to be included in the lease, license or permit or imposed as a stipulation, that no mining or exploration operations may be conducted that, in the opinion of the Authorized Officer, will constitute a hazard to oil or gas production, or that will unreasonably interfere with orderly development and production under any oil or gas lease issued for the same lands.

2. BLM will continue to include applicable due diligence stipulations in all potash leases issued or readjusted after the date of this Order.

3. Before being allowed to participate in a competitive lease sale, all bidders must certify in writing that they have ~~a~~**an identifiable,** substantial and genuine interest in developing the potash resources and that they intend to develop the potash resource in accordance with the applicable diligence stipulations. **In addition the BLM will be required to make a reasonable determination, that each bidder's interest is identifiable, substantial and genuine and not merely speculative or casual.**

**In addition, the Authorized Officer will include a lease provision providing that potash mining operations will be subject to the terms of this Order, any subsequent revisions, and the orders of the Authorized Officer thereunder.**

*D. Delineation of Resource Areas*

Each potash lessee must file annually by March 1, with the Authorized Officer, data and a map(s) on which has been delineated the following information with respect to: (1) the Federal Potash leases which are then held; and (2) lands on which exploration activities have been conducted.

a. The areas where active mining operations are currently in progress in one or more ore zones;
b. The area where operations have been completed in one or more ore zones;
c. Those areas that are not presently being mined which are considered to contain Measured Reserves in one or more ore zones;
d. Those areas that are not presently being mined which are considered to contain Indicated Resources in one or more ore zones;
e. Those areas that are not presently being mined which are considered to contain Inferred Resources in one or more ore zones;
f. Those areas ~~that~~**which** are ~~believed~~ **considered** to be Barren Areas;
**g. Those areas that are Unknown Areas;** and
**h.** ~~g.~~ Those areas that are ~~Unknown Areas.~~**planned to be mined as per a three year mine plan.**

The Authorized Officer will annually review the information submitted in this regard and make any revisions to the boundaries of Measured Reserves, Indicated Resources, Inferred Resources, Barren Areas and Unknown Areas. The Authorized Officer will commit the initial findings to a map(s) of suitable scale and will thereafter revise that map(s) as necessary to reflect the latest available information.

*E. Oil and Gas Drilling*

1. Drilling within the Designated Potash Area.

**It is the intent of the Department of Interior to administer oil and gas operations throughout the Designated Potash Area in a manner which promotes safe, orderly co-development of both resources.** It is the policy of the Department of the Interior to deny approval of most applications for permits to drill oil and gas wells from surface locations within the Designated Potash Area established in Section 3.V. of this Order ~~unless~~**. Four exceptions to this policy shall be permitted under the following conditions: (1) if the drilling will occur from a Drilling Island associated with a Development Area established under this Order; or (2) if the drilling will occur from a Drilling**

**Comment [JITC11]:** To be consistent with the RCD as we recommended that the BLM attempt to determine that the potential bidder has a legitimate interest in developing the potash lease.

**Comment [JITC12]:** This is a mirror image of the provision under oil and gas lease stipulations. This ensures that potash mining activities are subject to this Order.

**Comment [JITC13]:** The RCD recommended that a three year mine plan be required annually.

Island established under a prior Order; or (3) if the drilling will occur from a Barren Area if the Authorized Officer determines that such operations will not adversely affect active or planned mining operations in the immediate vicinity of the proposed drill-site ~~and~~; or (4) if the drilling will occur~~: (1) from a Drilling Island~~ from a Drilling Island or single well site established under this Order ~~or a prior Order; or (2) from a Barren Area that has not been designated as a Drilling Island~~by the authorization of the Authorized Officer, provided that such site was jointly recommended to the Authorized Officer by the oil and gas lessee(s) and the nearest potash lessee(s) or prescribed by prior agreement of the oil and gas lessee(s) and the potash lessee(s) in a written contract.

