

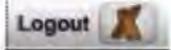


# Data Tracking System (DTS)

U.S. Department of the Interior

Application: DTS | Username: robert\_howarth@ios.doi.gov | Office: OES-Howarth/202-208-4451 | Today's Date: 11/02/2012

Data Tracking Help



## DTS-Search Results-19 Records



DCN	Orig. Office	To (Recipient)	From (Author)	Lead Action Office	Sig. Level	Subject	Input Date	Due Date	
<a href="#">ESO-00041956</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Mark Murphy	BLM	Appropriate Action	Strata Production Company comments concerning Proposed Order on Potash Area in Eddy and Lea Counties, New Mexico	09/30/2012		✓
<a href="#">ESO-00041163</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Jimmy Carlile	BLM	Appropriate Action	Comments on Draft Order Covering Oil, Gas and Potash Leasing and Development within the Designated Potash Area of Eddy and Lea Counties, New Mexico	08/30/2012		✓
<a href="#">ESO-00040911</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Mark Murphy	BLM	Appropriate Action	Strata Production Company send comments on proposed order on oil and gas and potash development within Designated Potash Area in Eddy and Lea Counties, New Mexico	08/22/2012		✓
<a href="#">ESO-00040910</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Jim Dewbre	BLM	Appropriate Action	American Association of Professional Landmen (AAPL) send comments on proposed order on oil and gas and potash development within Designated Potash Area in Eddy and Lea Counties, New Mexico	08/22/2012		✓
<a href="#">ESO-00040908</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Susana Martinez	BLM	Secretary's Signature	Requests 30-day extended public comment period for oil and gas and potash development in Eddy and Lea Counties, New Mexico, before finalizing any revisions to Potash Order.	08/22/2012	09/06/2012	✓
<a href="#">ESO-00040827</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Steve Henke	BLM	Appropriate Action	New Mexico Oil and Gas Association (NMOGA) Comments on Proposed Order on Oil, Gas and Potash development within Potash Area	08/17/2012		
<a href="#">ESO-00040818</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Ben Shepperd	BLM	Appropriate Action	Permian Basin Petroleum Association (PBPA) Comment Letter on Proposed Order for Oil, Gas and Potash Leasing in Eddy and Lea Counties, New Mexico	08/17/2012		✓
<a href="#">ESO-00040816</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Stevan Pearce	BLM	Secretary's Signature	Requests extended public comment time for oil and gas and potash development in New Mexico, and public hearings in Hobbs and Carlsbad before finalizing any revisions to	08/16/2012	08/30/2012	✓

<a href="#">ESO-00037616</a>	OES-Cannuscio/202-208-2443	Ken Salazar	John Mansanti, John Smitherman	BLM	Secretary's Signature	Potash Order. Consensus recommendations by Joint Technical Committee/Joint Industry Steering Committee on development of potash and oil and gas resources.	04/18/2012 05/02/2012
<a href="#">ESO-00036532</a>	OES-Long/202-208-3181	Ken Salazar	Joe Mansanti, John Smitherman	SIO-Scheduling	Appropriate Action	Meeting Request - Joe Mansanti of Intrepid Potash would like to meet with Secretary Salazar after March 20, 2012 and before April 1, 2012 to discuss the Potash, and Oil and Gas industries.	03/06/2012
<a href="#">ESO-00028462</a>	OES	Ken Salazar, Nancy Sutley	First United Methodist members	BLM	Appropriate Action	Give the federal lands surrounding Canyonlands National Park highest level of protection possible from oil and gas drilling, tar sands mining, and potash mining, ORV use.	05/05/2011
<a href="#">ESO-00027299</a>	OES-Cannuscio/202-208-2443	Ken Salazar	David Honeyfield	BLM	Appropriate Action	Intrepid Potash, Inc. invites BLM Director Bob Abbey to visit Intrepid potash mines on his visit to Carlsbad Field Office on April 20, 2011. References EIS process and agreement w Bass Operating Co.	04/08/2011
<a href="#">ESO-00023560</a>	OES-Cannuscio/202-208-2443	Ken Salazar	Jeff Bingaman	BLM	Direct Response	Sen. Bingaman (NM) writes re: constituent Robert Jornayvaz (Intrepid Potash Inc.) request to meet with Sec. Salazar and BLM Dir. Abbey re: mgmt of New Mexico's Potash Leasing Area.	11/18/2010 12/17/2010
<a href="#">ESO-00021008</a>	OES	Ken Salazar	Robert Jornayvaz III	BLM	Appropriate Action	Board of company that mines potash ore copied Sec. Salazar on follow up letter to BLM Dir. Abbey reiterating request to define "areas" for mining, and apologies for inaccuracies in first letter.	08/31/2010
<a href="#">ESO-00019636</a>	OES-Howarth/202-208-4451	Bob Abbey	Robert Jornayvaz III	BLM	Appropriate Action	Follow-up letter to July 20 Meeting with BLM Director Abbey on Potash	08/02/2010
<a href="#">ESO-00012825</a>	OES-Peters/202-208-3181	Ken Salazar	Bill Richardson	BLM	Secretary's Signature	Requests protection of 500,000 acre Known Potash Leasing Areas in southeast New Mexico	02/04/2010 02/19/2010
<a href="#">ESO-00011575</a>	OES-Peters/202-208-3181	Ken Salazar	Blanche Lincoln, Michael Bennet, Saxby Chambliss, Thad Cochran	BLM	Secretary's Signature	Urges the protection of potash reserves on federal lands	12/20/2009 01/06/2010
<a href="#">ESO-00005664</a>	OES-Sadie/202-208-4451	Ken Salazar	John Cornyn, Kay Bailey Hutchison	BLM	Secretary's Signature	Oil and Gas/Potash Development, Secretarial Potash Area, Carlsbad NM, Sandia Study	06/29/2009 07/14/2009
<a href="#">ESO-00000047</a>	OES-Ennis/202-208-5291	Dirk Kempthorne	James Haas, Mary Bogle	BLM	Direct Response	Oil & Gas/Potash Matters	01/23/2009 02/25/2009

From Lin, Janet H Date Fri Jun 29 2012 17:09:46 GMT-0400 (Eastern Daylight Time)

To Hayes, David; Lee-Ashley, Matt; Davis, Laura; Marsters, Lizzie; Farquhar, Ned; Burke, Marcilynn; Cardinale, Richard; Klein, Elizabeth A; Belin, Letty; Allard, Phil; Stovall, James K; Herrell, Tony J; Haugrud, Jack; Fugate, Barbara; Hawbecker, Karen; Umshler, Sue; Vogt, Vincent N; Kornze, Neil G; Pool, Michael J; Nedd, Michael D; Spisak, Timothy; Juen, Jesse J; Fetcher, Adam K; Kelly, Kate P

Cc Rees, Gareth C.; Cousins, Debbie; Sisk, Jennifer R; Lassiter, Tracie L; Ellenburg, Diane M; Luckey, Lauren; Watkins, Deborah; Brown, Bernadette D; Walker, Claudia B; Harris, Maritiza T; Boddington, Celia; Black, Steve; Iudicello, Fay; Lawyer, Mark; Sheikh, Usman; OSUA8; Long, Susan; Smith, Erica C; Dash, Robert C; MacDonell, George H; dailybriefingbinder; Lane, Kenneth

Subject Briefing materials for Departmental Briefing on Potash-OG draft Secretarial Order (VTC w/NM) Bridge<sup>(b) (5)</sup> code <sup>(b) (5)</sup>

-  [Potash-OG.doc \(schedule, 6-28-12\).docx](#) (22 KB [HTML](#) )
-  [Potash - O&G NOA.doc \(surname version, 6-29-12\).docx](#) (39 KB [HTML](#) )
-  [Potash - Oil and Gas brf \(Briefing paper, with surname package, 6-29-12\).docx](#) (28 KB [HTML](#) )
-  [Potash-O&G Secretarial Order, \(surname version, 2012 6 27\).doc](#) (108 KB [HTML](#) )

<<Potash-OG.doc (schedule, 6-28-12).docx>> <<Potash - O&G NOA.doc (surname version, 6-29-12).docx>>  
<<Potash - Oil and Gas brf (Briefing paper, with surname package, 6-29-12).docx>> <<Potash-O&G Secretarial Order, (surname version, 2012 6 27).doc>>

-----Original Appointment-----

From: Walker, Claudia B On Behalf Of Lin, Janet H  
Sent: Tuesday, June 26, 2012 10:57 AM  
To: Lin, Janet H; Hayes, David; Lee-Ashley, Matt; Davis, Laura; Marsters, Lizzie; Farquhar, Ned; Burke, Marcilynn; Cardinale, Richard; Klein, Elizabeth A; Belin, Letty; Allard, Phil; Stovall, James K; Herrell, Tony J; Haugrud, Jack; Fugate, Barbara; Hawbecker, Karen; Umshler, Sue; Vogt, Vincent N; Kornze, Neil G; Pool, Michael J; Nedd, Michael D; Spisak, Timothy; Juen, Jesse J; Fetcher, Adam K; Kelly, Kate P  
Cc: Rees, Gareth C.; Cousins, Debbie; Sisk, Jennifer R; Lassiter, Tracie L; Ellenburg, Diane M; Luckey, Lauren; Watkins, Deborah; Brown, Bernadette D; Walker, Claudia B; Harris, Maritiza T; Boddington, Celia; Black, Steve; Iudicello, Fay; Lawyer, Mark; Sheikh, Usman; OSUA8; Long, Susan; Smith, Erica C; Dash, Robert C; MacDonell, George H  
Subject: Departmental Briefing on Potash-OG draft Secretarial Order (VTC w/NM) Bridge<sup>#(b) (5)</sup> code <sup>(b) (5)</sup>  
When: Monday, July 02, 2012 1:00 PM-2:00 PM (GMT-05:00) Eastern Time (US & Canada).  
Where: BLM\_WO\_MIB\_RM5071\_Conference\_Room

From Marsters, Lizzie Date Sat Jun 09 2012 15:31:44 GMT-0400 (Eastern Daylight Time)  
To Hayes, David  
Cc Klein, Elizabeth A  
Subject FW: Potash - O&G - Next Steps

 [Potash-O&G \(JITC, 6-8-12\)20120607155428369.pdf](#) (674 KB [HTML](#))

Oops! I meant this is the latest from Janet and Jack is still in the loop.

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From: Lin, Janet H  
Sent: Friday, June 08, 2012 10:51 AM  
To: Marsters, Lizzie  
Subject: FW: Potash - O&G - Next Steps

The latest!

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From: Lin, Janet H  
Sent: Friday, June 08, 2012 10:50 AM  
To: Juen, Jesse J; Herrell, Tony J; Nedd, Michael D; Vogt, Vincent N; Allard, Phil; Hawbecker, Karen; Blank, Harvey; Fugate, Barbara; McNeer, Richard; Stovall, James K; Leverette, Mitchell; Senio, Ian J; Cranston, Craig C  
Cc: Haugrud, Jack; Iudicello, Fay; Lawyer, Mark; Kornze, Neil G; Pool, Michael J; Velasco, Janine; Farquhar, Ned; Roberson, Edwin; Boddington, Celia; Cardinale, Richard  
Subject: Potash - O&G - Next Steps

Potash-O&G Team (need a name!) -

(b) (5)

We will set up a meeting Monday afternoon.

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Janet Lin  
Chief of Staff  
Bureau of Land Management  
U.S. Department of the Interior  
202-208-3801 (o)  
202-341-9419 (c)

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**[LLNM910000 L13100000.EJ0000]**

**Notice of Availability of the Draft 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 Bureau of Land Management (BLM) has prepared a draft Order of the Secretary of the Interior (Secretary's Order) to address oil, gas, and potash leasing and development within the Designated Potash Area in Eddy and Lea counties in New Mexico. The draft Secretary's Order would supersede the current Secretary's Order that addresses those issues. By this notice, the BLM announces the opening of a 30-day public comment period regarding the draft Secretary's Order. The revised guidelines in the draft Secretary's Order 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. Among other benefits, the revised guidelines are expected to enhance the safety of underground potash miners and allow for full development of oil and gas leaseholds with fewer environmental impacts.

**DATES:** To ensure that comments will be considered, the BLM must receive written comments on the draft Secretary's Order within 30 days following the date this Notice of Availability is published in the Federal Register.

**ADDRESSES:** You may submit comments related to the draft Secretary's Order by any of the following methods:

- E-mail: [therrell@blm.gov](mailto:therrell@blm.gov);
- Fax: 505-954-2115; or
- Mail: Bureau of Land Management, New Mexico State Office, 301 Dinosaur Trail  
Santa Fe, NM 87508.

The draft Secretary's Order is available at the following website:

<http://www.blm.gov/NM/SecretaryPotashOrder/html> [REPLACE WITH REAL INTERNET ADDRESS]

**FOR FURTHER INFORMATION CONTACT:** Tony Herrell, Deputy State Director, Mineral Resources; telephone 505-954-2222; address 301 Dinosaur Trail, Santa Fe, NM 87508; e-mail: [therrell@blm.gov](mailto:therrell@blm.gov). Persons who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 to contact the above individual during normal business hours. The FIRS is available 24 hours a day, 7 days a week, to leave a message or question with the above individual. You will receive a reply during normal business hours.

**SUPPLEMENTARY INFORMATION:** An area near the town of Carlsbad in southeastern New Mexico has 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 in 1925 and has been mined since 1930.

The Secretarial Potash Order was first issued by the Department of the Interior (Department) in 1939 (4 FR 1012, February 25, 1939). 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 10699, 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 draft Order would 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 breached a well casing, or if a well casing near a potash mine failed for other reasons, gas could enter the mine workings, thus endangering the miners. Additionally, such a breach would raise the costs of potash mining due to the need for enhanced ventilation techniques and specialized equipment needed to mine in a gassy environment. Accordingly, given these safety risks, while potash and oil and gas are found in the same area, they cannot readily be produced at the same time. Thus, there has been a long history of conflict between the potash and the oil and gas industries.

This conflict has resulted in a great deal of litigation in this area regarding decisions made by the BLM on a variety of development applications. Nevertheless, over the past several years, the two industries have initiated efforts to work together. There have been productive meetings and discussions between 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. All of these factors have combined to encourage coordination between these two industries. 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.

The draft Secretary's Order differs from the 1986 Order in several important ways. First, the formatting is modified to be consistent with the Department's style requirements for Secretary's Orders. These requirements were changed in 1992. See 012 DM 1 in the Departmental Manual.

Next, the draft Secretary's Order is built on a foundation of "co-development." This new term is used to describe concurrent development of potash and oil and gas from the Designated Potash Area through a cooperative effort between the industries under this draft Secretary's Order.

Next, the draft Secretary's Order authorizes the BLM to establish "Development Areas." Development Areas are blocks of Federal oil and gas leases, to be identified by the BLM, that could be developed as a unit from one or more "Drilling Islands." The draft Secretary's Order envisions that the oil and gas leases in a Development Area would 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. This would lead to more orderly development of the oil and gas resources in the Development Area and minimize impacts to surface resources and potash resources.

The draft Secretary's Order also defines new terms for classifying lands with regard to their potash values. "Barren Areas" are defined as lands within the designated Potash Area where sufficient data is available to establish that the area lacks mineable potash resources.

"Unknown Areas" are areas within the Designated Potash Area where there is an absence of data to classify the potash mineralization of the lands. While Barren Areas may be preferred locations for Drilling Islands, Unknown Areas may warrant protection from oil and gas drilling until such time as data is available to properly classify the potash mineralization.

It is envisioned that the majority 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. It is intended that Development Areas will be developed with extended reach horizontal wells using the most current technology, consistent with applicable laws and regulations.

As described in the draft Secretary's Order, wells would be drilled from a Drilling Island established within the Development Area. In most cases, a single Drilling Island would be established for each Development Area. However, when circumstances dictate, 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 Areas. Under the draft Secretary's Order, in areas leased for potash or containing "Measured

Reserves” (i.e., areas where potash is known to exist in sufficient thickness and quality to be mineable), the Development Areas would generally be larger, potentially requiring the most aggressive use of extended-reach horizontal wells. In other areas, Development Areas could be smaller, and the use of extended-reach horizontal wells would likely be less.

By further utilizing a drilling island concept for oil and gas development that was first introduced in the 1986 Secretary’s Order, full development of oil and gas leaseholds would occur with less impact to the environment because of the reduction in the number of drill pads and associated roads, power lines, and other ancillary facilities required to develop the oil and gas resource. The safety of the underground potash miners would also be enhanced by a reduction in the number and spacing of oil and gas drilling locations where wells penetrate the potash formation.

The draft 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 draft Secretary’s Order also retains language of the 1986 Order for special terms and conditions for oil and gas leases and potash leases issued, readjusted, or reinstated in the Designated Potash Area. The draft Secretary’s Order seeks to retain the wording of the 1986 Order to the extent practicable.

The provisions in this draft Secretary’s Order are consistent with the Department’s regulations, onshore orders, and the oil and gas lease form. The Department’s existing regulations and onshore orders allow the BLM to impose conditions of approval on permits to drill and require protection of other mineral resources, other natural resources,

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environmental quality, life, health, safety, and property. See 43 CFR subparts 3162.1, 3164.1, and 3165.1. The oil and gas lease form (BLM form 3100-11) provides that the rights granted in the lease are subject to the Secretary's subsequent formal orders when not inconsistent with the lease rights. The lease form also provides that lessees will take reasonable measures that BLM deems necessary to minimize adverse impacts to other resources and to other land uses or users. The provisions in the draft Secretary's Order are also consistent with the regulations governing potash leasing, exploration, and development. See 43 CFR part 3500 and subpart 3190.

Before including your phone number, email address, or other personal identifying information with the submission of your comments, you should be aware that your entire submission – including your personal identifying information – may be made publicly available at any time. While you may ask us to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

---

Jesse Juen

New Mexico State Director

AUTHORITY: 43 CFR 3164.1, 43 CFR 3590.2

## **INFORMATION MEMORANDUM**

**FROM:** Mike Pool, Acting Director, Bureau of Land Management

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

**SUBJECT:** Draft Secretarial Order on Oil and Gas and Potash Development Within the Designated Potash Area, Eddy and Lea Counties, New Mexico

**DATE:** June 29, 2012

### **I. INTRODUCTION**

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#### Brief Summary Of Draft Order

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## II. BACKGROUND

(b) (5)

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### III. POSITION of INTERESTED PARTIES

(b) (5)

Acting Director Mike Pool  
Acting Director, Bureau of Land Management  
1849 C Street NW, Rm. 5665  
Washington DC 20240

Mr. Pool:

We appreciate the opportunity to review the Draft Secretary's Order describing rules for safe, orderly and concurrent development of potash and oil and gas resources within the Designated Potash Area. Please consider the attached consensus draft order our formal comments to the proposed draft transmitted to us by then Director Bob Abbey.

As the two industry Co-Chairs for the Joint Industry Technical Committee (JITC) we realized that to better communicate our intentions of the consensus document it would be necessary for the JITC to refine and in some cases add new language to the proposed Interior Draft. The committee put forth considerable effort in developing this document and achieved consensus by the member companies. In developing the response and refining the document it served to reset and better define the "terms" of the JITC consensus. Therefore we cordially request strong consideration be given to the Order rewrite we have submitted.

We understand that ultimately the authority of how the order is written and the rules for governance are ultimately the decisions of the Department of Interior. As Co-Chairs we propose to further take advantage of this historic opportunity by requesting, in the spirit of cooperation, to meet with the Solicitor's Office as often as necessary (in person or by conference call) to further their understanding of our interpretation of the consensus order developed by the JITC. We respectfully make this offer only with the intentions of making the order more resilient to withstand the test of time in providing rules for development by which both industries can develop their respective reserves.

Thanks in advance for your efforts and consideration of our request, we look forward to cooperatively working with you in the future.

  
John Mansanti  
Vice President Operations  
Intrepid Potash

*by John Smitherman*

  
John R Smitherman  
Vice President Operations  
BOPCO

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 Development 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 germane 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. 1.

T. 19 S., R. 29 E., Secs. 1 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, I0 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

Order

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.** This Order revises and supersedes the Order of the Secretary of the Interior dated October 28, 1986 (51 FR 39425), corrected August 26, 1987 (52 FR 32171), and provides procedures and guidelines for fostering more orderly co-development of oil and gas and potash deposits owned by the United States within the Designated Potash Area through safe, concurrent operations.

Sec. 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.

Sec. 3 **Order Revised and Superseded.** The Order of the Secretary of the Interior of October 28, 1986 (51 FR 39425), corrected August 26, 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.

Sec. 4. **Definitions.**

- a. 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.
- b. 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.
- c. Buffer Zone - <sup>(b) (5)</sup>

- d. Co-development - The concurrent development of oil and gas and potash resources within the Designated Potash Area. Co-development is a cooperative effort between industries under the guidelines of this order, as regulated by the BLM, to support production of potash and oil and gas from the lands within the Designated Potash Area. Co-development may require that the development of the resources occur at different times and from different places.
- e. Designated Potash Area - The land area described at Section 8 of this Order.
- f. Development Area - (b) (5)
  
- g. 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.
- h. 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.
- i. 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.
- j. 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.
- k. 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.
- l. Potash - Potassium and associated minerals as specified in the Act of February 27, 1927 (30 U.S.C. 281-287).
- m. 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.

**Sec. 5 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.

**Sec. 6 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 26, 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 6.a.

c. Potash Leases

(1) <sup>(b) (5)</sup>

(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 resources in accordance with the applicable diligence stipulations.

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 the Federal, state, and private potash leases which are then held; and lands on which exploration activities have been conducted.

- (1) The areas where active mining operations are currently in progress in one or more ore zones;
- (2) The areas where operations have been completed in one or more ore zones;
- (3) Those areas that are not presently being mined which are considered to contain Measured Reserves in one or more ore zones;
- (4) Those areas that are not presently being mined which are considered to contain Indicated Resources in one or more ore zones;
- (5) Those areas that are not presently being mined which are considered to contain Inferred Resources in one or more ore zones;
- (6) Those areas that are considered to be Barren Areas;
- (7) Those areas that are Unknown Areas; and
- (8) Those areas that are planned to be mined as per a three year mine plan.

The Authorized Officer will annually review the information submitted under this requirement 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.

(b) (5)

(2) Development Areas.

(b) (5)

(a)

(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 part 3180, 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. The 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, if applicable, 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, 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 effective extraction of oil and gas resources while limiting the impact on potash resources;
  - ii. The application of 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 more strictly apply the factors listed in Section 6.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 6.e.(2)(d) will be applied further from current and near-term traditional (non-solution) 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 6.d.(8)) without the consent of the affected potash lessee(s).
- (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 the potash lessees and the oil and gas lessees or mineral right owners who would be potentially subject to a unitization agreement supporting the Development Area, provided that the input is provided timely.

(3) Buffer Zones.

Buffer zones of  $\frac{1}{4}$  mile for oil wells and  $\frac{1}{2}$  mile for gas wells are hereby established. These Buffer Zones will stay in effect until such time as revised distances are adopted by the BLM Director or other BLM official, as delegated. However, the Authorized Officer may adjust the Buffer Zones in an individual case, when the facts and circumstances demonstrate that such adjustment would enhance conservation and would not compromise safety. The 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 Federal 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 and 3180. The Authorized Officer will use his/her 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 Authorized Officer 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, the 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 may 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 6.e. of this Order, the Authorized Officer will take into consideration the applicable rules and regulations of the NMOCD.

(6) Approvals of Exploration on Existing Potash Leases and Potash Exploration Licenses.

- (a) Exploration for potash on lands leased for potash is permitted only with approval by the BLM, in consultation and coordination with the potash lessee, of an exploration plan in accordance with 43 CFR subpart 3592 and subject to the terms and conditions of the potash lease.
- (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 gather sufficient data for the BLM 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 6.f.(2) and (3) of this Order) and to obtain access to the land to acquire core data (see Section 6.e.(6)(b)). The BLM will develop and employ, as appropriate, 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 indicated by the new data.

(7) Notice to Potash Lessees

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. 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 purposes of proving a Barren Area, those records of core analyses in the area of the planned program that are necessary to design that program should be provided in a timely fashion by the owner of the records to the operator of the planned program subject to the data management protocols as referenced in 6.e.(6)(c). Record owners are encouraged to comply as fully as possible with this paragraph so that the best available science may be used to define Barren Areas. The BLM will use all data available to it when delineating Barren Areas, even if some of the data was not available to the operator of the core acquisition program designed to prove the Barren Area.

(4) Maps of potash reserves and resources prepared under the provisions of Section 6.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 upon request.

**Sec. 7 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 Part 3100 and Subparts 3160 and 3180 (governing the leasing and development of oil and gas) and 43 CFR Part 3500 and Subpart 3590 (governing the leasing and development of potash deposits), remain applicable to the lands covered by this Order.

(b) (5)

c.

notices to lessees, and orders of the Authorized Officer.

- d. The BLM will obtain and use the best science available when administering this Order as is consistent with Departmental Manual chapters 305 DM 2 and 305 DM 3. The BLM will comply with the requirements of Secretarial Order 3305 on Scientific Integrity. The BLM has previously used Sandia National Laboratories to provide unbiased technical assistance in administering the Designated Potash Area and may continue to do so, if the BLM, consistent with all applicable laws, so chooses.
- e. The BLM will develop guidelines consistent with this Order for establishing Development Areas and Drilling Islands. In developing such guidelines, the BLM may consider comments and reports from the Joint Industry Technical Committee and other interested parties.
- f. The BLM will develop appropriate time-frame guidelines and requirements, as appropriate, to enable timely actions pursuant to this Order.

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

New Mexico Principal Meridian

T. 22 S., R. 28 E.,  
secs. 25 and 36.

T. 23 S., R. 28 E.,  
sec. 1.

T. 19 S., R. 29 E.,  
secs. 1 and 2;  
secs 11 to 15, inclusive;  
secs. 22 to 27, inclusive;  
secs. 35 and 36.

T. 20 S., R. 29 E.,  
secs. 1 and 2;  
secs. 11 to 15, inclusive;  
secs. 22 to 27, inclusive;  
secs. 34 to 36, inclusive.

T. 21 S., R. 29 E.,  
secs. 1 to 5, inclusive;  
secs, 10 to 15, inclusive;  
secs. 22 to 27, inclusive;  
secs. 34 to 36, inclusive.

T. 22 S., R. 29 E.,  
secs. 1 to 5, inclusive;  
secs. 8 to 17, inclusive;

secs. 19 to 36, inclusive.

T. 23 S., R. 29 E.,  
secs. 1 to 17, inclusive;  
secs. 21 to 28, inclusive;  
secs. 33 to 36, inclusive.

T. 24 S., R. 29 E.,  
secs. 1 to 4, inclusive.

T. 18 S., R. 30 E.,  
secs. 8 to 17, inclusive;  
secs. 20 to 29, inclusive;  
secs. 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.,  
secs. 1 to 18, inclusive.

T. 19 S., R. 31 E.,  
secs. 7 and 18;  
secs. 31 to 36, inclusive.

T. 20 S., R. 31 E.

T. 21 S., R. 31 E.

T. 22 S., R. 31 E.

T. 23 S., R. 31 E.

T. 24 S., R. 31 E.,  
secs. 1 to 18, inclusive;  
secs. 35 and 36.

T. 25 S., R. 31 E.,  
secs. 1 and 2.

T. 19 S., R. 32 E.,

secs. 25 to 28, inclusive;  
secs. 31 to 36, inclusive.

T. 20 S., R. 32 E.

T. 21 S., R. 32 E.

T. 22 S., R. 32 E.,  
secs. 1 to 12, inclusive.

T. 19 S., R. 33 E.,  
secs. 21 to 36, inclusive.

T. 20 S., R. 33 E.

T. 21 S., R. 33 E.

T. 22 S., R. 33 E.,  
secs. 1 to 12, inclusive.

T. 19 S., R. 34 E.,  
secs. 19 and 20;  
secs. 29 to 32, inclusive.

T. 20 S., R. 34 E.,  
secs. 3 to 10, inclusive;  
secs. 15 to 36, inclusive.

T. 21 S., R. 34 E.,  
secs. 5 to 8, inclusive;  
secs. 17 to 20, inclusive;  
secs. 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.

**Sec. 9 Administrative Provisions.** The Director, Bureau of Land Management, is authorized to delegate responsibilities herein as is determined appropriate. This Order will remain in effect until superseded, replaced, or incorporated into the Departmental Manual.

*Internal Review Draft*

6/28/12

## Potash/O&G Draft Secretarial Order Schedule

- June 27      Surname package begins circulation - Notice of Availability and Draft SO
- June 28      BLM – Director Briefing
- June 29  
Or July 2      Departmental Briefing
- July 3        Finalize documents
- July 6        Send documents to the Federal Register
- July 12      Rollout/Announcement  
Distribution of Draft SO to Tribes  
NOA available at the Federal Register inspection desk
- July 13      (whichever is the day after the announcement) Publication of NOA of  
Draft SO, 30 day comment period begins
- Tribal Consultation Meetings
- July 17      Kiowa Tribe of Oklahoma
- July 18      Comanche Indian Tribe
- July 19      Apache Tribe of Oklahoma
- July 20      Mescalero Apache
- July 24      Ysleta del Sur Pueblo
- July 25      Pueblo of Isleta
- July 26      Hopi Tribe
- August 12    Comment period closes
- October 20   Publish final Secretarial Order in Federal Register and make  
Environmental Assessment available on BLM website

From (b) (6) Date Thu Jan 26 2012 19:45:47 GMT-0500 (Eastern Standard Time)  
To Abbey, Robert V  
Cc Davis, Laura; Hayes, David; Lee-Ashley, Matt; Tompkins, Hilary C  
Subject Re: Fw:

Bob,

Some direction to guide the discussion follows:

(b) (5)

I hope this is helpful. (b) (5)  
part, (b) (5)

. For my

In so doing, (b) (5)

Thank you.

Ken Salazar

Sent from my iPad

On Jan 22, 2012, at 6:43 PM, "Abbey, Robert V" <[RVAbbey@blm.gov](mailto:RVAbbey@blm.gov)> wrote:

Mr. Secretary:

Below is the email traffic that we briefly discussed. FYI and request for further clarification.

Bob

---

From: Abbey, Robert V  
Sent: Saturday, January 21, 2012 08:47 AM  
To: Davis, Laura; Lee-Ashley, Matt  
Subject: Fw:

Laura/Matt: Reference is made to the email below. Jesse Juen, our State Director in NM, is  
(b) (5)

(b) (5)

Bob

---

From: Juen, Jesse J  
Sent: Saturday, January 21, 2012 08:22 AM  
To: Abbey, Robert V  
Cc: Kornze, Neil G; '[john.mansanti@intrepidpotash.com](mailto:john.mansanti@intrepidpotash.com)' <[john.mansanti@intrepidpotash.com](mailto:john.mansanti@intrepidpotash.com)>; '[jrsmitherman@BassPet.Com](mailto:jrsmitherman@BassPet.Com)' <[jrsmitherman@BassPet.Com](mailto:jrsmitherman@BassPet.Com)>; Stovall, James K; Herrell, Tony J  
Subject: Fw:

---

From: Jesse Juen [mailto:<sup>(b) (6)</sup>]  
Sent: Saturday, January 21, 2012 07:36 AM  
To: Juen, Jesse J  
Cc: Herrell, Tony J

Bob, below are notes between the Chairs on the Technical Steering Committee and a couple of questions to explore with the Secretary. You will see below a diversity of views from the 3 of us in terms of our interpretations of the meeting with the Secretary. If you have an opportunity to share your perspective or gain clarity from the Secretary on his intent and/or vision prior to our meeting on the January 31st that would be helpful. I believe the questions center around what are the sideboards the Secretary had in mind as we consider proposed modifications and if the group needs more time to work through the modifications is that acceptable. The next key litmus test for us will be our January 31st meeting. We have that planned most of the day and Tony will offer a Potash/Oil and Gas GIS session the following morning for anyone who wishes to attend. Then the chairs will meet that afternoon to assess where we are at that point. There was also a very nice diagram that John Mansanti built but for some reason it will not send to you from within my email.

Chairpeople include:

John Smitherman, BOPCO

John Mansanti, Intrepid

Jesse Juen, BLM

Also at the meeting was Tony Herrell.

Key points to the meeting:

What each of us heard from the meeting with the Secretary:

Jesse Juen: That the Secretary was asking the Technical Steering Committee to make recommendations to him regarding the Secretary's Potash Order. I believe he did this primarily due to the opportunity he saw with both industries at the table using a productive forum to address a variety of technical issues. From my discussions with you previously, I did not get the sense that he has something specific in mind for the group to address. As chairs we also discussed that we were concerned with my appointment to the group in that it may be weak link, since this is not a FACA chartered group, for any member of the public to potentially challenge group recommendations. We are exploring what options we have through BLM channels to avoid pitfalls. For now we believe the meetings will be open to anyone to attend but we believe we can construct the meeting to focus on the group members for the technical steering committee.

John Mansanti: That the Secretary was asking the group to recommend a relatively narrow set of modifications to the Secretary's Potash Area Order. The recommendation would resolve the data inadequacy issues that were getting in the way of timely co development. The process modification(s) would include:

- ℞• A process for obtaining data when adequate data is not available, e.g., potash geology
- ℞• Timelines to the process which provide regulatory certainty
- ℞• A possible consideration of some type of risk tool (which may include SNL) (would provide opportunities for co-development)
- ℞• A process for dispute resolution
- ℞• The process(es) should be robust enough to adapt to future changes in technology

John Smitherman: That the Secretary recognized that the positive atmosphere that exists today could serve to achieve a multi-industry solution that has eluded us until now. He was asking the group to recommend modifications to the Secretary's Potash Area Order that would address how we could operate within the SOPA including the specific procedural issue related to regulatory certainty and difficulties in obtaining sufficient potash core data to make permitting decisions in a timely fashion. The Secretary, through his emphasis of regulatory certainty and consensus-seeking, was asking the entire group for a solution that would serve all interests without specific limitations on the issues to address. Mr. Smitherman believes that is an important distinction because there are other issues besides a process for acquiring sufficient core data that have contributed to the regulatory uncertainty and conflict in the past and that this group can and should take this historic opportunity to address these especially a method of providing alternate access via drilling islands (or otherwise) where an APD would be denied. The Secretary specifically referred to the application of new technology and leaving flexibility in the recommended order to apply new technology in the future to improve the functioning of this new Order. The Committee is well suited for that task.

A good discussion followed these views in that as chairs we believe the the larger group discussion will yield more diverse interpretations and differences between the industries therefore requiring a longer timeframe than prescribed to potentially reach consensus if we can. It will be critical to hear from the other members of the group on their take of the Secretary's request and whether they believe there are opportunities that can be achieved on proposed modifications.

A few agreed to items between us.

1. That whatever modifications might be forwarded to the Secretary's consideration that it should not take anything away from the existing private agreements that have been constructed between potash and oil and gas industries.
2. Flexibility through process should be built into proposed modifications as it is difficult at best to change Secretarial Orders.
3. Should there be recommendations forwarded to the Secretary for modifications to the Order that it be based upon consensus of the representatives of the Technical Steering Committee.
4. Sandia National Laboratories should not play an ADR role as they are an active participant in the Technical Steering Committee. They should however be able to review technical or scientific data and provide a neutral based opinion upon its adequacy and/or

conduct research on an as needed basis for the group.

5. The Technical Steering Committee was created for critical reasons beyond addressing the request of the Secretary and should be sustained for long term benefit.
6. There is a concern that if the technical steering committee is to consider any of these issues within the given timeframe, that it could be too big of a challenge for an young steering committee which is still in the process of developing its own group dynamics. With the added stress of the new players and request by the Secretary, we want to be cautious not to destroy the trust and good will that the committee has developed to date

What we are currently working on for our group meeting January 31 (draft agenda attached):

Acquiring a facilitator for the meeting

Drafting an agenda for the meeting

Acquiring a note taker for the meeting

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Internal Document  
Contains Confidential  
Information*



*BLM New Mexico*



# *Potash Oil and Gas Conflict Resolution Elements/Themes*

## Executive Summary

### Conflict between the Oil and Gas and Potash Industries in the Secretary's Potash Area, southeastern New Mexico: Resolution Elements and Themes

**T**he oil and gas and potash industries have been involved in a long-standing conflict over the right to develop these mineral resources within the Secretary's Potash Area in southeastern New Mexico. The philosophical and cultural differences between the two industries have further exasperated the controversy.

The potash industry, like mining companies in general, approaches development conservatively, in the long term, investing large sums of money capitalized over 20-30 years, keeping ore reserves, processing technology confidential from other competitors.

The petroleum industry is fast-paced and high-risk, without the ability to keep information confidential for any substantial period of time; competition between companies is very intense. Both industries are owned or managed by individuals that are proud and forceful, creating emotional as well as technical conflicts; many have little desire to make significant compromises.

This document outlines the key elements that will need to be part of any proposed legislation or other rule making process necessary to effectively address this generations-long issue. The document outlines strategic and firm proposals that will address the long-standing technical and safety issues associated with the industries' conflicts.  
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Proposed legislation elements are:

- A. *Identify a Protected Potash Reserve.*** The identified areas would receive long-term protection from oil and gas drilling.
- B. *Lease Exchange or Credits.*** Operators would be allowed to obtain leases in other areas when a lease exists in the potash area where mineral resources cannot be developed.
- C. *Research and Analysis of Issues.*** Funding is recommended to research safety issues associated with mining around abandoned oil and gas fields and more accurately determine where economic potash mineralization occurs within the basin.
- D. *Establish an Arbitration Board.*** A board would be empowered with final decision-making responsibilities to determine lease exchanges, potash reserves to be protected and the adoption of new technologies or methods for safely mining around abandoned oil and gas wells.
- E. *Establish Consistent Potassium Royalty Rates.*** A consistent royalty rate for potash resources, similar to fixed royalty rates for petroleum resources, would replace the existing assortment of royalty rates currently in effect for the potash producers.
- F. *Utilize Interest-Bearing Accounts in lieu of Bonds for Final Reclamation of Potash Mines.*** Establishing these funds would allow potash companies to set aside a small percent per ton of ore mined into an interest-bearing account to be utilized for the purpose of mine reclamation and abandonment.
- G. *Establish Land Restoration and Mitigation Fund.*** Utilize 1 percent of the existing oil and gas royalty for oil field restoration within the Secretary's Potash Area.

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**A. *Identify a Protected Potash Reserve (25, 50, 100 years)***  
(b) (5)

*Identification of potash reserves to receive protection.*  
(b) (5)

*Oil and gas drilling in the Secretary's Potash Area.*  
(b) (5)

**Background and Related Information**  
(b) (5)

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***B. Lease Exchange or Credits***

(b) (5)

**Background and Related Information**

(b) (5)

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# Bureau of Land Management

New Mexico, Oklahoma, Kansas, Texas

ISSUE PAPER

January 4, 2010

FROM: Linda Rundell, State Director, BLM New Mexico

PHONE: (505) 438-7501

SUBJECT: Oil and Gas, and Potash Conflicts

## I. SUMMARY

The conflict between the oil and gas, and potash industries over development of the mineral resources in the Carlsbad Mining District is a result of the area's unique geology supporting oil, gas and potash. Mining began in 1930 after the discovery of potash in 1925 (ironically by an oil test well drilled in the basin). A policy of concurrent development was originally established in 1951 with concurrent development by the oil and gas, and potash industries regulated by Orders of the Secretary. There has been a long history of Interior Board of Land Appeals (IBLA) and Federal litigation.

The Secretary's Potash Area (SPA) was established in 1939 and originally withdrew approximately 43,000 acres from oil and gas leasing and development for the express purpose of protecting potash deposits for potash mining. Exploration by several companies continued after 1939 and the potash area was expanded in 1951 to approximately 298,000 acres. The management policy was also changed at that time to one of concurrent development—a key difference from the 1939 order. To achieve concurrent development, the 1951 order and continuing forth to the 1986 order (see Figure 1) provided for the correlative rights of each industry by placing protective stipulations in new leases issued for both oil and gas, and potash.

## II. DISCUSSION

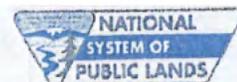
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# Bureau of Land Management

New Mexico, Oklahoma, Kansas, Texas

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Litigation  
(b) (5)



# Bureau of Land Management

New Mexico, Oklahoma, Kansas, Texas

(b) (5)

### III. MESSAGE

The BLM is acutely aware of the sensitivity of the issues surrounding multiple-minerals development inside the potash area. That is why the New Mexico State Office contracted with SNL to do the three studies. The SNL is one of the premier research institutes in the nation; it has direct experience with the potash area after 20 years of working on issues involving the nearby Waste Isolation Pilot Plant. The studies are being conducted in an open manner in which BLM invites stakeholders to provide technological data and suggestions while protecting proprietary data and providing periodic progress updates to the stakeholders. We feel an open process is important in using the best available science. The total cost of these studies amounts to \$2.25 million from the BLM budget which illustrates the importance BLM puts on these studies.

The SPA has a long history of dispute between the petroleum industry and the potash industry. These will be the first true scientific studies of the technical issues associated with underground mines and oil and gas well interactions during the 30 plus years of litigation between the two industries. Prior to these studies, scientific and technical information has only been expressed in the litigation process through expert witnesses paid for by either industry. Stakeholders have expressed concerns to congressional representatives about the scope and conduct of the studies, realizing that the results could help or hurt their longstanding litigation and legal positions.

The history of this contentious issue extends back over 80 years. Court decisions are consistent in supporting previous decisions and challenges in the interpretation of the 1986 Secretarial Order.

**PREPARED BY:** Tony Herrell, Deputy State Director - Minerals

**PHONE:** (505) 954-2134



# Bureau of Land Management

New Mexico, Oklahoma, Kansas, Texas

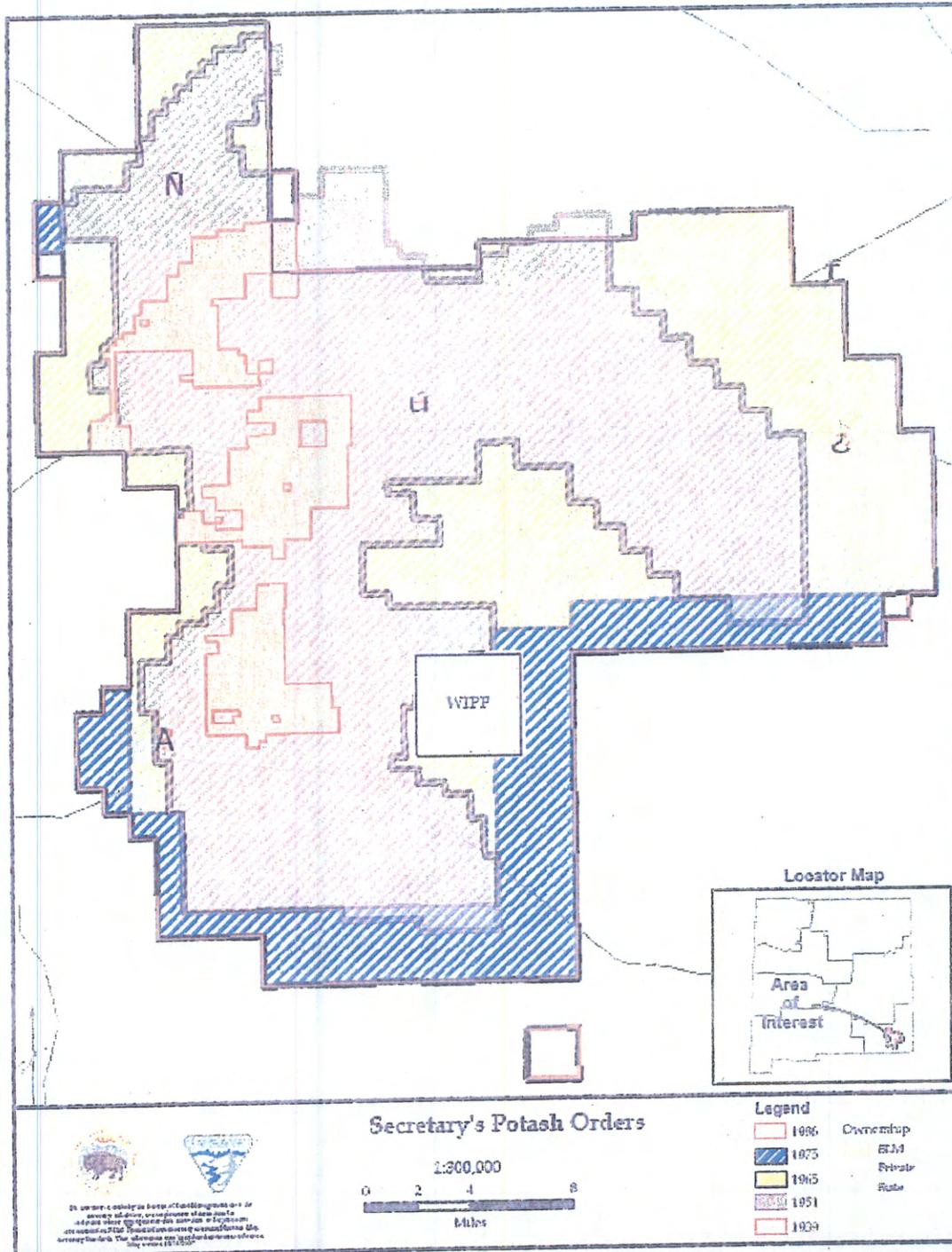


Figure 1: Map depicting the history of expansion from the original Potash Order Withdrawal of 1939 to the concurrent development change in policy in 1951 and continuing to the present day 1986 Secretary's Potash Boundary.