2. Development Areas.

   a. When processing an application for permit to drill (APD) an oil or gas well in the Designated Potash Area that complies with regulatory requirements, the Authorized Officer will determine whether to establish a Development Area in connection with the proposal, and if so, will determine the boundaries of the Development Area and the location within the Development Area of one or more Drilling Islands from which drilling will be permitted. BLM may also designate a Development Area outside of the APD process based on information in its possession, and may modify the boundaries of a Development Area. A Development Area may include federal oil and gas leases and other federal and non-federal lands.

   b. After designating or modifying a Development Area, the BLM will issue a Notice to Lessees, consistent with its authorities under 43 CFR subpart 3105 ~~and~~or part 3180, or both, as appropriate, informing lessees that future drilling on lands under an oil and gas lease within that Development Area will: (1) occur, under most circumstances, ~~only~~ from a Barren Area or a Drilling Island within the Development Area; and (2) be managed under a unit or communitization agreement, generally by a single operator, consistent with BLM regulations and this Order. Unit and communitization agreements will be negotiated among lessees. BLM will consider whether a specific plan of development is necessary or advisable for a particular Drilling Island.

   c. The Authorized Officer reserves the right to approve ~~the~~an operator or successor operator of a Development Area and/or a Drilling Island to ensure that the operator has the ~~technical capability~~ resources to operate and extract the oil and gas resources consistent with the requirements of this Order and all applicable laws and regulations~~, and has provided financial assurance in the amount required by the Authorized Officer~~.

   d. The Authorized Officer will determine the appropriate designation of a Development Area in terms of location, shape and size. In most cases, a single Drilling Island will be established for each Development Area. In establishing the location, shape and size of a Development Area and an associated Drilling Island, the Authorized Officer will consider:

      i. The appropriate location, shape and size of a Development Area and associated Drilling Island to allow ~~economic~~effective extraction of oil and gas ~~development while limiting impacts on~~resources while managing the impact on commercial potash resources;

      ii. ~~The best~~ The appropriate application of current available oil and gas drilling and production technology in the Permian Basin;

      iii. The applicable geology of the ~~potash basin~~Designated Potash Area and optimal locations to minimize loss of potash ore while considering co-development of both resources;



**Comment [JITC14]:** This section is extremely important and has been the subject of extensive discussions in an effort to effect the concepts agreed to in the RCD. The definitions relating to when well proposals are approved or denied have been carefully crafted such that consensus could be reached on this important section. The JITC urges that this language be accepted in the new Order without change. The co-chairs remain available for consultation regarding any questions.

**Comment [JITC15]:** For clarity. The BLM may use concepts in subpart 3105 and/or subpart 3180. Exising language ("and") suggests that both must be used in every instance.

**Comment [JITC16]:** Resources includes technical capability and can allow the BLM to assess other important capabilities that are relevant to the success of this Order.

**Comment [JITC17]:** Shape of the Development Area should be in the BLM's control.

**Comment [JITC18]:** See above.

**Comment [JITC19]:** This makes this consideration to be more consistent with the definition of a Development Area.

**Comment [JITC20]:** Oil and gas companies that operate in the Permian Basin also have experience in off-shore drilling. Applying this technology to the Permian Basin is not necessarily a direct crossover, but influenced by numerous technical factors, such as geology, rock mechanics, reservoir properties, etc. Therfore we believe it is prudent to reference Permian Basin technology specifically.

**Comment [JITC21]:** This language is consistent with the RCD. This concept can be tricky because "best available…technology" can have a specific meaning so it would be our recommendation to use this language exactly. Further, we agreed in the RCD that the standard would not be "best available technology" on a global basis rather it has to be technology being used in the Permian Basin.

**Comment [JITC22]:** The term "potash basin" is not defined. We recommend the Designated Potash Area.

**Comment [JITC23]:** The term"minimize" without the added qualifier can be interpreted in an extreme way that is inconsistent with the RCD. This modification conforms to the RCD language.

iv. Any long term exploration and/or mining plans provided by the potash industry;
v. Whether a Barren Area may be the most appropriate area for a Drilling Island;
vi. The requirements of this Order; and
vii. Any other relevant ~~factor~~**factors**.