# Bureau of Land Management

New Mexico, Oklahoma, Kansas, Texas

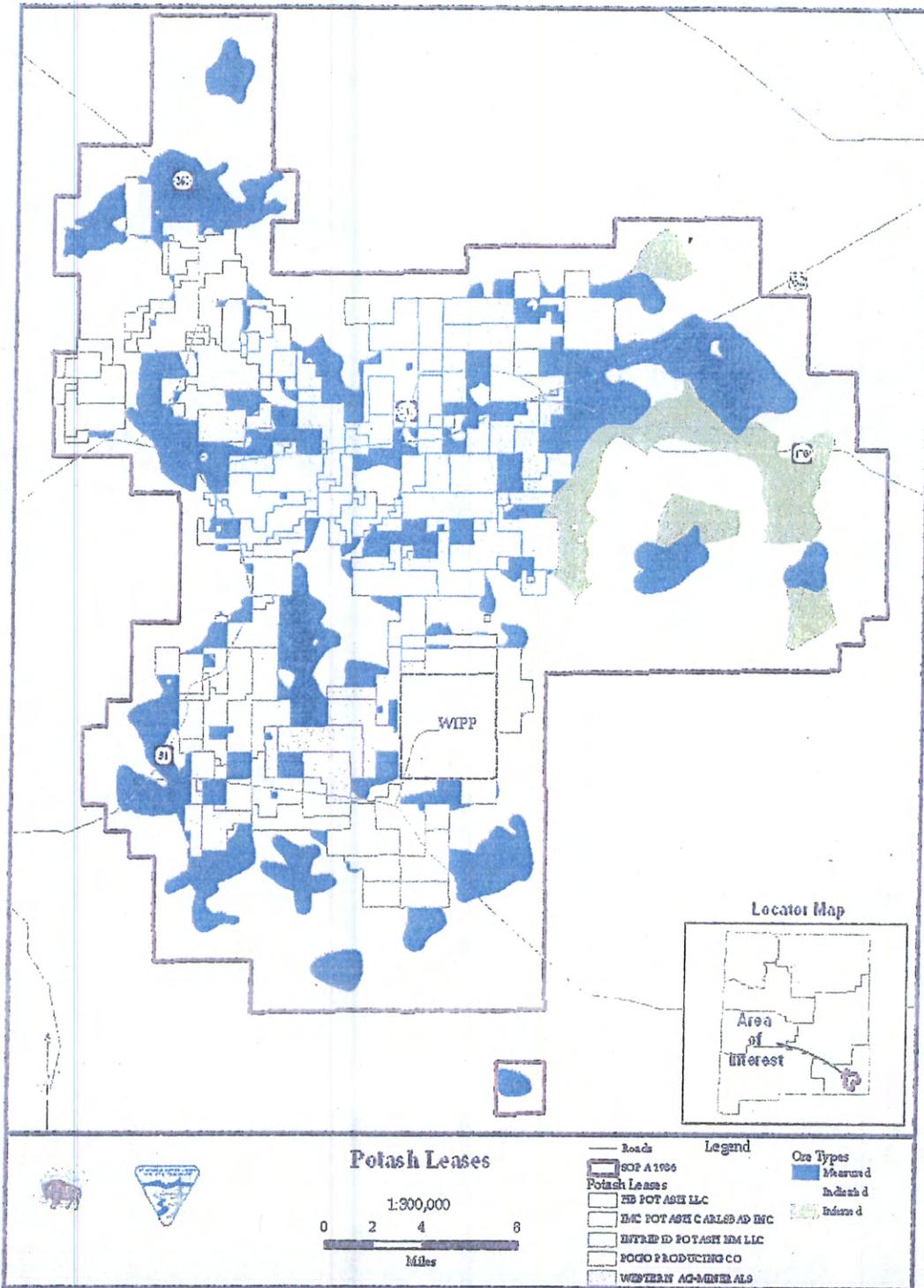


Figure 2.

Map showing the distribution of potash leases within the Secretary's Potash Area. Intrepid Companies include Intrepid Potash NMLLC and HB Potash LLC. Mosaic Potash includes IMC Potash and Western Ag Minerals Company. Pogo Producing is an oil and gas company that successfully bided in partnership with Yates Petroleum to obtain potash leases in the early 1990's.



# Bureau of Land Management

New Mexico, Oklahoma, Kansas, Texas

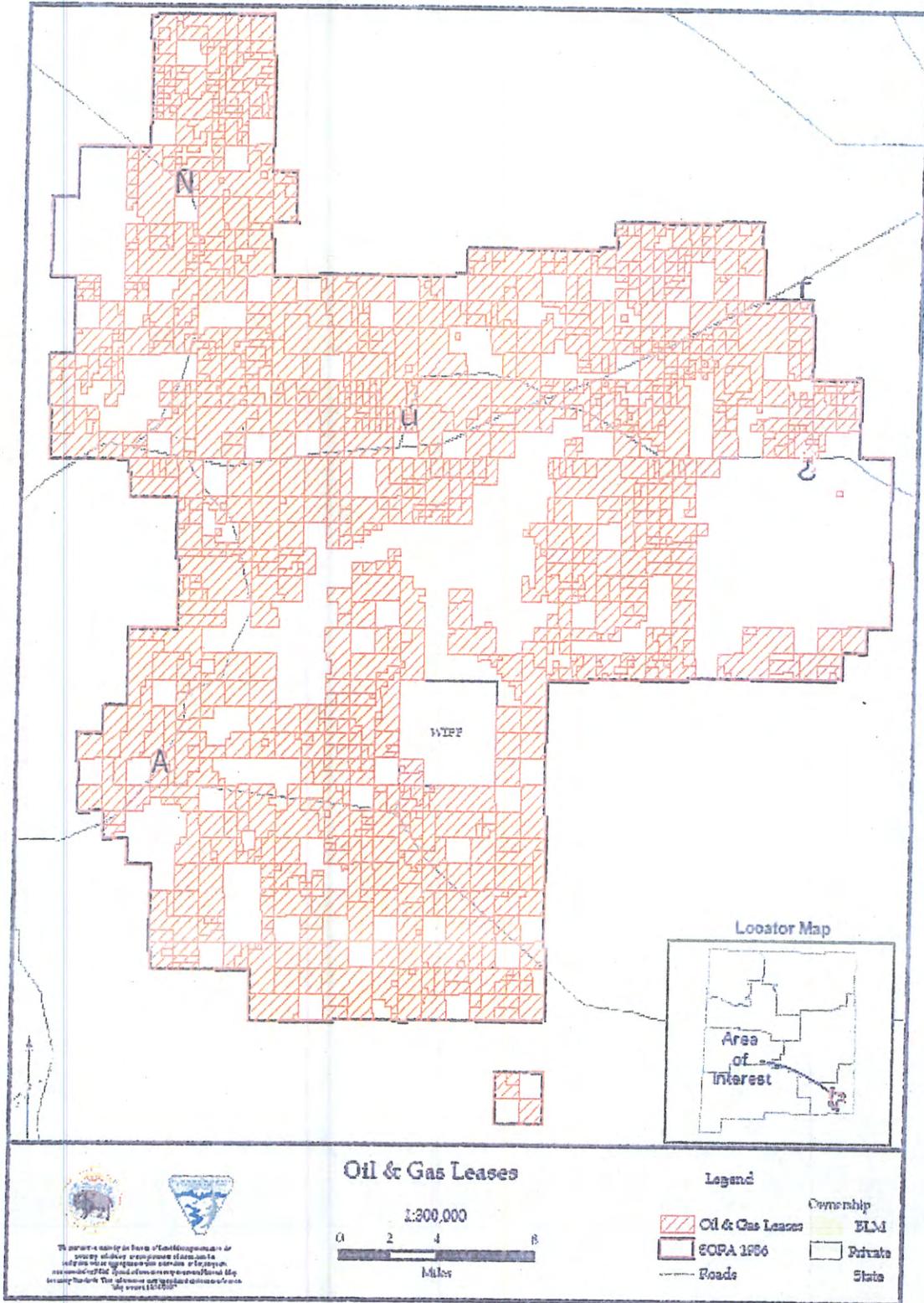
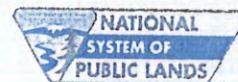


Figure 3. Distribution of oil and gas leases on Federal lands and minerals within the Secretary's Potash area, approximately 89 percent of the available acreage is currently under lease.



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*C. Research and Analysis of Issues*

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(b) (5) ~~Background and Related Information~~

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***D. Establish an Arbitration Board***

(b) (5)



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*E. Establish Consistent Potassium Royalty Rates*

(b) (5)

**Background and Related Information**  
(b) (5)

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Lease rates are therefore determined based on economic conditions that exist at the time the lease is established or renewed; resulting in a montage of lease rates for any given company.

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*F. Utilize Interest-Bearing Accounts in Lieu of  
Bonds for Final Reclamation of Potash Mines*

(b) (5)

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**Background and Related Information**  
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***G. Establish Land Restoration and Mitigation Fund***

(b) (5)

**Background and Related Information**

(b) (5)

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# United States Senate

WASHINGTON, DC 20510

474285

December 8, 2009

The Honorable Ken Salazar  
Secretary  
US Department of the Interior  
Washington, DC 20240

RECEIVED  
2009 DEC 18 AM 9:57  
OFFICE OF THE  
EXECUTIVE SECRETARY

Dear Mr. Secretary:

We write to express our growing concern over an issue of great consequence to the production of food and other agriculture products, namely threats to the continued production of U.S. potash reserves. As you may be aware, potash is one of eight essential nutrients required to sustain human and plant life, and is a primary component of the agriculture fertilizer necessary to grow crops. And, with only three known significant potash deposits in the U.S., and only 25 commercial deposits in the world, the Department of the Interior must ensure that this strategic national resource is protected.

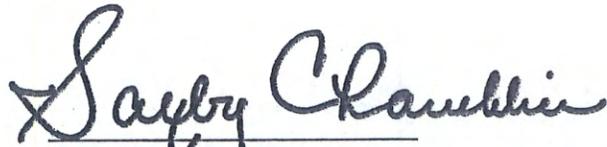
The largest known potash reserve in the United States is found on federal land in New Mexico. This depletion of the useable reserve will have a lasting and significant impact on the food prices and food safety. We are already 85-percent dependent on foreign, imported potash. We can ill-afford to become 100-percent dependent on foreign potash sources for our food supply.

We encourage the Department of the Interior to prioritize the protection of potash and to protect the known potash reserves. We look forward to your response.

Sincerely,



Michael F. Bennet  
U.S. Senator



Saxby Chambliss  
U.S. Senator



Blanche Lincoln  
U.S. Senator



Thad Cochran  
U.S. Senator

In Reply Refer To:  
3500 (NM920)

Mr. Robert P. Jornayvaz III  
Chief Executive Officer  
Intrepid Potash, Inc.  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202

Dear Mr. Jornayvaz:

Thank you for your letter of October 16, 2009, expressing your concerns over resource development in a Secretary's Potash Area (SPA). As you know, after approximately 60 years of a concurrent development policy for the SPA, robust development of both the oil and gas and potash resources has occurred. From your letter you express concern about the fundamental issues associated with concurrent development as promulgated by the history of Secretarial Orders governing the rules of potash and oil and gas development since 1951. This policy has resulted in numerous litigations by both industries that have led to several court decisions. In *Yates Petroleum Corp. et al.*, 131 I.B.L.A. 230 (1994), the Interior Board of Land Appeals (IBLA) set aside and referred to an Administrative Law Judge (ALJ) decision by the Director of the New Mexico Bureau of Land Management (BLM) State Office denying Applications for Permit to Drill (APDs) for approximately 100 oil and gas wells in Eddy and Lea Counties, New Mexico. The ALJ's Order was issued on July 7, 2003. The *Yates* case was decided after 11

years of administrative litigation, including a 7-month hearing with submission of over 1,200 exhibits and testimony of 37 witnesses resulting in a transcript of 15,275 pages.

I would like to address some of the issues presented in your letter and clarify the Secretary's Order which determines our policy on how oil and gas and potash resources are managed in the SPA.

The first Secretary's Order established in 1939, covered approximately 42,685 acres in southeastern New Mexico and removed the area from oil and gas leasing, which was a policy similar to the potash preservation standard that you prescribed in your letter. To be able to address your concerns of how the potash area is managed for concurrent development and not the preservation standard, I will attempt to be as informative as I can to help you understand our position by first laying out the foundation of principles that are used currently to administer the SPA. These principles beginning in 1951 are described below.

### **Concurrent development**

The 1939 Order was the only order that did in effect preserve potash resources, as you outline in your letter. All subsequent orders have put in place a policy of concurrent development beginning with the 1951 Secretary's Order which revoked the 1939 Order, expanded the SPA to 300,000 acres, and invoked a policy of concurrent development. Section 1 of the 1951 Order states, *"For the purpose of providing for concurrent operations in the prospecting for and the*

*development and production of oil and gas and potash deposits owned by the United States within the area herein described and designated as "Potash Area", and for the purpose of opening to oil and gas leasing certain lands which have heretofore been withheld from such leasing and, valid existing rights as to leases heretofore issued."*

This concurrent development policy has remained in effect through the present day as the potash area was expanded by Orders issued in 1965 to 420,000 acres; 1975 to 492,000 acres; and again in 1986 to 497,000 acres. In its current form, the 1986 Order states "**Section 1. Purpose. This Order revises the rules for concurrent operations in prospecting for, development and production of oil and gas and potash owned by the United States within the designated Potash Area**".

#### **Correlative Rights as Outlined in the 1986 Secretary's Potash Order**

To best protect the interests of each industry, the Secretary's Order calls for protective lease stipulations to be incorporated into each oil and gas or potash lease that is issued within the SPA. Part III of the General Provisions of the 1986 Order states:

*Issuance of Oil and Gas Leases. The Department of the Interior reaffirms its position that the lease stipulations contained in the Order of November 5, 1975, adequately protect the rights of the oil and gas and potash lessees and operators...*

The Order further defines the stipulation that is placed in all potash leases issued within the SPA, beginning in 1951 and continuing through the 1986 Order, which states in Section III,

subsection C the following mandatory stipulation for all potash leases and lessees: *“no [potash] mining or exploration operation shall be conducted that... will constitute a hazard to oil or gas production, or that will unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same lands.”* Likewise, in Section III, the 1986 Order includes the following mandatory stipulation for all oil and gas leases and lessees: oil and gas drilling *“will not interfere with the mining and recovery of potash deposits ...would result in undue waste of potash... constitute a hazard to or unduly interfere with mining operations...or the interest of the United States will best be served by permitting such drilling.”*

Requisite to implementing these correlative rights stipulations is a requirement that the Department of the Interior (DOI) define, establish, and designate potash enclaves. The DOI defined potash enclave as a subset area of the SPA in which known economically mineable potash is delineated. To understand this, we must have an understanding of the definition of potash enclave which is defined in the 1975 Order and remains unchanged in the 1986 Order as a *mineable reserve in one or more ore zones, i.e. those areas (enclaves) where potash ore is known to exist in sufficient thickness and qualify to be mineable under present day technology and economics.*

This seems to be a point of which Intrepid has significant dispute: the definition and understanding of potash enclave as being known to exist versus the classification system which the BLM uses to define potash enclave, and to distinguish the indicated and inferred resources, which you refer to in your letter. Intrepid wished to have the same protections applied to the

indicated and inferred potash resources as if they were enclaves. However, the management prescription you propose is not compatible with our existing Order and would require a rewrite of that Order to promulgate the protections which you aspire to. Any rewrite of the 1986 Order would require a formalized rulemaking process and could take some time to arrive at any conclusive prescriptive management decree. You further indicate in your letter that you wish to have the opportunity to be allowed to acquire new data to define enclaves in areas where oil and gas development wishes to proceed. This would also have to go through the rulemaking process as it is incongruent with the protective correlative right stipulations in both the oil and gas and potash leases in the SPA; i.e., neither industry will interfere with the recovery of the perspective mineral resources of the other industry.

Unfortunately, the protective reliefs sought by Intrepid seem to be inconsistent with the 1986 Order in that it defines potash enclaves as areas "*that are known to exist*" not indicated or inferred to exist. The enclaves, as you correctly point out in your letter, are the areas within the SPA that receive the greatest protections with the 1986 Order as it is currently written: *it is the policy to deny approval of most applications for permit to drill oil and gas test wells from surface locations within the potash enclaves established in accordance with part d item 1 of the Secretary's Potash Order.* The standards that are currently in effect for establishing enclaves are:

1. Measured ore will be delineated by data points no more than one and a half miles apart if geological inference shows these projections to be reasonable.
2. Measured ore will not be delineated by less than three data points (core holes or mine face samples) that meet all other distance, thickness, and grade criteria.

Another point of dispute appears to be in the BLM's use and application of Indicated and Inferred potash resources in that these resources do not receive the protection prescriptions that "potash enclave" receives. The definition of Indicated and Inferred potash resources are areas where there are insufficient data points of any kind and core holes of greater spacing than one and a half miles apart - however, geologic inference shows such projections to be reasonable. *Thus both indicated and inferred ore denote that economically mineable ore may be, but are not known to be present—therefore indicated and inferred potash resources do not meet the known standard to establish an actual potash enclave.*

Similarly Intrepid infers that the BLM wrongly equates the lack of potash data with no potash. Respectfully, I suggest that this is yet another conflict with existing policy in that the standard which the BLM follows to establish enclaves is, as stated above, "*known to exist*". If there are no data points in a given area within the SPA, then the BLM has no data which would allow it to establish enclave. *Given the concurrent development policy and system of correlative protective rights, the BLM cannot arbitrarily defer oil and gas activities to some point in the future when data may be obtained.* We do not question whether Intrepid could explore for and discover potash that is economically mineable at some point in the future—that is not our issue. Our issue is that given the policy of protective correlative rights that defines enclaves as "known to exist and that they be economically mineable under current economics and technology" then we have no discretion to protect resources that do not meet these standards today as opposed to several months or years in the future when they would eventually be explored for and evaluated.

I realize that Intrepid has brought forth information encouraging the BLM to adopt new

technology to establish enclaves using e-log information from existing oil and gas wells that can be correlated with other geologic information to expand the enclave. The information provided in this section is the subject of ongoing litigation with Intrepid and we cannot comment on the concerns Intrepid has raised at this time. However, we have provided letters from the Carlsbad Field Office (Enclosure 1) that have advised Intrepid of the status of taking further actions on the enclave boundary at this time. The ongoing studies and work described in those letters must be completed before further responses to your concerns can be developed. Essentially the e-log information is a good correlation tool for the BLM to utilize, however the BLM has concluded that the type of e-logs that are currently in existence through cased oil and gas wells are not perfected sufficiently to make this a data point that could be used to establish enclave. However, the BLM continues to use this information to establish indicated and inferred resources. Sandia National Laboratories (SNL) has studied the use of e-logs and has affirmed our position on cased hole e-logs.

With regard to the instruction memorandum as it relates to mined out areas, it is true that Intrepid has currently applied for permits necessary for solution mining in the first ore zone within abandoned mine workings in the northwest portion of the SPA. This is an emerging technology that has not previously been utilized in the potash basin of southeast New Mexico raising questions that are being addressed currently in an Environmental Impact Statement (EIS) being developed specifically for that project. Although we support the development of new mining techniques in the basin, these techniques must be evaluated through the appropriate National Environmental Policy Act (NEPA) process and all required permits and plan approvals must be obtained and implemented successfully before we can consider adopting new management

guidance for the rest of the potash basin. However, there are sufficient protections in place currently that allow us to not approve APD oil and gas wells within old mine workings that you are referring to.

### Concurrent Development and Drill Islands

I would also like to take this opportunity to address the Secretary's Order as it relates to oil and gas drilling in the enclave. Although it is the policy to deny most APD oil and gas test wells in the potash enclaves, there are two exceptions to this in the Secretary's Order. First, APD's can be approved if "barren areas" are found to exist. Secondly, the 1986 Order requires that drilling islands be established if the criteria for this exception is met. Section III.E.1b of the 1986 Secretary's Order states that *drilling islands must be established, and new APDs could be approved, to either protect the correlative rights of oil and gas lessees who had already developed lands within designated enclaves or allow future potash and oil and gas leasing concurrently in those enclaves if; 1) there are no barren areas; 2) drilling cannot be approved on an established barren area because of interference with mining operations; 3) the objective oil and gas formation cannot be reached by directional drilling from a permitted location within a barren area; or 4) the target formation beneath a remote interior lease cannot be reached by a directionally drilled well from a surface location outside the potash enclave. Drilling islands are only established within the designated enclaves and cannot be located within one mile of approved mining operations within the next three years.*

As I pointed out earlier, the SPA has been expanding since it was established in 1939, growing from 42,685 acres to its present day acreage of 497,000 acres. The potash area was originally discovered by oil and gas drilling, and as a result of the expansion of the SPA boundaries, the

expansion was essentially into existing oil and gas areas. In total, there were approximately 1,100 developed wells before the SPA reached its current size of 497,000 acres. Potash was being explored for and assessed at the same time that oil and gas development was taking place. In these situations, there are many existing wells that were in place prior to the enclave being designated or the SPA expanded. Most of the oil and gas wells approved after the Secretary's 1986 Order went into effect were located outside the established enclaves, but within the SPA. Many of these prior existing locations were subsequently established as drill islands, or can be at some future date, which allows us to minimize the impact of oil and gas wells on mining. Other drill islands have been selected to minimize the impacts on potash at strategic locations, such as the boundary of the Waste Isolation Pilot Plant (WIPP) site. At some time in the future, the wells located on drill islands will cease production and be properly plugged and abandoned, at which time, mining operations can recover the potash resources.

### **Safety and the Sandia Studies**

As you pointed out in your letter, the BLM has contracted with SNL to conduct the gas migration studies to obtain scientific data regarding the impacts of underground potash mining on the integrity of oil and gas well bores. This report is currently in draft form, and comments will be fully considered and incorporated into the final report which will be published in the spring or summer of 2010. Initial research indicates that additional studies will be necessary to further our understanding of the hydrofracturing process of high pressure gas and other potential hazards that may be associated with the leakage of oil, gas, or water into the formation. Field verification of geomechanical modeling will also need to be performed. The letter from SNL indicated that

$\frac{3}{4}$  of a mile may be necessary to prevent impacts to *producing* oil and gas wells, not plugged and abandoned wells. The intersection with the well bore that could transpire up to  $\frac{3}{4}$  miles from the mine face would be at or near surface; theoretically intersecting the well bore deeper as you get closer to the mine face. This is going to require us to evaluate the existing potash mine plans as they relate to current on-going production of oil and gas in the basin to help us determine what wells may be at risk—conversely, producing oil and gas wells operating within these distances need to be evaluated for any indications of well deformation. Although the science is evolving, and the report is only in draft form, it is good that we can determine, assess, and evaluate risk in the areas where these well bore and mine face interactions occur.

#### **Core Hole Information and Assay Data to Update Enclave Boundary**

The BLM letter dated April 6, 2009 to Intrepid Potash (Enclosure 2) mentions the requirement for Intrepid Potash to provide the BLM with a portion of each sample assayed. The sample sized shall be large enough that the BLM can have an independent lab run an assay by wet chemical analysis procedures, which include the analysis of potassium, chlorine, sodium, sulfate, magnesium, and calcium. The purpose of the requirement is to independently verify the data being submitted to the BLM which serves to determine quality and thickness standards to update the potash enclave map, and to begin the process of verifying the use of X-ray Diffraction (XRD) as a suitable technique for analyzing the quality of potash mineralization in the Carlsbad Mining District.

Intrepid has had core hole samples from each potash zone assayed with XRD analysis, and has submitted its results to the BLM thereafter. The BLM needs to verify those against well

established titration assay data of wet chemical analysis. The titration assay method has been relied upon by the Carlsbad potash industry for laboratory ore grade determination since beginning of the operations. To the contrary, the reliability of XRD analysis has not been verified, confirmed and accepted among Carlsbad potash operators. The issue also remains as one of the subjects of the ongoing SNL enclave studies. The BLM Carlsbad Field Office has not received core hole samples as required. I encourage you and your colleagues to look into the matter.

I hope I have achieved my goal of responding to your letter honestly, with respect and courtesy. I realize that there have been serious disagreements over the years with the administration of the SPA, however, the agency's goal has been to create a constructive dialogue between the oil and gas and potash industries to study and resolve the problems. I realize that on many issues, we share similar views. My hope is where we differ, we can exchange information and opinions in a problem solving and professional manner. The BLM will continue to work with you, as well as all the stakeholders, diligently on those important resource management issues. I appreciate your concern and support.

If you have further questions, please contact Mr. Tony Herrell, BLM New Mexico Deputy State Director, at 505-954-2134.

Sincerely,

Robert V. Abbey

Director

Enclosures

bc: LLM:WO620:LS:401  
LLM:NM912  
LLM:NM920:THerrell

LLM:NM920:THerrell:WO620:LS:401:OSierra:12/10/09:090362:3500


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(b) (5)

October 16, 2009

Robert V. Abbey  
 Director  
 Bureau of Land Management  
 1849 C Street NW, Rm. 5665  
 Washington DC 20240

Re: BLM Instruction Memorandum No. NM-2007-011

Dear Director Abbey:

I am the Chairman of the Board and Chief Executive Officer of Intrepid Potash, Inc., the largest producer of potash in the United States. First appointed to serve as the Director of the BLM. As you know, Intrepid is one of two potash producers with mines in New Mexico's Kneafsey Potash Area ("Kneafsey Area"). Intrepid has already invested hundreds of millions of dollars in its New Mexico Kneafsey Potash Area and is proposing to invest another \$200 million over the next few years. The Potash Area contains our nation's most valuable potash reserves and is the only designated area for potash development in the country. Because of the importance of potash to our nation's agricultural industry as a key fertilizer component, the Potash Area is the subject of a Secretarial Order administering resource development. See 1986 Secretarial Order: Oil, Gas and Potash I, and Development Within the Designated Potash Area of Eddy and Lea Counties, New Mexico, 51 Fed. Reg. 39,425 (Oct. 28, 1986), corrected 52 Fed. Reg. 32,171 (Aug. 26, 1987) ("1986 Order").

#### 1. Safety Risks and Potash Waste from Oil and Gas Drilling in the Potash Area

The genesis of the 1986 Order, and its predecessor Orders, is a long-running dispute between the potash industry and the oil and gas industry over resource development in the Potash Area. The reason for the conflict between the two industries is fairly simple. Because of the material risk of gas migration from an oil and gas well bore into an underground potash mine (and the resulting risk of explosion), potash producers must leave a safety buffer of unmined material around an oil and gas well. Sandia National Laboratories, at the direction of the BLM New Mexico State Office, recently completed its study of these risks and concluded: (1) there is a legitimate and material risk of gas migration from an oil and gas well into a nearby underground potash mine; and (2) to reduce the chance of potentially lethal gas migration, unmined safety buffers of as much as 3/4 mile in radius should be left around an oil and gas well. See Attachment A.

The consequence to the federal government from leaving this unmined safety pillar around an oil and gas well is enormous. In a typical location in the Potash Area, the resulting safety pillar

(b) (5)

would leave unmined approximately 1 million tons of potash. When the potash is left unmined, the federal government obviously does not receive the royalty on the potash and our nation's farmers are deprived of this essential component of plant fertilizer. We calculate the lost royalty to the federal government to be approximately \$13 million per oil and gas well based on today's potash prices. Also sacrificed for a single oil and gas well are the substantial number of jobs required to mine and process these 1 million tons of potash. The map submitted herewith as Attachment B shows the more than approximately 3,000 oil and gas wells that have already been drilled in the Potash Area (each red circle is an oil and gas well and related safety pillar). As you can see, our nation's potash resources have been substantially compromised already and new APDs are being filed each week.

Yet, there is a simple, win-win solution to this issue that allows the federal government to receive the royalty stream from both resources and brings both of these resources to market. The potash resource is found at depths of 1,000 – 2,000 feet below the surface. The oil and gas reserves are found at substantially deeper depths of 6,000 feet or more below the surface. Consequently, the potash can be mined without impacting the oil and gas reserves. Once the potash is fully mined, the untouched oil and gas reserves can be recovered. Sequencing resource development in this manner eliminates the potential safety risk of migrating gas and allows both resources to be fully developed.

The 1986 Order attempts to provide guidelines for the BLM to administer resource development in the Potash Area so as to keep underground potash miners safe and maximize the recovery of both resources. Its application has, unfortunately, been uneven and, to our mind, inconsistent with both the intent of the Order and its plain language. The 1986 Order needs to be revised and updated to achieve its purpose. I do not write to you today, however, to address issues with the 1986 Order. There is a more pressing and immediate reason for my letter.

## **2. The Interim Processing Guidelines Instruction Memorandum**

In December 2006, the New Mexico State Office of the BLM issued Instruction Memorandum No. NM-2007-011, the subject of which is "Interim Processing Guidelines, Oil and Gas Applications for Permit to Drill (APDs) within the 'Secretary's Designated Potash Area,' (Potash Area), Carlsbad Field Office," (the "Instruction Memorandum"). See Attachment C. The Instruction Memorandum states that it "provides guidance concerning the processing of APDs in the Potash Area, prior to completion of the 'potash enclave standards' review, which was ordered by the Interior Board of Land Appeals in IBLA 2003-334, et al. (IMC Kalium Carlsbad, Inc., et al.)." We understand that the Instruction Memorandum was re-issued on March 13, 2009.

The reference to IMC Kalium Carlsbad, Inc., et al. is to an IBLA proceeding that involved denial by the BLM of certain APDs filed by oil and gas producers in the Potash Area (the "IBLA Decision"). The matter involved the appeal from an ALJ decision issued on July 7, 2003, after a lengthy hearing. *In the Matter of Yates Petroleum Corp., et al.* IBLA 92-612 (the "ALJ Order"). In its decision, the IBLA ordered the BLM to update its standards for identifying commercial potash reserves (also known as "measured ore") and its resource map predicated thereon. The Instruction Memorandum provides guidance on how to process APDs while the potash enclave

standard is being evaluated. Unfortunately, it has several significant flaws and erroneous assumptions.

**a. Threshold Concerns with the Instruction Memorandum**

On a threshold level, the greatest concern with the Instruction Memorandum is that it is written from the perspective of allowing as much oil and gas drilling as possible in the Potash Area. This 500,000 acre area is the *Potash Area*, not the Oil and Gas Area for a reason. It is the only substantial potash reserve in the entire United States. American farmers import 85% of the potash they use from foreign nations. Protecting an American-based supply of this essential fertilizer component is critical for food independence. Consequently, the Instruction Memorandum, if faithful to the 1986 Order, should have been drafted in terms of how to best protect potash from waste through oil and gas drilling "prior to the completion of the 'potash enclave standards' review." Instead, the orientation of the memorandum is backwards – its intent is to maximize oil and gas development in the Potash Area. We respectfully submit that this Instruction Memorandum is the product of the last administration's priorities and should be reexamined.

**b. The Instruction Memorandum Wrongly Equates Lack of Potash Data with No Potash**

Even if the Instruction Memorandum remains in place, we believe that it should be revised to at least not accelerate the waste of our nation's only potash reserve. Our greatest concern is that the Instruction Memorandum, in the first Action bullet titled "Areas Lacking Potash Data" and in the third Action bullet titled "Areas with Low Density of Core Holes," states that if the BLM does not have any or at least sufficient core hole data to conclude that an area has commercially mineable potash reserves, it will allow oil and gas drilling in the area. Consequently, it appears that BLM assumes that if there is insufficient data to show commercially mineable potash reserves, there must be no potash there (or why else allow drilling and expose miners to safety risks and waste the potash). This assumption, however, is contradicted by the BLM's classification of such areas as "Indicated Potash Reserves" or "Inferred Potash Reserves." If the potash reserves are at least "indicated" or "inferred" in these areas then why allow drilling? It would seem that the more responsible approach would be to not allow drilling until BLM definitively determines that the areas do not contain commercial potash reserves. This would avoid exposing underground miners to safety risks and would avoid waste of the potash based solely on a lack of data. Given the value of the potash, and the royalty thereon, these potash reserves have an "indicated" or "inferred" value of hundreds of millions of dollars.

Part of the problem here is the BLM's historic methodology for determining the location of commercial potash reserves. Presently, the BLM relies on a narrow and antiquated methodology for mapping potash reserves known as the Van Sickle standard for the USGS geologist, Donald M. Van Sickle, who created the standard 35 years ago in 1974. Under the data sufficiency element of this standard, there must be at least three data points no more than 1.5 miles apart that each meet the potash grade and thickness standards to classify the region defined by these data points as measured ore subject to heightened protection from drilling by the BLM. BLM has concluded that only core samples and mine face data may be used for the needed three data

points. BLM refuses to consider the wealth of other data available such as the geophysical log data – now commonplace in the oil and gas industry.

Putting aside our concerns over BLM's use of the Van Sickle standard as the sole method for determining commercial potash reserves, we know with certainty that BLM's assumption that "Areas Lacking Potash Data" or "Areas with a Low Density of Core Holes" are suitable for oil and gas drilling (*i.e.*, must not have commercial potash reserves that would be wasted by such drilling) is incorrect.

**c. Intrepid has Already Demonstrated that BLM's Potash Resource Map is Incorrect and Allows Oil and Gas Drilling in Locations that Expose Miners to Safety Risk and Waste Potash**

One of Intrepid's critical areas of focus in the Potash Area is the area east of its East Mine. This area encompasses some 12,000 acres of land stretching several miles from Intrepid's current mining operations at the East Mine eastward to the boundary of Intrepid's Life of Mine Reserves. The area is depicted generally on the map enclosed with this letter as Attachment D. For purposes of this letter, we will refer to this area as the "East Potash Area."

In 2005, Intrepid began analyzing the geophysical log and core hole data in the East Potash Area to develop a new potash mining area accessible from its East Mine. On June 9, 2006, we provided to BLM a potash ore reserve analysis of areas in the East Potash Area based on geophysical log and core hole data. The analysis included the raw data, ore maps, technical work, independent professional reports and supporting research papers. The data and analysis established the presence of large and valuable potash deposits in multiple ore zones exceeding BLM's minimum thickness and grade criteria for potash enclave. Specifically, the data confirmed that this area contained a world-class langbeinite deposit in the 3<sup>rd</sup> ore zone that extends westward toward and beneath the East Mine. Langbeinite is an extremely rare form of potash which is commercially mined no place in the world except in the Potash Area.

In May 2006, Intrepid learned of applications for permits to drill ("APDs") 11 wells in Section 17 of T. 21 S., R. 32 E., Lea County, New Mexico ("Section 17"). Intrepid objected that, based on its analysis of the available geophysical log data, core hole data, and mine face data, the area had substantial potash and langbeinite reserves and allowing such drilling would waste the potash, deprive the federal government of the royalties which would have been collected, as well as eliminate jobs and indirect economic benefits from developing those resources. That same year, Intrepid also offered to pay the cost for BLM to drill a core hole in Section 17 to conclusively establish the presence of commercial potash reserves to the BLM's satisfaction.

The BLM's New Mexico State Office refused to consider Intrepid's objections because BLM did not show commercially mineable potash in this area on its maps based on application of the Van Sickle standard.

Upon learning in 2006 that the BLM had approved the APDs in Section 17 and would not reevaluate its position on whether Section 17 had measured ore and was, thus, not an appropriate location to approve APDs, Intrepid wrote to BLM urging it to stay the effectiveness of its approval. Intrepid also renewed its offer to pay the cost for BLM to drill a core hole in the area

to obtain the core sample data needed by BLM to make an evaluation according to the Van Sickle standard.

Recognizing that (1) Section 17 and the surrounding area contained world-class potash reserves; and (2) BLM would neither recognize the geophysical log data showing this nor obtain core sample data to confirm this, Intrepid took it upon itself to conduct its own core drilling program in the area at a cost of more than \$1 million.

On September 12, 2006, Intrepid applied for an exploration license to drill a core hole in Section 17. Intrepid sought to drill this core hole to confirm what was already evident from our prior geophysical log analyses and to persuade BLM to protect the potash enclaves that exist there from drilling.

On April 11, 2008, BLM issued an exploration license to Intrepid authorizing core drilling in Section 17. Intrepid immediately drilled the IP-013 core hole in Section 17, and we provided the results to BLM in June of 2008. The IP-013 data confirmed the existence of the same world class langbeinite deposit in the 3<sup>rd</sup> ore zone that was identified by our prior analyses of the geophysical log data from these lands.

On January 7, 2009, BLM issued a second exploration license to Intrepid authorizing its extensive core drilling program in the East Potash Area. On February 18, 2009, Intrepid provided to BLM the assays of three core holes drilled pursuant to this program as well as one other core hole drilled on an existing Intrepid lease – IP-032, IP-033, IP-034 and IP-035. Those assays show significant langbeinite in the 3<sup>rd</sup> ore zone meeting BLM's minimum thickness and grade criteria for measured ore. All but one of these core holes showed potash meeting those criteria in additional ore zones as well. In April and May of 2009, Intrepid drilled the IP-048 and IP-047 core holes in this area and the assay results of the 3<sup>rd</sup> ore zone were similar to the previously drilled core holes, i.e., a demonstration of significant mineable langbeinite reserves.

All of the core holes that Intrepid has drilled to date in the East Potash Area were logged using a complete suite of modern logging tools, and Intrepid has had each potash zone assayed with X-ray diffraction analysis. We have provided all of this data to BLM as it has become available. We have enclosed with this letter a disk with all of this same data.

Intrepid's core drilling in the East Potash Area has generated sufficient core hole data to meet the Van Sickle criteria in much of that area. Specifically, using the data from the IP-013, IP-35, IP-047, IP-048, PM-16-1 and PCA-135 core holes, large portions of Sections 17, 18, 19 and 20 can be designated as containing measured ore in the 3<sup>rd</sup> and 10<sup>th</sup> ore zones, as depicted on Attachment E to this letter.

More importantly and, frankly, most frustratingly, the core drilling results discussed above verify Intrepid's prior analyses of the relevant geophysical log data in Section 17, which data has consistently demonstrated these facts since 2006. The results show that no additional core data was necessary at the time of the 2006 BLM approval of the APIDs in Section 17. Our prior analyses of the geophysical log data in Section 17 already adequately identified these deposits.

In response to the data we submitted to the BLM, we recently received a letter from the BLM in which it states that it has reviewed Intrepid's data and "at face value, using the Van Sickle

criteria, the ore found in the Third Ore Zone represents measured ore." See Attachment F. We await BLM's review of all of the data we have provided and its revision of its resource maps to show "measured ore" in the locations defined by our core drilling.<sup>1</sup>

**d. The Instruction Memorandum Should be Revised to Allow Potash Operators to Develop Data for BLM's Review that Would Prevent Exposure of Miners to Safety Risk and Prevent the Waste of Potash**

As this example shows: (1) it is wrong to assume that an area with no or insufficient core hole data is an area lacking commercial potash reserves where oil and gas drilling should be allowed; and (2) if given the right and sufficient opportunity, Intrepid will obtain additional core hole data at its own expense to demonstrate commercial potash reserves.

Consequently, we urge BLM to, at a minimum, revise the Instruction Memorandum to provide that for "Areas Lacking Potash Data" or "Areas with a Low Density of Core Holes," BLM do the following:

- Provide written notice to all potash operators in the Potash Area of BLM's receipt of any notice of staking or application(s) for permit to drill an oil and gas well in a location that BLM classifies as an "Area Lacking Potash Data" or an "Area with a Low Density of Core Holes."
- Allow the potash operator to elect within 30 days of receiving such written notice to apply for and receive a potash exploration license for some portion or all of the relevant area (or file and receive approval of an exploration plan if the proposed well is on its potash lease acreage).
- After BLM approves the exploration license or lease exploration plan, provide the potash operator with at least 120 days to drill a sufficient number of core hole(s) in the relevant area to obtain data that satisfies the operative standard (Van Sickle or other) for determining measured ore.
- If the results from the core hole(s) demonstrate that the area contains measured ore in one or more zones, the application(s) for permit to drill shall be denied.
- If no potash operator applies for an exploration license or files an exploration plan within 30 days after receiving written notice of a notice of staking or application(s) for permit to drill, the authorized officer may approve such proposed location subject to the 1986 Order.

<sup>1</sup> This is but one example of the threat of oil and gas drilling in locations with world-class potash reserves. We know through our evaluation of existing core hole data and geophysical log data that world-class potash deposits in the Livingston Ridge/Lost Tank, Cabin Lake, Bilbrey, Hat Mexa, Quinhada Ridge, Nash Draw, Sand Dunes, Ingles Wells, Los Medanos, and Mes Verde fields in the Potash Area have been wasted through extensive oil and gas drilling.

Revising the Instruction Memorandum in this manner will enable the BLM to preserve our nation's scarce potash resources at the potash operator's expense.<sup>2</sup> With this information developed by the potash operator, BLM, as the owner of the resource, can make fully informed decision about its development. Obviously, Intrepid would prefer that the BLM undertake its own core drilling in the Potash Area to identify all locations of measured ore for protection from oil and gas drilling. After all, this is the federal government's resource. However, Intrepid recognizes that BLM has previously rejected these requests.

**e. The Definition of "Mine Out Areas" in the Instruction Memorandum is Incomplete**

The fourth bullet in the Action section of the Instruction Memorandum discusses so-called "Mined Out Areas." These areas are defined as locations where "no reasonable access exists to mine these areas by mechanical mining techniques." Intrepid's objections to this policy are twofold. First, by limiting access to mine the ore to "mechanical mining techniques," BLM has excluded solution mining techniques. The solution mining method involves injecting a salinated brine into a mine in which mechanical mining has been completed and then pumping out the potash-enriched brine for above-ground processing. With respect to potash mines with certain characteristics, this method allows for recovery of ore that cannot otherwise be recovered by mechanical mining techniques and prolongs the life of the mine. It is a common mining technique used throughout the United States and across the world. Intrepid operates a tremendously successful solution mine in Moab, Utah. Mechanical mining of Intrepid's Moab mine ceased in 1969. The mine has been solution mined since that time and there are 123 additional years of potash reserves to be recovered through this technique. Even more to the point, Intrepid is in the process of obtaining BLM approval for a solution mine in the Potash Area with respect to Intrepid's HB mine. Intrepid estimates that there are 28 years of mineable reserves remaining in the HB mine that can be recovered through solution mining.