e. ~~Greater flexibility will be applied to designating Development Areas outside of the boundaries of Measured Reserves. No Drilling Island~~**As the Authorized Officer establishes a Development Area, the Authorized Officer will consider more rigorous application of the factors listed in section 3.III.E.2.d, especially the appropriate application of the best available oil and gas drilling and production technology in the Permian Basin when closer to current traditional (non-solution) potash mining operations. Greater flexibility in the application of the factors listed in section 3.III.E.2.d will be applied further from current and near-term traditional potash mining operations. No Drilling Islands** will be established within one mile of any area where approved potash mining operations will be conducted within three years ~~of the date the APD is approved. The Authorized Officer may require affected potash mining operators to furnish a three-year mining plan to inform the Authorized Officer's site selection.~~**consistent with the three year mine plan referenced above (section 3.III.D.h) without the consent of the nearest affected Potash Lessee.**

f. ~~For lands that lie outside of Measured Reserves, APDs may be approved outside of a Drilling Island if the lessee demonstrates to the satisfaction of the Authorized Officer that the drilling site is in fact a Barren Area~~**The Authorized Officer may establish a Development Area associated with a well or wells drilled from a Barren Area as appropriate and necessary**.

g. ~~The Authorized Officer will develop guidelines consistent with this Order~~**As part of the consideration** for establishing Development Areas~~. In developing such guidelines, the Authorized Officer may consider comments and reports from the Joint Industry Technical Committee and other interested parties~~ **and Drilling Islands, the BLM will consider input from all relevant parties as long as that input is received timely. Relevant parties are considered to be those parties required to be noticed by the provisions of section 3.III.E.7 of this Order**.

3. Maintenance of Buffer Zones.

~~Approval of APDs for oil and gas wells should be conditioned upon maintenance of applicable Buffer Zones for potash mine workings. Current buffers for Measured Reserves (Potash Enclave)~~**Current buffers** are: ¼ mile for oil wells and ½ mile for gas wells. These offsets will be considered Buffer Zones and will stay in effect until such time as revised distances are adopted by the BLM **State** Director or other BLM official, as delegated. The **State** Director will base revised Buffer Zones on science, engineering and new technology and will consider comments and reports from the Joint Industry Technical Committee and other interested parties in adopting any revisions.

4. Unitization and Communitization.

To more properly conserve the potash and oil and gas resources in the Designated Potash Area and to adequately protect the rights of all parties in interest, including the United States, it is the policy of the Department of the Interior that all leases within a Development Area should be unitized or subject to an approved communitization agreement unless there is a compelling reason for another operating

**Comment [JITC24]:** We don't want the BLM to be limited to considering only one other factor than those listed above.

**Comment [JITC25]:** The existing language is not consistent with our RCD in a very significant way. Greater flexibility must be allowed based on distance from current and near-term mining operations, not just away from Enclave (Measured Reserves). The new suggested language borrows heavily from our RCD language. This is a very important change.

**Comment [JITC26]:** This timing requirement is viewed as likely to cause confusion and the deletion is supported by the JITC.

**Comment [JITC27]:** This makes it very clear that the language describing an "area where potash mining operations will be conducted within three years" is conceptually tied to the "Three Year Mine Plan" as required.

**Comment [JITC28]:** The existing language would disallow some drilling for which potash companies have already expressed support. Adding the suggested language takes no protections away from potash companies while allowing flexibility in certain circumstances. We suggested "nearest affected" to deal with possible situation where a drill site is desired where no active potash lease exists and yet the BLM could still get input for the proper decision.

**Comment [JITC29]:** We agree that guidances should be developed. We addressed this in 3.IV.E so as to provide for other guidances than just for Development Areas.

**Comment [JITC30]:** Buffer Zones have been carefully discussed and are very important and impactful to both industries. Both the definition and this section have been carefully crafted to meet the needs of both industries and to reach consensus within the JITC.

system. The Authorized Officer will make full use of his/her authorities wherever necessary or advisable to require unitization and/or communitization pursuant to the regulations in 43 CFR subparts 3105 ~~and 3180.~~**or 3180, or both, if appropriate.** The BLM will use its discretion to the fullest extent possible to assure that any communitization agreement and any unit plan of operations hereafter approved or prescribed within the Designated Potash Area will adhere to the provisions of this Order. The BLM will work with Federal lessees, and with the State of New Mexico as provided below, to include non-Federal mineral rights owners in unit or communitization agreements to the extent possible.

**Comment [JITC31]:** For clarity. The BLM may use concepts in subpart 3105 and/or subpart 3180. Exising language ("and") suggests that both must be used in every instance.

5. Coordination with the State of New Mexico.

   a. If the effective operation of any Development Area requires that the New Mexico Oil Conservation Division (NMOCD) revise the state's mandatory well spacing requirements, BLM will participate as needed in such a process. The BLM may adopt the NMOCD spacing requirements and require lessees to enter into communitization agreements based on those requirements.

   b. The BLM will cooperate with the NMOCD in the implementation of that agency's rules and regulations. (b) (5) [redacted]

   c. In taking any action under Section 3.III.E. of this Order, the Authorized Officer will take into consideration the applicable rules and regulations of the Oil Conservation Division of the State of New Mexico.

6. **Potash** Exploration Licenses **and Approvals**.

(b) (5) [redacted]

   **a. Exploration for potash on lands leased for potash is permitted only with approval by the BLM, in consultation and coordination of the potash lessee, of an exploration plan in accordance with 43 CFR subpart 3592.**

   **b.** An oil and gas or potash operator may apply for an exploration license to drill core holes necessary to define the **absence or** existence and extent of mineable potash reserves in areas within the Designated Potash Area. Exploration licenses allow the exploration of known, unleased mineral deposits to obtain geologic, environmental and other pertinent data concerning the deposit. See 43 CFR subpart 3506. These licenses can be obtained from the BLM at the Carlsbad Field Office. Costs for such exploration may be shared consistent with the provisions of 43 CFR 3506.14, if applicable. ~~Exploration for potash on lands leased for potash is permitted only with the written authorization of the potash lessee and the approval by the BLM of an exploration plan in accordance with 43 CFR subpart 3592.~~

**Comment [JITC35]:** This is now in 3.III.6.a and has been modified to give BLM the proper authority while giving potash interests significant input.

   **c. Should an oil and gas or potash operator desire to attempt to establish a Barren Area in any part of the Designated Potash Area not defined as Barren, provisions and protocols are included in this Order for the operator to review relevant data in the area to design a core acquisition program (see section 3.III.F.2 of this Order) and to obtain access to**

**acquire core data (subpart b. of this section). The BLM will develop and employ, as appropriate, 1) cost sharing guidelines for the acquisition of this new potash core data and 2) data management protocols to protect the appropriate use of the data so obtained. The BLM will use such newly acquired data to determine the resulting potash ore quality and make any changes to potash reserves and resources maps.**

7. Notice to ~~Potash Lessees.~~**Affected Parties**

An applicant for an APD, or a proponent of a plan of development for a unit or communitization area or a proposal for a Development Area or a Drilling Island, will provide notice of the application, **plan** or proposal to the ~~current~~ potash lessees and **potash** operators in the Designated Potash Area~~.~~ **included on a list maintained by the BLM described hereinbelow, the owners of the oil and gas rights and surface owners to be determined by an instructional memorandum by the BLM.** A list of current potash lessees and **potash** operators will be available and maintained by the Carlsbad Field Office, BLM. This notice should be prior to or concurrent with the submission of the application, **plan** or proposal to the BLM. The BLM will not authorize any action prior to this notice.

*F. Access to Maps and Surveys*

1. Well records and survey plats that an oil and gas lessee is required to file pursuant to applicable operating regulations (43 CFR subpart 3160) will be available for inspection at the Carlsbad Field Office, BLM, by any party holding a potash permit or lease on the lands on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

2. Maps of mine workings and surface installations and records of core analyses that a potash lessee is required to file pursuant to applicable operating regulations (43 CFR 3590) will be available for inspection at the Carlsbad Field Office, BLM. These records are available for viewing by any party holding an oil and gas lease on the same lands insofar as such records are pertinent to the development and protection of oil and gas deposits.

**3. In order for an oil and gas or potash operator to establish and design a core acquisition program for the purpose of proving a Barren Area, those records of core analysis in the area of the planned program that are necessary to design that program will be provided in a timely fashion by the BLM, subject to data management protocols as referenced in section 3.III.E.6.c.**

**4.** ~~3.~~ Maps of potash reserves and resources prepared under the provisions of Section 3.III.D. will be available for inspection in the Carlsbad Field Office, BLM. Digital copies of these maps will be available by mail or at these offices~~.~~ **by May 1 of each year. Maps of established Development Areas will be updated as new Development Areas are established. These maps of Development Areas will be provided in a timely fashion by the BLM.**

IV. Regulatory and Administrative Matters

A. This Order applies to the exercise of all existing leases in the Designated Potash Area in conformity with lease stipulations and Federal law.

**Comment [JITC36]:** This language is consistent with the RCD and expresses some important details regarding timely approvals for core data acquisition plans. It also requires the BLM to create guidelines for cost sharing relative to core data acquisition for this purpose and for the protection of data so acquired.