Consequently, the limitation in the "Mined Out Areas" description to only "mechanical mining techniques" is misplaced. A "Mined Out Area" should be redefined to refer to a mine where no more potash can be recovered using *both* mechanical mining and solution mining techniques.

The "Mined Out Areas" discussion in the Instruction Memorandum also neglects to consider any inter-connections between mines. Allowing oil and gas drilling in a mine that has been mined out using both mechanical mining and solution mining techniques but that has open underground connections with an active mine would present an unacceptable safety risk. No mine that is interconnected to another mine can be considered "mined out" until both mines are "mined out" using both mechanical mining and solution mining techniques. Intrepid urges BLM to revise the Instruction Memorandum accordingly to avoid such a substantial safety risk.

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<sup>2</sup> Revising the Instruction Memorandum in this manner would not contravene the Energy Policy Act of 2005 which, while it does prescribe deadlines for approvals of APDs, does also provide that BLM must comply with "other applicable laws" in approving any APD. 30 U.S.C. § 226(p). The 1986 Order is an "other applicable law" that obligates BLM to protect underground miner safety and to prevent the waste of potash, objectives that could be compromised by hasty approval of an APD in certain locations within the Potash Area.

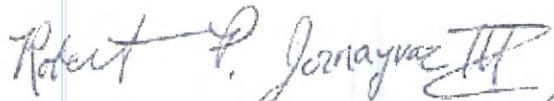
f. **The Instruction Memorandum Should be Revised to Clarify that  
"Concurrent Operations" Does not Mean Same Time Same Place**

As the ALJ in the IMC Kalium case found, the use of the term "concurrent operations" in the 1986 Order's statement of purpose does not, contrary to the arguments made by the oil and gas industry, place the oil and gas and potash industries on "equal footing regarding development of their leaseholds." ALJ Order, at 52-57. In particular, the ALJ concluded that "[t]o the extent the 1986 Order defines the relative status of the two industries, the relevant language is not found in the statement of purpose, but in the declaration of policy added in 1975 that the Department will 'deny approval of most applications for permits to drill oil and gas tests from surface locations within the potash enclaves \* \* \*.'" ALJ Order, at 56. **Based on this conclusion, the ALJ ruled that the term "concurrent" does not mean "same time, same place," but, instead, "same time, different place."** ALJ Order, at 57. The IBLA noted that the ALJ properly "rejected claims that there is an absolute equality between potash and oil and gas activities in the Potash Area and that the first to develop a resource has preferential rights over other under the [1986] Order" and otherwise left this finding undisturbed. IBLA Decision, at 170 IBLA 30.

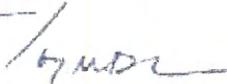
It would be invaluable for the BLM to clarify in the Instruction Memorandum this operating principle. In applying the 1986 Order to APDs, the New Mexico Field Office should be mindful that the 1986 Order reflects a decided preference for protection of potash over development of oil and gas reserves in the Potash Area and that it should be 'deny[ing] approval of most applications for permits to drill oil and gas tests from surface locations within the potash enclaves.' This all bears repeating as the Instruction Memorandum, as presently drafted, reflects, if anything, a preference for oil and gas drilling over protection of potash in the Potash Area. Under your leadership, the BLM has this opportunity to avoid the mistakes of the past administration and place the protection of potash in the Potash Area as the agency's priority.

We most appreciate your attention to these matters. Should you need any additional information and or want to meet to discuss these matters, please let me know. I look forward to working with you and your team on these issues of mutual importance.

Very truly yours,



Robert P. Jernayvaz III  
Chief Executive Officer



Enclosures

cc: Ned Farquhar, Deputy Assistant Secretary for Land and Minerals Management (w/ encl.)

# EXHIBIT A

Brian Ehgartner  
btehgar@sandia.gov  
Sandia National Laboratories



**Sandia National Laboratories**

Operated for the U.S. Department of Energy by  
**Sandia Corporation**

Geotechnology & Engineering Department  
Sandia National Laboratories  
P.O. Box 5800, MS 0706  
Albuquerque, NM 87185-0706

Linda Rundell  
New Mexico State Director  
US Bureau of Land Management  
PO Box 27115  
Santa Fe, NM 87502

Date: August 31, 2009

*SAND Report for Potash Gas Migration Project*

Dear Ms. Rundell,

Enclosed is our draft SAND report on the analyses performed for the Potash Gas Migration Project. The report has been through our internal review process and we have incorporated review comments from BLM and our external reviewer. It is now ready for stakeholder review. Some of the results were shared with the stakeholders in our meetings with them. We sincerely appreciate their contributions to the analysis, and involvement in the analysis.

The issue that motivated this study was the potential for gas migration into the potash mines. The analyses predict well failure up to  $\frac{3}{4}$  mile from the edge of a potash mine. Hydrofracture and hydrologic modeling were not performed. Until more specific studies are performed a conservative position in regards to safety has been chosen resulting in safe stand-off distance for mining near producing oil and gas wells. These distances greatly reduce the chance for a well to be compromised which in turn ensures the safety of underground miners.

A complete gas migration study will require additional time and resources and should include:

1. A hydrofracture and hydrologic analysis/model. The two flow systems (hydrofracture and natural flow) as they relate to high pressure gas escaping from a well bore (hydrofracture) or oil escaped into a formation (natural flow) are discussed as part of the analysis plan. The analysis results in this report show that the overburden and encompassing marker beds above and far beyond the mine boundaries are disturbed due to fracture and excessive deformation and slippage. Thus a disturbed flow system exists, that would facilitate gas migration beyond the natural state. We are not modeling an undisturbed formation but one that has undergone severe deformation due to mining thus weakening the strength of the formation. Therefore, we maintain our position (until further studies confirm or disprove our position) that a loss of well integrity could potentially jeopardize the safety of the mines. Our position is, as discussed in the analysis plan (Appendix 1- see Position on Gas Migration), a compromise to well integrity can result in gas pressure high enough to either fracture the formation or permit flow into the mine through the natural flow system.

2. A lot of discussion with the BLM and stakeholders has centered on what to do next. At our stakeholder meetings and in prepared responses to their comments on our analysis plan, we proposed a number of things that stakeholders could do, including integrity testing some of the existing oil and gas wells that have experienced significant mine deformations or will shortly; and also logging these wells and possibly potash core wells to measure slippage along the interfaces. The stakeholders want to see a field test conducted on a new test well or two, similar to what was done for Trona. In addition, there are more analyses that could be performed. See additional discussion in Appendix 2.

3. This report does not specifically address the safety of mining near plugged and abandoned wells. That could be the focus of a future study because of the existence of 2800 wells in the potash area. Of concern is the possibility that a well may be compromised prior to P&A resulting in gas leakage which could be encountered during subsequent mining. Gas can exist as a separate phase or in solution with brine or oil when under pressure, but can abruptly come out of phase upon entry into or near the mine as the face advances. Gas monitoring requirement exists, but they should be re-examined in light of this study. In particular, this study could be used to identify wells that may have lost integrity due to mining. The various mining and geologic scenarios considered in this report could help identify particularly hazardous wells and assist in developing mining strategies prior to mining near them. Monitoring requirements should also consider the P&A procedure used. Abandoned wells could also re-pressurize with time and the well may leak after it is mined around. These scenarios call for continued monitoring and additional study.

4. An alternative well design was also proposed. The concept well is designed for slippage, allowing the salt string to fail, but maintaining fluid filled annuli between it and the production string. The annuli could be monitored and kept at low pressure utilizing either an open casing at the surface or pressure release diaphragms. Novel design concepts could be further explored and specific designs could result that rely on world wide expertise and experience.

We would be pleased to further discuss these options or any other comments or questions you may have on the report. We have enjoyed interacting with the stakeholders on your behalf and would consider them essential to defining the path forward.

On behalf of the analysis team, thanks for your support.

Sincerely,

Brian Ehgartner

Copy to (by e-mail):  
Sandia National Laboratories  
Greg Elbring 6314  
David Borna 6312  
James Redmond 1526  
Lupe Arguello 1625  
Mike Stone 1525  
Jim Bean 1524

# EXHIBIT B



Dotted Area

CONFIDENTIAL DRAFT  
WORK IN PROGRESS



<b>INTERIM DRAFT</b>	
Beach Area City & Counties, New Mexico Building Permit Review (B.M.A. Interim) All & Gas Equipment & Water Permit Data	
12. 1. 2003, Rev. 1	1. 10

# EXHIBIT C



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

New Mexico State Office  
1474 Redop Road  
P.O. Box 27113  
Santa Fe, New Mexico 87502-0113  
www.blm.gov



In Reply Refer To:  
3160 (92200) 1  
3530

EMS Transmission- 12/19/2006  
Instruction Memorandum No. NM-2007- 011  
Expires: 09/30/2008

To: Pecos District Manager, Carlsbad Field Manager

From: State Director

Subject: Intern Processing Guidelines, Oil and Gas Applications for Permit to Drill (APDs) within the "Secretary's Designated Potash Area," (Potash Area), Carlsbad Field Office

Program Area: Onshore Oil and Gas Operations, 43 CFR 3160

**Purpose:** This directive provides guidance concerning the processing of APDs in the Potash Area, prior to the completion of the "potash enclave standards" review, which was ordered by the Interior Board of Land Appeals in IBLA 2003-334, et al. (IMC Kalium Carlsbad, Inc., et al.)

**Action:** The Potash Area contains significant portions where the potash enclave boundary will not change no matter what revisions may result from the re-evaluation of the potash enclave standards. APDs which have been or will be submitted in these areas may be processed prior to the completion of the enclave standards review. These areas are:

- Areas Lacking Potash Data - The current enclave was projected ½ mile beyond the last data point which meets or exceeds the current potash thickness and quality standards. In the areas beyond this ½ mile zone, lowering or not changing the enclave standards would have no effect on the enclave boundary, and raising the standards would contract the enclave boundary. Therefore, you may process APDs in areas beyond the ½ mile zone, where no data points exist, in accordance with the current procedures.
- Area between the Known Potash Leasing Area and the Secretary's Designated Potash Area - The majority of this area is classified as barren of potash due to the lack of data points, or data points which are either barren of potash or which indicate sub-economic potash. You may process APDs in this area as long as they are in an area which will not change whether the potash standards are raised or lowered.

When you receive an APD located within this area, you must first review available core

hole data to confirm whether or not the core encountered only barren zones, or sub economic potash. If no core data exists or no potash was encountered in a core, you may process the APD. If sub economic potash was encountered, you must defer the APD until after the enclave standards review is completed.

- Areas with a Low Density of Core Holes - The areas currently classified as "Indicated Potash Reserves," or "Inferred Potash Resources" are delineated as such due to the low density of data points. Changing the potash standard will not alter the Indicated or Inferred designations, since not enough data exists to define enclave, no matter what revisions may be made to the potash standard. Therefore, you may process APDs in Indicated and Inferred areas where the enclave boundary was not determined using one data point in "Measured Potash Reserves" and one data point located in either Indicated or Inferred areas.
- Mined Out Areas - Areas exist where the potash enclave has been mined right up to the limits of ore. Even though the 1993 enclave map shows small quantities of enclave beyond the mine workings, no reasonable access exists to mine these areas by mechanical mining techniques. Therefore, you may process APDs in these areas as though no enclave exists, while considering potential safety hazards due to subsidence resulting from past mining operations.
- Barren Areas Defined by Core Holes - There are limited barren areas defined by core holes which are completely barren of potash mineralization in all relevant ore zones. These areas may be on the exterior of the enclave or they may be completely surrounded by enclave. The enclave boundary with these barren areas may shift if the potash standards are revised, but it can never extend beyond the barren core holes. Therefore, you may process APDs in areas which will remain barren regardless of a change in the potash standards.
- Areas in Residuum - Areas exist on the western side of the Potash Area where salt dissolution has occurred completely through all of the potash ore zones, leaving insoluble residuum in place. The enclave boundary between these "residuum core holes" and ore-quality core holes may shift if the potash standards change, but it can never extend beyond the residuum core holes. Therefore, you may process APDs in the areas which are non-mineralized due to dissolution of the salts through the ore zones, which will not change regardless of a change in the potash standards.
- Drilling Islands - The 1986 Secretarial Potash Order allows for the establishment of drilling islands in certain areas within the potash enclave to allow oil and gas drilling while minimizing impacts to measured potash reserves. The decision to establish a drill island "wastes" a minimum amount of potash ore to allow oil and gas drilling, and this decision would not change, whether the potash standards are raised or lowered. Thus, appropriately sited drill islands can continue to be established within the potash enclave, and you may continue to process APDs in existing drill islands, during the period the potash standards are being re-evaluated.

- Infield Drilling in Barren Areas - There are several areas where oil and gas wells have been drilled in barren areas on approximately 40 acre spacing, immediately adjacent to the potash enclave. No matter if the potash standards are raised or lowered, these areas will remain impacted by the existing wells. Drilling more wells within these fields will not create further impacts to potash resources. Therefore, you may process APDs which constitute infield drilling in these barren areas.
- Interior High-Grade Areas - Interior portions of the enclave, where ore is present with a quality well above the present standards, should not change with a reasonably foreseeable revision to the cut-off standards.

IBLA stated that, although ore being mined today is inherently, "mineable under existing technology and economics," it does not necessarily follow that recent mining also establishes economic cut-off grades or identifies the outer limits of a potash enclave. This is true because the average ore grade is a mixture of higher and lower grade ores, and indicates that the true economic cut-off grade must be lower than that of ore being mined today. Thus, the economic cut-off grade should not be higher than the average ore grade currently being mined. Therefore, any enclave established by an ore grade above the current mined average should remain enclave, and you must process APDs in these areas for denial.

#### Areas Which Could Be Affected By A Change In The Cut-Off Criteria

Certain portions of the Secretary's Potash Area could be affected by a change in the cut-off standard. In these areas, APD processing will be deferred until after establishment of new potash standards.

- Areas with Core Holes Currently Containing Marginal or Sub-economic Ore - There are portions of the Secretary's Potash Area within the enclave or close to the enclave boundary where core holes contain mineralization just above or just below the current cut-off standard, that meet the other measured ore reserve criteria of thickness and core-hole spacing. In these areas a change in the standard would have an effect on the location of the enclave boundary. Processing APDs submitted near these areas will be deferred until after the cut-off standard is determined.
- Areas Between Core Holes Containing Economic Ore and Barren Core Holes - Areas classified as barren which contain one or more core holes which are barren of mineralization and are located within a reasonable distance of other core holes where geologic inference is acceptable, will most likely have a change in the enclave boundary. Processing APDs submitted in areas where the enclave could change if the cut-off standard is raised or lowered will be deferred until the cut-off standard is re-evaluated.

### Conclusion

You may process APDs, either for approval or denial, in areas which conclusively will not be affected by raising or lowering the economic cut-off standard for potash. For those areas that might change, processing APDs will be deferred until after the cut-off standard is re-evaluated. In either instance, you should make specific case-by-case, fact based determinations to process or defer a particular APD. Final decisions will be made for any APD processed according to the requirements of the Secretary's 1986 Order and the guidance of the IBLA decision.

**Timeframe:** This interim guidance shall be followed until the review of the potash enclave standard is completed.

**Background:** Please refer to the attached issue paper.

**Contact:** Vincent Vogl, Solid Minerals Team Leader, at (505) 438-7455 or Jay Spidman, Geologist, at (505) 438-7503.

Signed by:

Linda S.C. Rundell

**1 Attachment:**

1 - Interim Operating Guidelines for Processing APDs in the Potash Area Prior to the Economic Evaluation for Potash Cut-Off Grades (8 pp)

**Interim Operating Guidelines  
For  
Processing APDs in the Potash Area  
Prior to the Economic Evaluation for Potash Cut-Off Grades**

**Overview**

Various oil and gas operators appealed the BLM's decisions to deny their Applications for Permit to Drill (APDs) during the period between 1992 and 1995. These APDs were denied because they 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. Several of these appeals were consolidated under one case (IBLA 92-612). The case was scheduled for hearing by the Office of Hearings and Appeals. Administrative Law Judge (ALJ) Patricia McDonald heard the case between August 15, 1996 and March 27, 1997. The record addressed was massive and complex. The submission of over 1200 exhibits, 68,000 pages of documents and the testimony of 37 witnesses resulted in a transcript of 15,275 pages. The review of the voluminous record took a great deal of time to review and decide. ALJ McDonald issued her decision July 7, 2003. Judge McDonald's decision was appealed by the three interested parties in 2003 as cases IBLA 2003-334, 335, 336 & 341.

The Interior Board of Land Appeals (IBLA) issued a decision in IBLA 2003-334, 335, 336, & 341 on September 7, 2006 regarding the appeals of 72 denied APDs. In this decision IBLA stated: "the identification of potash enclaves is central to BLM's proper administration of the Potash Area under the Secretarial Order". IBLA found "that BLM failed to consider existing technology and economics based upon the best data currently available in periodically identifying and revising potash enclaves under and as required by the Secretarial Order". IBLA remanded most of the 72 denied APDs because the record failed to establish that they were located in properly identified potash enclaves.

The potash cut-off standard established by Van Sickle in 1974 was inherent in the establishment of the potash enclave. That standard defined the economic cut-offs for conventionally mined potash ores as: 4 feet at 10% K<sub>2</sub>O Sylvite, 4 feet at 4% K<sub>2</sub>O Langbeinite, or a mixed ore equivalent of sylvite and langbeinite. Since that standard had not been revisited since 1974, IBLA found BLM had not considered existing technology and economics in establishing the potash enclave. Thus, IBLA remanded the APDs for further consideration of the potash enclave prior to BLM making new decisions.

**Mineral Lands Classification Board Determination of Cut-off**

In 2005 BLM convened a Mineral Lands Classification Board to determine if the potash enclave cut-off grade should be changed as directed by ALJ Patricia McDonald's 2003 decision in IBLA 92-612. Judge McDonald's stated, "the record does not support a conclusion that the standards of four (4) feet of 10 percent K<sub>2</sub>O as sylvite and four (4) feet of 4 percent K<sub>2</sub>O as langbeinite, or a combination of the two, as defined by Van

Sickle in 1974 continues to identify the thickness and quality of potash which is mineable under existing technology and economics" as required by the Secretarial Order of 1986.

The board made their determination based on the assumption that the best way to determine the parameters or standards that constituted ore is to examine the actual mining that is occurring. The board examined numerous mining areas where development mining occurred to the "economic limit" of the ore body. The board found that for Sylvite, development mining was discontinued when the ore grade was close to or below 10% K<sub>2</sub>O Sylvite. Since very little Langbeinite ore has been mined at the economic cut-off, a simple ratio was used to determine the cut-off grade for Langbeinite. (Assuming mining costs, milling costs and sales value are similar to sylvite) This analysis yields a cut-off grade for Langbeinite of 4% K<sub>2</sub>O.

The Mineral Land Classification Board was convened during the time IBLA was reviewing ALJ McDonald's decision in IBLA 92-612.

#### **IBLAs Response and the Mineral Lands Classification Board**

The IBLA concluded an analysis of the type used by the Board, was inadequate in determining the lowest grades that are mineable under existing technology and economics. IBLA stated in 2003-334 et al.: "Since potash mining is not a charitable undertaking, it logically follows that potash ore grades currently being mined are 'mineable under existing technology and economics'. It does not, however, necessarily follow that recent mining also establishes applicable economic cut-off grades. (i.e. grades below which it is no longer economic to mine potash) or identifies the outer limits of a potash enclave (i.e. minimum grades of potash ore that are mineable under existing technology and economics.)"

"For example, if 15% sylvite were mined, such could support a finding that > 15% sylvite is mineable but sheds little light on whether 10% is also mineable (but yet to be mined). Such mining would neither confirm nor rebut the continuing validity of the Van Sickle Standard (i.e. 4 feet of 10% Sylvite) for identifying potash enclaves under the Secretarial Order." (170 IBLA 40)

#### **The Problem**

The process of re-evaluating the potash enclave is complicated and time consuming. The entire process could take upwards of one year for completion. In the meantime, appealed APDs are being remanded and new APDs will continue to be submitted. Delaying the processing of APDs places a burden on the oil and gas companies and prevents BLM from meeting the deadlines established in the Energy Policy Act.

To avoid holding up all APDs until the potash enclave is re-evaluated, we recommend processing all APDs that we determine are not located in an area which could be affected

by a foreseeable change in the enclave standard. Three possible outcomes exist for an evaluation of the enclave standard:

1. The standard will remain the same and the enclave will not change.
2. The standard will be raised and the enclave will contract.
3. The standard will be lowered and the enclave will expand.

Below is a brief discussion of the affects each outcome will have on the enclave.

#### **The Standard Remains the Same**

If the economic standard remains the same as it is today, there will be no change in the boundary of the enclave. Retaining the existing standard is supported by the conclusions reached by the Mineral Lands Classification Board in 2005. The Board examined the average grades being mined today and the grades at which mining was discontinued. The Board determined the grade at which mining was discontinued (cut off grade), is very close to or below that of the current standard. IBLA ruled that the type of evaluation used by the Board was inconclusive as to the lower limit of the cut-off grade, however, upper limit of the cut-off will be no higher than what is being mined today, but could be lower. That is, the potash ore grades currently being mined are 'mineable under existing technology and economics. It does not, however, necessarily follow that recent mining also establishes applicable economic cut-off grades. That is, the grade at which mining becomes uneconomic.

#### **The Standard is Raised**

Raising the cut-off standard will have the net affect of contracting the area of measured ore (enclave) in the Secretary's Potash Area.

Raising the standard is one of the three possible outcomes of an evaluation of the cut-off standard. However, the level to which the cut-off standard can be raised is limited by IBLA's determination that what is being mined today is mineable or economic. The average ore grade for Sylvite mining at the Mosaic mine for the last 6 months averaged 11.61% K<sub>2</sub>O as Sylvite. It is logical to conclude that the cut-off grade for Sylvite will not be raised to level higher than that what is currently being mined or 11.61% K<sub>2</sub>O as Sylvite.

#### **The Standard Is Lowered**

Lowering the cut-off grade will have the affect of expanding the enclave

An economic study is required to determine the cut-off grade, there is no definitive information available at this time to estimate the lower limit economical for mining (cut-off grade).

### **The Process and Solution**

The potash enclave (Measured Ore) as depicted on the "Preliminary Map Showing Distribution of Potash Resource, Carlsbad Mining District, Eddy & Lea Counties, New Mexico" last published in 1993, was drawn with the following three criteria:

1. Measured ore will be delineated by data points more than 1½ miles apart if geologic inference shows these projections to be reasonable.
2. Measured ore will not be delineated by less than 3 data points that meet all other distance and thickness and grade criteria.
3. Measured ore will not be projected further than ½ mile from a data point which meets thickness and quality standards where no projection or geologic inference data exists.

#### **Areas Not Affected By A Change In The Cut-Off Criteria**

The current potash enclave has significant areas where the enclave boundary will not change whether there is an increase or decrease in the economic cut-off grade for potash.

#### **Areas Lacking Data**

A significant portion of the enclave boundary is defined by a lack of data points rather than by existing points which are subeconomic. That is, there are no data points extending beyond where the enclave boundary is currently drawn. The enclave was projected ½ mile beyond the last known data point which meets thickness and quality standards. The boundary in these areas will remain the same whether the standard is lowered or stays the same. Only if the standard is raised is there a possibility the boundary will change. The condition necessary for this to occur is when last known data point within the enclave contains ore quality between the current cut-off and where the cut-off would be if it were raised. In this case the area surrounding the core hole would not be classified as measure ore.

Since, leaving the standard the same or lowering it will have no affect on the enclave boundary and raising the standard could only contract the enclave, if we process APDs as if the standard didn't change, then there is no irreparable harm to the potash resource. We conclude that APDs in these areas can be processed as if the standard remained the same, according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

#### **Area Between The KPLA And The Secretary's Potash Area Boundaries**

Large portions of the Secretary's Potash Area are located between the KPLA boundary and the Secretary's Potash Area Boundaries. The majority of this area is classified as barren of potash because the area either lacks data points, the

data points are barren of potash or the data points contain sub-economic values of potash. In this area APDs can be processed as long as they are in an area which will not change whether the cut-off grade is raised or lowered, and according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

#### Areas with a low Density of Core Holes

The ore reserves in the potash area are divided into three categories: Measured, Indicated, and Inferred. Measured is defined as ore where the "quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes; grade and (or) quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of the resource are well established." In the potash area, Measured ore reserves will be delineated by data points no more than 1½ miles apart if geologic inference shows these projections to be reasonable, and Measured ore will not be delineated by less than 3 data points that meet all other distance and thickness and grade criteria.

If an area doesn't meet Measured ore criteria the next lower category is Indicated ore reserves. Indicated reserves are areas where the quantity and grade and (or) quality are computed from information similar to that used for Measured resources, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Measured resources, is high enough to assume continuity between points of observation. Spacing of data points does not meet Measured ore criteria; yet data points show mineralization higher than minimum thickness and quality.

Areas where some information is available, but not to the degree of Indicated ore reserves, are termed Inferred. Inferred ore reserves are estimates that are based on an assumed continuity beyond Measured and (or) Indicated resources, for which there is geologic evidence. Inferred resources may or may not be supported by samples or measurements.

The areas currently classified as Indicated or Inferred ore in the potash area are delineated as such due to the low density of data points. In these areas, raising or lowering the cut-off standard will not have an impact the designation of either Indicated or Inferred.

APDs can be processed for the areas in Indicated and Inferred ore where the enclave boundary was not calculated utilizing one data point in Measured ore reserves and one data point located in Indicated or Inferred ore. Processing will be done according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

### **Mined Out Areas**

Areas exist where the potash enclave has been mined right up to the limits of ore. That is, no ore exists beyond what has already been mined, even though the 1993 map shows ore remaining. In these mined out areas there may or may not be data points on either side of the enclave boundary. Even if small quantities of ore remains beyond the mine workings, there may not be any reasonable access for further mechanical underground mining. In these areas it doesn't matter whether the standard is raised or lowered, no further mechanical mining is possible. For these areas, we conclude that APDs can be processed as if no ore is present, while considering safety hazards created by subsidence resulting from past mining operations.

### **Barren Areas Defined By Core Holes**

There are limited areas where a barren area is defined by core holes which are completely barren of mineralization in every relevant ore zone. These areas may be on the exterior of the potash enclave or they may be completely surrounded by enclave. The enclave boundary present between these barren core holes and ones that have mineralization may shift as the cut-off standard changes, but it can never extend beyond the barren core holes. APDs can continue to be processed in the areas which will remain barren regardless of a change in the cut-off standard.

### **Areas In Residuum**

On the western side of the potash enclave there are areas where dissolution of the Salado Salt has occurred. The flow of under-saturated ground water moving in the formations at the top of the salt has dissolved the salt away, in places, completely through the all of the potash ore zones leaving the insoluble residuum in place. The enclave boundary present between these core holes with all ore zones in residuum and ones that have mineralization in ore quality may shift as the cut-off standard changes, but it can never extend beyond the residuum core holes. APDs can be processed in the areas which will remain non-mineralized due to dissolution of the salts through the ore zones, regardless of a change in the cut-off standard.

### **Drilling Islands**

Areas within the potash enclave where BLM has previously established drilling islands as pursuant to the 1986 Secretarial Order can remain open for further applications. Drilling islands, by definition, are within the potash enclave and were established in areas that minimize the loss of potash ore. Their size is determined by existing conditions or set to a minimum size and not in relation to the potash enclave boundary. Raising or lowering the cut-off standard may have an affect on the enclave boundary. However, since most drill islands are well

within the enclave and established in particular locations for reasons other than the enclave boundary. Changing the enclave boundary will not have an effect on the drill islands size or location.

Since drill islands are established within the potash area in areas which minimize the impacts to measured potash reserves, the establishment of appropriately sited drill islands would be the same whether the cut-off standard is raised or lowered. Thus, nothing should prohibit BLM from continuing to establish appropriately sited drill islands within the enclave or processing APDs in existing drill islands, during the period the enclave cut-off standard is being re-evaluated.

#### **Infield Drilling in Barren Areas**

There are several areas where oil and gas wells have been drilled in barren areas on approximately 40 acre spacing and are immediately adjacent to the potash enclave as presently drawn. If the cut-off standard is raised or lowered, these areas will remain impacted by the existing wells. Drilling more wells within these fields will not create further impacts to potash resources. APDs which constitute infield drilling can continue to be processed.

#### **Interior High Grade Areas**

Areas in the interior portion of the enclave, where ore is present with a quality well above the present cut-off, will not change whether the standard is raised or lowered.

IBLA determined that what is being mined today is mineable, but not necessarily the lowest grades that can be mined economically. This implies that after the economic study of the cut-off grade is completed, the upper limit of the cut-off grade will be no higher than that of ore being mined today. The average ore grade for Sylvite mining at the Mosaic mine for the last 6 months averaged 11.61%  $K_2O$  as Sylvite. Considering the IBLA determination, the cut-off grade for Sylvite will not be raised to an amount higher than 11.61%  $K_2O$  for Sylvite. Thus, any enclave established with a grade above 11.61 % will remain enclave and APDs in these areas can be processed according to the 1986 Secretary's Potash Order, with the additional conditions required by the IBLA in the referenced decision.

#### **Areas Which Could Be Affected By A Change In The Cut-Off Criteria**

There are areas within the Secretary's Potash Area which could be affected by a change in the cut-off standard. In these areas, the approval or denial of the APDs will be deferred until after establishment of a new cut-off standard.

#### **Areas with Core Holes Currently Containing Marginal or Sub-economic Ore.**

There are areas in the Secretary's Potash Area, within the enclave or close to the enclave boundary where core holes contain mineralization just above or below the current cut-off standard and meeting all other measured ore reserve criteria. In these areas a change in the standard would have an effect on the location of the enclave boundary. As described above, any areas of the enclave defined by core holes containing ore above 11.61%  $K_2O$  as Sylvite, would remain enclave. Areas below this grade may change. Processing APDs submitted near these areas will be deferred until after the cut-off standard is determined.

#### **Areas Between Core Holes Containing Economic Ore and Barren Core Holes**

Areas classified as barren which contain one or more core holes which are barren of mineralization and located within a reasonable distance of other core holes where geologic inference is acceptable, will most likely have a change in the enclave boundary. Processing APDs submitted in areas where the enclave could change if the cut-off standard is raised or lowered will be deferred until the cut-off standard is re-evaluated.

#### **Conclusion**

We conclude that APDs can continue to be processed, either for approval or denial, in areas which conclusively will not be affected by raising or lowering the cut-off standard for potash. For those areas that might change, processing APDs will be deferred until after the cut-off standard is re-evaluated. In either instance, specific case-by-case, fact based determination will be made to process or defer a particular APD. Final decisions will be made for any APD processed according to the requirements of the Secretary's 1986 Order and the guidance of the TBLA decision.

# EXHIBIT D



# EXHIBIT E



21S/32E

Eddy County  
Las County

▲ High Point of Contour

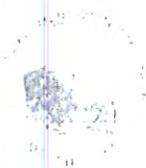
● Low Point of Contour

Scale: 1 inch = 1 mile



<b>ENTRUSTED</b>
The information on this map is for informational purposes only and does not constitute a contract.

# EXHIBIT F



United States Department of the Interior

Bureau of Land Management

1915 North St.

Denver, CO 80202

303

Telephone (303) 251-2000

Fax (303) 251-2000

In Reply Refer To  
3500 (P0220)

6/11/09  
10:00 AM  
3500 (P0220)

JUN 11 2009

Robert P. Jornayvaz, III  
Chief Executive Officer  
Intrepid Potash, Inc.  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202

Dear Mr. Jornayvaz:

The Bureau of Land Management (BLM) has received Jim Lewis's letter dated May 12, 2009 transmitting the results of Intrepid's recent exploration activities in T21S, R32E. The information has been reviewed and at face value, using the Van Sickle criteria, the ore found in the Third Ore Zone represents measured ore. In the past, Jim Lewis has requested that the BLM re-evaluate the enclave boundary in this area to reflect the new data as it comes in. The problem with BLM re-evaluating the enclave is complying with the Interior Board of Land Appeals' (IBLA) September 29, 2008 affirmation of its IMC Kalum, 170 IBLA 25 (2006) mandate for BLM to update the cut-off grade within the Secretary's Potash Area.

The cut-off grade and enclave mapping study was contracted through Sandia National Laboratories (SNL). Until the SNL study is complete, BLM does not have a cut-off standard recognized by IBLA with which to compare the new data. Comparing the data to the Van Sickle Standard could lead to further litigation or put the BLM in contempt of court. This is not the direction BLM wants to go.

At this time, BLM can't update the potash enclave until a new cut-off grade is determined. However, to protect the rights of both the oil and gas lessees and the potash producers, BLM will defer making decisions on all future Applications for Permit to Drill (APDs) which fall within areas that reasonably could become measured ore. As new data points are established, they will be added to our data set. If the new data points contain ore that reasonably could become measured ore, these areas will be added to the lands where APDs will be deferred until the cut-off standard is revised.

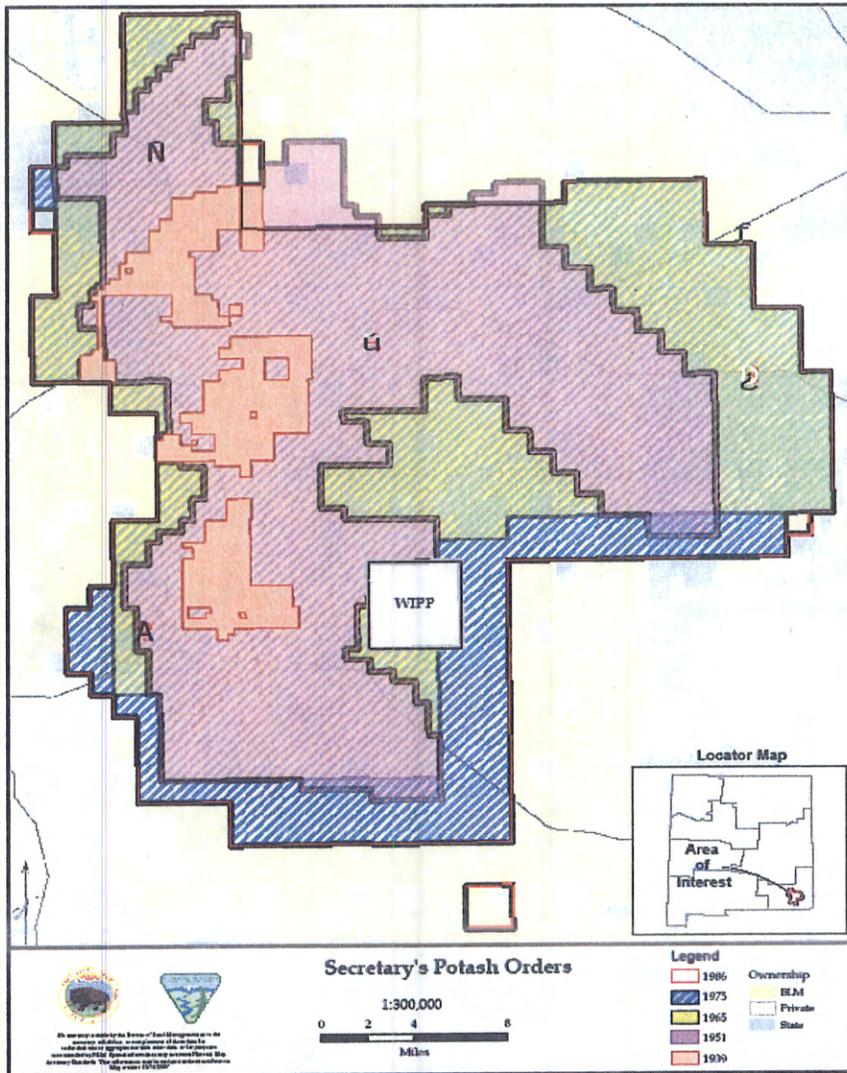
Deferring decisions on APDs located in these areas complies with the conditions set forth in the Interim Operating Guidelines established by BLM on December 19, 2006 and reissued on March 13, 2009 for lease operations prior to the completion of the cut-off study.

We have enjoyed working with Intrepid on issues that affect potash mining and hope to continue working closely on all important issues. Please contact this office, 575-234-5972, if you have questions concerning this matter.

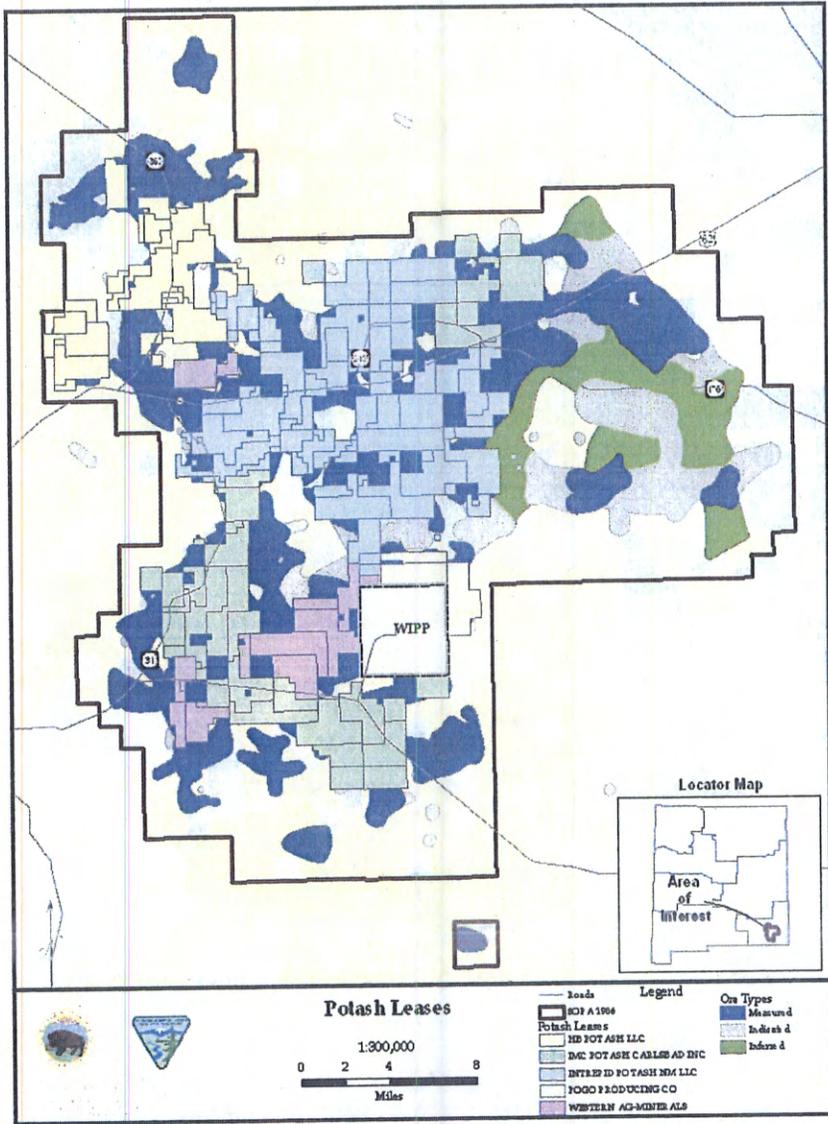
Sincerely,

James Stovall  
Field Manager





**Figure 1:** Map depicting the history of expansion from the original Potash Order Withdrawal of 1939 to the concurrent development change in policy in 1951 and continuing to the present day 1986 Secretary's Potash Boundary.



**Figure2.**

Map showing the distribution of potash leases within the Secretary's Potash Area. Intrepid Companies include Intrepid Potash NMLLC and HB Potash LLC. Mosaic Potash includes IMC Potash and Western Ag Minerals Company. Pogo Producing is an oil and gas company that successfully bided in partnership with Yates Petroleum to obtain potash leases in the early 1990's.



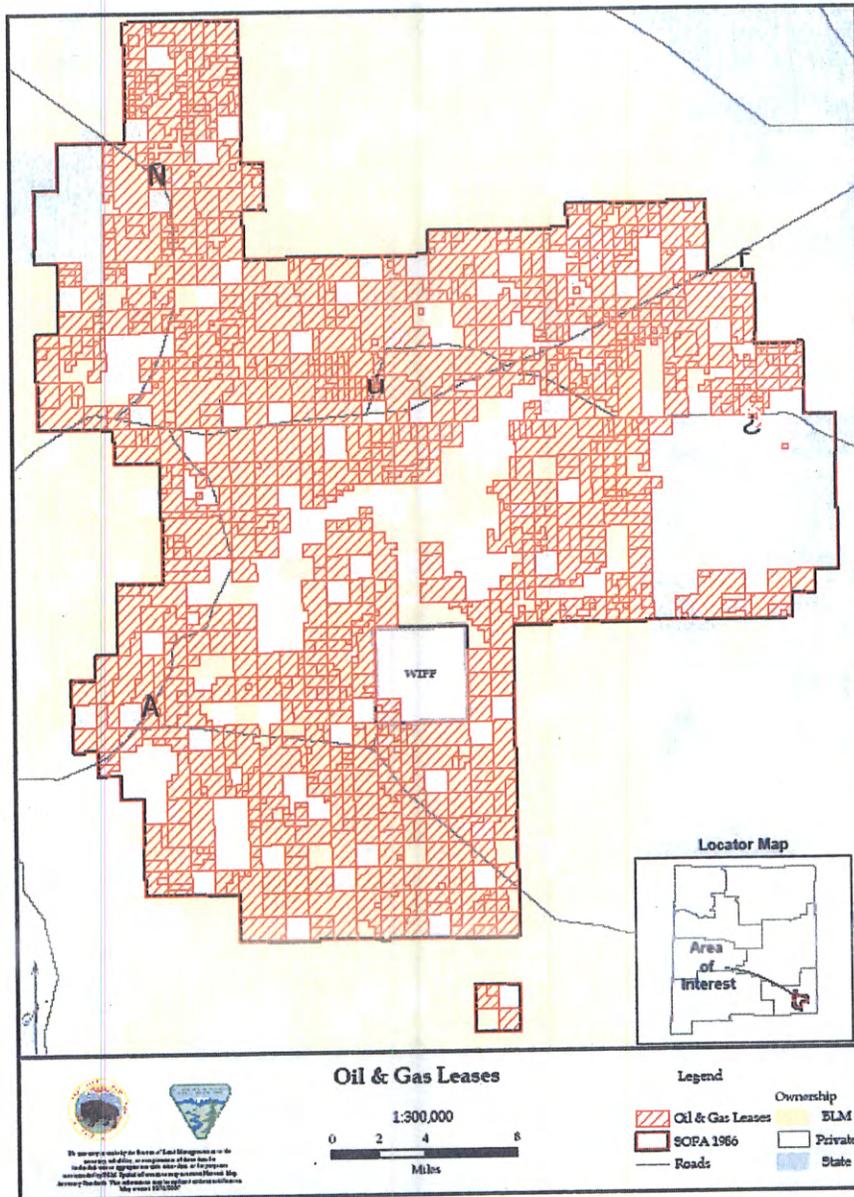


Figure 3. Distribution of oil and gas leases on Federal lands and minerals within the Secretary's Potash area, approximately 89 percent of the available acreage is currently under lease.