**Comment [JITC37]:** This section deals with applications, plans and proposals in the opening statement. The concept of "plan" was omitted in the remainder of the section. We recommend that "plan" be added here and above for clarity.

**Comment [JITC38]:** This is important technical detail as to how proper notice will be achieved. The main concepts arrived at in the RCD are captured. More detailed notice requirements, many of which are subject to routine change, are to be managed in IMs.

**Comment [JITC39]:** Oil & gas operators planning to attempt to prove a Barren area must have workable access to relevant core data in the area. The BLM must have the authority to give reasonable acces to this core data while providing for proper protection of this data.This is consistent with the RCD.

**Comment [JITC40]:** Potash operators are required to submit information by March 1 each year. The BLM should be required to use that data to update the maps in a reasonable timeframe (60 days).

**Comment [JITC41]:** It will be very important for interested parties to know where existing Development Areas a located so that future development can be properly designed. The BLM should have an obligation to make these maps available in a timely fashion.

B. Except to the extent otherwise provided by this Order, the regulations contained in 43 CFR Parts 3100, 3160 and 3180 (governing the leasing and development of oil and gas) and 43 CFR Group 3500 and 3590 (governing the leasing and development of potash deposits), remain applicable to the lands covered by this Order.

C. In implementing this Order, the BLM is authorized to exercise its discretion through any and all appropriate means, including, where necessary or advisable, rulemaking, notices to lessees, and orders of the Authorized Officer.

**D. The BLM is authorized to select an outside, unbiased technical institute or organization to act as a science advisor to the Joint Industry Technical Committee as to the BLM. Sandia National Laboratories will serve that role initially.**

**E. The BLM, in coordination and consultation with the Joint Industry Technical Committee will develop guidelines consistent with this Order for: establishing Development Areas, Drilling Islands, and other aspects germain to the effectiveness of this Order.**

**F. The BLM will develop appropriate timeframe guidelines and requirements, as appropriate, to ensure timely actions pursuant to the execution of this Order. This will include a timeframe for establishing Development Areas and Drilling Islands and the processing of APDs, Oil and Gas Leases and Potash Leases within the Designated Potash Area.**

V. The designated Potash Area is as follows:

New Mexico Principal Meridian

T 22 S., R. 28 E., Secs. 25 and 36.

T. 23 S., R. 28 E., Sec. I.

T. 19 S., R. 29 E., Secs. I and 2; Secs II to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 36.

T. 20 S., R. 29 E., Secs. 1 and 2; Secs. 11 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 36 inclusive.

T 21 S" R, 29 E., Secs. I to 5 inclusive; Secs, 10 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 36 inclusive.

T. 22 S., R. 29 E., Secs. I to 5 inclusive; Sees. 8 to 17 inclusive; Sees. 19 to 36 inclusive.

T. 23 S., R. 29 E., Sees. 1 to 17 inclusive; Sees. 21 to 28 inclusive; Sees. 33 to 36 inclusive.

T. 24 S., R. 29 E., Sees. 1 to 4 inclusive.

T. 18 S., R. 30 E., Sees. 8 to 17 inclusive; Sees 20 to 29 inclusive; Sees. 32 to 36 inclusive.
T. 19 S., R. 30 E.,
T. 20 S., R. 30 E.,
T. 21 S., R. 30 E.,
T. 22 S., R. 30 E.,
T. 23 S., R. 30 E.,

T. 24 S., R. 30 E., Sees. I to 18 inclusive.

T. 19 S., R. 31 E., Sees. 7, 18; Sees. 31 to 36 inclusive.
T. 20 S., R. 31 E.,

**Comment [JITC42]:** This is consistent with our RCD.

**Comment [JITC43]:** There are many details to be worked out as to how this Order will be executed. This restates the JITC commitment to participate in that evolutionary process and states BLM's commitment to coordinate and consult with the JITC.

**Comment [JITC44]:** Consistent with the consensus document, making sure that the processes that are now envisioned in the Order are required to be completed in a reasonable timeframe, the BLM should be required to develop these necessary guidelines. The JITC stands ready to provide input to this objective.

**Comment [JITC45]:** There are several errors in the description that appear to have been caused by a technical glitch. We recommend that this section be reviewed for accuracy.