In Reply Refer To:  
3500 (NM920)

Mr. Robert P. Jornayvaz III  
Chief Executive Officer  
Intrepid Potash, Inc.  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202

Dear Mr. Jornayvaz:

Thank you for your letter of October 16, 2009, expressing your concerns over resource development in a Secretary's Potash Area (SPA). As you know, after approximately 60 years of a concurrent development policy for the SPA, robust development of both the oil and gas and potash resources has occurred. From your letter you express concern about the fundamental issues associated with concurrent development as promulgated by the history of Secretarial Orders governing the rules of potash and oil and gas development since 1951. This policy has resulted in numerous litigations by both industries that have led to several court decisions. In *Yates Petroleum Corp. et al.*, 131 I.B.L.A. 230 (1994), the Interior Board of Land Appeals (IBLA) set aside and referred to an Administrative Law Judge (ALJ) decision by the Director of the New Mexico Bureau of Land Management (BLM) State Office denying Applications for Permit to Drill (APDs) for approximately 100 oil and gas wells in Eddy and Lea Counties, New Mexico. The ALJ's Order was issued on July 7, 2003. The *Yates* case was decided after 11

years of administrative litigation, including a 7-month hearing with submission of over 1,200 exhibits and testimony of 37 witnesses resulting in a transcript of 15,275 pages.

I would like to address some of the issues presented in your letter and clarify the Secretary's Order which determines our policy on how oil and gas and potash resources are managed in the SPA.

The first Secretary's Order established in 1939, covered approximately 42,685 acres in southeastern New Mexico and removed the area from oil and gas leasing, which was a policy similar to the potash preservation standard that you prescribed in your letter. To be able to address your concerns of how the potash area is managed for concurrent development and not the preservation standard, I will attempt to be as informative as I can to help you understand our position by first laying out the foundation of principles that are used currently to administer the SPA. These principles beginning in 1951 are described below.

### **Concurrent development**

The 1939 Order was the only order that did in effect preserve potash resources, as you outline in your letter. All subsequent orders have put in place a policy of concurrent development beginning with the 1951 Secretary's Order which revoked the 1939 Order, expanded the SPA to 300,000 acres, and invoked a policy of concurrent development. Section 1 of the 1951 Order states, *"For the purpose of providing for concurrent operations in the prospecting for and the*

*development and production of oil and gas and potash deposits owned by the United States within the area herein described and designated as "Potash Area", and for the purpose of opening to oil and gas leasing certain lands which have heretofore been withheld from such leasing and, valid existing rights as to leases heretofore issued."*

This concurrent development policy has remained in effect through the present day as the potash area was expanded by Orders issued in 1965 to 420,000 acres; 1975 to 492,000 acres; and again in 1986 to 497,000 acres. In its current form, the 1986 Order states "*Section 1. Purpose. This Order revises the rules for concurrent operations in prospecting for, development and production of oil and gas and potash owned by the United States within the designated Potash Area*".

#### **Correlative Rights as Outlined in the 1986 Secretary's Potash Order**

To best protect the interests of each industry, the Secretary's Order calls for protective lease stipulations to be incorporated into each oil and gas or potash lease that is issued within the SPA. Part III of the General Provisions of the 1986 Order states:

*Issuance of Oil and Gas Leases. The Department of the Interior reaffirms its position that the lease stipulations contained in the Order of November 5, 1975, adequately protect the rights of the oil and gas and potash lessees and operators...*

The Order further defines the stipulation that is placed in all potash leases issued within the SPA, beginning in 1951 and continuing through the 1986 Order, which states in Section III,

subsection C the following mandatory stipulation for all potash leases and lessees: *“no [potash] mining or exploration operation shall be conducted that... will constitute a hazard to oil or gas production, or that will unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same lands.”* Likewise, in Section III, the 1986 Order includes the following mandatory stipulation for all oil and gas leases and lessees: oil and gas drilling *“will not interfere with the mining and recovery of potash deposits ...would result in undue waste of potash... constitute a hazard to or unduly interfere with mining operations...or the interest of the United States will best be served by permitting such drilling.”*

Requisite to implementing these correlative rights stipulations is a requirement that the Department of the Interior (DOI) define, establish, and designate potash enclaves. The DOI defined potash enclave as a subset area of the SPA in which known economically mineable potash is delineated. To understand this, we must have an understanding of the definition of potash enclave which is defined in the 1975 Order and remains unchanged in the 1986 Order as *a mineable reserve in one or more ore zones, i.e. those areas (enclaves) where potash ore is known to exist in sufficient thickness and qualify to be mineable under present day technology and economics.*

This seems to be a point of which Intrepid has significant dispute: the definition and understanding of potash enclave as being known to exist versus the classification system which the BLM uses to define potash enclave, and to distinguish the indicated and inferred resources, which you refer to in your letter. Intrepid wished to have the same protections applied to the

indicated and inferred potash resources as if they were enclave. However, the management prescription you propose is not compatible with our existing Order and would require a rewrite of that Order to promulgate the protections which you aspire to. Any rewrite of the 1986 Order would require a formalized rulemaking process and could take some time to arrive at any conclusive prescriptive management decree. You further indicate in your letter that you wish to have the opportunity to be allowed to acquire new data to define enclaves in areas where oil and gas development wishes to proceed. This would also have to go through the rulemaking process as it is incongruent with the protective correlative right stipulations in both the oil and gas and potash leases in the SPA; i.e., neither industry will interfere with the recovery of the perspective mineral resources of the other industry.

Unfortunately, the protective reliefs sought by Intrepid seem to be inconsistent with the 1986 Order in that it defines potash enclaves as areas "*that are known to exist*" not indicated or inferred to exist. The enclaves, as you correctly point out in your letter, are the areas within the SPA that receive the greatest protections with the 1986 Order as it is currently written: *it is the policy to deny approval of most applications for permit to drill oil and gas test wells from surface locations within the potash enclaves established in accordance with part d item 1 of the Secretary's Potash Order.* The standards that are currently in effect for establishing enclaves are:

1. Measured ore will be delineated by data points no more than one and a half miles apart if geological inference shows these projections to be reasonable.
2. Measured ore will not be delineated by less than three data points (core holes or mine face samples) that meet all other distance, thickness, and grade criteria.

Another point of dispute appears to be in the BLM's use and application of Indicated and Inferred potash resources in that these resources do not receive the protection prescriptions that "potash enclave" receives. The definition of Indicated and Inferred potash resources are areas where there are insufficient data points of any kind and core holes of greater spacing than one and a half miles apart - however, geologic inference shows such projections to be reasonable. *Thus both indicated and inferred ore denote that economically mineable ore may be, but are not known to be present—therefore indicated and inferred potash resources do not meet the known standard to establish an actual potash enclave.*

Similarly Intrepid infers that the BLM wrongly equates the lack of potash data with no potash. Respectfully, I suggest that this is yet another conflict with existing policy in that the standard which the BLM follows to establish enclaves is, as stated above, "*known to exist*". If there are no data points in a given area within the SPA, then the BLM has no data which would allow it to establish enclave. *Given the concurrent development policy and system of correlative protective rights, the BLM cannot arbitrarily defer oil and gas activities to some point in the future when data may be obtained.* We do not question whether Intrepid could explore for and discover potash that is economically mineable at some point in the future—that is not our issue. Our issue is that given the policy of protective correlative rights that defines enclaves as "known to exist and that they be economically mineable under current economics and technology" then we have no discretion to protect resources that do not meet these standards today as opposed to several months or years in the future when they would eventually be explored for and evaluated.

I realize that Intrepid has brought forth information encouraging the BLM to adopt new

technology to establish enclaves using e-log information from existing oil and gas wells that can be correlated with other geologic information to expand the enclave. The information provided in this section is the subject of ongoing litigation with Intrepid and we cannot comment on the concerns Intrepid has raised at this time. However, we have provided letters from the Carlsbad Field Office (Enclosure 1) that have advised Intrepid of the status of taking further actions on the enclave boundary at this time. The ongoing studies and work described in those letters must be completed before further responses to your concerns can be developed. Essentially the e-log information is a good correlation tool for the BLM to utilize, however the BLM has concluded that the type of e-logs that are currently in existence through cased oil and gas wells are not perfected sufficiently to make this a data point that could be used to establish enclave. However, the BLM continues to use this information to establish indicated and inferred resources. Sandia National Laboratories (SNL) has studied the use of e-logs and has affirmed our position on cased hole e-logs.

With regard to the instruction memorandum as it relates to mined out areas, it is true that Intrepid has currently applied for permits necessary for solution mining in the first ore zone within abandoned mine workings in the northwest portion of the SPA. This is an emerging technology that has not previously been utilized in the potash basin of southeast New Mexico raising questions that are being addressed currently in an Environmental Impact Statement (EIS) being developed specifically for that project. Although we support the development of new mining techniques in the basin, these techniques must be evaluated through the appropriate National Environmental Policy Act (NEPA) process and all required permits and plan approvals must be obtained and implemented successfully before we can consider adopting new management

guidance for the rest of the potash basin. However, there are sufficient protections in place currently that allow us to not approve APD oil and gas wells within old mine workings that you are referring to.

### **Concurrent Development and Drill Islands**

I would also like to take this opportunity to address the Secretary's Order as it relates to oil and gas drilling in the enclave. Although it is the policy to deny most APD oil and gas test wells in the potash enclaves, there are two exceptions to this in the Secretary's Order. First, APD's can be approved if "barren areas" are found to exist. Secondly, the 1986 Order requires that drilling islands be established if the criteria for this exception is met. Section III.E.1b of the 1986 Secretary's Order states that *drilling islands must be established, and new APDs could be approved, to either protect the correlative rights of oil and gas lessees who had already developed lands within designated enclaves or allow future potash and oil and gas leasing concurrently in those enclaves if; 1) there are no barren areas; 2) drilling cannot be approved on an established barren area because of interference with mining operations; 3) the objective oil and gas formation cannot be reached by directional drilling from a permitted location within a barren area; or 4) the target formation beneath a remote interior lease cannot be reached by a directionally drilled well from a surface location outside the potash enclave. Drilling islands are only established within the designated enclaves and cannot be located within one mile of approved mining operations within the next three years.*

As I pointed out earlier, the SPA has been expanding since it was established in 1939, growing from 42,685 acres to its present day acreage of 497,000 acres. The potash area was originally discovered by oil and gas drilling, and as a result of the expansion of the SPA boundaries, the

expansion was essentially into existing oil and gas areas. In total, there were approximately 1,100 developed wells before the SPA reached its current size of 497,000 acres. Potash was being explored for and assessed at the same time that oil and gas development was taking place. In these situations, there are many existing wells that were in place prior to the enclave being designated or the SPA expanded. Most of the oil and gas wells approved after the Secretary's 1986 Order went into effect were located outside the established enclaves, but within the SPA. Many of these prior existing locations were subsequently established as drill islands, or can be at some future date, which allows us to minimize the impact of oil and gas wells on mining. Other drill islands have been selected to minimize the impacts on potash at strategic locations, such as the boundary of the Waste Isolation Pilot Plant (WIPP) site. At some time in the future, the wells located on drill islands will cease production and be properly plugged and abandoned, at which time, mining operations can recover the potash resources.

### **Safety and the Sandia Studies**

As you pointed out in your letter, the BLM has contracted with SNL to conduct the gas migration studies to obtain scientific data regarding the impacts of underground potash mining on the integrity of oil and gas well bores. This report is currently in draft form, and comments will be fully considered and incorporated into the final report which will be published in the spring or summer of 2010. Initial research indicates that additional studies will be necessary to further our understanding of the hydrofracturing process of high pressure gas and other potential hazards that may be associated with the leakage of oil, gas, or water into the formation. Field verification of geomechanical modeling will also need to be performed. The letter from SNL indicated that

¾ of a mile may be necessary to prevent impacts to *producing* oil and gas wells, not plugged and abandoned wells. The intersection with the well bore that could transpire up to ¾ miles from the mine face would be at or near surface; theoretically intersecting the well bore deeper as you get closer to the mine face. This is going to require us to evaluate the existing potash mine plans as they relate to current on-going production of oil and gas in the basin to help us determine what wells may be at risk—conversely, producing oil and gas wells operating within these distances need to be evaluated for any indications of well deformation. Although the science is evolving, and the report is only in draft form, it is good that we can determine, assess, and evaluate risk in the areas where these well bore and mine face interactions occur.

#### **Core Hole Information and Assay Data to Update Enclave Boundary**

The BLM letter dated April 6, 2009 to Intrepid Potash (Enclosure 2) mentions the requirement for Intrepid Potash to provide the BLM with a portion of each sample assayed. The sample sized shall be large enough that the BLM can have an independent lab run an assay by wet chemical analysis procedures, which include the analysis of potassium, chlorine, sodium, sulfate, magnesium, and calcium. The purpose of the requirement is to independently verify the data being submitted to the BLM which serves to determine quality and thickness standards to update the potash enclave map, and to begin the process of verifying the use of X-ray Diffraction (XRD) as a suitable technique for analyzing the quality of potash mineralization in the Carlsbad Mining District.

Intrepid has had core hole samples from each potash zone assayed with XRD analysis, and has submitted its results to the BLM thereafter. The BLM needs to verify those against well

established titration assay data of wet chemical analysis. The titration assay method has been relied upon by the Carlsbad potash industry for laboratory ore grade determination since beginning of the operations. To the contrary, the reliability of XRD analysis has not been verified, confirmed and accepted among Carlsbad potash operators. The issue also remains as one of the subjects of the ongoing SNL enclave studies. The BLM Carlsbad Field Office has not received core hole samples as required. I encourage you and your colleagues to look into the matter.

I hope I have achieved my goal of responding to your letter honestly, with respect and courtesy. I realize that there have been serious disagreements over the years with the administration of the SPA, however, the agency's goal has been to create a constructive dialogue between the oil and gas and potash industries to study and resolve the problems. I realize that on many issues, we share similar views. My hope is where we differ, we can exchange information and opinions in a problem solving and professional manner. The BLM will continue to work with you, as well as all the stakeholders, diligently on those important resource management issues. I appreciate your concern and support.

If you have further questions, please contact Mr. Tony Herrell, BLM New Mexico Deputy State Director, at 505-954-2134.

Sincerely,

Robert V. Abbey

Director

## Enclosures

bc: LLM:WO620:LS:401  
LLM:NM912  
LLM:NM920:THerrell

LLM:NM920:THerrell:WO620:LS:401:OSierra:12/10/09:090362:3500

Enclosures

bc: LLM:WO620:LS:401  
LLM:NM912  
LLM:NM920:THerrell

LLM:NM920:THerrell:WO620:LS:401:OSierra:12/10/09:090362:3500

LM Potash Briefing  
February 2010 Briefing

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## INFORMATION MEMORANDUM

DATE: February 25, 2010

FROM: Linda Rundell, BLM-New Mexico State Director, (505) 954-2222

SUBJECT: OIL AND GAS AND POTASH CONFLICTS IN NEW MEXICO

### I. BACKGROUND

The conflict over mineral development in the Carlsbad Mining District is a result of the area's unique geology supporting oil, gas, and potash. This contentious issue extends back over 80 years and includes a long history of Interior Board of Land Appeals (IBLA) and Federal litigation.

Potash is a trade name for potassium bearing minerals used for fertilizer. Mining in the Carlsbad Area began in 1930 after the discovery of potash in 1925. The Secretary's Potash Area (SPA) was established in 1939, significantly expanded in 1951 to approximately 298,000 acres, and expanded further in 1975 and 1986 (Figure 1). A policy of concurrent development regulated by Orders of the Secretary was originally established in 1951. The boundaries of the SPA include known mineable reserves of potash as well as indicated and inferred resources. The 1986 Secretarial Order provides the greatest amount of protection to potash in areas where there are known mineable reserves. The 1986 Order, which followed a 1975 Order, revised the rules for concurrent operations setting forth parameters for the development of oil and gas and potash in the designated Potash area. Issues raised and debated related to the policy of concurrent development include safety, what constitutes undue waste of potash, standards used to define known economically mineable potash deposits, and what constitutes unreasonable interference with orderly development and production of oil and gas resources.

To help respond to these ongoing questions, the Bureau of Land Management (BLM) has contracted with Sandia National Laboratories (SNL) to conduct three separate but related studies within the SPA. The first study, the e-log project, was issued in October 2009. This report focused on geophysical well logs and concluded that using existing oil and gas well logs in cased holes cannot provide sufficient information to meet the current ore standard. The second study, the gas migration project, will examine the impacts of underground potash mining on the integrity of oil and gas well bores and help determine a minimum distance between oil and gas drilling and safe underground mining. That study is scheduled for completion by the summer of 2010. The third study, the SPA mapping project, is focused on determining the economical extraction costs (mineability) of potash and appropriate cutoff grade(s). This project will include mapping of economically minable potash reserves (potash enclave) in light of today's economic market and technology, and an analysis of industry's use of X-ray diffraction technique for assaying potash resources. The study is scheduled for completion by December 2010. The studies, which will cost approximately \$2.25 million, are being conducted in cooperation with stakeholders: the oil and gas industry, the potash mining industry, and the Waste Isolation Pilot Plant. These stakeholders have expressed concerns to Congress about the scope and conduct of the studies.

Figures 2 and 3 show areas leased for potash and oil and gas respectively within the SPA.

## II. POSITION OF INTERESTED PARTIES

Currently, there are two potash companies operating in the SPA: Intrepid Potash (Intrepid), operating from four of the original mine sites; and Mosaic Potash, operating two of the original mine sites. The potash mines are the second largest employer in Carlsbad, employing about 1,300 individuals.

Intrepid wrote a letter to Director Bob Abbey on October 16, 2009, asking for a review of a BLM Instructional Memorandum (IM), issued in December 2006, which provides guidance on processing Applications for Permits to Drill (APDs) within the SPA as well as review of the 1986 Secretarial Order. They request review of our policies as they relate to the protection of potash as well as to concurrent development. A draft response is currently in surname.

Intrepid seeks additional protections for all potash resources within the SPA, including areas of indicated and inferred resources (which have no known reserves). These resource classifications are based on the amount of data that is available. A great deal of data is needed to identify “known” reserves; less data is needed to identify “indicated” resources; “inferred” resources require the least amount of data to identify the resource. The potash in southeastern New Mexico occurs in thick salt bearing formations and cannot be easily distinguished from other types of surrounding salts. The 1986 Secretarial Order provides the greatest amount of protection to potash in areas where there are known reserves.

Intrepid requests that the BLM put in place a policy allowing potash operators the opportunity to acquire new data in areas where oil and gas development is planned. The protections sought by Intrepid include notice to potash operators of Applications for Permits to Drill (APD) by oil and gas operators in areas where potash data is lacking, the opportunity for a potash company to explore or otherwise provide data prior to approval of the APD, and denial of an APD if the data demonstrate ore in one or more zones. Thus, the protections that Intrepid seeks could allow potash companies to explore for potash in areas where it does not hold a lease and delay or halt development by oil and gas operators who do hold a lease. Intrepid Potash asks that the IM be clarified as it relates to concurrent development. The BLM operates under the current policy of protective correlative rights. Concurrent development allows the development of both potash and oil and gas, even in areas where potash is known to exist. Recognizing that the policy of concurrent development is set forth in the 1986 Secretarial Order as well, Intrepid also has requested that the Order be revised and updated to provide for sequential development of the resources – potash first then oil and gas.

Mosaic Potash has recently changed its approach to these mineral development conflicts and begun working with the oil and gas industry instead of vigorously protesting every oil and gas APD as they used to do. Mosaic now has reached an agreement to co-sponsor a joint industry study with the oil and gas industry to explore new technology to improve well design, strengthen casing integrity, provide for continuous monitoring of the well with downhole safety kill shutoff valves, and increase cement strength. The goal of this study would be to develop technology to prevent casing failure under subsidence pressure, and to avoid gas migration. The industries are willing to fund and conduct studies in a transparent approach and in coordination with Sandia National Labs and BLM.

The joint industry study will also address oil and gas operating practices, mining operations practices, and any other pertinent issues, so that concurrent development for potash, oil and gas can safely proceed without causing a hazard to or interfering with the operations of either industry.

Both Mosaic Potash and a group of Carlsbad Oil and Gas stakeholders have pledged funding to support Sandia National Laboratories Geo-mechanical Analysis and Hydro-fracturing Studies, which will further our understanding of high pressure gas and other potential hazards that may be associated with the leakage of oil, gas, or water into the formation.

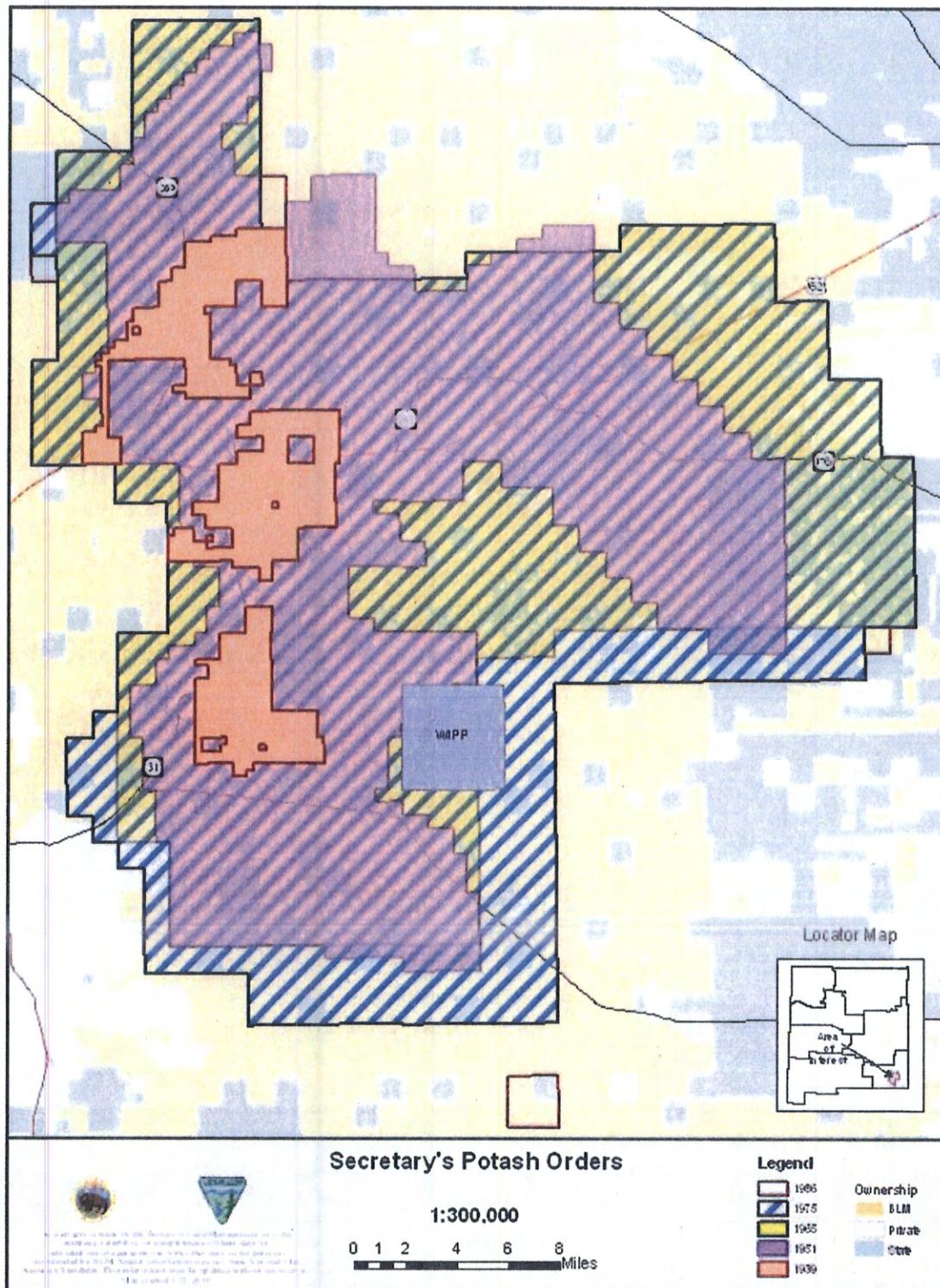
### III. LEGAL STATUS

Intrepid also is currently involved in several ongoing lawsuits. On September 29, 2008, the Interior Board of Land Appeals (IBLA) issued a favorable decision for BLM regarding the approval of 11 Applications for Permits to Drill (APDs) oil and gas wells in the SPA. This IBLA decision is extremely significant in that it gives a strong endorsement of BLM's application of policies used to administer the SPA as set forth in the 1986 Secretary's Potash Order, as interpreted by previous IBLA and Federal District court decisions. This decision has been appealed by Intrepid to the D.C. Circuit Court.

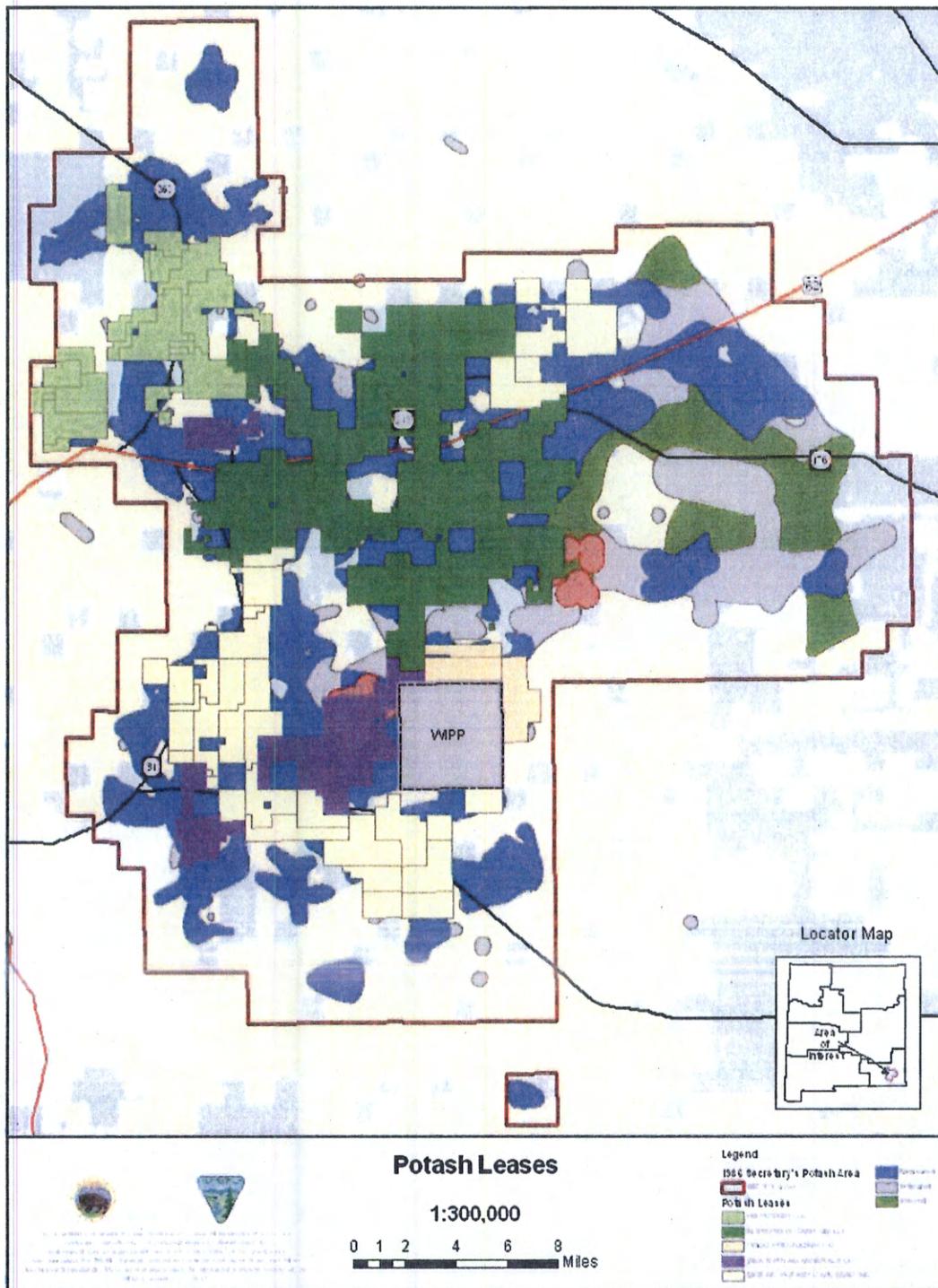
In an unrelated case, on August 29, 2008, the U.S. District Court of New Mexico issued its final decision in the appeal by the Potash Association of New Mexico (PANM) v. the United States Department of Interior and the oil and gas intervenors. PANM sought review of the IBLA's interpretation of the oil and gas lease stipulations regarding potential denial of APDs if the proposed well would constitute a hazard to potash mining. The court concurred that PANM was improperly reading the September 7, 2006, IBLA decision. This decision has also been appealed by Intrepid Potash to the 10<sup>th</sup> Circuit Court.

Other issues within the SPA include a solution mining proposal by Intrepid that is under environmental review by the BLM.

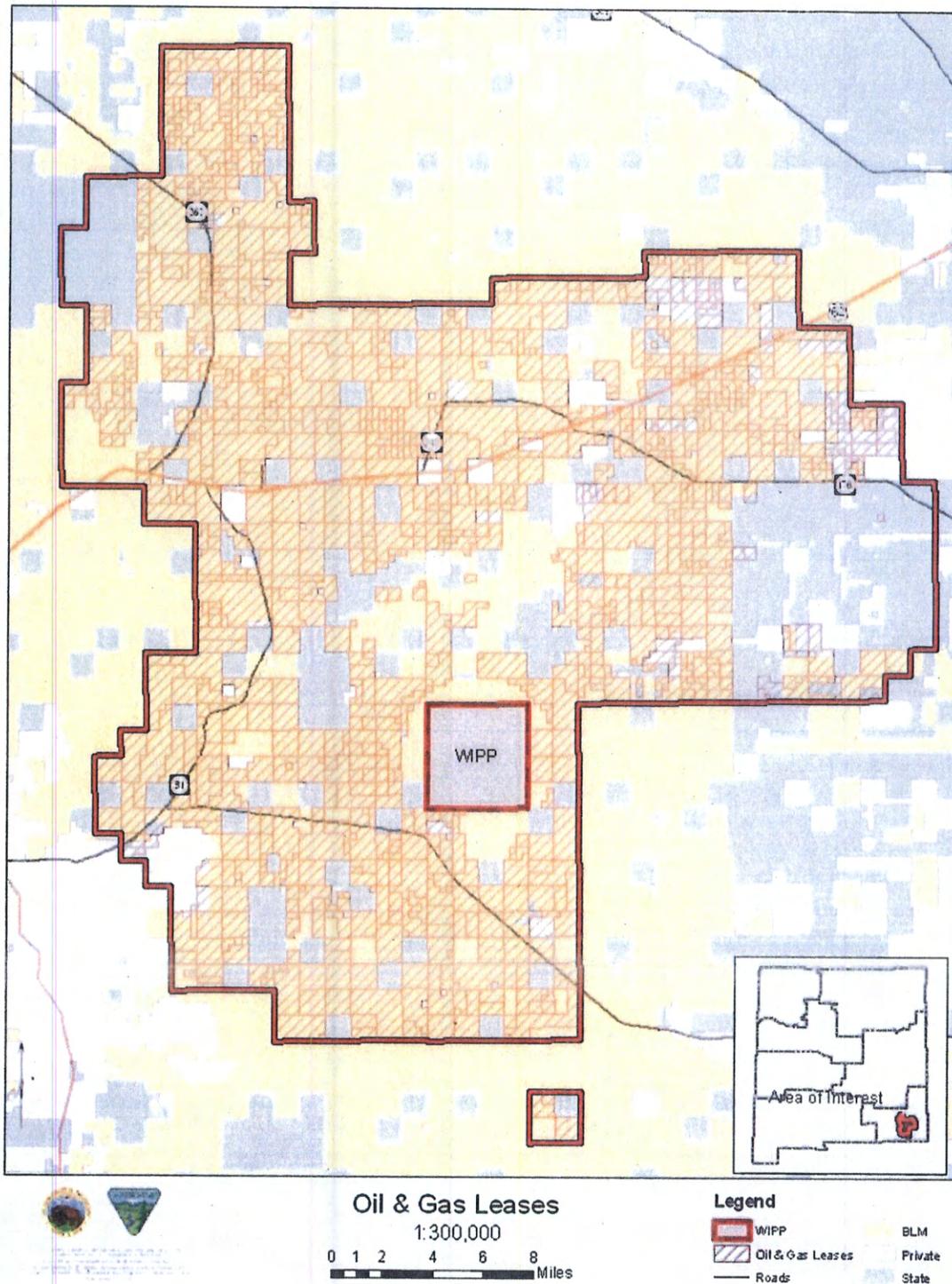
**CONTACT:** Linda Rundell, State Director, BLM New Mexico, (505) 438-7501 and Tony Herrell, Deputy State Director – Minerals, (505) 954-2134



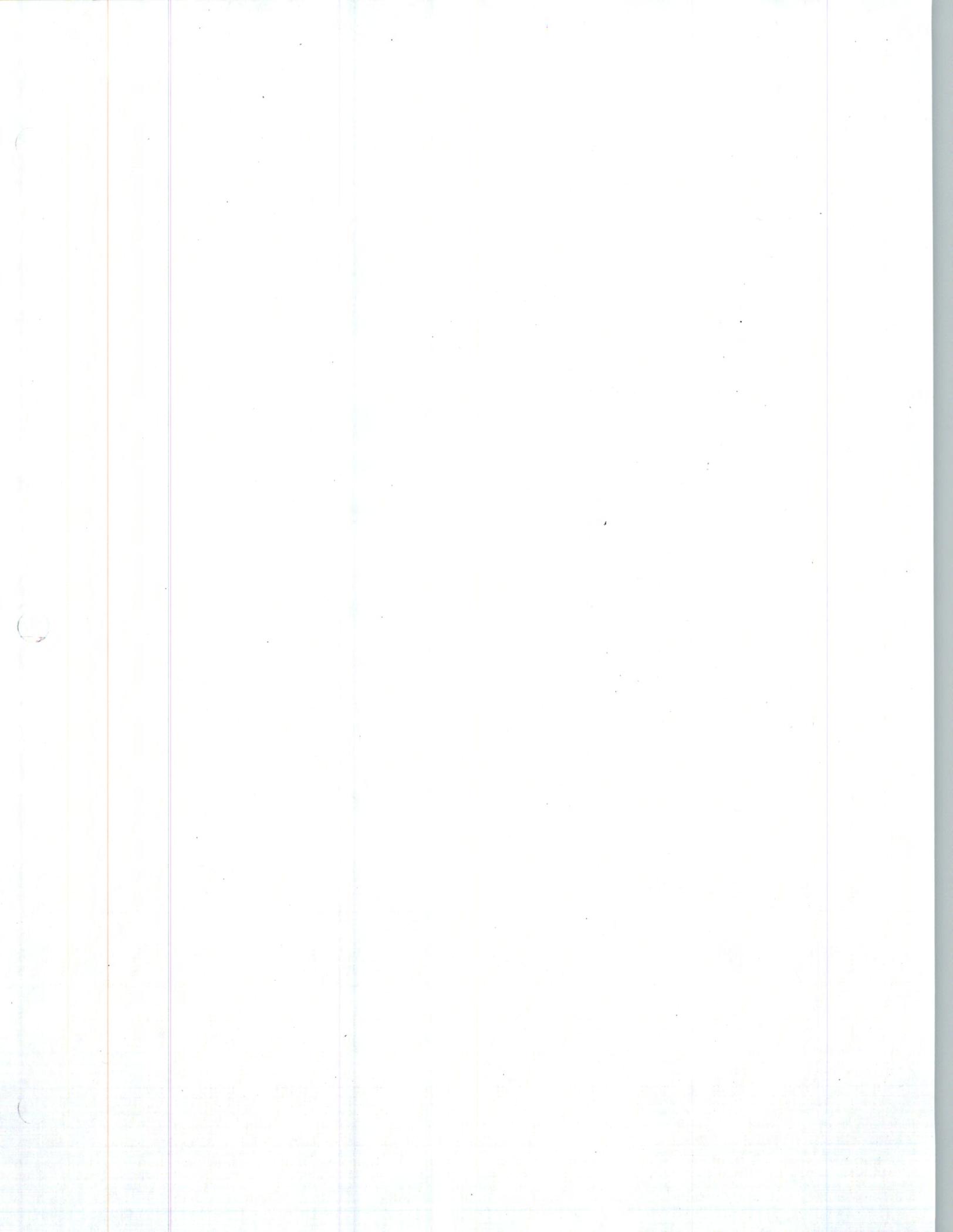
**Figure 1:** Map depicting the history of expansion from the original Potash Order Withdrawal of 1939 to the concurrent development change in policy in 1951 and continuing to the present day 1986 Secretary's Potash Boundary.



**Figure2.** Map showing the distribution of potash leases within the Secretary's Potash Area. Intrepid Companies include Intrepid Potash NMLLC and HB Potash LLC. Mosaic Potash includes IMC Potash and Western Ag Minerals Company. Pogo Producing is an oil and gas company that successfully bid in partnership with Yates Petroleum to obtain potash leases in the early 1990's.



**Figure 3.** Distribution of oil and gas leases on Federal lands and minerals within the Secretary's Potash area, approximately 89 percent of the available acreage is currently under lease.



## **INFORMATION MEMORANDUM**

**DATE:** February 11, 2010  
**FROM:** Linda Rundell, BLM-New Mexico State Director, (505) 954-2222  
**SUBJECT:** IBLA POTASH DECISION ON "CAPER" WELLS

### **I. BACKGROUND**

The IBLA affirmed the BLM's decision approving 11 applications for permits to drill oil and gas wells in the Secretary's Potash Area (SPA) in southeastern New Mexico. The decision is significant in that it gives a strong endorsement of BLM's application of policies used to administer the SPA, as set forth in the 1986 Secretary's Potash Order, and as interpreted by previous IBLA and Federal District court decisions. The APDs were filed by Yates Petroleum Co. within the SPA in mid-April 2006; BLM-New Mexico approved the 11 APDs on September 19, 2006. Intrepid Potash-New Mexico, LLC (Intrepid) subsequently appealed to the IBLA alleging that the State Director's decision was contrary to the 1986 Secretarial Order, FLPMA, NEPA and regulations of the Council on Environmental Quality (CEQ).

### **II. POSITION OF INTERESTED PARTIES**

Intrepid asserted that BLM had misinterpreted almost all aspects of the 1986 Secretarial Order, previous Administrative Law Judge decisions, and recent IBLA decisions which resulted in grievous errors in our decision making process. Intrepid further articulated that until all of the substantive issues were resolved, it would be illegal for BLM to process additional APDs within the SPA.

### **III. LEGAL STATUS**

In the long history of the Potash and Oil and Gas conflict this decision is the most affirmative validation of the BLM's administration of the Secretary's Potash Area. The decision was a substantive endorsement of how BLM interprets and implements the 1986 Secretary's Order, the Order's oil and gas stipulations, the Administrative Law Judge rulings in the potash area, and the IBLA's previous rulings regarding the Secretary's Potash Area.

The likelihood for the success of an appeal of this decision to the Federal District Court is very small. The Court ruled on a similar case on August 29, 2008, brought by the Potash Association of New Mexico; the Association's challenges to previous interpretations of IBLA decisions were similar to this case and were affirmed in a similar manner.

The following two pages list key points from the IBLA's decision.

## Key Points from IBLA Decision

1986 Order

Argument: Approval of the APDs at issue violate the enclave policy because its “gamma ray log data from sec. 17 conclusively demonstrates that this section does contain a potash enclave.”

***IBLA Decision: Since we are unpersuaded that gamma ray log data “conclusively demonstrates” that sec. 17 is a potash enclave, we find that Intrepid has not met its burden in this case.***

1986 Order

Argument: No APDs can be approved unless and until BLM complies fully with IBLA’s remand in IMC Kalium and identifies potash enclaves properly under the 1986 Order.

***IBLA Decision: We find no basis in the 1986 Order for prohibiting BLM from approving any APDs until all enclaves have been identified, following our remand in IMC Kalium.***

1986 Order

Argument: Intrepid contends that its interpretive methodology for analyzing gamma ray log data demonstrated that potash ore is “known to exist” in Sec. 17.

***IBLA Decision: According to existing guidelines and standards established by the Mineral Review, the wells are located within inferred or indicated potash and not within measured ore... These are the standards that have been established, to which BLM must adhere... We find no error in BLM giving meaning to the term “known to exist” by relying on the USGS definition of measured” resources/reserves...***

1986 Order, ALJ Decision

Argument: No APDs can be approved unless and until BLM complies fully with the IBLA remand in IMC Kalium and identifies potash enclaves properly under the 1986 Order.

***IBLA Decision: The ALJ ruled that APDs for locations near an identified enclave (i.e. in areas of “indicated” or “inferred” potash ore) could not be denied under the enclave policy and could be issued if consistent with the 1986 Order’s oil and gas lease stipulations...***

1986 Order, Oil and Gas Lease Stipulations, FLPMA

Argument: BLM erred in approving these APDs by not first determining that they “will not unduly waste potash deposits under the 1986 Order’s oil and gas lease stipulations.

***IBLA Decision: ...the burden was on Intrepid to demonstrate with objective evidence that “undue waste” of potash deposits under the 1986 Order will occur. We find Intrepid has not made that demonstration and therefore conclude that it has not shown error in BLM’s approving these APDs under FLPMA (or the 1986 Order).***

1986 Order, Oil and Gas Lease Stipulations, FLPMA

Argument: Section 302(b) of FLPMA, directs the Secretary to take any action necessary to prevent unnecessary or undue degradation of the public lands. Intrepid argues that drilling wells under these APDs would cause unnecessary and undue degradation under FLPMA (i.e. the irreplaceable loss of potash).

***IBLA Decision: We will not disturb BLM’s discretion to balance the competing uses mandated by FLPMA where BLM has provided a reasoned explanation for its decision. (Biodiversity Conservation Alliance 17 IBLA at 8). To the extent Intrepid’s FLPMA claims are based on the possible existence of a potash enclave, they have been rejected; to the extent its claims are based on the 1986 Order’s oil and gas lease stipulations, we find them misplaced and unsupported.***

NEPA

Argument: In order to take a scientifically sound, hard look at impacts, effects, alternatives, and mitigation measures to protect potash resources, BLM must first obtain additional core hole data and evaluate that data to identify resources.

***IBLA Decision: Were we to interpret NEPA and this regulation in the manner suggested by intrepid, we would transform the process of preparing an EA into a potentially never-ending quest for more information.***

NEPA

Argument: BLM failed to take a hard look at: migratory bird impacts (a migratory bird inventory had not yet been completed); air quality impacts; Alternative A (a less intensive alternative with reduced impacts); and additional mitigation measures.

***IBLA Decision: In aiming its potash shotgun at delaying (if not precluding) oil and gas drilling in areas not to its liking, ... Intrepid proffers no evidence to support its assertions, ..., we find these claims reflect on a difference of opinion with BLM, which is insufficient to show error under NEPA.***

NEPA

Argument: BLM's analysis of available data lacks sufficient scientific rigor vis-a-vis potash resources. BLM is required by NEPA to obtain additional potash data in order to identify the affected environment and adequately assess effects, impacts, alternatives, and mitigation measures.

***IBLA Decision: We reject Intrepid's claim that in order to take a scientifically sound, hard look at impacts, effects, alternatives, and mitigation measures to protect potash resources, BLM must first obtain additional core hole data and evaluate that data to identify resources.***

NEPA

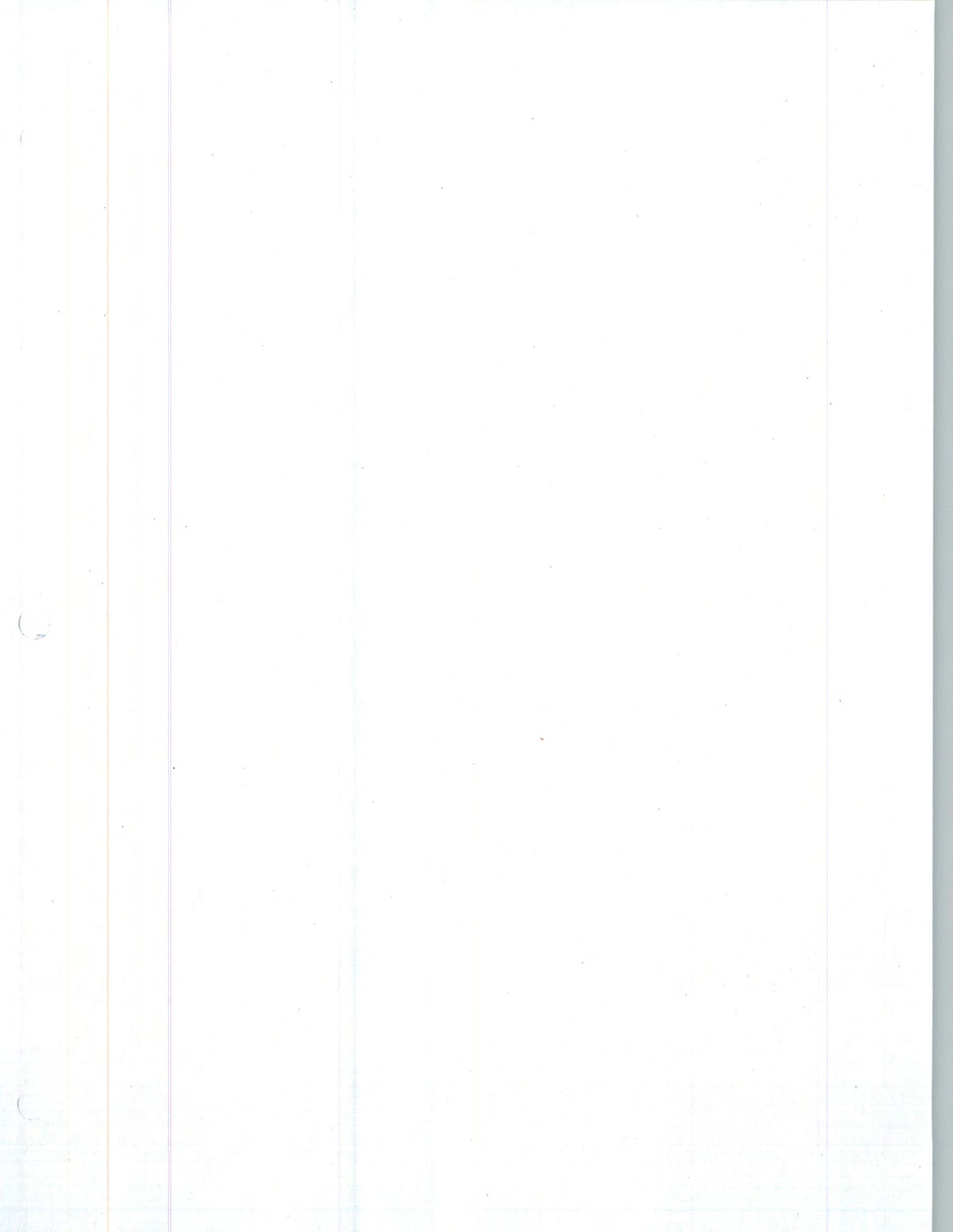
Argument: BLM should be precluded from approving any APDs throughout the 497,000 acre Potash Area unless and until it comprehensively evaluates that area by obtaining additional core and e-log data and identifies areas without any potash and areas with potash known to be insufficient of thickness and quality to be minable under current technology and economics.

***IBLA Decision: We are loathe to create such a requirement under the circumstances of this case.***

NEPA

Argument: An EIS was required because APD approval will place the "physical environment at direct risk of massive calamity."

***IBLA Decision: As to the loss of potash which could result from drilling, the "massive calamity" envisioned by intrepid, we find the EA and FONSI made a convincing case that such impacts are not likely to be significant...***



## INFORMATION MEMORANDUM

DATE: February 11, 2010

FROM: Linda Rundell, BLM-New Mexico State Director, (505)-954-2222

SUBJECT: INTREPID IN-SITU-MINING PROJECT ENVIRONMENTAL IMPACT STATEMENT

### I. BACKGROUND

In January of 2009, the Bureau of Land Management (BLM) transitioned from an Environmental Assessment (EA) to an Environmental Impact Statement (EIS) for the Intrepid In-Situ-Solution Mine project. The decision was prompted by the analysis in the EA for environmental impacts to fresh water aquifers, surface land uses by direct effect or mine subsidence, multiple mineral leases for different commodities for the same lands, concurrent development of oil and gas and potash mineral deposits, and to human health and safety above and below ground. These impacts led BLM to the conclusion that the proposed action is a major federal action significantly affecting the quality of the human environment and that these impacts are best analyzed in an EIS. The draft EA will be utilized to facilitate development of the draft and final EIS.

Intrepid first proposed the in-situ solution mine in 2005, submitting a DRAFT mining plan at that time. This initial proposal was not diligently pursued due to internal company issues. Intrepid later filed notices for permits to drill 8 core holes/ monitoring wells for the solution mine project. These were filed November 15, 2007. The filing of the permits initiated the process for an EA.

The BLM began its initial environmental review of the third party draft EA for the proposed HB In-Situ solution mining project during the summer of 2008. Throughout this process the BLM engaged in numerous discussions with Intrepid Potash officials regarding the draft EA. During these meetings BLM expressed its concern for the need to prepare an EIS rather than an EA.

BLMs evaluation of the proposed project found what it considered significant impacts to the environment to which the effects are likely to be highly controversial. These include: the large number of acres to be disturbed, 807 acres; potential significant effects on the human environment, in particular the relationship of other stakeholders in the Secretary's Potash Area; impacts to the natural and physical environment; and potential impacts to underground water resources.

The proposed project occurs within an area of 45,190 acres of which 38,330 acres are federal public lands. The proposed underground flood zone affects 4,180 acres, with surface disturbance totaling about 807 acres, (520 acres devoted to evaporation ponds and 186 acres for new pipelines and haul roads).

In addition to approval of the mine plan, BLM would be considering about 12 miles of new rights-of-way and 40 miles of new pipelines. Many of these are high pressure large diameter pipes and will lay on the surface. The solution flood would be composed of saturated brine solution, injected at a maximum of 2000 gallons per minute (2.88 million gallons per day) into the old mine working. The saturated brine will undergo an ion exchange, sodium for potassium, dissolving the remaining ore in the mine. The potassium saturated solution will be pumped from the mine at an extraction rate up to 3,200 gallons per minute (4.61 million gallons per day). The pregnant solution will be pumped through the large diameter pipelines to 520 acres of evaporation ponds. There the potash will be precipitated through solar evaporation, and then harvested with mechanical scrapers. The potash will be processed at a new processing plant located adjacent to the West Mine. The estimated life of the project is 28 years.

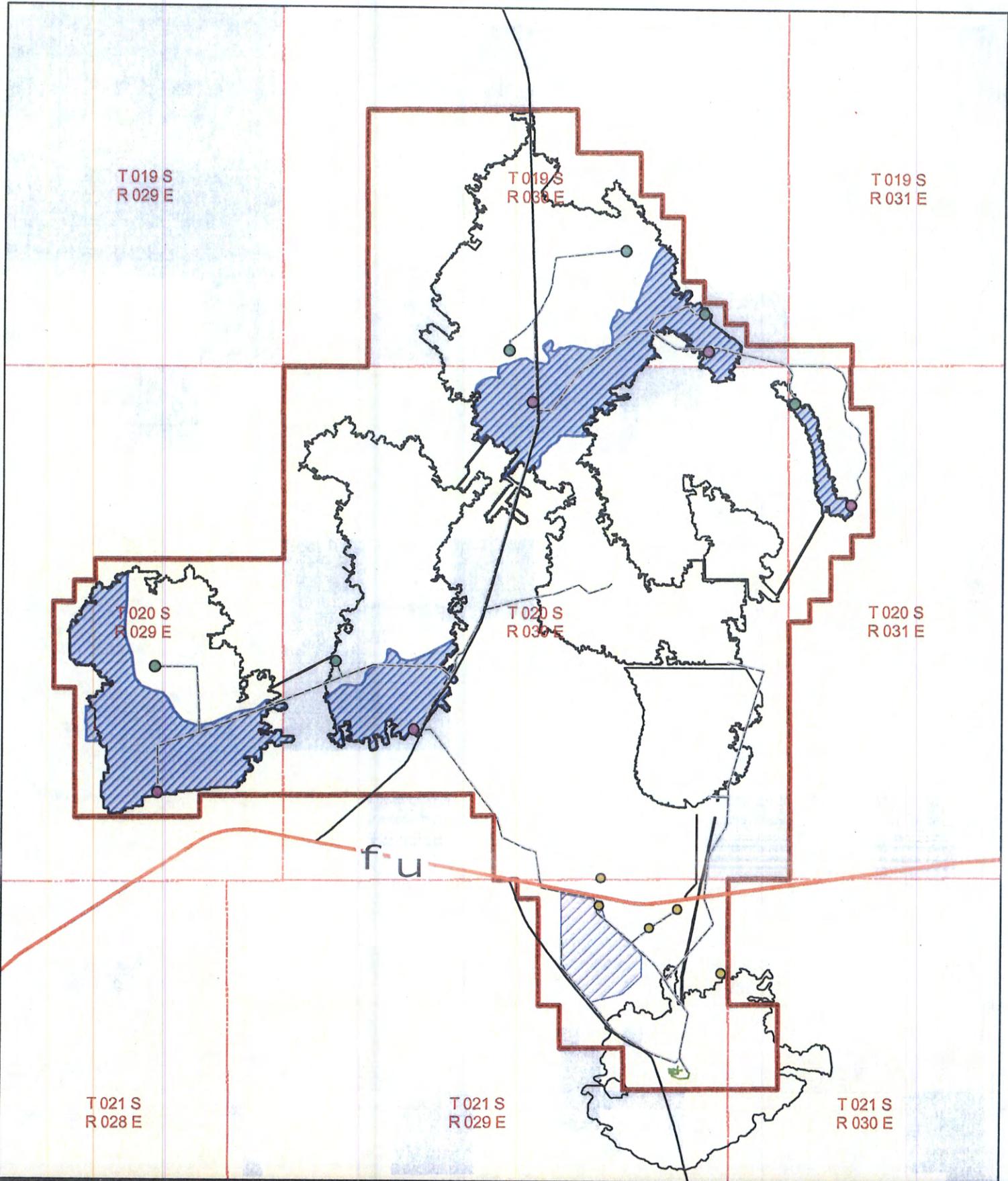
Leasing for oil and gas and potash in this area has been ongoing since the 1930s, with much of the land within the Secretary's Area being leased for both potash and oil and gas. Most of the lands specific to this project, have had multiple mineral leases issued for both commodities, covering the same lands. The 1986 Secretarial Order governs the development of potash and oil and gas resources and established rules for concurrent development for these competing resources. The 1986 Order contemplates potential new technologies but provides mitigation measures more appropriate for conventional mining techniques. Solution mining technology has not been evaluated with respect to concurrent development of potash and oil and gas. The mitigation measures required in the 1986 Secretarial Order's also have not been evaluated for adequacy. Additional (and/or different) stipulations for a solution mine may be required to protect all correlative rights in the Secretary's Potash Area.

## **II. POSITION OF INTERESTED PARTIES**

BLM concluded that an EIS is necessary to fully evaluate the potential impacts on the environment, the correlative rights of oil and gas and potash lessees, and economic and social issues of the area. For these reasons this project is deemed a major federal action significantly affecting the quality of the human environment and that these impacts are best analyzed in an EIS. A Notice of Intent was issued in the Federal Register on January 14, 2010 to initiate the public process regarding the Intrepid In-Situ Mining Project. The BLM is targeting completion of the EIS in the fall of 2011.

## **III. LEGAL STATUS**

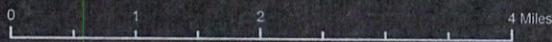
Although there has been high interest in the Intrepid In-Situ Mining Project, there are currently no legal challenges regarding the project. It is upon completion of the EIS that BLM would anticipate any legal challenges.



**Legend**

- Project Boundary
- Mine Extent
- Flood Area
- Solar Ponds Boundary
- Extraction
- Injection
- Rustler Wells
- NM Townships

**Intrepids HB In-Situ  
Solution Mine Project**

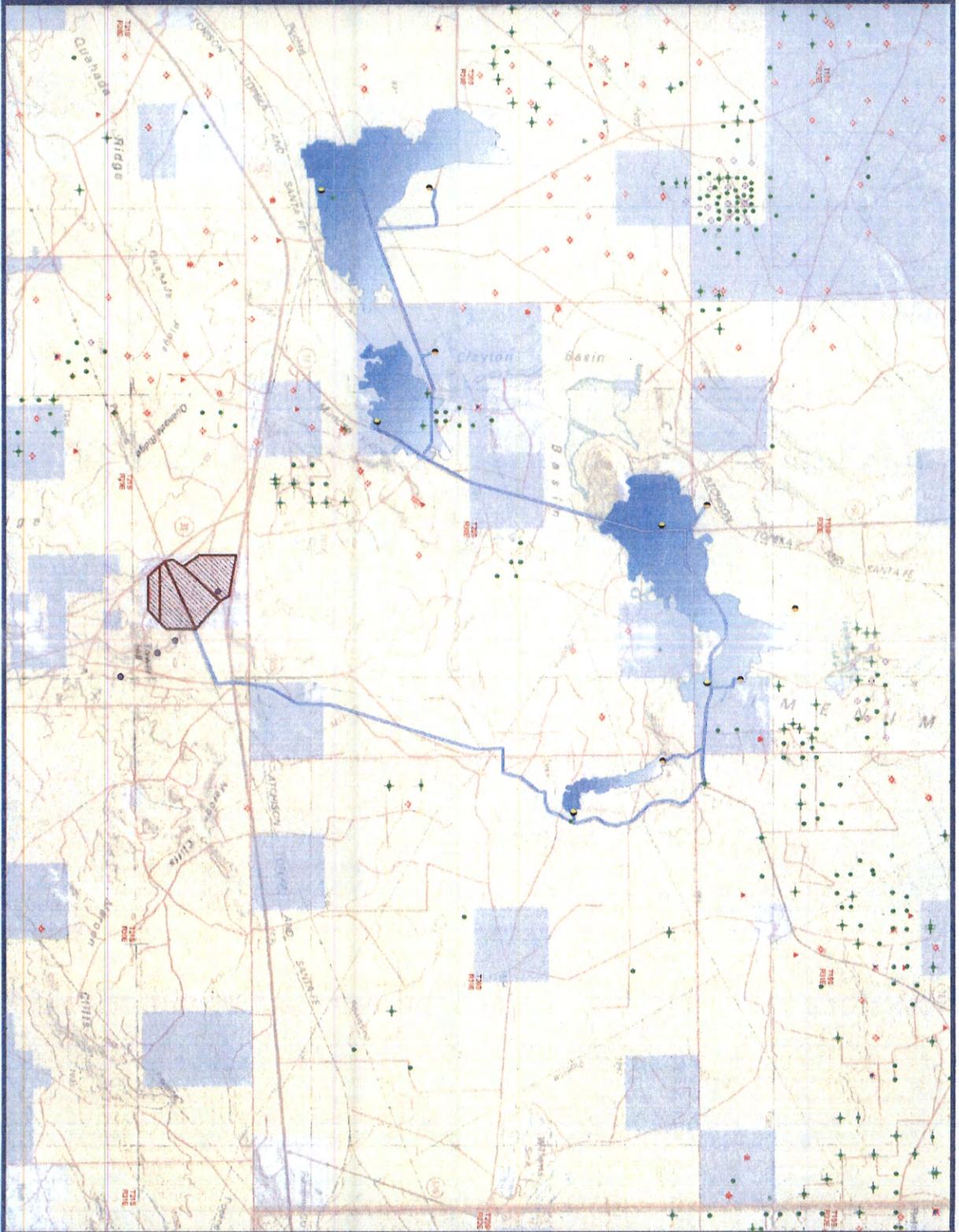


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# Intrepid Solution Mining

## Legend

- Townships
- Intrepid Polaris Solution Mining
  - Extraction Well
  - Injection Well
  - Rustler Water Well
- Bane Pipeline
- Mine Workings
- Solar Ponds
- Tricol Area
- 1st Ore Zone
- Measured Ore Enclave
- Oil & Gas Wells
  - Gas - Active
  - Gas - Dry Hole
  - Gas - New, Not Drilled
  - Gas - Temporarily Abandoned
  - Gas - Zone Abandoned (Not Permanently)
  - Gas - Zone Abandoned (Permanently)
  - Injection - Active
  - Injection - Zone Abandoned (Permanently)
  - Oil - Active
  - Oil - New, Not Drilled
  - Oil - Temporarily Abandoned
  - Oil - Zone Abandoned (Not Permanently)
  - Oil - Zone Abandoned (Permanently)
  - SWD - Active
  - SWD - Zone Abandoned (Permanently)
- Surface Ownership
  - Bureau of Land Management
  - Private
  - State



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## INFORMATION MEMORANDUM

DATE: February 11, 2010

FROM: Linda Rundell, BLM-New Mexico State Director, (505) 954-2222

SUBJECT: CONTRACTED STUDIES WITHIN SECRETARY'S POTASH AREA IN SOUTHEASTERN NEW MEXICO

### I. BACKGROUND

The Bureau of Land Management (BLM) has contracted with Sandia National Laboratories (SNL) to conduct three separate but related studies within the Secretary's Potash Area (SPA); they will focus on geophysical well logs [e-logs], safety [gas migration], and SPA mapping. The BLM will use the best available science to answer fundamental questions to help it better manage multiple mineral development within the SPA and refine the delineation of the potash enclave. The studies are being conducted in cooperation with stakeholders: the oil and gas industry, the potash mining industry, and the Waste Isolation Pilot Plant.

The e-log project answers the question of whether existing oil and gas geophysical well logs can be used to identify the thickness and quality of potash deposits. The final report was submitted to BLM in August 2009 and was delivered to stakeholders in September 2009. The report concludes that existing oil and gas well logs cannot provide sufficient information to meet the current ore standard. This is because of the complex mineralogy of the ore zones and the limited number of logs available from cased oil and gas wells. Logs run in uncased oil and gas wells are rare, and offer very little usable data.

The gas migration project studies the impacts of underground potash mining on the integrity of oil and gas well bores. This will help BLM to determine a minimum distance between oil and gas drilling and safe underground mining. Sandia developed a computer model that concludes that wells can be impacted by mine subsidence up to  $\frac{3}{4}$  mile from the mine face. Comments from stakeholders are now being reviewed and a final report is expected by June 30, 2010. Furthermore, BLM has contracted Sandia to conduct follow-up studies including field measurements to test the computer model and more detailed analysis of how fluids can migrate from a borehole to a mine face. This follow-up study is slated to be completed by January 2012.

The third study is to determine the economic mineability of potash and the appropriate cutoff grade(s). This project will include mapping of economically minable potash reserves (potash enclave) in light of today's economic market and technology and an analysis of industry's use of X-ray diffraction (XRD) technique for assaying potash resources. The project is slated to be completed in June 2010.

### II. POSITION OF INTERESTED PARTIES

The BLM is acutely aware of the sensitivity of the issues surrounding multiple-minerals development inside the potash area. That is why we contracted with SNL to do the three studies. The SNL is one of the premier research institutes in the Nation; they have direct

experience with the potash area after 20 years of working on issues involving the nearby Waste Isolation Pilot Plant (WIPP).

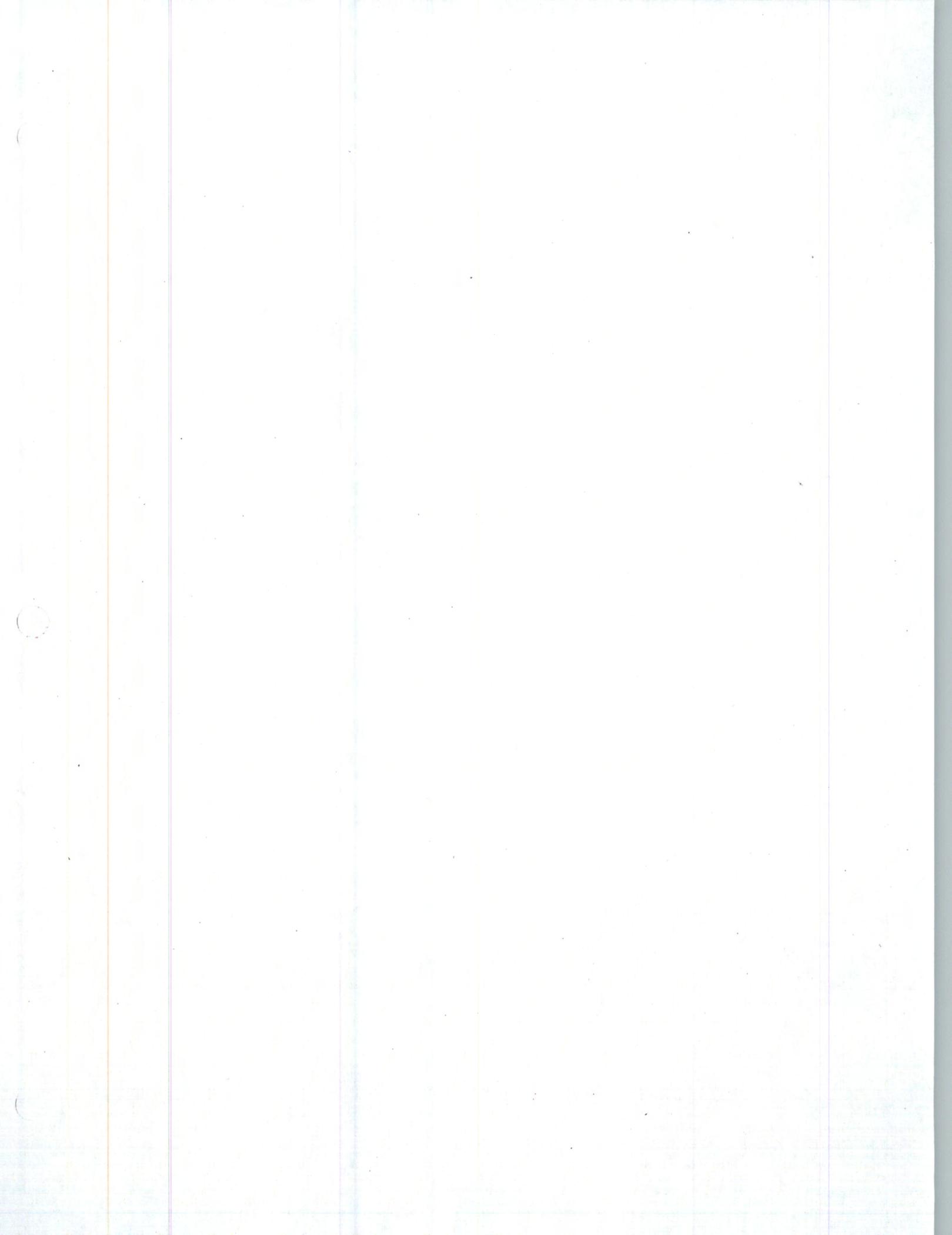
The studies are being conducted in an open manner in which BLM invites stakeholders to provide technological data and suggestions while protecting proprietary data and providing periodic progress updates to the stakeholders. Allowing for review and input from stakeholders tends to lengthen the timeframe of the studies. However, we feel an open process is important in using the best available science. The total cost of these studies amounts to \$4.25 million from the BLM budget which illustrates the importance BLM puts on these studies.

### **III. LEGAL STATUS**

The SPA has a long history of dispute between the petroleum industry and the potash industry. This will be the first true scientific study of the technical issues associated with underground mine well interactions during the 30<sup>+</sup> years of litigation between the two industries.

Prior to this study, scientific and technical information has only been expressed in the litigation process through expert witnesses paid for by either industry. Stakeholders have expressed concerns about the scope and conduct of the studies, realizing that the results could help or hurt their longstanding litigation and legal positions.

The history of this issue extends back over 80 years in time. To our knowledge this is the first series of scientific studies by a national research institution addressing the fundamental issues of disagreement between the industries. This process is the only viable methodology which will provide actual solutions regarding concurrent development in the SPA.





# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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In Reply Refer To:  
3160 (9220) I  
3530

March 13, 2009

EMS Transmission – 03/17/2009  
Instruction Memorandum No. NM-2009-012  
Expires: 09/30/2010

To: DM-Pecos and FM-Carlsbad

From: State Director

Subject: Interim Processing Guidelines, Oil and Gas Applications for Permit to Drill (APDs) within the “Secretary’s Designated Potash Area” (Potash Area), Carlsbad Field Office

**Program Area:** Onshore Oil and Gas Operations, 43 CFR 3160.

**Purpose:** This directive provides guidance concerning the processing of APDs in the Potash Area, prior to the completion of the “potash enclave standards” review, which was ordered by the Interior Board of Land Appeals (IBLA) in IBLA 2003-334, et al. (IMC Kalium Carlsbad, Inc., et al.).

**Action:** The Potash Area contains significant portions where the potash enclave boundary will not change no matter what revisions may result from the reevaluation of the potash enclave standards. The APDs, which have been or will be submitted in these areas, may be processed prior to the completion of the enclave standards review. These areas are:

- Areas Lacking Potash Data – The current enclave was projected ½ mile beyond the last data point which meets or exceeds the current potash thickness and quality standards. In the areas beyond this ½-mile zone, lowering or not changing the enclave standards would have no effect on the enclave boundary, and raising the standards would contract the enclave boundary. Therefore, you may process APDs in areas beyond the ½-mile zone, where no data points exist, in accordance with the current procedures.
- Area Between the Known Potash Leasing Area and the Secretary’s Designated Potash Area – The majority of this area is classified as barren of potash due to the lack of data points, data points which are either barren of potash, or which indicate subeconomic potash. You may process APDs in this area as long as they are in an area which will not change whether the potash standards are raised or lowered.

When you receive an APD located within this area, you must first review available core data to confirm whether or not the core encountered only barren zones or subeconomic potash. If no core data exists or no potash was encountered in a core, you may process the APD. If subeconomic potash was encountered, you must defer the APD until after the enclave standards review is completed.

- Areas with a Low Density of Core Holes – The areas currently classified as “Indicated Potash Reserves” or “Inferred Potash Resources” are delineated as such due to the low density of data points. Changing the potash standard will not alter the Indicated or Inferred designations, since not enough data exists to define enclave, no matter what revisions may be made to the potash standard. Therefore, you may process APDs in Indicated and Inferred areas where the enclave boundary was not determined using one data point in “Measured Potash Reserves” and one data point located in either Indicated or Inferred areas.
- Mined-Out Areas – Areas exist where the potash enclave has been mined right up to the limits of ore. Even though the 1993 enclave map shows small quantities of enclave beyond the mine workings, no reasonable access exists to mine these areas by mechanical mining techniques. Therefore, you may process APDs in these areas as though no enclave exists, while considering potential safety hazards due to subsidence resulting from past mining operations.
- Barren Areas Defined by Core Holes – There are limited barren areas defined by core holes which are completely barren of potash mineralization in all relevant ore zones. These areas may be on the exterior of the enclave, or they may be completely surrounded by enclave. The enclave boundary with these barren areas may shift if the potash standards are revised, but it can never extend beyond the barren core holes. Therefore, you may process APDs in areas which will remain barren regardless of a change in the potash standards.
- Areas in Residuum – Areas exist on the western side of the Potash Area where salt dissolution has occurred completely through all of the potash ore zones, leaving insoluble residuum in place. The enclave boundary, as defined by residuum and enclave core holes, is not expected to shift; residuum areas are defined as having a total absence of potash. Therefore, you may process APDs in the areas which are non-mineralized due to dissolution of the salts through the ore zones, which will not change regardless of a change in the potash standards.
- Drilling Islands – The 1986 Secretarial Potash Order allows for the establishment of drilling islands in certain areas within the potash enclave to allow oil and gas drilling while minimizing impacts to measured potash reserves. The decision to establish a drill island “wastes” a minimum amount of potash ore to allow oil and gas drilling; and this decision would not change, whether the potash standards are raised or lowered. Thus,

appropriately sited drill islands can continue to be established within the potash enclave, and you may continue to process APDs in existing drill islands during the period the potash standards are being reevaluated.

- Infield Drilling – There are several areas where oil and gas wells have been drilled in areas on approximately 40-acre spacing, immediately adjacent to the potash enclave. No matter if the potash standards are raised or lowered, these areas will remain impacted by the existing wells. Drilling more wells within these fields will not create further impacts to potash resources. Therefore, you may process APDs which constitute infield drilling in these areas.
- Interior High-Grade Areas – Interior portions of the enclave, where ore is present with a quality well above the present standards, should not change with a reasonable foreseeable revision to the cutoff standards.

The IBLA stated that, although ore being mined today is inherently “mineable under existing technology and economics,” it does not necessarily follow that recent mining also establishes economic cutoff grades or identifies the outer limits of a potash enclave. This is true because the average ore grade is a mixture of higher- and lower-grade ores and indicates that the true economic cutoff grade must be lower than that of ore being mined today. Thus, the economic cutoff grade should not be higher than the average ore grade currently being mined. Therefore, any enclave established by an ore grade above the current mined average should remain enclave, and you must process APDs in these areas for denial.

#### **Areas Which Could Be Affected By A Change In The Cutoff Criteria**

Certain portions of the Secretary’s Potash Area could be affected by a change in the cutoff standard. In these areas, APD processing will be deferred until after establishment of new potash standards.

- Areas with Core Holes Currently Containing Marginal or Subeconomic Ore – There are portions of the Secretary’s Potash Area, within the enclave or close to the enclave boundary, where core holes contain mineralization just above or just below the current cutoff standard that meet the other measured ore reserve criteria of thickness and core hole spacing. In these areas, a change in the standard would have an effect on the location of the enclave boundary. Processing APDs submitted near these areas will be deferred until after the cutoff standard is determined.
- Areas Between Core Holes Containing Economic Ore and Barren Core Holes – Areas classified as barren, which contain one or more core holes which are barren of mineralization and are located within a reasonable distance of other core holes where geologic inference is acceptable, will most likely have a change in the enclave boundary.

- Processing APDs submitted in areas where the enclave could change if the cutoff standard is raised or lowered will be deferred until the cutoff standard is reevaluated.

**Conclusion:** You may process APDs, either for approval or denial, in areas which conclusively will not be affected by raising or lowering the economic cutoff standard for potash. For those areas that might change, processing APDs will be deferred until after the cutoff standard is reevaluated. In either instance, you should make specific case-by-case, fact-based determinations to process or defer a particular APD. Final decisions will be made for any APD processed according to the requirements of the Secretary's 1986 Order and the guidance of the IBLA decision.

**Timeframe:** This interim guidance shall be followed until the review of the potash enclave standard is completed.

**Background:** Please refer to the attached Interim Operating Guidelines.

**Contact:** Shannon Shaw, Fluid Minerals Program Lead, at (505) 438-7640, or Jay Spielman, Geologist, at (505) 438-7503.

Authenticated by:  
Diane M. Ellenburg

Signed by:  
Linda S.C. Rundell

1 Attachment:

1 - Interim Operating Guidelines (8 pp)

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**Interim Operating Guidelines  
for  
Processing Applications for Permit to Drill (APDs) in the Potash Area  
Prior to the Economic Evaluation for Potash Cutoff Grades**

**Overview**

Various oil and gas operators appealed the Bureau of Land Management's (BLM) decisions to deny their APDs during the period between 1992 and 1995. These APDs were denied because they 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. Several of these appeals were consolidated under one case (Interior Board of Land Appeals (IBLA) 92-612). The case was scheduled for hearing by the Office of Hearings and Appeals. Administrative Law Judge Patricia McDonald heard the case between August 15, 1996, and March 27, 1997. The record addressed was massive and complex. The submission of over 1,200 exhibits, 68,000 pages of documents, and the testimony of 37 witnesses resulted in a transcript of 15,275 pages. The review of the voluminous record took a great deal of time to review and decide. Administrative Law Judge McDonald issued her decision July 7, 2003. Administrative Law Judge McDonald's decision was appealed by the three interested parties in 2003 as cases IBLA 2003-334, 335, 336, and 341.

The IBLA issued a decision in IBLA 2003-334, 335, 336, and 341 on September 7, 2006, regarding the appeals of 72 denied APDs. In this decision, the IBLA stated, "the identification of potash enclaves is central to the BLM's proper administration of the Potash Area under the Secretarial Order." The IBLA found "that the BLM failed to consider existing technology and economics based upon the best data currently available in periodically indentifying and revising potash enclaves under and as required by the Secretarial Order." The IBLA remanded most of the 72 denied APDs because the record failed to establish that they were located in properly identified potash enclaves.

The potash cutoff standard, established by Donald M. Van Sickle in 1974, was inherent in the establishment of the potash enclave. That standard defined the economic cutoffs for conventionally mined potash ores as 4 feet at 10 percent K<sub>2</sub>O Sylvite, 4 feet at 4 percent K<sub>2</sub>O Langbeinite, or a mixed ore equivalent of Sylvite and Langbeinite. Since that standard had not been revisited since 1974, IBLA found the BLM had not considered existing technology and economics in establishing the potash enclave. Thus, the IBLA remanded the APDs for further consideration of the potash enclave prior to the BLM making new decisions.

**Mineral Lands Classification Board Determination of Cutoff**

In 2005, the BLM convened a Mineral Lands Classification Board to determine if the potash enclave cutoff grade should be changed as directed by Administrative Law Judge McDonald's 2003 decision in the IBLA 92-612. Administrative Law Judge McDonald stated, "the record does not support a conclusion that the standards of 4 feet of 10 percent K<sub>2</sub>O and Sylvite and

4 feet of K<sub>2</sub>O of Langbeinite, or a combination of the two, as defined by Van Sickle in 1974, continues to identify the thickness and quality of potash which is mineable under existing technology and economics” as required by the Secretarial Order of 1986.

The Board made their determination based on the assumption that the best way to determine the parameters or standards that constituted ore is to examine the actual mining that is occurring. The Board examined numerous mining areas where development mining occurred to the “economic limit” of the ore body. The Board found that for Sylvite, development mining was discontinued when the ore grade was close to or below 10 percent K<sub>2</sub>O Sylvite. Since very little Langbeinite ore has been mined at the economic cutoff, a simple ratio was used to determine the cutoff grade for Langbeinite. (Assuming mining costs, milling costs, and sales value are similar to Sylvite.) The analysis yields a cutoff grade for Langbeinite of 4 percent K<sub>2</sub>O.

The Mineral Land Classification Board was convened during the time the IBLA was reviewing Administrative Law Judge McDonald’s decision in IBLA 92-612.

### **The IBLA’s Response and the Mineral Lands Classification Board**

The IBLA concluded an analysis of the type used by the Board was inadequate in the determining the lowest grades that are mineable under existing technology and economics. The IBLA stated in 2003-334, et al.:

“Since potash mining is not a charitable undertaking, it logically follows that potash ore grades currently being mined are ‘mineable under existing technology and economics.’ It does not, however, necessarily follow that recent mining also establishes applicable economic cutoff grades (i.e., grades below which it is no longer economic to mine potash) or identifies the outer limits of a potash enclave (i.e., minimum grades of potash ore that are mineable under existing technology and economics).”

“For example, if 15 percent Sylvite were mined, such could support a finding that > 15 percent Sylvite is mineable but sheds little light on whether 10 percent is also mineable (but yet to be mined). Such mining would neither confirm nor rebut the continuing validity of the Van Sickle Standard (i.e., 4 feet of 10 percent Sylvite) for identifying potash enclaves under the Secretarial Order.” (170 IBLA 40.)

### **The Problem**

The process of reevaluating the potash enclave is complicated and time consuming. The entire process could take several years to complete. In the meantime, appealed APDs were remanded, and new APDs continue to be submitted. Delaying the processing of APDs places a burden on the oil and gas companies and prevents the BLM from meeting the deadlines established in the Energy Policy Act.

To avoid holding up all APDs until the potash enclave is reevaluated, we recommend processing all APDs that we determine are not located in an area which could be affected by a foreseeable change in the enclave standard. Three possible outcomes exist for an evaluation of the enclave standard:

1. The standard will remain the same and the enclave will not change.
2. The standard will be raised and the enclave will contract.
3. The standard will be lowered and the enclave will expand.

Below is a brief discussion of the affects each outcome will have on the enclave.

### **The Standard Remains the Same**

If the economic standard remains the same as it is today, there will be no change in the boundary of the enclave. Retaining the existing standard is supported by the conclusions reached by the Mineral Lands Classification Board in 2005. The Board examined the average grades being mined today and the grades at which mining was discontinued. The Board determined the grade at which mining was discontinued (cutoff grade) is very close to or below that of the current standard. The IBLA ruled that the type of evaluation used by the Board was inconclusive as to the lower limit of the cutoff grade; however, upper limit of the cutoff will be no higher than what is being mined today, but could be lower. That is, the potash ore grades currently being mined are "mineable under existing technology and economics." It does not, however, necessarily follow that recent mining also establishes applicable economic cutoff grades. That is, the grade at which mining becomes uneconomic.

### **The Standard is Raised**

Raising the cutoff standard will have the net effect of contracting the area of measured ore (enclave) in the Secretary's Potash Area.

Raising the standard is one of the three possible outcomes of an evaluation of the cutoff standard. However, the level to which the cutoff standard can be raised is limited by the IBLA's determination that what is being mined today is mineable or economic. The average ore grade for Sylvite mining at the Mosaic mine for the last 6 months was 10.35 percent  $K_2O$  as Sylvite. It is logical to conclude that the cutoff grade for Sylvite will not be raised to levels higher than that what is currently being mined or 10.35 percent  $K_2O$  as Sylvite.

### **The Standard is Lowered**

Lowering the cutoff grade will have the effect of expanding the enclave.

An economic study is required to determine the cutoff grade; there is no definitive information available at this time to estimate the lower limit economical for mining (cutoff grade).

## **The Process and Solution**

The potash enclave (Measured ore), as depicted on the "Preliminary Map Showing Distribution of Potash Resource, Carlsbad Mining District, Eddy and Lea Counties, New Mexico" last published in 1993, was drawn with the following three criteria:

1. Measured ore will be delineated by data points more than 1 ½ miles apart if geologic inference shows these projections to be reasonable.
2. Measured ore will not be delineated by less than three data points that meet all other distance and thickness and grade criteria.
3. Measured ore will not be projected further than ½ mile from a data point which meets thickness and quality standards where projection or geologic inference data exists.

## **Areas Not Affected by a Change in the Cutoff Criteria**

The current potash enclave has significant areas where the enclave boundary will not change whether there is an increase or decrease in the economic cutoff grade for potash.

## **Areas Lacking Data**

A significant portion of the enclave boundary is defined by a lack of data points rather than by existing points which are subeconomic. That is, there are no data points extending beyond where the enclave boundary is currently drawn. The enclave was projected ½ mile beyond the last known data point which meets thickness and quality standards. The boundary in these areas will remain the same whether the standard is lowered or stays the same. Only if the standard is raised is there a possibility the boundary will change. The condition necessary for this to occur is when the last known data point within the enclave contains ore quality between the current cutoff and where the cutoff would be if it were raised. In this case, the area surrounding the core hole would not be classified as measureable ore.

Since leaving the standard the same or lowering it will have no effect on the enclave boundary and raising the standard could only contract the enclave, if we process APDs, as if the standard did not change, then there is no irreparable harm to the potash resource. We conclude that APDs in these areas can be processed, as if the standard remained the same, according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

## **Area Between the Known Potash Leasing Area (KPLA) and the Secretary's Potash Area Boundaries**

Large portions of the Secretary's Potash Area are located between the KPLA boundary and the Secretary's Potash Area boundaries. The majority of this area is classified as barren of potash because the area either lacks data points, the data points are barren, or potash or the data points

contain subeconomic values of potash. In this area, APDs can be processed, as long as they are in an area which will not change whether the cutoff grade raised or lowered and according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLA's decision. How does the KPLA relate to the enclave boundary? Should we mention the relationship, and if there is any difference in treatment for lands between the enclave boundary and the KPLA if such areas exist?

### **Areas with a Low Density of Core Holes**

The ore reserves in the Potash Area are divided into three categories: Measured, Indicated, and Inferred. Measured is defined as ore where the "quantity is computed from dimensions revealed in outcrops, trenches, workings, and drill holes; grade and/or quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape depth, and mineral content of the resource are well established." In the Potash Area, Measured ore reserves will be delineated by data points no more than 1 ½ miles apart if geologic inference shows these projections to be reasonable, and Measured ore will not be delineated by less than three data points that meet all other distance and thickness and grade criteria.

If an area does not meet Measured ore criteria, the next lower category is Indicated ore reserves. Indicated ore reserves are areas where the quantity and grade and/or quality are computed from information similar to that used for Measured resources, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Measured resources, is high enough to assume continuity between points of observation. Spacing of data points does not meet Measured ore criteria; yet data points show mineralization higher than minimum thickness and quality.

Areas where some information is available, but not to the degree of Indicated ore reserves, are termed Inferred. Inferred ore reserves are estimates that are based on an assumed continuity beyond Measured and/or Indicated resources, for which there is geologic evidence. Inferred resources may or may not be supported by samples or measurements.

The areas currently classified as Indicated or Inferred ore in the Potash Area are delineated as such due to the low density of data points. In these areas, raising or lowering the cutoff standard will not impact the designation of either Indicated or Inferred.

The APDs can be processed for the areas in Indicated and Inferred ore where the enclave boundary was not calculated utilizing one data point in Measured ore reserves and one data point located in Indicated or Inferred ore. Processing will be done according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLA's decision.

### **Mined-Out Areas**

Areas exist where the potash enclave has been mined right up to the limits of ore. That is, no ore exists beyond what has already been mined, even though the 1993 map shows ore remaining. In

these mined-out areas, there may or may not be data points on either side of the enclave boundary. Even if small quantities of ore remain beyond the mine workings, there may not be any reasonable access for further mechanical underground mining. In these areas, it does not matter whether the standard is raised or lowered, no further mechanical mining is possible. For these areas, we conclude that APDs can be processed, as if no ore is present, while considering safety hazards created by subsidence resulting from past mining operations.

### **Barren Areas Defined by Core Holes**

There are limited areas where a barren area is defined by core holes which are completely barren of mineralization in every relevant ore zone. These areas may be on the exterior of the potash enclave, or they may be completely surrounded by enclave. The enclave boundary present between these barren core holes and ones that have mineralization may shift as the cutoff standard changes, but it can never extend beyond the barren core holes. The APDs can continue to be processed in the areas which will remain barren regardless of a change in the cutoff standard.

### **Areas in Residuum**

On the western side of the potash enclave, there are areas where dissolution of the Salado Salt has occurred. The flow of undersaturated groundwater moving in the formations at the top of the Salt has dissolved the Salt away, in places, completely through all of the potash ore zones leaving the insoluble residuum in place. The enclave boundary present between these core holes with all ore zones in residuum and ones that have mineralization in ore quality may shift as the cutoff standard changes, but it can never extend beyond the residuum core holes. The APDs can be processed in the areas which will remain non-mineralized due to dissolution of the salts through the ore zones, regardless of a change in the cutoff standard.

### **Drilling Islands**

Areas within the potash enclave, where the BLM has previously established drilling islands pursuant to the 1986 Secretarial Order, can remain open for further applications. Drilling islands, by definition, are within the potash enclave and were established in areas that minimize the loss of potash ore. Their size is determined by existing condition or set to a minimum size and not in relation to the potash enclave boundary. Raising or lowering the cutoff standard may have an effect on the enclave boundary. However, since most drill islands are well within the enclave and established in particular locations for reasons other than the enclave boundary, changing the enclave boundary will not have any affect on the drill islands size or location.

Since drill islands are established within the Potash Area in areas which minimize the impacts to measured potash reserves, the establishment of appropriately sited drill islands would be the same whether the cutoff standard is raised or lowered. Thus, nothing should prohibit the BLM from continuing to establish appropriately sited drill islands within the enclave or processing APDs in existing drill islands during the period the enclave cutoff standard is being reevaluated.