T. 21 S., R. 31 E.,
T.22 S., R. 31 E.,

T. 24 S., R. 31 E., Sees. I to 18 inclusive; Sees. 35 and 36.

T. 25 S., R. 31 E., Sees. 1 and 2.

T. 19 S., R. 32 E., Sees. 25 to 28 inclusive; Sees 31 to 36 inclusive.
T. 20 S., R. 32 E.,
T. 21 S., R. 32 E.,

T. 22 S., R. 32 E., Sees. 1 to 12 inclusive.

T. 19 S., R. 33 E., Sees. 21 and 36 inclusive.
T. 20 S., R. 33 E.,
T. 21 S., R. 33 E.,

T. 22 S., R. 33 E., Sees. 1 to 12 inclusive.

T. 19 S., R. 34 E., Sees. 19 and 20; Sees. 29 to 32 inclusive.

T. 20 S., R. 34 E., Sees. 3 and 10 inclusive; Sees. 15 and 36 inclusive.

T. 21 S., R. 34 E., Sees. 5 to 8 inclusive; Sees. 17 to 20 inclusive; Sees. 29 to 32 inclusive.

T. 22 S., R. 34 E., Sec. 6.

The area described, including public and non-public lands, aggregates 497,002.03 acres, more or less.

Section 4. *Administrative Provisions.* The Director, Bureau of Land Management, is authorized to delegate responsibilities herein as are determined appropriate.

## Anderson, Michael D

**From:** Fugate, Barbara
**Sent:** Tuesday, May 22, 2012 3:46 PM
**To:** Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Cranston, Craig C; Spielman, Jay R; Farquhar, Ned; Lin, Janet H
**Cc:** Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
**Subject:** RE: Attaching draft potash order with new revisions
**Attachments:** 2012.05.22 Draft revised Potash Order.docx

Thanks so much to everyone for your input on the draft order (last night's version and all the previous ones!). We have put in the most recent revisions that we thought would work at this time. There will be another opportunity for revisions after we receive comments from the JITC. I am attaching a clean copy of the draft order that we believe is ready for BLM to send to the JITC. My understanding is that Phil Allard will convert this into a pdf. Thanks again.
Barbara

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From: Fugate, Barbara
Sent: Monday, May 21, 2012 8:57 PM
To: Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Cranston, Craig C; Spielman, Jay R; Farquhar, Ned
Cc: Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
Subject: Attaching draft potash order with new revisions

I am attaching for your review a new draft of the Secretarial Potash Order with revisions based on comments received after the order was sent to the Secretary for review last week. I would appreciate it if you could send me any questions or comments about these revisions by noon Eastern time tomorrow (Tuesday). Thank you.
Barbara

## Anderson, Michael D

**From:** Spielman, Jay R
**Sent:** Tuesday, May 22, 2012 11:43 AM
**To:** Cranston, Craig C; Fugate, Barbara; Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Farquhar, Ned
**Cc:** Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
**Subject:** RE: Attaching draft potash order with new revisions
**Attachments:** 2012 05 21 Draft revised Potash Order -- new edits after Secretarial review - Comments By CCC 2012-05-22+jrsedits5-22-12.docx

All - I concur with Craig's comments/edits and saw a couple additional changes/recommendations. Most are just slight wording changes

The edit bumpers are getting narrower - you're close to the finish line Jay

-----Original Message-----
From: Cranston, Craig C
Sent: Tuesday, May 22, 2012 8:18 AM
To: Fugate, Barbara; Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Spielman, Jay R; Farquhar, Ned
Cc: Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
Subject: RE: Attaching draft potash order with new revisions

Attached are my comments. Some may have made prior. I have lost track of what I've sent.

Craig C. Cranston

-----Original Message-----
From: Fugate, Barbara
Sent: Monday, May 21, 2012 6:58 PM
To: Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Cranston, Craig C; Spielman, Jay R; Farquhar, Ned
Cc: Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
Subject: Attaching draft potash order with new revisions

I am attaching for your review a new draft of the Secretarial Potash Order with revisions based on comments received after the order was sent to the Secretary for review last week. I would appreciate it if you could send me any questions or comments about these revisions by noon Eastern time tomorrow (Tuesday). Thank you.
Barbara

DEPARTMENT OF THE INTERIOR

Office of the Secretary

Proposed Revision of 1986 Secretarial Potash Order

Oil, Gas and Potash Leasing and Development within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Order

Section 1. (b) (5) [redacted]

Section 2. *Authority*. (b) (5) [redacted]

Section 3. *Order Revised and Superseded*. (b) (5) [redacted]

I. Definitions.

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

II. Status of Lands

(b) (5) [redacted]

(b) (5) [redacted]

III. General Provisions

*A. Issuance of Oil and Gas Leases*

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

[redacted]

*C. Potash Leases*

(b) (5)

[redacted]

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*D. Delineation of Resource Areas*

(b) (5)

[redacted]

(b) (5)

[redacted]

*E. Oil and Gas Drilling*

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

(b) (5)

(b) (5)

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5)

[redacted]

*F. Access to Maps and Surveys*

(b) (5)

[redacted]

(b) (5)

[redacted]

IV. Regulatory and Administrative Matters

(b) (5) [redacted]

V. The Designated Potash Area is as follows:

(b) (5) [redacted]

(b) (5) [redacted]

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(b) (5) [redacted]

(b) (5) [redacted]

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(b) (5)

[redacted]

(b) (5) [redacted]

Section 4. *Administrative Provisions.* (b) (5) [redacted]

## Anderson, Michael D

**From:** Cranston, Craig C
**Sent:** Tuesday, May 22, 2012 10:18 AM
**To:** Fugate, Barbara; Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Spielman, Jay R; Farquhar, Ned
**Cc:** Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
**Subject:** RE: Attaching draft potash order with new revisions
**Attachments:** 2012 05 21 Draft revised Potash Order -- new edits after Secretarial review - Comments By CCC 2012-05-22.docx

Attached are my comments. Some may have made prior. I have lost track of what I've sent.

Craig C. Cranston

-----Original Message-----
From: Fugate, Barbara
Sent: Monday, May 21, 2012 6:58 PM
To: Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Cranston, Craig C; Spielman, Jay R; Farquhar, Ned
Cc: Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
Subject: Attaching draft potash order with new revisions

I am attaching for your review a new draft of the Secretarial Potash Order with revisions based on comments received after the order was sent to the Secretary for review last week. I would appreciate it if you could send me any questions or comments about these revisions by noon Eastern time tomorrow (Tuesday). Thank you.
Barbara

DEPARTMENT OF THE INTERIOR

Office of the Secretary

Proposed Revision of 1986 Secretarial Potash Order

Oil, Gas and Potash Leasing and Development within the Designated Potash Area of Eddy and Lea Counties, New Mexico

Order

Section 1. *Purpose and Effect*. [redacted]

Section 2. *Authority*. (b) (5) [redacted]

Section 3. *Order Revised and Superseded*. (b) (5) [redacted]

I. Definitions.

(b) (5) [redacted]

(b) (5)

(b) (5)

(b) (5) [redacted]

II. Status of Lands

(b) (5) [redacted]

(b) (5) [redacted]

III. General Provisions

*A. Issuance of Oil and Gas Leases*

(b) (5) [redacted]

(b) (5) [redacted]

(b) (5) [redacted]

*B. Reinstatement or Renewal of Oil and Gas Leases*

(b) (5) [redacted]

*C. Potash Leases*

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*D. Delineation of Resource Areas*

(b) (5) [redacted]

(b) (5) [redacted]

*E. Oil and Gas Drilling*

(b) (5) [redacted]

(b) (5) [redacted]

b) (5) [redacted]

communitization agreements will be negotiated among lessees. BLM will

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[redacted]

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(b) (5) [redacted]

*F. Access to Maps and Surveys*

(b) (5) [redacted]

(b) (5) [redacted]

IV. Regulatory and Administrative Matters

(b) (5) [redacted]