### **Infield Drilling**

There are several areas where oil and gas wells have been drilled on approximately 40-acre spacing and are immediately adjacent to the potash enclave as presently drawn. If the cutoff standard is raised or lowered, these areas will remain impacted by the existing wells. Drilling more wells within these fields will not create further impacts to potash resources. The APDs which constitute infield drilling can continue to be processed.

### **Interior High-Grade Areas**

Areas in the interior portion of the enclave, where ore is present with a quality well above the present cutoff, will not change whether the standard is raised or lowered.

The IBLA determined that what is being mined today is mineable, but not necessarily the lowest grades that can be mined economically. This implies that after the economic study of the cutoff grade is completed, the upper limit of the cutoff grade will not be higher than that of ore being mined today. The average ore grade for Sylvite mining at the Mosaic mine for the last 6 months was 10.35 percent  $K_2O$  as Sylvite. Considering the IBLA determination, the cutoff grade for Sylvite will not be raised to an amount higher than 10.35 percent  $K_2O$  for Sylvite. Thus, any enclave established with a grade above 10.35 percent will remain enclave, and APDs in these areas can be processed according to the 1986 Secretary's Potash Order, with the additional conditions required by the IBLA in the reference decision.

### **Areas Which Could be Affected by a Change in the Cutoff Criteria**

There are areas within the Secretary's Potash Area which could be affected by a change in the cutoff standard. In these areas, the approval or denial of the APDs will be deferred until after establishment of a new cutoff standard.

### **Areas with Core Holes Currently Containing Marginal or Subeconomic Ore**

There are areas in the Secretary's Potash Area, within the enclave or close to the enclave boundary, where core holes contain mineralization just above or below the current cutoff standard and meeting all other Measured ore reserve criteria. In these areas, a change in the standard would have an effect on the location of the enclave boundary. As described above, any areas of the enclave defined by core holes containing ore above 10.35 percent  $K_2O$  as Sylvite would remain enclave. Areas below this grade may change. Processing APDs submitted near these areas will be deferred until after the cutoff standard is determined.

### **Areas Between Core Holes Containing Economic Ore and Barren Core Holes**

Areas classified as barren, which contain one or more core holes which are barren of mineralization and located within a reasonable distance of other core holes where geologic inference is acceptable, will most likely have a change in the enclave boundary. Processing

APDs submitted in areas where the enclave could change if the cutoff standard is raised or lowered will be deferred until the cutoff standard is reevaluated.

### **Conclusion**

We conclude that APDs can continue to be processed, either for approval or denial, in areas which conclusively will not be affected by raising or lowering the cutoff standard for potash. For those areas that might change, processing APDs will be deferred until after the cutoff standard is reevaluated. In either instance, specific case-by-case, fact-based determination will be made to process or defer a particular APD. Final decisions will be made for any APD processed according to the requirements of the Secretary's 1986 Order and the guidance of the IBLA decision.



## 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.* This order revises the rules for concurrent operations in prospecting for, development and production of oil and gas and potash deposits owned by the United States within the designated Potash Area and for revising the designated Potash Area to which the provisions of this Order are applicable.

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.*) and the Mineral Leasing Act for Acquired Land of 1947, as amended (43 U.S.C. 351-359).

Section 3. *Restatement of Rules for Concurrent Operations in Prospecting for, Development and Production of Oil and Gas and Potash Deposits Owned by the United States within the Designated Potash Area and to Revise the Designated Potash Area as follows:*

I  
The Order of the Secretary of the Interior dated February 6, 1939 (4 FR 1012), withholding certain lands in New Mexico from application or lease under the provisions of the Mineral Leasing Act of February 25, 1920, as amended and supplemented (30 U.S.C. 181 *et seq.*), which Order was revoked by Order of the Secretary of the Interior dated October 18, 1951 (16 FR 10669), shall continue to be revoked. The lands described in the Order of February 6, 1939 (except the E1/2E¼, W¼SE¼, sec. 25, T. 20 S., R. 20 E., New Mexico Principal Meridian, which were withdrawn from all forms of entry by Public Land Order No. 569 (14 FR 1086)), which were opened for oil and gas leasing by the Order of October 18, 1951, shall continue to be open for oil and gas leasing. This Order shall not affect the current status of lands within respect to their being withdrawn from, or open for, entry or leasing.

II  
Subject to the provisions of I above, the provisions of the Order of the Secretary of the Interior dated November 5, 1975 (40 FR 51486), are revised to change the Potash Area Designated therein as specified in this Order.

## III. General Provisions

## A. Issuance of Oil and Gas Leases

The Department of the Interior reaffirms its position that the lease stipulations contained in the Order of November 5, 1975, adequately 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 3180), 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 taking any action under Part A, Items 1, 2, 3 and 4 of this Order, the authorized officer shall take into consideration the applicable rules and regulations of the Oil Conservation Division of the State of New Mexico.

## B. Renewal or Extension of Oil and Gas Leases

As a condition to the granting of any discretionary renewal or extension of any existing lease embracing lands included in the designated Potash Area, the lessee shall execute a stipulation identical to that specified in Part A, Items 1, 2, 3 and 4 of this Order.

## C. Potash Leases

All potash permits and leases hereafter issued or existing potash leases hereafter renewed for Federal lands within the designated Potash Area, shall be subject to a requirement either to be included in the lease or permit or imposed as a stipulation, to the effect that no mining or exploration operations shall 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.

## D. Mineable Reserves

1. Each potash lessee shall file annually by January 1, with the District Manager, Bureau of Land Management, a map(s) on which has been delineated the following information with respect to the Federal Potash leases which are then held:

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 a mineable reserve in one or more ore zone, i.e., those areas (enclaves) where potash ore is known to exist in sufficient thickness and quality to be mineable under existing technology and economics; and

d. The areas within these enclaves which are believed to be barren of commercial ore.

The authorized officer shall review the information submitted in this regard and make any revisions in the boundaries or the proposed mineable reserves (potash enclaves) which are consistent with the data available at the time of such analyses. The authorized officer shall commit the initial findings to a map(s) of suitable scale and shall thereafter revise that map(s) as necessary to reflect the latest available information.

## E. Oil and Gas Drilling

1. It is the policy of the Department of the Interior to deny approval of most applications for permits to drill oil and gas test wells from surface locations within the potash enclaves established in accordance with Part D, item 1 of this Order. Two exceptions to this policy shall be permitted under the following conditions.

a. Drilling of vertical or directional holes shall be allowed from barren areas within the potash enclaves when

the authorized officer determines that such operations will not adversely affect active or planned mining operations in the immediate vicinity of the proposed drillsite;

b. Drilling of vertical or directional holes shall be permitted from a drilling island located within a potash enclave when: (1) There are no barren areas within the enclave or drilling is not permitted on the established barren area(s) within the enclave because of interference with mining operations; (2) the objective oil and gas formation beneath the lease cannot be reached by a well which is vertically or directionally drilled from a permitted location within the barren area(s); or (3) in the opinion of the authorized officer, the target formation beneath a remote interior lease cannot be reached by a well directionally drilled from a surface location outside the potash enclave. Under these circumstances, the authorized officer shall establish an island within the potash enclave from which the drilling of that well and subsequent wells will be permitted. The authorized officer, in establishing any such island, will, consistent with present directional drilling capabilities, select a site which shall minimize the loss of potash ore. No island shall be established within one mile of any area where approved mining operations will be conducted within three years. To assist the authorized officer in this regard, he/she may require affected potash mining operators to furnish a three-year mining plan.

2. In order to protect the equities between oil and gas lessees, while at the same time reducing the number of oil and gas wells which operators propose to drill in the Potash Area, the authorized officer shall make greater use of his/her prerogative to require unitization pursuant to the regulations in 43 CFR 3160. Unitization shall be mandatory in those cases where completion of the proposed well as a producer might result in the drainage of oil and gas from beneath other Federal lands within a potash enclave. This unitization will be a prerequisite to the approval of any well which is: (1) Located adjacent to a potash enclave (within one-quarter of a mile if an oil test well or one-half mile if a gas test well) and which is to be drilled vertically to the prospective formation; (2) to be directionally drilled from an adjacent surface location to bottom in a formation beneath an enclave; or (3) to be vertically or directionally drilled from a barren area or island within an enclave. Any unit plan hereafter approved or prescribed that includes oil

and gas leases covered by this Order shall include a provision embodying in substance the requirements set forth in Part A, Items, 1, 2, 3 and 4 of this Order.

3. The Department of the Interior shall cooperate with the New Mexico Oil Conservation Division in the implementation of that agency's rules and regulations. In that regard, the Federal potash lessees shall continue to have the right to protest to the New Mexico Oil Conservation Division the drilling of a proposed oil and gas test 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 New Mexico Oil Conservation Division Order No. R-111, as amended. However, the Department shall exercise its prerogative to make the final decision of whether to approve the drilling or any proposed well on a Federal oil and gas lease within the Potash Area.

4. Applications for permits to drill vertical test wells for oil and gas at locations that are in the Potash Area but outside the State of New Mexico's "Oil-Potash Area" and which do not directly offset an enclave (within one-quarter mile if an oil test well or one-half mile if a gas test well) shall be routinely processed by the authorized officer.

#### 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 3160), shall be available for inspection at the Roswell District Office, Bureau of Land Management, 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 3570), shall be available for inspection at the Roswell District Office, Bureau of Land Management, 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. Maps of potash enclaves shall be available for inspection in the Roswell District Office and Carlsbad Resource Area, Bureau of Land Management. Copies of such maps shall be available at the same offices.

#### G. Definition

The term "potash" as used in this Order shall be deemed to embrace potassium and associated minerals as

specified in the Act of February 27, 1927 (30 U.S.C. 281-287).

#### IV

The lessee of any existing lease in the designated Potash Area may make such lands subject to the rules and regulations of Part III of this Order by filing an election to do so, in duplicate, with the New Mexico State Office, Bureau of Land Management, Santa Fe, New Mexico. Except to the extent modified by this Order, the general regulations contained in 43 CFR Parts 3100, 3160 and 3180 (governing the leasing and development of potash deposits) and 43 CFR Group 3500 (governing the leasing and development of potash deposits), shall be applicable to the lands covered by this Order.

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. 1.
- T. 19 S., R. 29 E., Secs. 1 and 2; Secs. 11 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. 1 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. 1 to 5 inclusive; Secs. 8 to 17 inclusive; Secs. 19 to 36 inclusive.
- T. 23 S., R. 29 E., Secs. 1 to 17 inclusive; Secs. 21 to 28 inclusive; Secs. 33 to 36 inclusive.
- T. 24 S., R. 29 E., Secs. 1 to 4 inclusive.
- T. 18 S., R. 30 E., Secs. 8 to 17 inclusive; Secs. 20 to 29 inclusive; Secs. 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.,
- Secs. 1 to 18 inclusive.
- T. 19 S., R. 31 E., Secs. 7, 18; Secs. 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., Secs. 1 to 18 inclusive; Secs. 35 and 36.

T. 25 S., R. 31 E.  
Secs. 1 and 2.  
T. 19 S., R. 32 E.  
Secs. 25 to 28 inclusive;  
Secs. 31 to 36 inclusive.  
T. 20 S., R. 32 E.  
T. 21 S., R. 32 E.  
T. 22 S., R. 32 E.  
Secs. 1 to 12 inclusive.  
T. 19 S., R. 33 E.  
Secs. 21 and 36 inclusive.  
T. 20 S., R. 33 E.  
T. 21 S., R. 33 E.  
T. 22 S., R. 33 E.  
Secs. 1 to 12 inclusive.  
T. 19 S., R. 34 E.  
Secs. 19 and 20;  
Secs. 29 to 32 inclusive.  
T. 20 S., R. 34 E.  
Secs. 3 and 10 inclusive;  
Secs. 15 and 36 inclusive.  
T. 21 S., R. 34 E.  
Secs. 5 to 8 inclusive;  
Secs. 17 to 20 inclusive;  
Secs. 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 6. *Administrative Provisions.* The Director, Bureau of Land Management, is authorized to delegate responsibilities herein as are determined appropriate.

Section 5. *Effective Date.* This Order is effective immediately.

Dated: October 21, 1986.

Donald Paul Hodel,  
Secretary of the Interior.

[FR Doc. 86-24314 Filed 10-27-86; 8:45 am]  
BILLING CODE 4310-10-8

#### Bureau of Land Management

[I-21104]

#### Idaho; Realty Action, Sale of Public Land in Power County

AGENCY: Bureau of Land Management, Idaho, Interior.

ACTION: Notice of Realty Action, Sale of Public Land in Power County, Idaho.

**DATE AND ADDRESS:** The sale offering will be held on Wednesday, January 14, 1987, at 2:00 p.m. at Deep Creek Resource Area Office, 138 South Main, Malad City, Idaho 83252.

**SUMMARY:** The following described land has been examined and through the public-supported land use planning process have been determined to be suitable for disposal by sale pursuant to section 203 of the Federal Land Policy and Management Act of 1976, at no less than fair market value as determined by an appraisal:

Parcel	Legal description	Fair market value	Sale type
I-21104	T. 19 S. R. 33 E. S. 34 Sec. 17 N. 1/4, S. 1/4, SW 1/4 (10 acres)	\$2,000	Direct

When patented, the lands will be subject to the following reservations:

Parcel	Reservations
I-21104	Ditches and canals, oil and gas to U.S.

Continued use of the land by valid right-of-way holders is proper subject to the terms and conditions of the grant. Administrative responsibility previously held by the United States will be assumed by the patentee.

The previously described lands are hereby segregated from appropriation under the public land laws including the mining laws for a period of 270 days or until patent is issued, whichever comes first.

#### Sale Procedures

Sale parcel I-21104 is being offered directly to Luther Estep because of his past inadvertent use of the parcel.

Fair market value must be submitted and will constitute an application to purchase that portion of the mineral estate of no known value for the parcel. A thirty percent (30%) deposit must be submitted and an additional \$50,000 non-returnable mineral conveyance processing fee is required. The filing fee and deposit must be paid by certified check, money order, bank draft, or cashiers check. Submittal will be rejected if accompanied by a personal check.

**SUPPLEMENTARY INFORMATION:** Detailed information concerning the conditions of the sale can be obtained by contacting Wes Duggan at (208) 766-4766 or Karl Simonson at (208) 678-5514.

For a period of 45 days from the date of publication of this notice in the *Federal Register*, interested parties may submit comments to the District Manager, Bureau of Land Management, Rt. 3, Box 1, Burley, Idaho 83318. Objections will be reviewed by the State Director who may sustain, vacate, or modify this realty action. In the absence of any objections, this realty action will become the final determination of the Department of Interior.

Dated: October 20, 1986.

John Davis,

District Manager, Burley.

[FR Doc. 86-24283 Filed 10-27-86; 8:45 am]

BILLING CODE 4310-03-8

[NM-060-07-4322-02]

#### Roswell District Grazing Advisory Board; Meeting

AGENCY: Bureau of Land Management, Interior.

ACTION: Roswell District Grazing Advisory Council Meeting.

**SUMMARY:** This notice sets forth the schedule and proposed agenda of a forthcoming meeting of the Roswell District Grazing Advisory Board.

**DATE:** Tuesday, November 25, 1986, beginning at 10 a.m. A public comment period will be held following the last agenda item.

Location: BLM Roswell District Office, 1717 West Second St., Roswell, NM 88201.

**FOR FURTHER INFORMATION CONTACT:** David L. Mari, Associate District Manager, or Guadalupe Martinez, Public Affairs Specialist, Bureau of Land Management, P.O. Box 1397, Roswell, NM 88201, (505) 622-9042.

**SUPPLEMENTARY INFORMATION:** The proposed agenda will include: (1) Carlsbad RMP Completion; (2) Statewide Road Policy; (3) BLM/FS Land Exchange; (4) Status of FY 86 Range Improvement Projects; (5) Status of FY Range Improvement Projects; (6) Range Improvement Task Force (expenditure of 8100 funds); (7) Operation Respect; (8) Animal Damage Control Plan. The meeting is open to the public. Interested persons may make oral statements to the Council during the public comment period or may file written statements. Anyone wishing to make an oral statement should notify the Associate District Manager by November 14, 1986. Summary minutes will be maintained in the District Office and will be available for public inspection during regular business hours within 30 days following the meeting. Copies will be available for the cost of duplication.

Francis R. Cherry, Jr.,  
District Manager.

[FR Doc. 86-24265 Filed 10-27-86; 8:45 am]

BILLING CODE 4310-FB-8

[Alaska AA-48414-CG]

#### Alaska; Proposed Reinstatement of a Terminated Oil and Gas Lease

In accordance with Title IV of the Federal Oil and Gas Royalty Management Act (Pub. L. 97-451), a petition for reinstatement of oil and gas lease AA-48414-CG has been received covering the following lands:

## 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.* This order revises the rules for concurrent operations in prospecting for, development and production of oil and gas and potash deposits owned by the United States within the designated Potash Area and for revising the designated Potash Area to which the provisions of this Order are applicable.

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.*) and the Mineral Leasing Act for Acquired Land of 1947, as amended (43 U.S.C. 351-359).

Section 3. *Restatement of Rules for Concurrent Operations in prospecting for, Development and Production of Oil and Gas and Potash Deposits Owned by the United States within the Designated Potash Area and to Revise the Designated Potash Area as follows:*

## I

The Order of the Secretary of the Interior dated February 6, 1939 (4 FR 1012), withholding certain lands in New Mexico from application or lease under the provisions of the Mineral Leasing Act of February 25, 1920, as amended and supplemented (30 U.S.C. 181 *et seq.*), which Order was revoked by Order of the Secretary of the Interior dated October 16, 1951 (16 FR 10689), shall continue to be revoked. The lands described in the Order of February 6, 1939 (except the E1/2E½, W ¼SE¼, sec. 25, T. 20 S., R. 20E, New Mexico Principal Meridian, which were withdrawn from all forms of entry by Public Land Order No. 569 (14 FR 1086)), which were opened for oil and gas leasing by the Order of October 16, 1951, shall continue to be open for oil and gas leasing. This Order shall not affect the current status of lands within respect to their being withdrawn from, or open for, entry or leasing.

## II

Subject to the provisions of I above, the provisions of the Order of the Secretary of the Interior dated November 5, 1975 (40 FR 51486), are revised to change the Potash Area Designated therein as specified in this Order.

## III. General Provisions

## A. Issuance of Oil and Gas Leases

The Department of the Interior reaffirms its position that the lease stipulations contained in the Order of November 5, 1975, adequately 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 3180), 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 taking any action under Part A, Items 1, 2, 3 and 4 of this Order, the authorized officer shall take into consideration the applicable rules and regulations of the Oil Conservation Division of the State of New Mexico.

## B. Renewal or Extension of Oil and Gas Leases

As a condition to the granting of any discretionary renewal or extension of any existing lease embracing lands included in the designated Potash Area, the lessee shall execute a stipulation identical to that specified in Part A, Items 1, 2, 3 and 4 of this Order.

## C. Potash Leases

All potash permits and leases hereafter issued or existing potash leases hereafter renewed for Federal lands within the designated Potash Area, shall be subject to a requirement either to be included in the lease or permit or imposed as a stipulation, to the effect that no mining or exploration operations shall 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.

## D. Mineable Reserves

1. Each potash lessee shall file annually by January 1, with the District Manager, Bureau of Land Management, a map(s) on which has been delineated the following information with respect to the Federal Potash leases which are then held:

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 a mineable reserve in one or more ore zone, i.e., those areas (enclaves) where potash ore is known to exist in sufficient thickness and quality to be mineable under existing technology and economics; and

d. The areas within these enclaves which are believed to be barren of commercial ore.

The authorized officer shall review the information submitted in this regard and make any revisions in the boundaries or the proposed mineable reserves (potash enclaves) which are consistent with the data available at the time of such analyses. The authorized officer shall commit the initial findings to a map(s) of suitable scale and shall thereafter revise that map(s) as necessary to reflect the latest available information.

## E. Oil and Gas Drilling

1. It is the policy of the Department of the Interior to deny approval of most applications for permits to drill oil and gas test wells from surface locations within the potash enclaves established in accordance with Part D, item 1 of this Order. Two exceptions to this policy shall be permitted under the following conditions.

a. Drilling of vertical or directional holes shall be allowed from barren areas within the potash enclaves when

the authorized officer determines that such operations will not adversely affect active or planned mining operations in the immediate vicinity of the proposed drillsite;

b. Drilling of vertical or directional holes shall be permitted from a drilling island located within a potash enclave when: (1) There are no barren areas within the enclave or drilling is not permitted on the established barren area(s) within the enclave because of interference with mining operations; (2) the objective oil and gas formation beneath the lease cannot be reached by a well which is vertically or directionally drilled from a permitted location within the barren area(s); or (3) in the opinion of the authorized officer, the target formation beneath a remote interior lease cannot be reached by a well directionally drilled from a surface location outside the potash enclave. Under these circumstances, the authorized officer shall establish an island within the potash enclave from which the drilling of that well and subsequent wells will be permitted. The authorized officer, in establishing any such island, will, consistent with present directional drilling capabilities, select a site which shall minimize the loss of potash ore. No island shall be established within one mile of any area where approved mining operations will be conducted within three years. To assist the authorized officer in this regard, he/she may require affected potash mining operators to furnish a three-year mining plan.

2. In order to protect the equities between oil and gas lessees, while at the same time reducing the number of oil and gas wells which operators propose to drill in the Potash Area, the authorized officer shall make greater use of his/her prerogative to require unitization pursuant to the regulations in 43 CFR 3160. Unitization shall be mandatory in those cases where completion of the proposed well as a producer might result in the drainage of oil and gas from beneath other Federal lands within a potash enclave. This unitization will be a prerequisite to the approval of any well which is: (1) Located adjacent to a potash enclave (within one-quarter of a mile if an oil test well or one-half mile if a gas test well) and which is to be drilled vertically to the prospective formation; (2) to be directionally drilled from an adjacent surface location to bottom in a formation beneath an enclave; or (3) to be vertically or directionally drilled from a barren area or island within an enclave. Any unit plan hereafter approved or prescribed that includes oil

and gas leases covered by this Order shall include a provision embodying in substance the requirements set forth in Part A, items, 1, 2, 3 and 4 of this Order.

3. The Department of the Interior shall cooperate with the New Mexico Oil Conservation Division in the implementation of that agency's rules and regulations. In that regard, the Federal potash lessees shall continue to have the right to protest to the New Mexico Oil Conservation Division the drilling of a proposed oil and gas test 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 New Mexico Oil Conservation Division Order No. R-111, as amended. However, the Department shall exercise its prerogative to make the final decision of whether to approve the drilling or any proposed well on a Federal oil and gas lease within the Potash Area.

4. Applications for permits to drill vertical test wells for oil and gas at locations that are in the Potash Area but outside the State of New Mexico's "Oil-Potash Area" and which do not directly offset an enclave (within one-quarter mile if an oil test well or one-half mile if a gas test well) shall be routinely processed by the authorized officer.

#### 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 3160), shall be available for inspection at the Roswell District Office, Bureau of Land Management, 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 3570), shall be available for inspection at the Roswell District Office, Bureau of Land Management, 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. Maps of potash enclaves shall be available for inspection in the Roswell District Office and Carlsbad Resource Area, Bureau of Land Management. Copies of such maps shall be available at the same offices.

#### G. Definition

The term "potash" as used in this Order shall be deemed to embrace potassium and associated minerals as

specified in the Act of February 27, 1927 (30 U.S.C. 281-287).

#### IV

The lessee of any existing lease in the designated Potash Area may make such lands subject to the rules and regulations of Part III of this Order by filing an election to do so, in duplicate, with the New Mexico State Office, Bureau of Land Management, Santa Fe, New Mexico. Except to the extent modified by this Order, the general regulations contained in 43 CFR Parts 3100, 3160 and 3180 (governing the leasing and development of potash deposits) and 43 CFR Group 3500 (governing the leasing and development of potash deposits), shall be applicable to the lands covered by this Order.

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. 1.
- T. 19 S., R. 29 E., Secs. 1 and 2; Secs 11 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 38.
- T. 20 S., R. 29 E., Secs. 1 and 2; Secs. 11 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 38 inclusive.
- T. 21 S., R. 29 E., Secs. 1 to 5 inclusive; Secs. 10 to 15 inclusive; Secs. 22 to 27 inclusive; Secs. 34 and 38 inclusive.
- T. 22 S., R. 29 E., Secs. 1 to 5 inclusive; Secs. 8 to 17 inclusive; Secs. 19 to 36 inclusive.
- T. 23 S., R. 29 E., Secs. 1 to 17 inclusive; Secs. 21 to 28 inclusive; Secs. 33 to 36 inclusive.
- T. 24 S., R. 29 E., Secs. 1 to 4 inclusive.
- T. 18 S., R. 30 E., Secs. 8 to 17 inclusive; Secs. 20 to 29 inclusive; Secs. 32 to 38 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.,
- Secs. 1 to 18 inclusive.
- T. 19 S., R. 31 E., Secs. 7, 18; Secs. 31 to 38 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.,
- Secs. 1 to 18 inclusive; Secs. 35 and 38.

T. 25 S., R. 31 E.,  
Secs. 1 and 2.  
T. 19 S., R. 32 E.,  
Secs. 25 to 28 inclusive;  
Secs. 31 to 36 inclusive.  
T. 20 S., R. 32 E.,  
T. 21 S., R. 32 E.,  
T. 22 S., R. 32 E.,  
Secs. 1 to 12 inclusive.  
T. 19 S., R. 33 E.,  
Secs. 21 and 36 inclusive.  
T. 20 S., R. 33 E.,  
T. 21 S., R. 33 E.,  
T. 22 S., R. 33 E.,  
Secs. 1 to 12 inclusive.  
T. 19 S., R. 34 E.,  
Secs. 19 and 20;  
Secs. 28 to 32 inclusive.  
T. 20 S., R. 34 E.,  
Secs. 3 and 10 inclusive;  
Secs. 15 and 36 inclusive.  
T. 21 S., R. 34 E.,  
Secs. 5 to 8 inclusive;  
Secs. 17 to 20 inclusive;  
Secs. 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.

Section 5. *Effective Date.* This Order is effective immediately.

Dated: October 21, 1986.

Donald Paul Hodel,  
Secretary of the Interior.

[FR Doc. 86-24314 Filed 10-27-86; 8:45 am]

BILLING CODE 4310-10-0

#### Bureau of Land Management

[I-21104]

#### Idaho; Realty Action, Sale of Public Land in Power County

AGENCY: Bureau of Land Management, Idaho, Interior.

ACTION: Notice of Realty Action, Sale of Public Land in Power County, Idaho.

**DATE AND ADDRESS:** The sale offering will be held on Wednesday, January 14, 1987, at 2:00 p.m. at Deep Creek Resource Area Office, 138 South Main, Malad City, Idaho 83252.

**SUMMARY:** The following described land has been examined and through the public-supported land use planning process have been determined to be suitable for disposal by sale pursuant to section 203 of the Federal Land Policy and Management Act of 1976, at no less than fair market value as determined by an appraisal:

Parcel	Legal description	Fair market value	Sale type
I-21104	T. 10 S., R. 33 E., S.W. 1/4 Sec. 17, NE 1/4 SE 1/4 SW 1/4 (110 acres)	\$2,000	Direct

When patented, the lands will be subject to the following reservations:

Parcel	Reservations
I-21104	Ditches and canals, oil and gas to U.S.

Continued use of the land by valid right-of-way holders is proper subject to the terms and conditions of the grant. Administrative responsibility previously held by the United States will be assumed by the patentee.

The previously described lands are hereby segregated from appropriation under the public land laws including the mining laws for a period of 270 days or until patent is issued, whichever comes first.

#### Sale Procedures

Sale parcel I-21104 is being offered directly to Luther Estep because of his past inadvertent use of the parcel.

Fair market value must be submitted and will constitute an application to purchase that portion of the mineral estate of no known value for the parcel. A thirty percent (30%) deposit must be submitted and an additional \$50,000 non-returnable mineral conveyance processing fee is required. The filing fee and deposit must be paid by certified check, money order, bank draft, or cashiers check. Submittal will be rejected if accompanied by a personal check.

**SUPPLEMENTARY INFORMATION:** Detailed information concerning the conditions of the sale can be obtained by contacting Wes Duggan at (208) 766-4766 or Karl Simonson at (208) 678-5514.

For a period of 45 days from the date of publication of this notice in the *Federal Register*, interested parties may submit comments to the District Manager, Bureau of Land Management, Rt. 3, Box 1, Burley, Idaho 83318. Objections will be reviewed by the State Director who may sustain, vacate, or modify this realty action. In the absence of any objections, this realty action will become the final determination of the Department of Interior.

Dated: October 20, 1986.

John Davis,

District Manager, Burley.

[FR Doc. 86-24263 Filed 10-27-86; 8:45 am]

BILLING CODE 4310-00-0

[NM-060-07-4322-02]

#### Roswell District Grazing Advisory Board; Meeting

AGENCY: Bureau of Land Management, Interior.

ACTION: Roswell District Grazing Advisory Council Meeting.

**SUMMARY:** This notice sets forth the schedule and proposed agenda of a forthcoming meeting of the Roswell District Grazing Advisory Board.

**DATE:** Tuesday, November 25, 1986, beginning at 10 a.m. A public comment period will be held following the last agenda item.

Location: BLM Roswell District Office, 1717 West Second St., Roswell, NM 88201.

**FOR FURTHER INFORMATION CONTACT:** David L. Marl, Associate District Manager, or Guadalupe Martinez, Public Affairs Specialist, Bureau of Land Management, P.O. Box 1397, Roswell, NM 88201, (505) 622-9042.

**SUPPLEMENTARY INFORMATION:** The proposed agenda will include: (1) Carlsbad RMP Completion; (2) Statewide Road Policy; (3) BLM/FS Land Exchange; (4) Status of FY 86 Range Improvement Projects; (5) Status of FY Range Improvement Projects; (6) Range Improvement Task Force (expenditure of 8100 funds); (7) Operation Respect; (8) Animal Damage Control Plan. The meeting is open to the public. Interested persons may make oral statements to the Council during the public comment period or may file written statements. Anyone wishing to make an oral statement should notify the Associate District Manager by November 14, 1986. Summary minutes will be maintained in the District Office and will be available for public inspection during regular business hours within 30 days following the meeting. Copies will be available for the cost of duplication.

Francis R. Cherry, Jr.,  
District Manager.

[FR Doc. 86-24265 Filed 10-27-86; 8:45 am]

BILLING CODE 4310-FB-0

[Alaska AA-48414-CG]

#### Alaska; Proposed Reinstatement of a Terminated Oil and Gas Lease

In accordance with Title IV of the Federal Oil and Gas Royalty Management Act (Pub. L. 97-451), a petition for reinstatement of oil and gas lease AA-48414-CG has been received covering the following lands:

## DEPARTMENT OF THE INTERIOR

## Office of the Secretary

EDDY AND LEA COUNTIES, NEW MEXICO

OIL AND GAS, AND POTASH LEASING AND  
DEVELOPMENT WITHIN POTASH AREA

1. For the purpose of providing for concurrent operations in the prospecting for and the development and production of oil and gas and potash deposits owned by the United States within the area herein described and designated as "Potash Area" (see Schedule A), and for the purpose of opening to oil and gas leasing certain lands (see Schedule B) which have heretofore been withheld from such leasing and, subject to valid existing rights as to leases heretofore issued, it is ordered as follows:

1. *Oil and gas leases for that part of Potash Area covered by order of February 6, 1939.* (a) The order of the Secretary of the Interior dated February 6, 1939 (4 F. R. 1012), withholding certain lands in New Mexico from application or lease under the oil and gas provisions of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended, is hereby revoked.

(b) The lands described in the order dated February 6, 1939 (except the E $\frac{1}{2}$ SE $\frac{1}{4}$ , sec. 24, and the E $\frac{1}{2}$ E $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ , sec. 25, T. 20 S., R. 29 E., N. M. M., which were withdrawn from all forms of entry by Public Land Order No. 569, 14 F. R. 1086), shall be open for oil and gas leasing as of the date of this notice, and offers on form No. 4-1158, Second Edition, received up to and including November 16, 1951, at the Land and Survey Office, Bureau of Land Management, Santa Fe, New Mexico, for lands subject to noncompetitive leasing under section 17 of the Mineral Leasing Act, as amended, shall be regarded as simultaneously filed.

(c) During the period from the date of this order to and including November 16, 1951, the following rules must be followed in applying for oil and gas leases:

(i) Each offer must cover all the Federal land subject to noncompetitive oil and gas leasing contained in a particular section and must not cover more than one section.

(ii) All offers of any offeror shall be rejected if the offeror's interests, direct and indirect, in oil and gas leases and offers and applications therefor on Federal lands in the State of New Mexico, including the offers filed pursuant to this notice exceed 15,360 chargeable acres. Where a corporation, or association, files an application for the Federal lands in a section, no person who owns an interest of 10 percent or more in such corporation or association shall be eligible to file an offer for the same area.

(iii) It will be necessary to file only one copy of each offer to lease and lease form for each section. If the offeror is successful, the Manager will execute the form and arrange to obtain the additional copies.

(iv) Each offer, accompanied by two separate checks or money orders, must be enclosed in a separate sealed envelope. One check or money order must be for \$10 to cover the filing fee. The second check or money order must cover the first year's rental (50 cents per acre).

(v) The front of each envelope must be marked to show the nature of the contents and the section involved as follows:

Oil and Gas Offer, Potash Area  
Sec. ----- T. -----, R. -----

(vi) Any offer filed during the prescribed period that does not conform to all the requirements of this notice shall be rejected.

(d) If necessary, a drawing will be held to determine the successful offeror for each section. Such drawing will commence at 10 a. m., m. s. t., November 20, 1951, at the Land and Survey Office, Santa Fe, New Mexico.

(e) Each successful applicant for a noncompetitive oil and gas lease, and any party awarded a competitive lease, for lands included in schedule B will be required, as a condition to the issuance of such lease, to execute a stipulation agreeing that:

(i) No wells will be drilled for oil or gas in formations above the base of the Delaware sand, or above a depth of 5,000 feet, whichever is the lesser, except upon approval of the Director of the Geological Survey, it being understood that drilling for production to these formations will be permitted only in the event that it is satisfactorily established that such drilling will not interfere with the mining and recovery of potash deposits or the interest of the United States would best be subserved thereby.

(ii) No wells will be drilled for oil or gas in formations below the base of the Delaware sand, or below a depth of 5,000 feet, whichever is the lesser, except pursuant to a unit plan approved by the Director of the Geological Survey, unless drilling is otherwise required or approved by the Director to protect the lease from drainage.

(iii) No wells will be drilled for oil or gas at a location which, in the opinion of the Oil and Gas Supervisor of the Geological Survey, 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.

(iv) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations including such requirements as the Oil and Gas Supervisor of the Geological Survey 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.

2. *Oil and gas leases for lands in Potash Area not covered by order of February 6, 1939.* (a) As a condition to the issuance of either a non-competitive or a competitive lease, or the granting of any renewal or extension of any existing lease, embracing such lands, the applicant, the successful bidder, or the lessee, as the case may be, will be required to execute a stipulation identical to that specified in item 1 (e) hereof.

(b) Upon the discovery hereafter of any oil or gas pool or field embracing all or part of any nonunitized oil and gas lease heretofore issued, unit operation will be required under the applicable unitization provisions of the lease and the Mineral Leasing Act of 1920, as amended, unless it is shown to the satisfaction of the Secretary of the Interior that independent operation will not jeopardize maximum economic recovery of the natural resources of the area.

3. *Potash leases.* All potash permits and leases hereafter issued or existing potash leases hereafter renewed for federal lands within the Potash Area, shall be subject to a requirement, either to be included in the lease or permit or imposed as a stipulation, to the effect that no mining or exploratory operations will be conducted that, in the opinion of the Mining Supervisor of the Geological Survey, would constitute a hazard to oil or gas production, or that would unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same land.

4. *Maps and surveys.* (a) Well records and survey plats that an oil and gas lessee must file, pursuant to applicable operating regulations (30 CFR Part 221), shall be available for inspection at the office of the Oil and Gas Supervisor, to any party holding a potash permit or lease on the land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

(b) Maps of mine workings and surface installations, and records of core analyses that a potash lessee must file pursuant to applicable operating regulations (30 CFR Part 231), shall be available for inspection at the office of the Mining Supervisor, to any party holding an oil and gas lease on the same land insofar as such maps or records are pertinent to the development and protection of oil and gas deposits.

5. *Unit plans.* Any unit plan hereafter approved or prescribed that includes oil and gas leases covered by this notice shall include a provision embodying in substance the requirements set forth in items 1 (e) (iii) and (iv) and 4 (a), hereof.

6. *Definition.* The word "potash" as used herein shall be deemed to embrace potassium and associated minerals as specified in the act of February 7, 1927 (44 Stat. 1057).

II. Except to the extent herein modified the general regulations contained in 43 CFR, Parts 191 and 192, governing the leasing and development of oil and gas and in 43 CFR, Part 184, governing the leasing and development of potash deposits shall be applicable to the lands covered hereby. Copies of this notice and copies of form No. 4-1158, Second Edition, titled "Offer to Lease and Lease for Oil and Gas" can be obtained from the Land and Survey Office, Bureau of Land Management, Santa Fe, N. Mex.

#### SCHEDULE A

##### DESIGNATED POTASH AREA

##### New Mexico Principal Meridian

- T. 19 S., R. 29 E.  
 Sec. 11, SE $\frac{1}{4}$ ;  
 Sec. 12, S $\frac{1}{2}$ ;  
 Secs. 13, and 14;  
 Sec. 23, N $\frac{1}{2}$ ;  
 Sec. 24, N $\frac{1}{2}$ .
- T. 20 S., R. 29 E.  
 Sec. 12, NE $\frac{1}{4}$ SE $\frac{1}{4}$ , and S $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
 Sec. 13, NE $\frac{1}{4}$ , and S $\frac{1}{2}$ ;  
 Sec. 24, N $\frac{1}{2}$ ;  
 Sec. 25.
- T. 21 S., R. 29 E.  
 Secs. 1 and 2;  
 Sec. 3, E $\frac{1}{2}$ ;  
 Sec. 10, E $\frac{1}{2}$ ;  
 Sec. 11 to 15 inclusive;  
 Sec. 22, N $\frac{1}{2}$ N $\frac{1}{2}$ ;  
 Sec. 23, N $\frac{1}{2}$ ;  
 Secs. 24 and 25;  
 Sec. 25, E $\frac{1}{2}$ ;  
 Sec. 26.
- T. 22 S., R. 29 E.  
 Secs. 1 and 2;  
 Sec. 3, S $\frac{1}{2}$ ;  
 Sec. 9, E $\frac{1}{2}$ ;  
 Secs. 10 to 16 inclusive;  
 Sec. 17, E $\frac{1}{2}$ ;  
 Sec. 20, E $\frac{1}{2}$ ;  
 Secs. 21 to 23 inclusive;  
 Secs. 23 to 26 inclusive.
- T. 23 S., R. 29 E.  
 Secs. 1 to 3 inclusive;  
 Secs. 4, E $\frac{1}{2}$ ;  
 Sec. 9, E $\frac{1}{2}$ ;  
 Secs. 10 to 15 inclusive;  
 Secs. 22 to 27 inclusive;  
 Secs. 24 to 26 inclusive.
- T. 18 S., R. 30 E.  
 Sec. 12, S $\frac{1}{2}$ ;  
 Secs. 13 and 14;  
 Sec. 15, SE $\frac{1}{4}$ ;  
 Sec. 21, SE $\frac{1}{4}$ ;  
 Secs. 22 to 24 inclusive;  
 Sec. 25, W $\frac{1}{2}$ ;  
 Secs. 26 to 28 inclusive;  
 Sec. 29, SE $\frac{1}{4}$ ;  
 Sec. 32, NE $\frac{1}{4}$ , and S $\frac{1}{2}$ ;  
 Secs. 33 and 34;  
 Sec. 35, W $\frac{1}{2}$ .
- T. 19 S., R. 30 E.  
 Secs. 2 to 5 inclusive;  
 Sec. 6, SE $\frac{1}{4}$ ;  
 Sec. 7, NE $\frac{1}{4}$ , and S $\frac{1}{2}$ ;  
 Secs. 8 to 26 inclusive.
- T. 20 S., R. 30 E.  
 T. 21 S., R. 30 E.  
 Secs. 1 to 11 inclusive;  
 Sec. 12, S $\frac{1}{2}$ ;  
 Secs. 13 to 22 inclusive;  
 Sec. 23, N $\frac{1}{2}$ ;  
 Sec. 24, N $\frac{1}{2}$ ;  
 Secs. 27 to 34 inclusive;  
 Sec. 35, S $\frac{1}{2}$ .
- T. 22 S., R. 30 E.  
 Secs. 1 to 24 inclusive;  
 Sec. 25, W $\frac{1}{2}$ ;  
 Secs. 26 to 28 inclusive;  
 Sec. 29, W $\frac{1}{2}$ .
- T. 23 S., R. 30 E.  
 Sec. 1, S $\frac{1}{2}$ ;  
 Secs. 2 to 26 inclusive.
- T. 24 S., R. 30 E.  
 Sec. 1, N $\frac{1}{2}$ ;  
 Sec. 2, N $\frac{1}{2}$ ;  
 Sec. 3, N $\frac{1}{2}$ .
- T. 18 S., R. 31 E.  
 Sec. 12, W $\frac{1}{2}$ .
- T. 19 S., R. 31 E.  
 Secs. 9 and 10;  
 Sec. 11, W $\frac{1}{2}$ ;  
 Sec. 14, W $\frac{1}{2}$ ;  
 Secs. 15 to 17 inclusive;  
 Secs. 19 to 22 inclusive;  
 Sec. 23, W $\frac{1}{2}$ ;  
 Sec. 25, S $\frac{1}{2}$ ;  
 Secs. 26 to 28 inclusive.
- T. 20 S., R. 31 E.  
 T. 21 S., R. 31 E.  
 Sec. 1, lots 1 to 16 inclusive;  
 Sec. 2, lots 1 to 16 inclusive;  
 Sec. 4, W $\frac{1}{2}$ ;  
 Secs. 5 and 6;  
 Sec. 12, S $\frac{1}{2}$ ;  
 Sec. 19, N $\frac{1}{2}$ .
- T. 22 S., R. 31 E.  
 Secs. 4 to 9 inclusive;  
 Secs. 17 and 18;  
 Sec. 19, N $\frac{1}{2}$ .
- T. 23 S., R. 31 E.  
 Sec. 7;  
 Sec. 8, S $\frac{1}{2}$ ;  
 Sec. 16, SW $\frac{1}{4}$ ;  
 Secs. 17 to 20 inclusive;  
 Sec. 21, W $\frac{1}{2}$ ;  
 Secs. 22 to 23 inclusive.
- T. 24 S., R. 31 E.  
 Secs. 4 to 6 inclusive.
- T. 19 S., R. 32 E.  
 Sec. 23, S $\frac{1}{2}$ ;  
 Secs. 24 to 27 inclusive;  
 Sec. 28, S $\frac{1}{2}$ ;  
 Sec. 31, S $\frac{1}{2}$ ;  
 Sec. 32, S $\frac{1}{2}$ ;  
 Secs. 33 to 36 inclusive.
- T. 20 S., R. 32 E.  
 T. 21 S., R. 32 E.  
 Secs. 1 to 17 inclusive;  
 Secs. 21 to 27 inclusive;  
 Secs. 25 and 26.
- T. 19 S., R. 33 E.  
 Secs. 19, 30 and 31.
- T. 20 S., R. 33 E.  
 Secs. 5 to 9 inclusive;  
 Secs. 18 to 23 inclusive;  
 Secs. 25 to 26 inclusive.
- T. 21 S., R. 33 E.  
 Secs. 4 to 9 inclusive;  
 Secs. 16 to 21 inclusive;  
 Secs. 23 to 23 inclusive.
- T. 22 S., R. 33 E.  
 Secs. 4 to 6 inclusive.
- T. 20 S., R. 34 E.  
 Sec. 31.