V. The Designated Potash Area is as follows:

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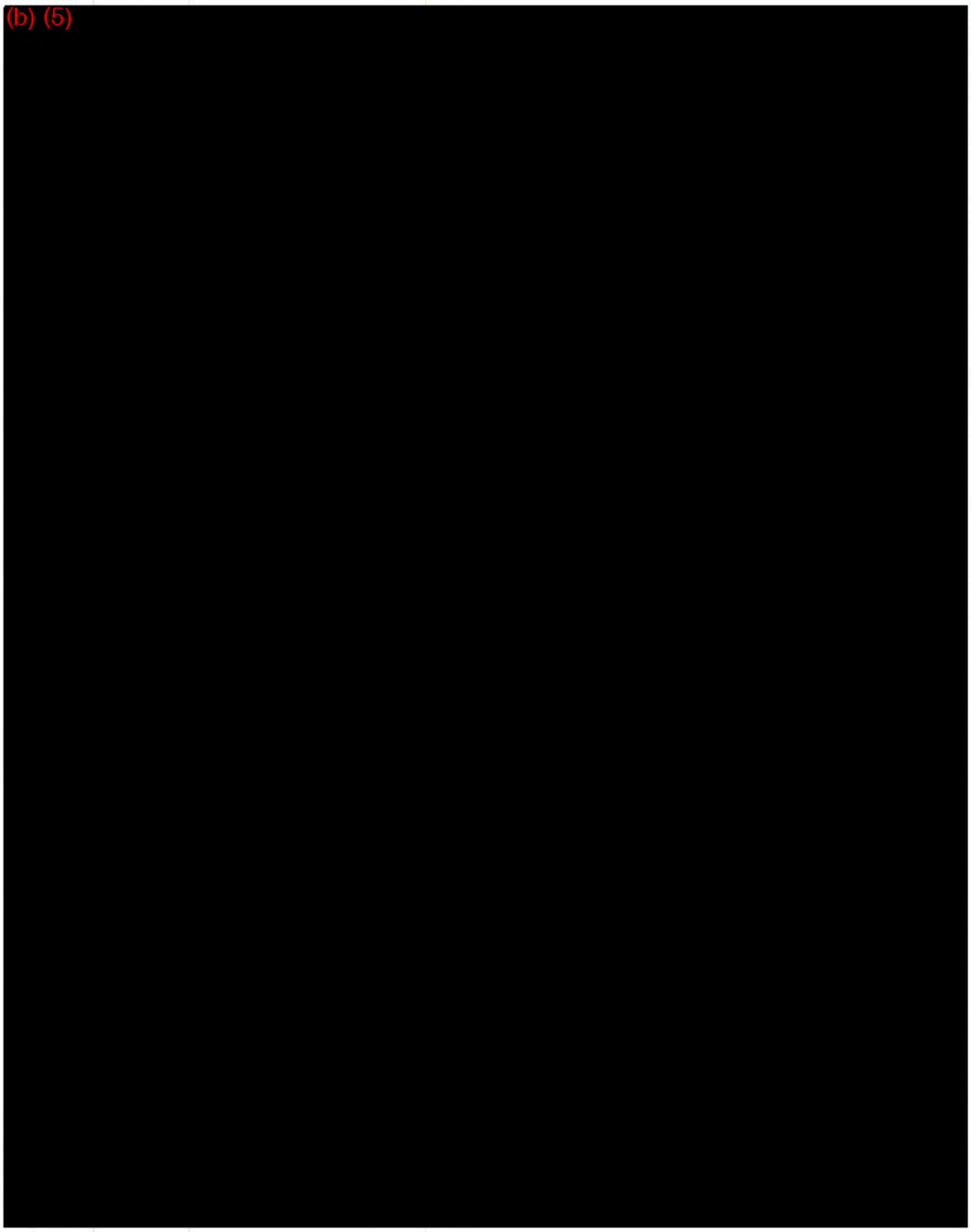

(b) (5)

[redacted]

Section 4. *Administrative Provisions.* (b) (5) [redacted]

## Anderson, Michael D

**From:** Fugate, Barbara
**Sent:** Monday, May 21, 2012 8:58 PM
**To:** Lin, Janet H; Herrell, Tony J; Pool, Michael J; Spisak, Timothy; Leverette, Mitchell; Juen, Jesse J; Nedd, Michael D; Allard, Phil; Martin, Benjamin F; Vogt, Vincent N; Stovall, James K; Cranston, Craig C; Spielman, Jay R; Farquhar, Ned
**Cc:** Haugrud, Jack; Daugherty, Dennis; McNeer, Richard; Johnson, Lynn; Blank, Harvey; Umshler, Sue; Murphy,Timothy; Spector, Rachel; Hawbecker, Karen
**Subject:** Attaching draft potash order with new revisions
**Attachments:** 2012.05.21 Draft revised Potash Order -- new edits after Secretarial review.docx

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Barbara