The area described, including both public and nonpublic lands, aggregates approximately 298,245 acres.

#### SCHEDULE B

LANDS COVERED BY ORDER OF FEBRUARY 6, 1939,  
 WITHIN POTASH AREA<sup>1</sup>

- T. 20 S., R. 29 E.  
 Sec. 12, SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
 Sec. 13, E $\frac{1}{2}$ E $\frac{1}{2}$ , and NW $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
 Sec. 24, E $\frac{1}{2}$ NE $\frac{1}{4}$ ;  
 Sec. 26.
- T. 21 S., R. 29 E.  
 Sec. 1;  
 Sec. 11, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ ,  
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ , and SE $\frac{1}{4}$ ;  
 Sec. 12;  
 Sec. 13, E $\frac{1}{2}$ , and S $\frac{1}{2}$ SW $\frac{1}{4}$ ;  
 Sec. 14, SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ , and S $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
 Sec. 15, NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , and  
 S $\frac{1}{2}$ ;  
 Sec. 22, N $\frac{1}{2}$ N $\frac{1}{2}$ ;  
 Sec. 23, N $\frac{1}{2}$ N $\frac{1}{2}$ ;  
 Sec. 24, NE $\frac{1}{4}$ , and N $\frac{1}{2}$ NW $\frac{1}{4}$ .
- T. 22 S., R. 29 E.  
 Sec. 1;  
 Sec. 11, E $\frac{1}{2}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , and S $\frac{1}{2}$ SW $\frac{1}{4}$ ;  
 Secs. 12 to 14, inclusive;  
 Secs. 23 and 24;  
 Sec. 25, NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , and  
 S $\frac{1}{2}$ ;  
 Sec. 26, W $\frac{1}{2}$ NW $\frac{1}{4}$ , and S $\frac{1}{2}$ ;  
 Sec. 25, NE $\frac{1}{4}$ .

<sup>1</sup>Of the lands included in this schedule, the following tracts are covered by outstanding leases or are within the limits of a known geologic structure of a producing oil or gas field: E $\frac{1}{2}$ NE $\frac{1}{4}$ , sec. 24, T. 20 S., R. 29 E., S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , sec. 9, W $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ , sec. 10, sec. 15 (all), N $\frac{1}{2}$ NE $\frac{1}{4}$ , sec. 21, T. 20 S., R. 30 E. The SE $\frac{1}{4}$ NE $\frac{1}{4}$ , sec. 11, T. 21 S., R. 29 E., is included in the order of February 6, 1939, but is omitted from this schedule because it is state land.

T. 19 S., R. 30 E.  
 Sec. 22, S $\frac{1}{2}$ ;  
 Sec. 23, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$ ;  
 Sec. 24;  
 Sec. 25, NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , and  
 S $\frac{1}{2}$ ;  
 Secs. 26 and 27;  
 Sec. 28, SE $\frac{1}{4}$ ;  
 Secs. 33 to 35 inclusive.  
 T. 20 S., R. 30 E.,  
 Sec. 3, lots 2, 3, and 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$ ;  
 Sec. 4;  
 Sec. 5, lots 1, 2, 3, and 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
 SE $\frac{1}{4}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$ ;  
 Sec. 6, E $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
 Sec. 7, lots 3 and 4, NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ ,  
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$ ;  
 Secs. 8 to 10 inclusive;  
 Sec. 13, SE $\frac{1}{4}$ ;  
 Sec. 14, NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , and  
 S $\frac{1}{2}$ ;  
 Sec. 15;  
 Sec. 21, N $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
 Sec. 22, N $\frac{1}{4}$ ;  
 Sec. 23, N $\frac{1}{4}$ ;  
 Sec. 24, NW $\frac{1}{4}$ ;  
 Sec. 25, NE $\frac{1}{4}$ , and S $\frac{1}{2}$ ;  
 Sec. 31, lots 1, 2, 3, and 4, E $\frac{1}{4}$ W $\frac{1}{2}$ ;  
 Sec. 35, S $\frac{1}{2}$ .  
 T. 21 S., R. 30 E.,  
 Sec. 3, lots 8, 4, 5, 6, 11, 12, 13, and 14,  
 SW $\frac{1}{4}$ ;  
 Secs. 4 to 7 inclusive;  
 Sec. 8, NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , and  
 S $\frac{1}{2}$ ;  
 Sec. 9;  
 Sec. 10, W $\frac{1}{2}$ ;  
 Secs. 17 and 18;  
 Sec. 19, lots 1, 2, 3, and 4, NE $\frac{1}{4}$ , and  
 E $\frac{1}{4}$ NW $\frac{1}{4}$ ;  
 Sec. 20, N $\frac{1}{2}$ N $\frac{1}{2}$ ;  
 Sec. 31.  
 T. 22 S., R. 30 E.,  
 Secs. 6 and 7;  
 Secs. 18 to 20 inclusive;  
 Sec. 21, W $\frac{1}{2}$ E $\frac{1}{4}$ , and W $\frac{1}{2}$ ;  
 Secs. 28 and 29;  
 Sec. 30, lots 1, 2, 3, and 4, N $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$   
 NE $\frac{1}{4}$ , E $\frac{1}{4}$ W $\frac{1}{2}$ , and SE $\frac{1}{4}$ ;  
 Sec. 31, lot 1.  
 T. 19 S., R. 31 E.,  
 Secs. 19, 30, and 31.  
 T. 20 S., R. 31 E.,  
 Secs. 28 to 31 inclusive;  
 Sec. 33.

The areas described aggregate 42,-  
245.18 acres.

Dated: October 16, 1951.

OSCAR L. CHAPMAN,  
Secretary of the Interior.

[F. R. Doc. 51-12547; Filed, Oct. 18, 1951;  
8:45 a. m.]

Lands Subject to Noncompetitive Lease Application  
 Within Potash Area—Eddy County, New Mexico  
 Approved by the Secretary of the Interior, October 16, 1951

The following list showing the description and total acreage available in each section, prepared in the Conservation Division, Geological Survey, is believed correct. However, the published Notice in the Federal Register of October 18, 1951, and the Survey plats of the Bureau of Land Management control.

<u>NEW MEXICO PRINCIPAL MERIDIAN</u>		
<u>LAND DESCRIPTION BY SECTIONS</u>		<u>ACREAGE BY SECTIONS</u>
T. 20 S., R. 29 E.,		
sec. 12, SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;		40
sec. 13, E $\frac{1}{2}$ E $\frac{1}{2}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ ;		200
sec. 36, All;		640
T. 21 S., R. 29 E.,		
sec. 1, All;		941.40
sec. 11, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;		400
sec. 12, All;		640
sec. 13, E $\frac{1}{2}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ ;		400
sec. 14, SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ ;		280
sec. 15, NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;		600
sec. 22, N $\frac{1}{2}$ N $\frac{1}{2}$ ;		160
sec. 23, N $\frac{1}{2}$ N $\frac{1}{2}$ ;		160
sec. 24, NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ ;		240
T. 22 S., R. 29 E.,		
sec. 1, All;		641.04
sec. 11, E $\frac{1}{2}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ ;		480
sec. 12, All;		640
sec. 13, All;		640
sec. 14, All;		640
sec. 23, All;		640
sec. 24, All;		640
sec. 25, NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;		600
sec. 26, W $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;		400
sec. 35, NE $\frac{1}{4}$ ;		160
T. 19 S., R. 30 E.,		
sec. 22, S $\frac{1}{2}$ ;		320
sec. 23, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;		480
sec. 24, All;		640
sec. 25, NE $\frac{1}{4}$ , S $\frac{1}{2}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ ;		600
sec. 26, All;		640
sec. 27, All;		640
sec. 28, SE $\frac{1}{4}$ ;		160
sec. 33, All;		640
sec. 34, All;		640
sec. 35, All;		640
T. 20 S., R. 30 E.,		
sec. 3, lots 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;		599.95
sec. 4, All;		638.76
sec. 5, lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;		599.68

T. 20 S., R. 30 E. (cont'd),

sec. 6, E $\frac{1}{2}$ SE $\frac{1}{4}$ ;	80
sec. 7, lots 3,4, NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;	478.68
sec. 8, All;	640
sec. 9, N $\frac{1}{2}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ ;	400
sec. 10, N $\frac{1}{2}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ;	360
sec. 13, SE $\frac{1}{4}$ ;	160
sec. 14, NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;	600
sec. 22, N $\frac{1}{2}$ ;	320
sec. 23, N $\frac{1}{2}$ ;	320
sec. 24, NW $\frac{1}{4}$ ;	160
sec. 25, NE $\frac{1}{4}$ , S $\frac{1}{2}$ ;	480
sec. 31, E $\frac{1}{2}$ W $\frac{1}{2}$ , lots 1,2,3,4;	320.92
sec. 35, S $\frac{1}{2}$ ;	320

T. 21 S., R. 30 E.,

sec. 3, lots 3,4,5,6,11,12,13,14, SW $\frac{1}{4}$ ;	471.66
sec. 4, All;	943.16
sec. 5, All;	942.40
sec. 6, All;	1016.27
sec. 7, All;	691.20
sec. 8, NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;	600
sec. 9, All;	640
sec. 10, W $\frac{1}{2}$ ;	320
sec. 17, All;	640
sec. 18, All;	691.24
sec. 19, lots 1,2,3,4, E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ ;	345.65
sec. 20, N $\frac{1}{2}$ NW $\frac{1}{4}$ ;	160
sec. 31, All;	692.04

T. 22 S., R. 30 E.,

sec. 6, All;	643.24
sec. 7, All;	641.80
sec. 18, All;	641.40
sec. 19, All;	640.04
sec. 20, All;	640
sec. 21, W $\frac{1}{2}$ SE $\frac{1}{2}$ , W $\frac{1}{2}$ ;	480
sec. 28, All;	640
sec. 29, All;	640
sec. 30, lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ ;	599.92
sec. 31, lot 1;	40.33

T. 19 S., R. 31 E.,

sec. 19, All;	632.68
sec. 30, All;	635.16
sec. 31, All;	637.44

T. 20 S., R. 31 E.,

sec. 28, All;	640
sec. 29, All;	640
sec. 30, All;	639.32
sec. 31, All;	639.80
sec. 33, All.	640

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Saturday, May 15, 1965

## DEPARTMENT OF THE INTERIOR

Office of the Secretary

EDDY AND LEA COUNTIES, N. MEX.

Oil, Gas, and Potash Leasing and Development Within Potash Area

For the purpose of revising the rules for concurrent operations in prospecting for and development and production of oil and gas and potash deposits owned by the United States within the Potash Area and for the purpose of revising the designated Potash Area to which the revised provisions are to be applicable, it is ordered as follows:

I. The order of the Secretary of the Interior dated February 6, 1939 (4 F.R. 1012), withholding certain lands in New Mexico from application or lease under the oil and gas provisions of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended, which order was revoked by order of the Secretary of the Interior dated October 16, 1951 (16 F.R. 10669), shall continue to be revoked. The lands described in said order dated February 6, 1939 (except the E $\frac{1}{2}$ SE $\frac{1}{4}$ , sec. 24, and the E $\frac{1}{2}$ E $\frac{1}{2}$ , NW $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ , sec. 25, T. 20 S., R. 29 E., N.M.M., which were withdrawn from all forms of entry by Public Land Order No. 569, 14 F.R. 1066), which are opened for oil and gas leasing by said order dated October 16, 1951, shall continue to be open for oil and gas leasing. This order shall not affect the current status of land with respect to its being withdrawn from, or open for, entry or leasing.

II. Subject to the provisions of I above, the provisions of the order of the Secretary of the Interior dated October 16, 1951 (16 F.R. 10669), and the Potash Area designated therein are revised to be as specified herein.

III. 1. Oil and gas leases. Each successful applicant for a non-competitive oil and gas lease, and any party awarded a competitive lease, for lands included in the designated Potash Area will be required, as a condition to the issuance of such lease, to execute a stipulation agreeing that:

(a) No wells will be drilled for oil or gas except upon approval of the Regional Oil and Gas Supervisor of the Geological Survey, it being understood that drilling will be permitted only in the event that it is satisfactorily established that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States would best be subserved thereby.

(b) No wells will be drilled for oil or gas at a location which, in the opinion of the Regional Oil and Gas Supervisor of the Geological Survey, 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.

(c) When it is determined by the Regional Oil and Gas Supervisor of the Geological Survey that utilization 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 Director of the Geological Survey.

(d) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations including such requirements as the Regional Oil and Gas Supervisor of the Geological Survey 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.

The Regional Oil and Gas Supervisor of the Geological Survey in any action taken under item 1 (a), (b), (c), and (d) shall take into consideration recommendations of the Regional Mining Supervisor of the Geological Survey and applicable conservation rules and regulations of the Oil Conservation Commission of the State of New Mexico.

2. Oil and gas leases. As a condition to the granting of any renewal or extension of any existing lease embracing lands included in the designated Potash Area, the lessee will be required to execute a stipulation identical to that specified in item 1 (a), (b), (c), and (d) hereof.

3. Potash leases. All potash permits and leases hereafter issued or existing potash leases hereafter renewed for Federal lands within the designated Potash Area, shall be subject to a requirement either to be included in the lease or permit or imposed as a stipulation, to the effect that no mining or exploratory operations will be conducted that, in the opinion of the Regional Mining Supervisor of the Geological Survey, would constitute a hazard to oil or gas production, or that would unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same land.

4. Maps and surveys. (a) Well records and survey plats that an oil and gas lessee must file pursuant to applicable operating regulations (30 CFR Part 221), shall be available for inspection at the office of the Regional Oil and Gas Supervisor by any party holding a potash permit or lease on the land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

(b) Maps of mine workings and surface installations and records of core analyses that a potash lessee must file pursuant to applicable operating regulations (30 CFR Part 231), shall be available for inspection at the office of the Regional Mining Supervisor to any party holding an oil and gas lease on the same land insofar as such maps or records are pertinent to the development and protection of oil and gas deposits.

5. Unit plans. Any unit plan hereafter approved or prescribed that includes oil and gas leases covered by this notice shall include a provision embodying in substance the requirements set forth in items 1 (a), (b), and (d), and 4 (a), hereof.

6. Definition. The word "potash" as used herein shall be deemed to embrace

potassium and associated minerals as specified in the act of February 7, 1927 (44 Stat. 1057).

IV. The lessee of any existing lease in the designated Potash Area may make such land subject to the rules and regulations of Part III above by filing an election to do so, in duplicate, with the Land Office, Bureau of Land Management, Santa Fe, N. Mex. Except to the extent herein modified, the general regulations contained in 43 CFR Part 3100, and the specific regulations in Part 3120 (governing the leasing and development of oil and gas deposits) and Part 3140 (governing the leasing and development of potash deposits), shall be applicable to the lands covered hereby.

V. The designated Potash Area is described as follows:

## NEW MEXICO PRINCIPAL MERIDIAN

T. 19 S., R. 20 E.  
Secs. 1 and 2;  
Secs. 11 to 14 inclusive;  
Secs. 23 to 26 inclusive;  
Secs. 35 and 36.  
T. 20 S., R. 29 E.  
Secs. 1 and 2;  
Secs. 11 to 15 inclusive;  
Secs. 22 to 27 inclusive;  
Secs. 34 to 36 inclusive.  
T. 21 S., R. 29 E.  
Secs. 1 to 5 inclusive;  
Secs. 10 to 15 inclusive;  
Secs. 22 to 27 inclusive;  
Secs. 34 to 36 inclusive.  
T. 22 S., R. 29 E.  
Secs. 1 to 5 inclusive;  
Secs. 8 to 17 inclusive;  
Secs. 20 to 29 inclusive;  
Secs. 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. 19 S., R. 31 E.  
Secs. 31 to 36 inclusive.  
T. 20 S., R. 31 E.  
T. 21 S., R. 31 E.  
T. 22 S., R. 31 E.  
Secs. 1 to 9 inclusive;  
Secs. 16 to 21 inclusive;  
Secs. 28 to 33 inclusive.  
T. 23 S., R. 31 E.  
Secs. 4 to 9 inclusive;  
Secs. 10 to 21 inclusive;  
Secs. 28 to 33 inclusive.  
T. 19 S., R. 32 E.  
Secs. 23 to 28 inclusive;  
Secs. 31 to 36 inclusive.  
T. 20 S., R. 32 E.  
T. 21 S., R. 32 E.  
T. 19 S., R. 33 E.  
Secs. 21 to 36 inclusive.  
T. 20 S., R. 33 E.  
T. 21 S., R. 33 E.  
T. 19 S., R. 34 E.  
Secs. 19 and 20;  
Secs. 29 to 32 inclusive.  
T. 20 S., R. 34 E.  
Secs. 3 to 10 inclusive;  
Secs. 18 to 36 inclusive.  
T. 21 S., R. 34 E.  
Secs. 5 to 8 inclusive;  
Secs. 17 to 20 inclusive;  
Secs. 29 to 32 inclusive.

The area described, including public and nonpublic lands, aggregates 420,212.38 acres, more or less.

VI. This order shall be effective on the date of publication in the FEDERAL REGISTER.

Dated: May 11, 1965.

STEWART L. UDALL,  
Secretary of the Interior.

JPM, Doc: 63-5140; Filed: May 14, 1965;  
8:46 a.m.]

130 F.R. 6692-93

sentence "These orders are effective October 30, 1975." should be inserted in lieu thereof.

Dated: October 31, 1975.

HENRY S. DOGIN,  
Acting Administrator,  
Drug Enforcement Administration.  
[FR Doc.75-29699 Filed 11-4-75; 8:45 am]

Law Enforcement Assistance  
Administration

NATIONAL INSTITUTE OF LAW ENFORCEMENT AND CRIMINAL JUSTICE ADVISORY COMMITTEE

Meeting

Notice is hereby given that the Advisory Committee of the National Institute of Law Enforcement and Criminal Justice, Law Enforcement Assistance Administration, will meet on November 21, 1975 at the Hospitality House Motor Inn in Arlington, Virginia.

Topics of discussion will include the special needs of criminal justice research, the achievement of consistency in dispositions, and deterrence.

The meeting will be open to the public. For further information, please contact Gerald M. Caplan, National Institute of Law Enforcement and Criminal Justice, Law Enforcement Assistance Administration, U.S. Department of Justice, 633 Indiana Avenue NW., Washington, D.C. 20531. (202) 376-3606.

GERALD YAMADA,  
Attorney-Advisor,  
Office of General Counsel.  
[FR Doc.75-29720 Filed 11-4-75; 8:45 am]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management  
COLORADO

District Managers Delegation of Authority

OCTOBER 22, 1975.

1. In accordance with authority contained in sections 3.1 and 3.9(g) of Bureau Order No. 701 of July 23, 1964, as amended, the amount not to be exceeded in sales by District Managers of material other than forest products is increased to \$5,000.

2. Effective date. This delegation will become effective November 5, 1975.

DALE R. ANDRUS,  
State Director.  
[FR Doc.75-29716 Filed 11-4-75; 8:45 am]

National Park Service  
[INT FES 75-87]

WHITE SANDS NATIONAL MONUMENT,  
NEW MEXICO; PROPOSED MASTER PLAN

Availability of Final Environmental  
Statement

Pursuant to Section 102(2)(C) of the National Environmental Policy Act, the Department of the Interior has prepared a final environmental statement on a proposed master plan for White Sands

National Monument located within Dona Ana and Otero Counties, New Mexico.

The environmental statement considers development patterns, land classification, boundary adjustments, and management goals for administration of the area. Major development proposals include an improved circulation pattern at the monument entrance, additions to the existing headquarters building and improvements for picnicking in the dunes, additional parking, and a new road to the Heart-of-the-Dunes to form a one-way interpretive motor road. Boundary proposals involve a proposed land exchange in the Garton Lake Area and the deletion of the Dog Canyon tract.

Copies are available from or for inspection at the following locations:

Southwest Regional Office, National Park Service, Old Santa Fe Trail, Post Office Box 728, Santa Fe, New Mexico 87501.  
White Sands National Monument, Post Office Box 458, Alamogordo, New Mexico 88310.  
Chaco Center, Anthropology Building, Room 240, University of New Mexico, Post Office Box 25176, Albuquerque, New Mexico 87125.

Dated: October 14, 1975.

STANLEY D. DOREMUS,  
Secretary,  
of the Interior.

[FR Doc.75-29695 Filed 11-4-75; 8:45 am]

Office of the Secretary

EDDY AND LEA COUNTIES, NEW MEXICO

Oil, Gas, and Potash Leasing and  
Development Within Potash Area

For the purpose of revising the rules for concurrent operations in prospecting for, development, and production of oil and gas and potash deposits owned by the United States within the Potash Area and for the purpose of revising the designated Potash Area to which the amended provisions are to be applicable, it is ordered as follows:

I. The Order of the Secretary of the Interior dated February 6, 1939 (4 FR 1012), withholding certain lands in New Mexico from application or lease under the oil and gas provisions of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended, which Order was revoked by Order of the Secretary of the Interior dated October 16, 1951 (16 FR 10669), shall continue to be revoked. The lands described in said Order dated February 6, 1939 (except the E $\frac{1}{2}$ SE $\frac{1}{4}$ , sec. 24, and the E $\frac{1}{2}$ E $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ , sec. 25, T. 20 S., R. 29 E., N.M.M., which were withdrawn from all forms of entry by Public Land Order No. 569, 14 FR 1086), which were opened for oil and gas leasing by said Order dated October 16, 1951, shall continue to be open for oil and gas leasing. This Order shall not affect the current status of land with respect to its being withdrawn from, or open for, entry or leasing.

II. Subject to the provisions of I. above, the provisions of the Order of the Secretary of the Interior dated May 11, 1965 (30 FR 6692-93), and the Potash Area designated therein are revised to be as specified herein.

III. General Provisions—A. Issuance of Oil and Gas Leases.

The Department of the Interior reaffirms its position that the lease stipulations contained in the Order of May 11, 1965, adequately 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 will be required, as a condition to the issuance of such lease, to execute a stipulation to the lease as follows:

1. No wells will be drilled for oil or gas except upon approval of the Area Oil and Gas Supervisor of the Geological Survey, it being understood that drilling will be permitted only in the event that it is satisfactorily established that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States would best be subserved thereby.

2. No wells will be drilled for oil or gas at a location which, in the opinion of the Area Oil and Gas Supervisor, 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 it is determined by the Area Oil and Gas Supervisor 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 Area Oil and Gas Supervisor.

4. The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations including such requirements as the Area Oil and Gas Supervisor 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.

The Area Oil and Gas Supervisor in any action taken under Part A, Items 1, 2, 3, and 4 shall take into consideration the recommendations of the Area Mining Supervisor of the Geological Survey and the applicable conservation rules and regulations of the Oil Conservation Commission of the State of New Mexico.

B. Renewal or Extension of Oil and Gas Leases.

As a condition to the granting of any renewal or extension of any existing lease embracing lands included in the designated Potash Area, the lessee will be required to execute a stipulation identical to that specified in Part A, Items 1, 2, 3, and 4 hereof.

C. Potash Leases

All potash permits and leases hereafter issued or existing potash leases hereafter renewed for Federal lands within the designated Potash Area, shall be subject to a requirement either to be included in the lease or permit or imposed as a stipulation, to the effect that no mining

or exploratory operations will be conducted that, in the opinion of the Area Mining Supervisor, would constitute a hazard to oil or gas production, or that would unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same land.

#### D. Minable Reserves.

1. Each potash lessee will file annually by January 1 with the Area Mining Supervisor a map or maps on which has been delineated the following information with respect to the Federal potash leases which it then holds:

a. The areas where active mining operations are now in progress on one or more ore zones.

b. The areas where mining operations have been completed on one or more ore zones.

c. The presently unmined areas which are considered to contain a minable reserve in one or more ore zones, i.e., those areas (enclaves) where potash ore is known to exist in sufficient thickness and quality to be minable under present day technology and economics.

d. The areas within these enclaves which are believed to be barren of commercial ore.

The Area Geologist of the Geological Survey, in consultation with the Area Mining Supervisor, will review the information submitted in this regard and make any revisions in the boundaries of the proposed minable reserves (potash enclaves) which are consistent with the data available at the time of such analyses. The Area Geologist and Area Mining Supervisor will commit their initial findings to a map or maps of suitable scale and will thereafter revise that map or maps as necessary to reflect the latest available information.

#### E. Oil and Gas Drilling.

1. It will be departmental policy to deny approval of most applications for permits to drill oil and gas tests from surface locations within the potash enclaves established in accordance with Part D, item 1 hereof. Two exceptions to this policy will be permitted under the following conditions:

a. Drilling of vertical or directional holes will be allowed to take place from barren areas within the potash enclaves when the Area Mining Supervisor determines that such operations will not adversely affect active or planned mining operations in the immediate vicinity of the proposed drillsite.

b. Drilling of vertical or directional holes will be permitted to take place from a drilling island located within a potash enclave when: (1) there are no barren areas within the enclave or drilling is not permitted on the established barren area(s) within the enclave because of interference with mining operations; (2) the objective oil and gas formation beneath the lease cannot be reached by a well which is vertically or directionally drilled from any permitted location within the barren area(s); or, (3) in the opinion of the Area Oil and Gas Supervisor, the target formation beneath a re-

mote interior lease cannot be reached by a well directionally drilled from a surface location outside the potash enclave. Under these circumstances, the Area Mining Supervisor will, in consultation with the Area Oil and Gas Supervisor, establish an island within the potash enclave from which the drilling of that well and subsequent wells will be permitted. The Area Mining Supervisor in establishing any such island will, consistent with the data supplied by the Area Oil and Gas Supervisor regarding present directional drilling capabilities, select a site which will minimize the loss of potash ore. No island will be established within one mile of any area where approved mining operations will be conducted within three years. To assist the Area Mining Supervisor in this regard, he may require affected potash mining operators to furnish a three-year mining plan.

2. In order to protect the equities between oil and gas lessees while at the same time reducing the number of oil and gas wells which operators propose to drill in the Potash Area, the Area Oil and Gas Supervisor will make greater use of his prerogative to require unitization. Unitization will be mandatory in those cases where completion of the proposed well as a producer would result in the drainage of oil and gas from beneath other Federal lands within a potash enclave. Thus, unitization will be prerequisite to the approval of any well which is (1) located adjacent to an enclave (within a quarter of a mile if an oil test or one-half mile if a gas test) and which is to be drilled vertically to the prospective formation; (2) to be directionally drilled from an adjacent surface location to bottom in a formation, beneath an enclave; or, (3) to be vertically or directionally drilled from a barren area or island within an enclave. Any unit plan hereafter approved or prescribed that includes oil and gas leases covered by this notice shall include a provision embodying in substance the requirements set forth in Part A, items 1, 2, 3, and 4 hereof.

3. The Department will cooperate with the New Mexico Oil Conservation Commission (NMOCC) in the implementation of that agency's rules and regulations. In that regard, the Federal potash lessees shall continue to have the right to protest to the NMOCC the drilling of a proposed oil and gas test 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 NMOCC Order 111, as amended. However, the Department will exercise its prerogative to make the final decision of whether to approve the drilling of any proposed well on a Federal oil and gas lease within the Potash Area.

4. Applications for permits to drill vertical tests for oil and gas at locations that are in the Potash Area but outside the State of New Mexico's "Oil-Potash Area" and which do not directly offset an enclave (within a quarter mile of an oil test or within one-half mile if a gas

test) will be routinely approved by the Area Oil and Gas Supervisor after review by the Area Mining Supervisor.

#### F. Access to Maps and Surveys.

1. Well records and survey plats that an oil and gas lessee must file pursuant to applicable operating regulations (30 CFR Part 221), shall be available for inspection at the office of the Area Oil and Gas Supervisor, by any party holding a potash permit or lease on the land 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 must file pursuant to applicable operation regulations (30 CFR Part 231), shall be available for inspection at the office of the Area Mining Supervisor by any party holding an oil and gas lease on the same land insofar as such maps or records are pertinent to the development and protection of oil and gas deposits.

3. Maps of potash enclaves shall be available for inspection in the office of the Area Geologist, Area Mining Supervisor, and Area Oil and Gas Supervisor. Copies of such maps will be available through local reproduction firms in Roswell, New Mexico.

#### G. Definition.

The word "potash" as used herein shall be deemed to embrace potassium and associated minerals as specified in the Act of February 7, 1927 (44 Stat. 1057).

IV. The lessee of any existing lease in the designated Potash Area may make such land subject to the rules and regulations of Part III, above by filing an election to do so, in duplicate, with the Land Office, Bureau of Land Management, Santa Fe, New Mexico. Except to the extent herein modified, the general regulations contained in 43 CFR Part 3100 (governing the leasing and development of oil and gas deposits) and Part 3500 (governing the leasing and development of potash deposits), shall be applicable to the lands covered hereby.

V. The designated Potash Area is described as follows:

#### NEW MEXICO PRINCIPAL MERIDIAN

T. 23 S., R. 28 E.,  
Secs. 25 and 36.  
T. 23 S., R. 28 E.,  
Sec. 1.  
T. 19 S., R. 29 E.,  
Secs. 1 and 2;  
Secs. 11 to 15 inclusive;  
Secs. 22 to 26 inclusive;  
Secs. 35 and 36.  
T. 20 S., R. 29 E.,  
Secs. 1 and 2;  
Secs. 11 to 15 inclusive;  
Secs. 22 to 27 inclusive;  
Secs. 34 to 36 inclusive.  
T. 21 S., R. 29 E.,  
Secs. 1 to 6 inclusive;  
Secs. 10 to 15 inclusive;  
Secs. 22 to 27 inclusive;  
Secs. 34 to 36 inclusive.  
T. 22 S., R. 29 E.,  
Secs. 1 to 6 inclusive;  
Secs. 8 to 17 inclusive;  
Secs. 19 to 36 inclusive.

- T. 23 S., R. 29 E.,  
Secs. 1 to 17 inclusive;  
Secs. 21 to 28 inclusive;  
Secs. 35 to 36 inclusive.
- T. 24 S., R. 29 E.,  
Secs. 1 to 4 inclusive.
- T. 18 S., R. 30 E.,  
Secs. 8 to 17 inclusive;  
Secs. 20 to 29 inclusive;  
Secs. 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.,  
Secs. 1 to 18 inclusive.
- T. 19 S., R. 31 E.,  
Secs. 31 to 36 inclusive.
- T. 20 S., R. 31 E.,  
T. 21 S., R. 31 E.,  
T. 22 S., R. 31 E.,  
T. 23 S., R. 31 E.,  
T. 24 S., R. 31 E.,  
Secs. 1 to 18 inclusive.
- T. 19 S., R. 32 E.,  
Secs. 25 to 28 inclusive;  
Secs. 31 to 36 inclusive.
- T. 20 S., R. 32 E.,  
T. 21 S., R. 32 E.,  
T. 22 S., R. 32 E.,  
Secs. 1 to 12 inclusive.
- T. 19 S., R. 33 E.,  
Secs. 21 to 36 inclusive.
- T. 20 S., R. 33 E.,  
T. 21 S., R. 33 E.,  
T. 22 S., R. 33 E.,  
Secs. 1 to 12 inclusive.
- T. 19 S., R. 34 E.,  
Secs. 19 and 20;  
Secs. 29 to 32 inclusive.
- T. 20 S., R. 34 E.,  
Secs. 3 to 10 inclusive;  
Secs. 15 to 36 inclusive.
- T. 21 S., R. 34 E.,  
Secs. 5 to 8 inclusive;  
Secs. 17 to 20 inclusive;  
Secs. 29 to 32 inclusive.

The area described, including public and nonpublic lands, aggregates 491,915.71 acres, more or less.

VI. This Order shall be effective on November 5, 1975.

KENT FRIZZELL,  
Acting Secretary  
of the Interior.

OCTOBER 7, 1975.

[FR Doc.75-29642 Filed 11-4-75; 8:45 am]

Office of the Secretary  
[INT FES 75-90]

**PROPOSED LACASSINE WILDERNESS AREA**

**Availability of Final Environmental Statement**

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, Public Law 91-190, the Department of the Interior has prepared a final environmental statement for the Proposed Lacassine Wilderness Area, Cameron Parish, Louisiana.

The proposal recommends about 2,854 acres of the Lacassine National Wildlife Refuge, Cameron Parish, Louisiana, be designated as wilderness within the National Wilderness Preservation System.

Copies of the final statement are available for inspection at the following locations:

Regional Director, U.S. Fish and Wildlife Service, 17 Executive Park Drive, N.E., Atlanta, Georgia 30329.

Refuge Manager, Lacassine National Wildlife Refuge, Route 1, Box 186, Lake Arthur, Louisiana 70549.

U.S. Fish and Wildlife Service, Division of Wildlife Refuges, Room 2280, 18th and C Streets, N.W., Washington, D.C. 20240.

Single copies may be obtained by writing the Environmental Impact Statement Coordinator, Division of Wildlife Refuges, U.S. Fish and Wildlife Service, Department of the Interior, Washington, D.C. 20240.

STANLEY D. DOREMUS,  
Deputy Assistant Secretary  
of the Interior.

OCTOBER 30, 1975.

[FR Doc.75-29679 Filed 11-4-75; 8:45 am]

**DEPARTMENT OF AGRICULTURE**

**Federal Crop Insurance Corporation**

[Notice No. 100]

**GRAPE CROP INSURANCE: NEW YORK AND PENNSYLVANIA**

**Extension for Applications Date**

Pursuant to the authority contained in § 411.3 of Title 7 of the Code of Federal Regulations, the time for filing applications for grape crop insurance for the 1976 crop year in all counties in New York and Pennsylvania where such insurance is otherwise authorized to be offered is hereby extended until the close of business on December 19, 1975. Such applications received during this period will be accepted only after it is determined that no adverse selectivity will result.

(SEAL) M. R. PETERSON,  
Manager,  
Federal Crop Insurance Corporation.

[FR Doc.75-29682 Filed 11-4-75; 8:45 am]

[Notice No. 101]

**WHEAT CROP INSURANCE—HOUSTON COUNTY, GEORGIA**

**Extension of Applications Date**

Pursuant to the authority contained in § 401.103 of Title 7 of the Code of Federal Regulations, the time for filing applications for wheat crop insurance in Houston County, Georgia, where such insurance is otherwise authorized to be offered is hereby extended until the close of business on November 15, 1975. Such applications received during this period will be accepted only after it is determined that no adverse selectivity will result.

(SEAL) M. R. PETERSON,  
Manager,  
Federal Crop Insurance Corporation.

[FR Doc.75-29683 Filed 11-4-75; 8:45 am]

**DEPARTMENT OF COMMERCE**

**Domestic and International Business Administration**

[File No. 23(74)-6; Case No. 479 (CP-36A)]

**HEWLETT-PACKARD GES. m.b.H.**

**Order Imposing Civil Penalty and Placing Respondent on Probation for Export Control Violations**

In the matter of Hewlett-Packard Ges. m.b.H., Handelskai 52, Postfach 7, A-1025 Vienna, Austria.

The Director, Compliance Division, Office of Export Administration, Bureau of East-West Trade, issued a charging letter on November 26, 1974, charging the above respondent with violations of the Export Administration Act of 1969 and regulations thereunder. It alleged, in substance, that the respondent had violated §§387.2, 387.4, and 387.6 of the Export Administration Regulations (hereinafter, the export regulations), in that it, on two separate occasions, reexported or caused to be reexported to Czechoslovakia two computer systems with associated peripherals and accessories, of a value of \$61,000 and \$29,000 respectively, containing United States—origin parts and components, without obtaining the required authorization for such reexportation. The respondent's answer, dated January 3, 1975, stated that the facts contained in the charging letter are substantially correct and agreed with the information submitted by the parent company to the Office of Export Administration. In addition, it was represented that a substantial portion of the commodities involved had been manufactured outside the United States; that export licenses had been issued by West Germany and Great Britain; that the licensing specialist involved erroneously considered that outstanding demonstration licenses would provide temporary coverage until United States export permission was obtained, and that the transactions involved would be ultimately approved and licensed by the United States. Pressure from the purchasing organization and personal difficulties which forced the relocation of the employee, who is no longer with the Hewlett-Packard organization, were also cited as extenuating circumstances contributing to the violations.

Pursuant to § 388.10 of the Export Administration Regulations; the Office of General Counsel, with agreement of the Director, Compliance Division, submitted to the Hearing Commissioner a consent proposal for the issuance of an order imposing a civil penalty and placing the respondent on probation for 6 months. In said consent proposal the respondent admitted for the purpose of this compliance proceeding only, did not contest or deny the violations set forth in the charging letter of November 26, 1974. The respondent waived: (1) all rights to oral hearing before the Hearing Commissioner; (2) all rights of administrative appeal from and judicial review of said

06-03.

Friday, February 25, 1939

TITLE 43—PUBLIC LANDS

GENERAL LAND OFFICE

SUSPENSION OF GRANTING OF OIL AND GAS LEASES

FEBRUARY 6, 1939.

For the purpose of protecting and conserving the potash deposits belonging to the United States, it is hereby ordered that, until further notice, no lease under the oil and gas provisions of the Act of February 25, 1920 (41 Stat. 437), as amended by the Act of August 21, 1935 (49 Stat. 874), will be issued for the following-described lands, and no application for oil and gas lease will be accepted, nor will any rights be acquired by the filing of an application therefor, but existing rights are not affected hereby:

NEW MEXICO PRINCIPAL MERIDIAN

T. 19 S., R. 30 E.:

- Sec. 22—S $\frac{1}{2}$ ;
- 23—S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;
- 24—All;
- 25—NE $\frac{1}{4}$ , S $\frac{1}{2}$ , NE $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ ;
- 26 and 27—All;
- 28—SE $\frac{1}{4}$ ;
- 29, 30, 31—All;

T. 19 S., R. 31 E.:

- Secs. 19, 30, 31—All;

T. 20 S., R. 29 E.:

- Sec. 12—SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;
- 13—E $\frac{1}{2}$ E $\frac{1}{2}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ ;
- 24—E $\frac{1}{2}$ E $\frac{1}{2}$ ;
- 25—E $\frac{1}{2}$ E $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ ;
- 30—All;

T. 20 S., R. 30 E.:

- Sec. 3—Lots 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;
- 4—All;
- 5—Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;
- 6—E $\frac{1}{2}$ SE $\frac{1}{4}$ ;
- 7—NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , EE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;
- 8, 9, 10—All;
- 13—SE $\frac{1}{4}$ ;
- 14—NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;
- 15—All;
- 21—N $\frac{1}{2}$ NE $\frac{1}{4}$ ;
- 22 and 23—N $\frac{1}{2}$ ;
- 24—NW $\frac{1}{4}$ ;
- 25—E $\frac{1}{2}$ , SW $\frac{1}{4}$ ;
- 31—E $\frac{1}{2}$ W $\frac{1}{2}$ , Lots 1, 2, 3, 4;
- 35—S $\frac{1}{2}$ ;

T. 20 S., R. 31 E.:

- Secs. 28, 29, 30, 31, 32—All;

T. 21 S., R. 29 E.:

- Sec. 1—All;
- 11—E $\frac{1}{2}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NW $\frac{1}{4}$ ;
- 12—All;
- 13—E $\frac{1}{2}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ ;
- 14—SW $\frac{1}{4}$ NR $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ ;
- 15—NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;
- 22—N $\frac{1}{2}$ N $\frac{1}{2}$ ;
- 23—N $\frac{1}{2}$ N $\frac{1}{2}$ ;
- 24—NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ ;

T. 21 S., R. 30 E.:

- Sec. 3—Lots 3, 4, 5, 6, 11, 12, 13, 14, SW $\frac{1}{4}$ ;
- 4, 5, 6, 7—All;
- 8—E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ ;
- 9—All;
- 10—W $\frac{1}{2}$ ;
- 17 and 18—All;
- 19—Lots 1, 2, 3, 4, E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ ;
- 20—N $\frac{1}{2}$ N $\frac{1}{2}$ ;
- 31—All;

T. 22 S., R. 29 E.:

- Sec. 1—All;
- 11—N $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ ;
- 12, 13, 14, 23, 24—All;
- 25—NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;
- 26—W $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ ;
- 26—NE $\frac{1}{4}$ ;

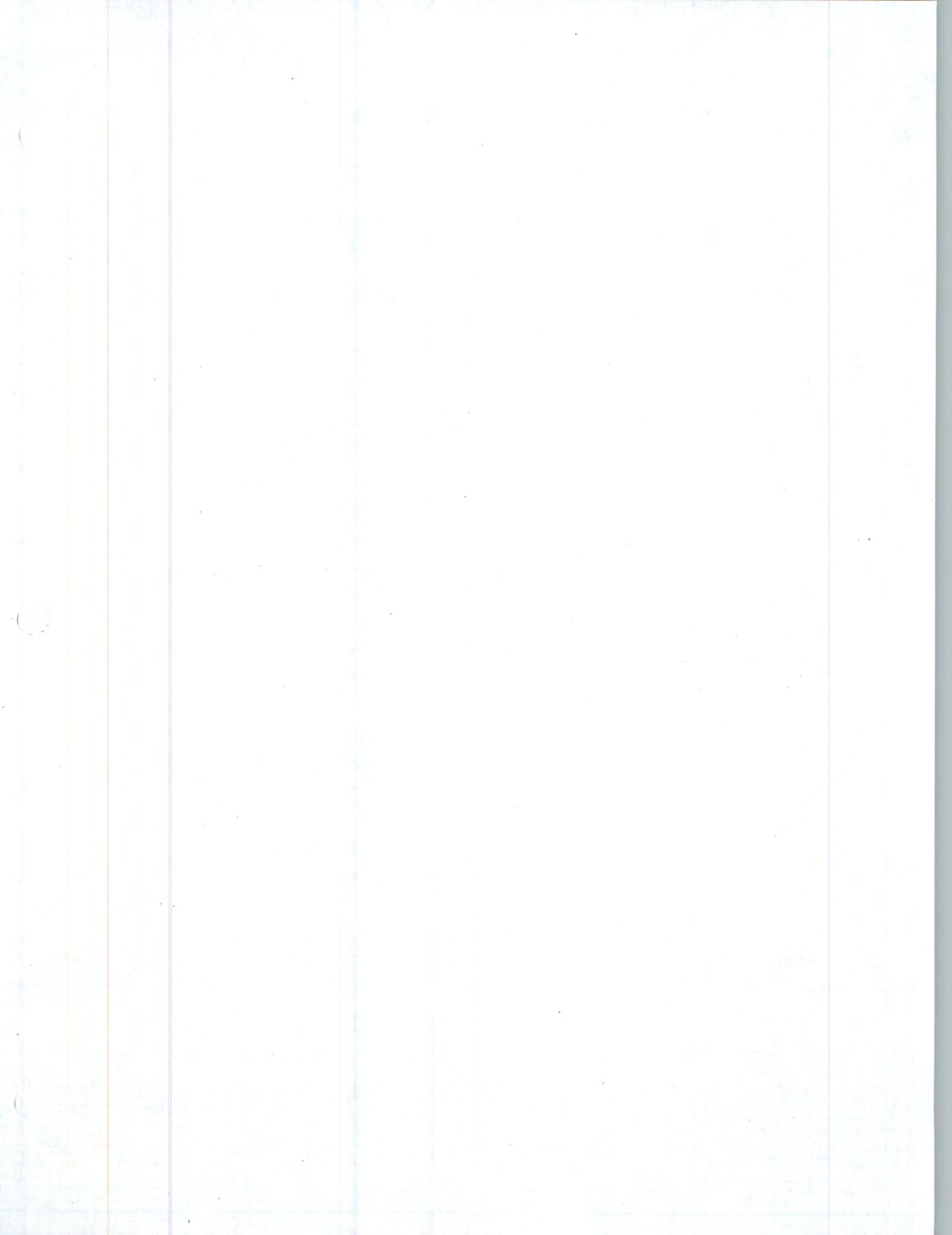
T. 22 S., R. 30 E.:

- Secs. 4, 7, 10—All;
- 10 and 20—All;
- 31—W $\frac{1}{2}$ E $\frac{1}{2}$ , W $\frac{1}{2}$ ;
- 29 and 29—All;
- 30—Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ ;
- 31—Lot 1;
- 42,885.18 acres

HARRY SLATTERY,

Acting Secretary of the Interior.

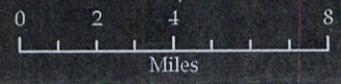
[P. R. Doc. 39-627; Filed, February 24, 1939; 10:31 a. m.]



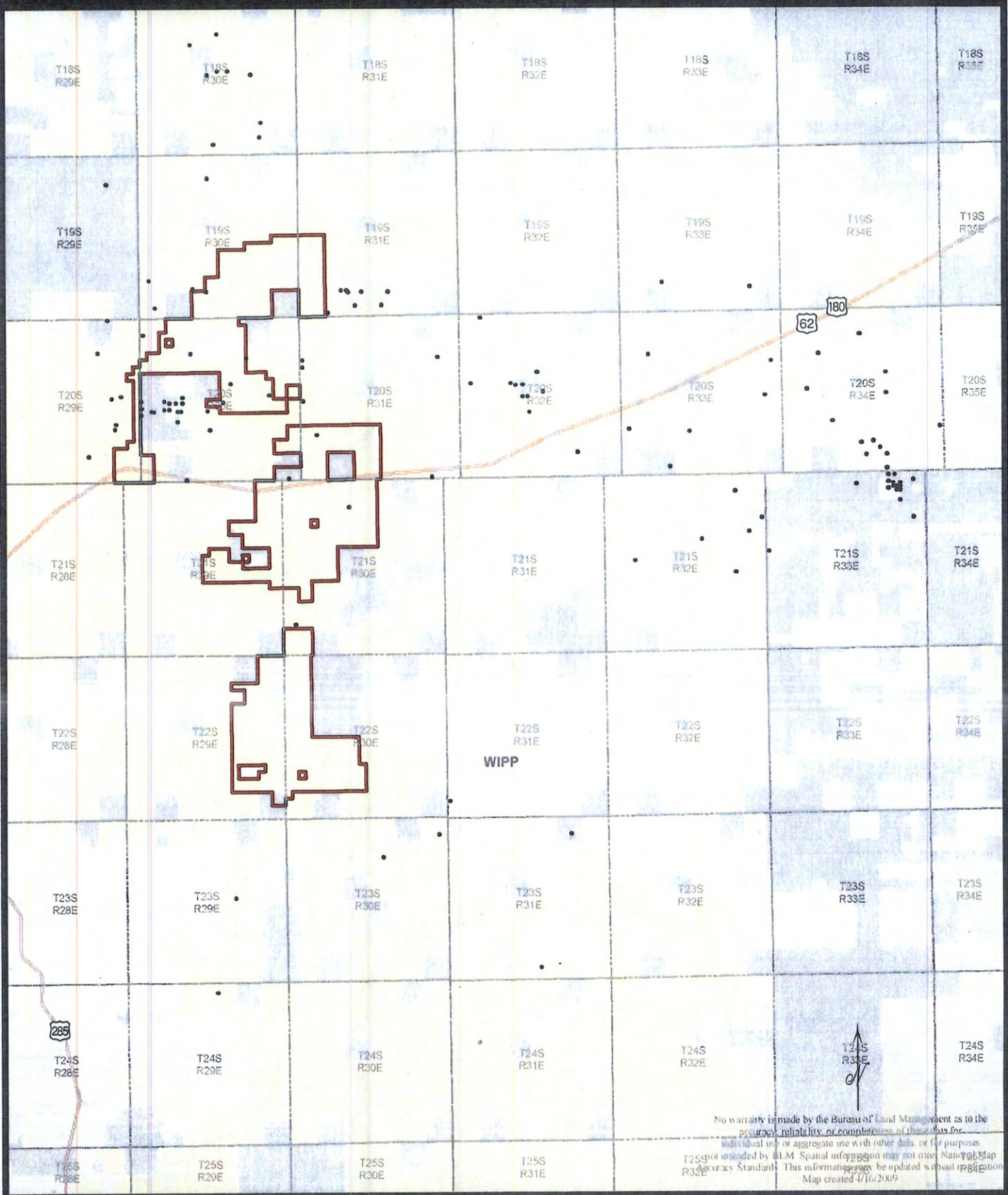
# Secretary's Order 1939



1:300,000



- 1900-1940 Wells
- Townships
- SOPA 1939
- Major Highways
- BLM
- DOE
- Private
- State



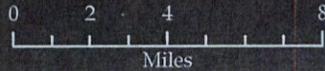
WIPP

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Map created 4/16/2009

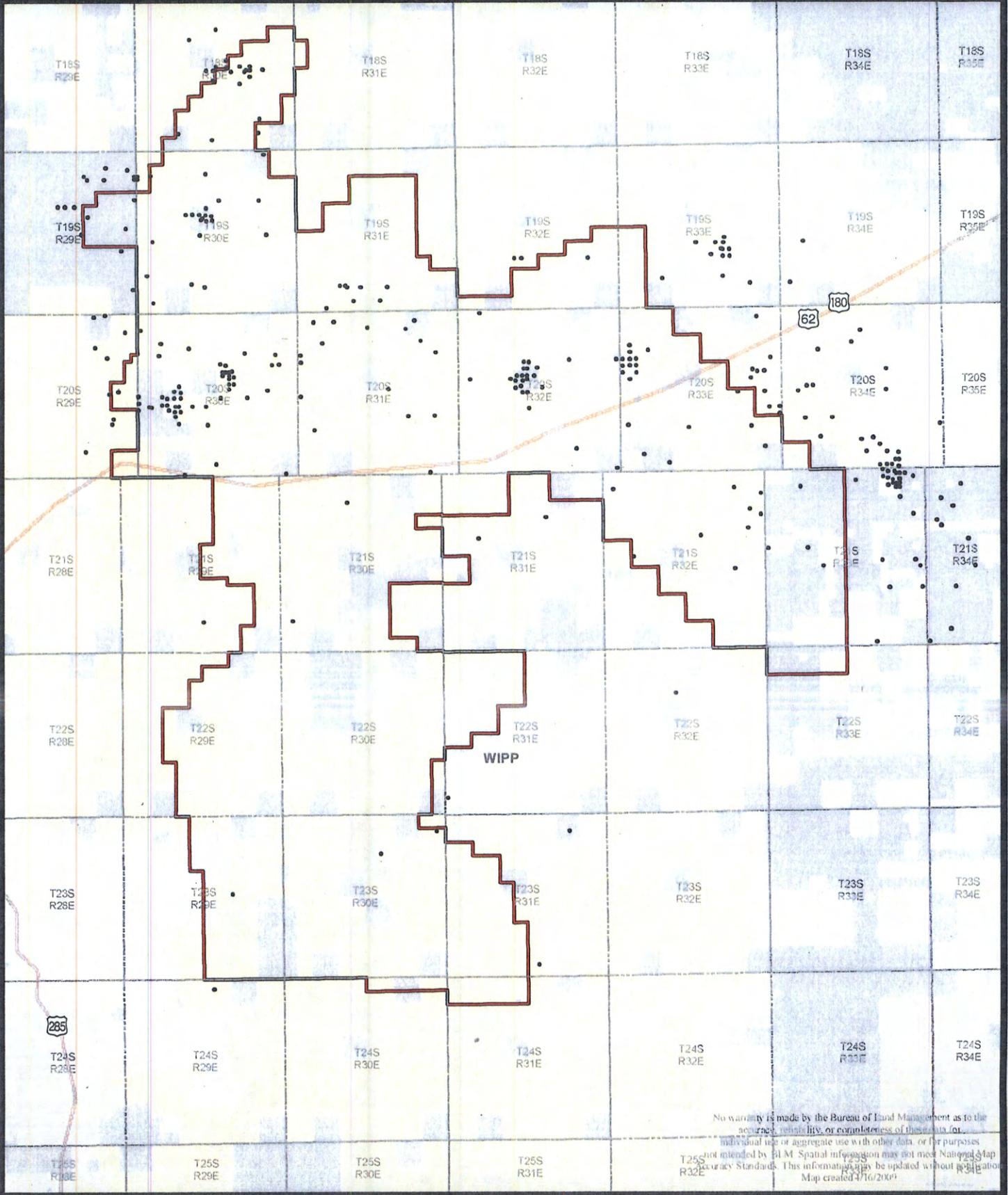
# Secretary's Order 1951



1:300,000



- 1900-1951 Wells
- Major Highways
- Townships
- SOPA 1951
- BLM
- DOE
- Private
- State

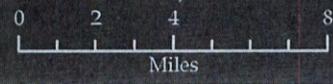


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Map created 4/16/2009

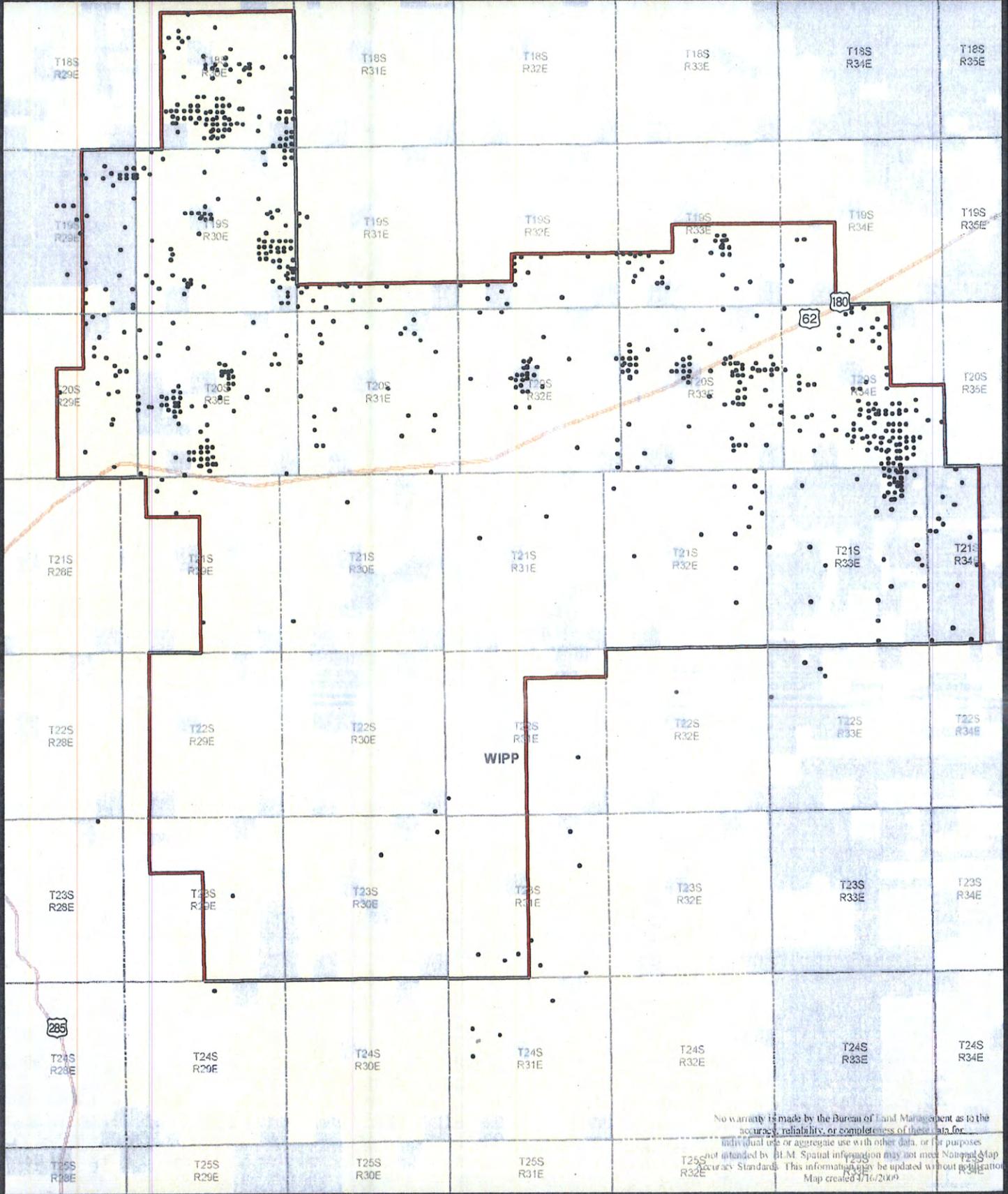
# Secretary's Order 1965



1:300,000



- 1900-1965 Wells
- Major Highways
- Townships
- SOPA 1965
- BLM
- DOE
- Private
- State

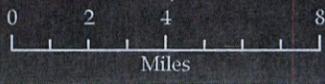


No warranty is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of these data for individual use or aggregate use with other data, or for purposes not intended by BLM. Spatial information may not meet National Map Accuracy Standards. This information may be updated without notification. Map created 3/16/2009.

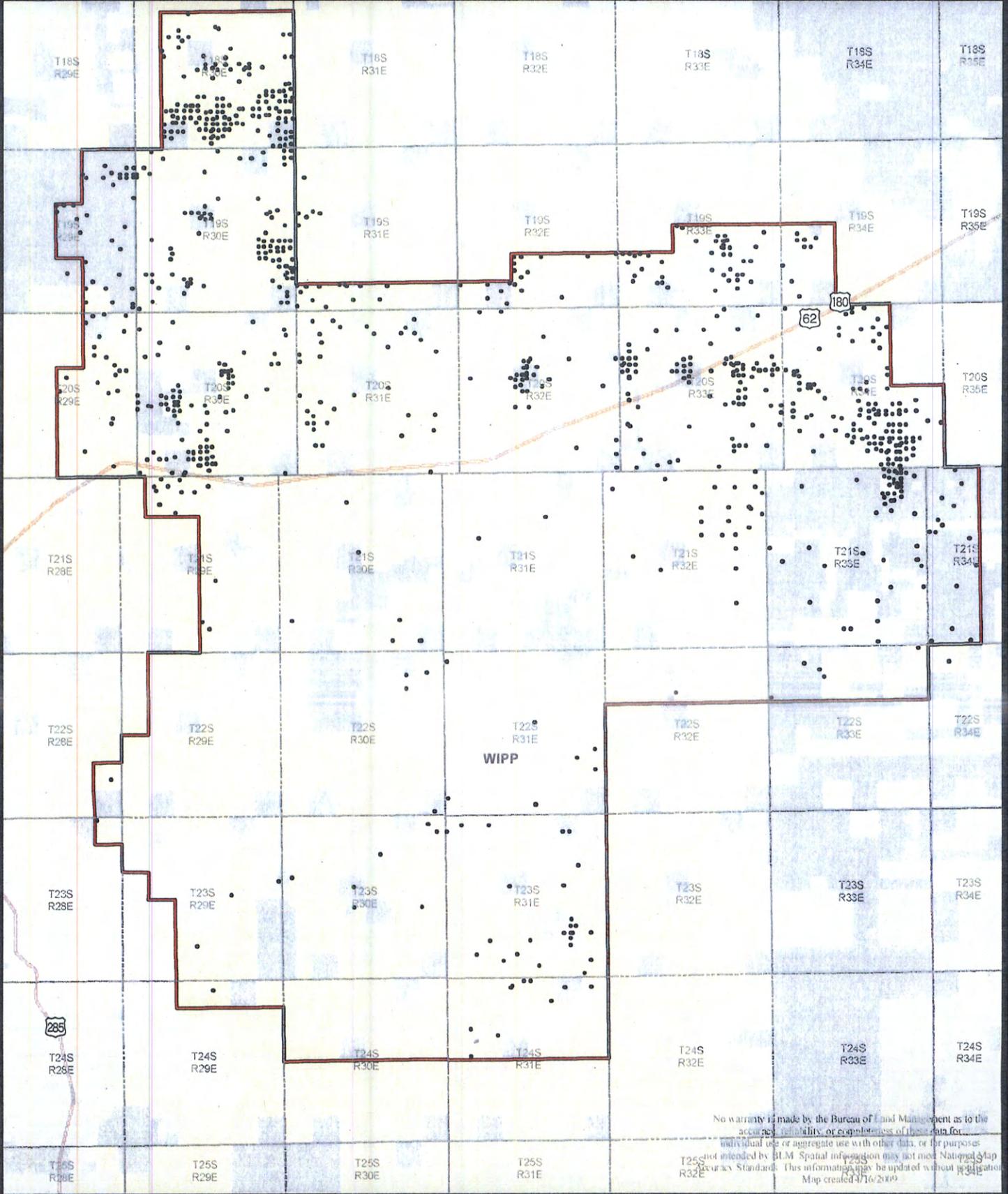
# Secretary's Order 1975



1:300,000



- 1900-1965 Wells
- Major Highways
- Townships
- SOPA 1975
- BLM
- DOE
- Private
- State



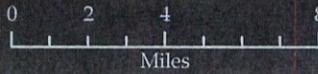
No warranty is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of these data for individual use or aggregate use with other data, or for purposes not intended by BLM. Spatial information may not meet National Map Accuracy Standard. This information may be updated without notification. Map created 4/16/2009

# Secretary's Order

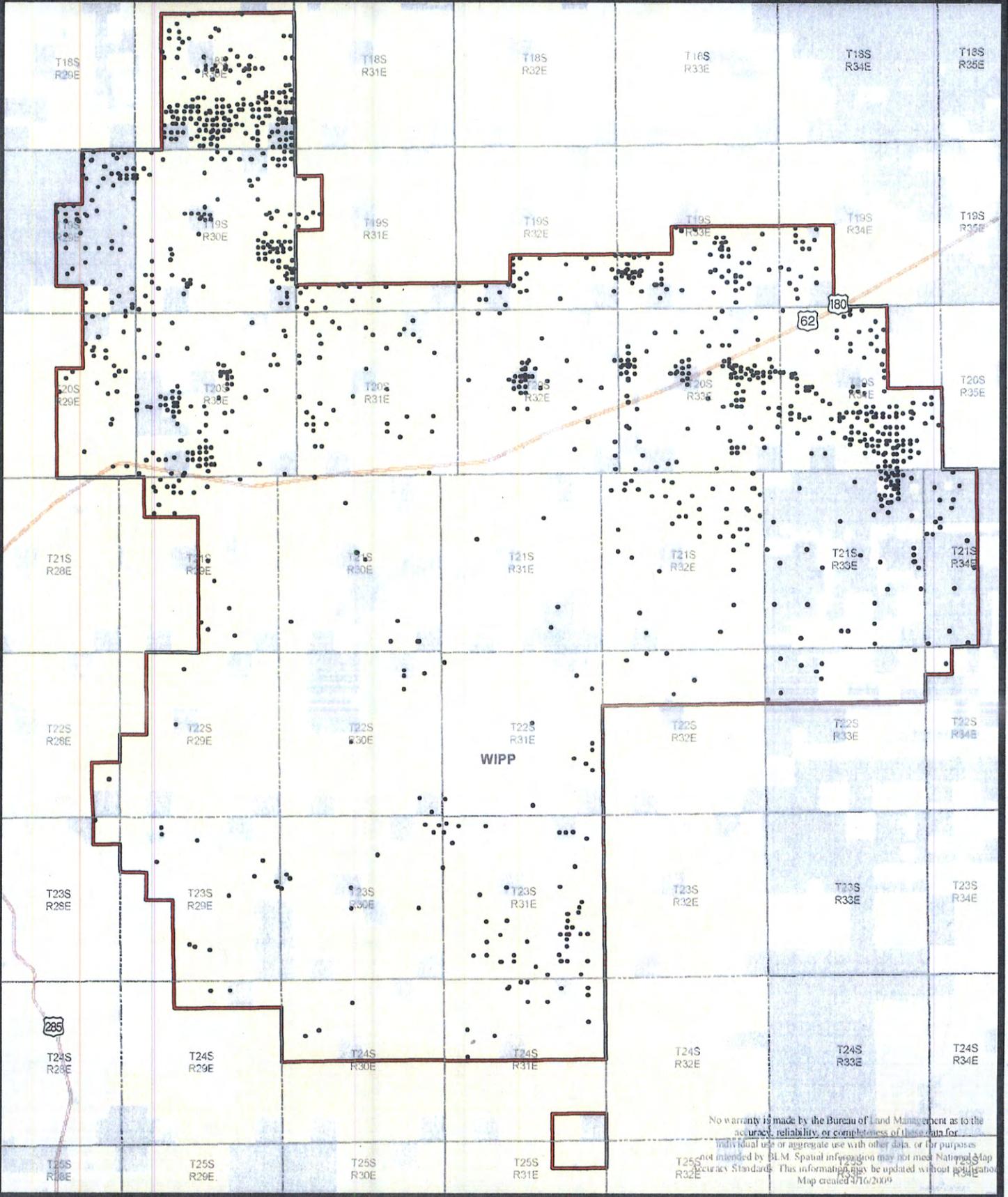
1986



1:300,000



- 1900-1986 Wells
- Major Highways
- Townships
- SOPA 1986
- BLM
- DOE
- Private
- State



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**INFORMATION MEMORANDUM FOR THE SECRETARY**

April 30, 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, Land and Minerals  
Management

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

**I. INTRODUCTION**

(b) (5)

**II. BACKGROUND**

(b) (5)

(b) (5)

III. OVERVIEW OF JITC RECOMMENDATIONS AND ISSUES PRESENTED  
BY THE JITC CONCEPTS

(b) (5)

(b) (5)

(b) (5)

IV. POSITION OF INTERESTED PARTIES  
(b) (5)

(b) (5) V.

PROPOSED NEXT STEPS

## ATTACHMENT 1

**Issues for discussion at separate meeting among JITC, BLM and SOL**  
(b) (5)

(b) (5)

BLM/NM Potash State level



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

New Mexico State Office  
1474 Rodeo Road  
P.O. Box 27115  
Santa Fe, New Mexico 87502-0115  
www.nm.blm.gov

In Reply Refer To:  
3160 (92200) I  
3530

EMS Transmission- 12/19/2006  
Instruction Memorandum No. NM-2007- 011  
Expires: 09/30/2008

To: Pecos District Manager, Carlsbad Field Manager

From: State Director

Subject: **Interim Processing Guidelines**, Oil and Gas Applications for Permit to Drill (APDs) within the "Secretary's Designated Potash Area," (Potash Area), Carlsbad Field Office

**Program Area:** Onshore Oil and Gas Operations, 43 CFR 3160

**Purpose:** This directive provides guidance concerning the processing of APDs in the Potash Area, prior to the completion of the "potash enclave standards" review, which was ordered by the Interior Board of Land Appeals in IBLA 2003-334, et al. (IMC Kalium Carlsbad, Inc., et al.)

**Action:** The Potash Area contains significant portions where the potash enclave boundary will not change no matter what revisions may result from the re-evaluation of the potash enclave standards. APDs which have been or will be submitted in these areas may be processed prior to the completion of the enclave standards review. These areas are:

- **Areas Lacking Potash Data** - The current enclave was projected 1/2 mile beyond the last data point which meets or exceeds the current potash thickness and quality standards. In the areas beyond this 1/2 mile zone, lowering or not changing the enclave standards would have no effect on the enclave boundary, and raising the standards would contract the enclave boundary. Therefore, you may process APDs in areas beyond the 1/2 mile zone, where no data points exist, in accordance with the current procedures.
- **Area between the Known Potash Leasing Area and the Secretary's Designated Potash Area** - The majority of this area is classified as barren of potash due to the lack of data points, or data points which are either barren of potash or which indicate sub-economic potash. You may process APDs in this area as long as they are in an area which will not change whether the potash standards are raised or lowered.

When you receive an APD located within this area, you must first review available core

hole data to confirm whether or not the core encountered only barren zones, or sub economic potash. If no core data exists or no potash was encountered in a core, you may process the APD. If sub economic potash was encountered, you must defer the APD until after the enclave standards review is completed.

- **Areas with a Low Density of Core Holes** – The areas currently classified as “Indicated Potash Reserves,” or “Inferred Potash Resources” are delineated as such due to the low density of data points. Changing the potash standard will not alter the Indicated or Inferred designations, since not enough data exists to define enclave, no matter what revisions may be made to the potash standard. Therefore, you may process APDs in Indicated and Inferred areas where the enclave boundary was not determined using one data point in “Measured Potash Reserves” and one data point located in either Indicated or Inferred areas.
- **Mined Out Areas** – Areas exist where the potash enclave has been mined right up to the limits of ore. Even though the 1993 enclave map shows small quantities of enclave beyond the mine workings, no reasonable access exists to mine these areas by mechanical mining techniques. Therefore, you may process APDs in these areas as though no enclave exists, while considering potential safety hazards due to subsidence resulting from past mining operations.
- **Barren Areas Defined by Core Holes** – There are limited barren areas defined by core holes which are completely barren of potash mineralization in all relevant ore zones. These areas may be on the exterior of the enclave or they may be completely surrounded by enclave. The enclave boundary with these barren areas may shift if the potash standards are revised, but it can never extend beyond the barren core holes. Therefore, you may process APDs in areas which will remain barren regardless of a change in the potash standards.
- **Areas in Residuum** - Areas exist on the western side of the Potash Area where salt dissolution has occurred completely through all of the potash ore zones, leaving insoluble residuum in place. The enclave boundary between these “residuum core holes” and ore-quality core holes may shift if the potash standards change, but it can never extend beyond the residuum core holes. Therefore, you may process APDs in the areas which are non-mineralized due to dissolution of the salts through the ore zones, which will not change regardless of a change in the potash standards.
- **Drilling Islands** - The 1986 Secretarial Potash Order allows for the establishment of drilling islands in certain areas within the potash enclave to allow oil and gas drilling while minimizing impacts to measured potash reserves. The decision to establish a drill island “wastes” a minimum amount of potash ore to allow oil and gas drilling, and this decision would not change, whether the potash standards are raised or lowered. Thus, appropriately sited drill islands can continue to be established within the potash enclave, and you may continue to process APDs in existing drill islands, during the period the potash standards are being re-evaluated.

- **Infield Drilling in Barren Areas** - There are several areas where oil and gas wells have been drilled in barren areas on approximately 40 acre spacing, immediately adjacent to the potash enclave. No matter if the potash standards are raised or lowered, these areas will remain impacted by the existing wells. Drilling more wells within these fields will not create further impacts to potash resources. Therefore, you may process APDs which constitute infield drilling in these barren areas.
- **Interior High-Grade Areas** - Interior portions of the enclave, where ore is present with a quality well above the present standards, should not change with a reasonably foreseeable revision to the cut-off standards.

IBLA stated that, although ore being mined today is inherently, "mineable under existing technology and economics," it does not necessarily follow that recent mining also establishes economic cut-off grades or identifies the outer limits of a potash enclave. This is true because the average ore grade is a mixture of higher and lower grade ores, and indicates that the true economic cut-off grade must be lower than that of ore being mined today. Thus, the economic cut-off grade should not be higher than the average ore grade currently being mined. Therefore, any enclave established by an ore grade above the current mined average should remain enclave, and you must process APDs in these areas for denial.

#### **Areas Which Could Be Affected By A Change In The Cut-Off Criteria**

Certain portions of the Secretary's Potash Area could be affected by a change in the cut-off standard. In these areas, APD processing will be deferred until after establishment of new potash standards.

- **Areas with Core Holes Currently Containing Marginal or Sub-economic Ore** - There are portions of the Secretary's Potash Area within the enclave or close to the enclave boundary where core holes contain mineralization just above or just below the current cut-off standard, that meet the other measured ore reserve criteria of thickness and core-hole spacing. In these areas a change in the standard would have an effect on the location of the enclave boundary. Processing APDs submitted near these areas will be deferred until after the cut-off standard is determined.
- **Areas Between Core Holes Containing Economic Ore and Barren Core Holes** - Areas classified as barren which contain one or more core holes which are barren of mineralization and are located within a reasonable distance of other core holes where geologic inference is acceptable, will most likely have a change in the enclave boundary. Processing APDs submitted in areas where the enclave could change if the cut-off standard is raised or lowered will be deferred until the cut-off standard is re-evaluated.

### Conclusion

You may process APDs, either for approval or denial, in areas which conclusively will not be affected by raising or lowering the economic cut-off standard for potash. For those areas that might change, processing APDs will be deferred until after the cut-off standard is re-evaluated. In either instance, you should make specific case-by-case, fact based determinations to process or defer a particular APD. Final decisions will be made for any APD processed according to the requirements of the Secretary's 1986 Order and the guidance of the IBLA decision.

**Timeframe:** This interim guidance shall be followed until the review of the potash enclave standard is completed.

**Background:** Please refer to the attached issue paper.

**Contact:** Vincent Vogt, Solid Minerals Team Leader, at (505) 438-7455 or Jay Spielman, Geologist, at (505) 438-7503.

Signed by:

Linda S.C. Rundell

1 Attachment:

1 – Interim Operating Guidelines for Processing APDs in the Potash Area Prior to the Economic Evaluation for Potash Cut-Off Grades (8 pp)

**Interim Operating Guidelines  
For  
Processing APDs in the Potash Area  
Prior to the Economic Evaluation for Potash Cut-Off Grades**

**Overview**

Various oil and gas operators appealed the BLM's decisions to deny their Applications for Permit to Drill (APDs) during the period between 1992 and 1995. These APDs were denied because they 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. Several of these appeals were consolidated under one case (IBLA 92-612). The case was scheduled for hearing by the Office of Hearings and Appeals. Administrative Law Judge (ALJ) Patricia McDonald heard the case between August 15, 1996 and March 27, 1997. The record addressed was massive and complex. The submission of over 1200 exhibits, 68,000 pages of documents and the testimony of 37 witnesses resulted in a transcript of 15,275 pages. The review of the voluminous record took a great deal of time to review and decide. ALJ McDonald issued her decision July 7, 2003. Judge McDonalds decision was appealed by the three interested parties in 2003 as cases IBLA 2003-334, 335, 336 & 341.

The Interior Board of Land Appeals (IBLA) issued a decision in IBLA 2003-334, 335 336, & 341 on September 7, 2006 regarding the appeals of 72 denied APDs. In this decision IBLA stated; "the identification of potash enclaves is central to BLM's proper administration of the Potash Area under the Secretarial Order". IBLA found "that BLM failed to consider existing technology and economics based upon the best data currently available in periodically identifying and revising potash enclaves under and as required by the Secretarial Order". IBLA remanded most of the 72 denied APDs because the record failed to establish that they were located in properly identified potash enclaves.

The potash cut-off standard established by Van Sickle in 1974 was inherent in the establishment of the potash enclave. That standard defined the economic cut-offs for conventionally mined potash ores as: 4 feet at 10% K<sub>2</sub>O Sylvite, 4 feet at 4% K<sub>2</sub>O Langbeinite, or a mixed ore equivalent of sylvite and langbeinite. Since that standard had not been revisited since 1974, IBLA found BLM had not considered existing technology and economics in establishing the potash enclave. Thus, IBLA remanded the APDs for further consideration of the potash enclave prior to BLM making new decisions.

**Mineral Lands Classification Board Determination of Cut-off**

In 2005 BLM convened a Mineral Lands Classification Board to determine if the potash enclave cut-off grade should be changed as directed by ALJ Patricia McDonald's 2003 decision in IBLA 92-612. Judge McDonalds stated, "the record does not support a conclusion that the standards of four (4) feet of 10 percent K<sub>2</sub>O as sylvite and four (4) feet of 4 percent K<sub>2</sub>O as langbeinite, or a combination of the two, as defined by Van

Sickle in 1974 continues to identify the thickness and quality of potash which is mineable under existing technology and economics" as required by the Secretarial Order of 1986.

The board made their determination based on the assumption that the best way to determine the parameters or standards that constituted ore is to examine the actual mining that is occurring. The board examined numerous mining areas where development mining occurred to the "economic limit" of the ore body. The board found that for Sylvite, development mining was discontinued when the ore grade was close to or below 10% K<sub>2</sub>O Sylvite. Since very little Langbeinite ore has been mined at the economic cut-off, a simple ratio was used to determine the cut-off grade for Langbeinite. (Assuming mining costs, milling costs and sales value are similar to sylvite) This analysis yields a cut-off grade for Langbeinite of 4% K<sub>2</sub>O.

The Mineral Land Classification Board was convened during the time IBLA was reviewing ALJ McDonald's decision in IBLA 92-612.

### **IBLAs Response and the Mineral Lands Classification Board**

The IBLA concluded an analysis of the type used by the Board, was inadequate in determining the lowest grades that are mineable under existing technology and economics. IBLA stated in 2003-334 et al.: "Since potash mining is not a charitable undertaking, it logically follows that potash ore grades currently being mined are 'mineable under existing technology and economics'. It does not, however, necessarily follow that recent mining also establishes applicable economic cut-off grades. (i.e. grades below which it is no longer economic to mine potash) or identifies the outer limits of a potash enclave (i.e. minimum grades of potash ore that are mineable under existing technology and economics.)"

"For example, if 15% sylvite were mined, such could support a finding that > 15% sylvite is mineable but sheds little light on whether 10% is also mineable (but yet to be mined). Such mining would neither confirm nor rebut the continuing validity of the Van Sickle Standard (i.e. 4 feet of 10% Sylvite) for identifying potash enclaves under the Secretarial Order." (170 IBLA 40)

### **The Problem**

The process of re-evaluating the potash enclave is complicated and time consuming. The entire process could take upwards of one year for completion. In the meantime, appealed APDs are being remanded and new APDs will continue to be submitted. Delaying the processing of APDs places a burden on the oil and gas companies and prevents BLM from meeting the deadlines established in the Energy Policy Act.

To avoid holding up all APDs until the potash enclave is re-evaluated, we recommend processing all APDs that we determine are not located in an area which could be affected

by a foreseeable change in the enclave standard. Three possible outcomes exist for an evaluation of the enclave standard:

1. The standard will remain the same and the enclave will not change.
2. The standard will be raised and the enclave will contract.
3. The standard will be lowered and the enclave will expand.

Below is a brief discussion of the affects each outcome will have on the enclave.

### **The Standard Remains the Same**

If the economic standard remains the same as it is today, there will be no change in the boundary of the enclave. Retaining the existing standard is supported by the conclusions reached by the Mineral Lands Classification Board in 2005. The Board examined the average grades being mined today and the grades at which mining was discontinued. The Board determined the grade at which mining was discontinued (cut-off grade), is very close to or below that of the current standard. IBLA ruled that the type of evaluation used by the Board was inconclusive as to the lower limit of the cut-off grade, however, upper limit of the cut-off will be no higher than what is being mined today, but could be lower. That is, the potash ore grades currently being mined are 'mineable under existing technology and economics. It does not, however, necessarily follow that recent mining also establishes applicable economic cut-off grades. That is, the grade at which mining becomes uneconomic.

### **The Standard is Raised**

Raising the cut-off standard will have the net affect of contracting the area of measured ore (enclave) in the Secretary's Potash Area.

Raising the standard is one of the three possible outcomes of an evaluation of the cut-off standard. However, the level to which the cut-off standard can be raised is limited by IBLAs determination that what is being mined today is mineable or economic. The average ore grade for Sylvite mining at the Mosaic mine for the last 6 months averaged 11.61% K<sub>2</sub>O as Sylvite. It is logical to conclude that the cut-off grade for Sylvite will not be raised to level higher than that what is currently being mined or 11.61% K<sub>2</sub>O as Sylvite.

### **The Standard Is Lowered**

Lowering the cut-off grade will have the affect of expanding the enclave

An economic study is required to determine the cut-off grade, there is no definitive information available at this time to estimate the lower limit economical for mining (cut-off grade).

## **The Process and Solution**

The potash enclave (Measured Ore) as depicted on the "Preliminary Map Showing Distribution of Potash Resource, Carlsbad Mining District, Eddy & Lea Counties, New Mexico" last published in 1993, was drawn with the following three criteria:

1. Measured ore will be delineated by data points more than 1½ miles apart if geologic inference shows these projections to be reasonable.
2. Measured ore will not be delineated by less than 3 data points that meet all other distance and thickness and grade criteria.
3. Measured ore will not be projected further than ½ mile from a data point which meets thickness and quality standards where no projection or geologic inference data exists.

#### **Areas Not Affected By A Change In The Cut-Off Criteria**

The current potash enclave has significant areas where the enclave boundary will not change whether there is an increase or decrease in the economic cut-off grade for potash.

#### **Areas Lacking Data**

A significant portion of the enclave boundary is defined by a lack of data points rather than by existing points which are subeconomic. That is, there are no data points extending beyond where the enclave boundary is currently drawn. The enclave was projected ½ mile beyond the last known data point which meets thickness and quality standards. The boundary in these areas will remain the same whether the standard is lowered or stays the same. Only if the standard is raised is there a possibility the boundary will change. The condition necessary for this to occur is when last known data point within the enclave contains ore quality between the current cut-off and where the cut-off would be if it were raised. In this case the area surrounding the core hole would not be classified as measure ore.

Since, leaving the standard the same or lowering it will have no affect on the enclave boundary and raising the standard could only contract the enclave, if we process APDs as if the standard didn't change, then there is no irreparable harm to the potash resource. We conclude that APDs in these areas can be processed as if the standard remained the same, according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

#### **Area Between The KPLA And The Secretary's Potash Area Boundaries**

Large portions of the Secretary's Potash Area are located between the KPLA boundary and the Secretary's Potash Area Boundaries. The majority of this area is classified as barren of potash because the area either the lacks data points, the

data points are barren or potash or the data points contain sub-economic values of potash. In this area APDs can be processed as long as they are in an area which will not change whether the cut-off grade is raised or lowered, and according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

#### **Areas with a low Density of Core Holes**

The ore reserves in the potash area are divided into three categories: Measured, Indicated, and Inferred. Measured is defined as ore where the "quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes; grade and (or) quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of the resource are well established." In the potash area, Measured ore reserves will be delineated by data points no more than 1½ miles apart if geologic inference shows these projections to be reasonable, and Measured ore will not be delineated by less than 3 data points that meet all other distance and thickness and grade criteria.

If an area doesn't meet Measured ore criteria the next lower category is Indicated ore reserves. Indicated reserves are areas where the quantity and grade and (or) quality are computed from information similar to that used for Measured resources, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Measured resources, is high enough to assume continuity between points of observation. Spacing of data points does not meet Measured ore criteria; yet data points show mineralization higher than minimum thickness and quality.

Areas where some information is available, but not to the degree of Indicated ore reserves, are termed Inferred. Inferred ore reserves are estimates that are based on an assumed continuity beyond Measured and (or) Indicated resources, for which there is geologic evidence. Inferred resources may or may not be supported by samples or measurements.

The areas currently classified as Indicated or Inferred ore in the potash area are delineated as such due to the low density of data points. In these areas, raising or lowering the cut-off standard will not have an impact the designation of either Indicated or Inferred.

APDs can be processed for the areas in Indicated and Inferred ore where the enclave boundary was not calculated utilizing one data point in Measured ore reserves and one data point located in Indicated or Inferred ore. Processing will be done according to the 1986 Secretary's Potash Order and the conditions set forth in the IBLAs decision.

### **Mined Out Areas**

Areas exist where the potash enclave has been mined right up to the limits of ore. That is, no ore exists beyond what has already been mined, even though the 1993 map shows ore remaining. In these mined out areas there may or may not be data points on either side of the enclave boundary. Even if small quantities of ore remains beyond the mine workings, there may not be any reasonable access for further mechanical underground mining. In these areas it doesn't matter whether the standard is raised or lowered, no further mechanical mining is possible. For these areas, we conclude that APDs can be processed as if no ore is present, while considering safety hazards created by subsidence resulting from past mining operations.

### **Barren Areas Defined By Core Holes**

There are limited areas where a barren area is defined by core holes which are completely barren of mineralization in every relevant ore zone. These areas may be on the exterior of the potash enclave or they may be completely surrounded by enclave. The enclave boundary present between these barren core holes and ones that have mineralization may shift as the cut-off standard changes, but it can never extend beyond the barren core holes. APDs can continue to be processed in the areas which will remain barren regardless of a change in the cut-off standard.

### **Areas In Residuum**

On the western side of the potash enclave there are areas where dissolution of the Salado Salt has occurred. The flow of under-saturated ground water moving in the formations at the top of the salt has dissolved the salt away, in places, completely through the all of the potash ore zones leaving the insoluble residuum in place. The enclave boundary present between these core holes with all ore zones in residuum and ones that have mineralization in ore quality may shift as the cut-off standard changes, but it can never extend beyond the residuum core holes. APDs can be processed in the areas which will remain non-mineralized due to dissolution of the salts through the ore zones, regardless of a change in the cut-off standard.

### **Drilling Islands**

Areas within the potash enclave where BLM has previously established drilling islands as pursuant to the 1986 Secretarial Order can remain open for further applications. Drilling islands, by definition, are within the potash enclave and were established in areas that minimize the loss of potash ore. Their size is determined by existing conditions or set to a minimum size and not in relation to the potash enclave boundary. Raising or lowering the cut-off standard may have an affect on the enclave boundary. However, since most drill islands are well

within the enclave and established in particular locations for reasons other than the enclave boundary. Changing the enclave boundary will not have an effect on the drill islands size or location.

Since drill islands are established within the potash area in areas which minimize the impacts to measured potash reserves, the establishment of appropriately sited drill islands would be the same whether the cut-off standard is raised or lowered. Thus, nothing should prohibit BLM from continuing to establish appropriately sited drill islands within the enclave or processing APDs in existing drill islands, during the period the enclave cut-off standard is being re-evaluated.

#### **Infield Drilling in Barren Areas**

There are several areas where oil and gas wells have been drilled in barren areas on approximately 40 acre spacing and are immediately adjacent to the potash enclave as presently drawn. If the cut-off standard is raised or lowered, these areas will remain impacted by the existing wells. Drilling more wells within these fields will not create further impacts to potash resources. APDs which constitute infield drilling can continue to be processed.

#### **Interior High Grade Areas**

Areas in the interior portion of the enclave, where ore is present with a quality well above the present cut-off, will not change whether the standard is raised or lowered.

IBLA determined that what is being mined today is mineable, but not necessarily the lowest grades that can be mined economically. This implies that after the economic study of the cut-off grade is completed, the upper limit of the cut-off grade will be no higher than that of ore being mined today. The average ore grade for Sylvite mining at the Mosaic mine for the last 6 months averaged 11.61% K<sub>2</sub>O as Sylvite. Considering the IBLA determination, the cut-off grade for Sylvite will not be raised to an amount higher than 11.61% K<sub>2</sub>O for Sylvite. Thus, any enclave established with a grade above 11.61 % will remain enclave and APDs in these areas can be processed according to the 1986 Secretary's Potash Order, with the additional conditions required by the IBLA in the referenced decision.

#### **Areas Which Could Be Affected By A Change In The Cut-Off Criteria**

There are areas within the Secretary's Potash Area which could be affected by a change in the cut-off standard. In these areas, the approval or denial of the APDs will be deferred until after establishment of a new cut-off standard.

#### **Areas with Core Holes Currently Containing Marginal or Sub-economic Ore.**

There are areas in the Secretary's Potash Area, within the enclave or close to the enclave boundary where core holes contain mineralization just above or below the current cut-off standard and meeting all other measured ore reserve criteria. In these areas a change in the standard would have an affect on the location of the enclave boundary. As described above, any areas of the enclave defined by core holes containing ore above 11.61% K<sub>2</sub>O as Sylvite, would remain enclave. Areas below this grade may change. Processing APDs submitted near these areas will be deferred until after the cut-off standard is determined.

#### **Areas Between Core Holes Containing Economic Ore and Barren Core Holes**

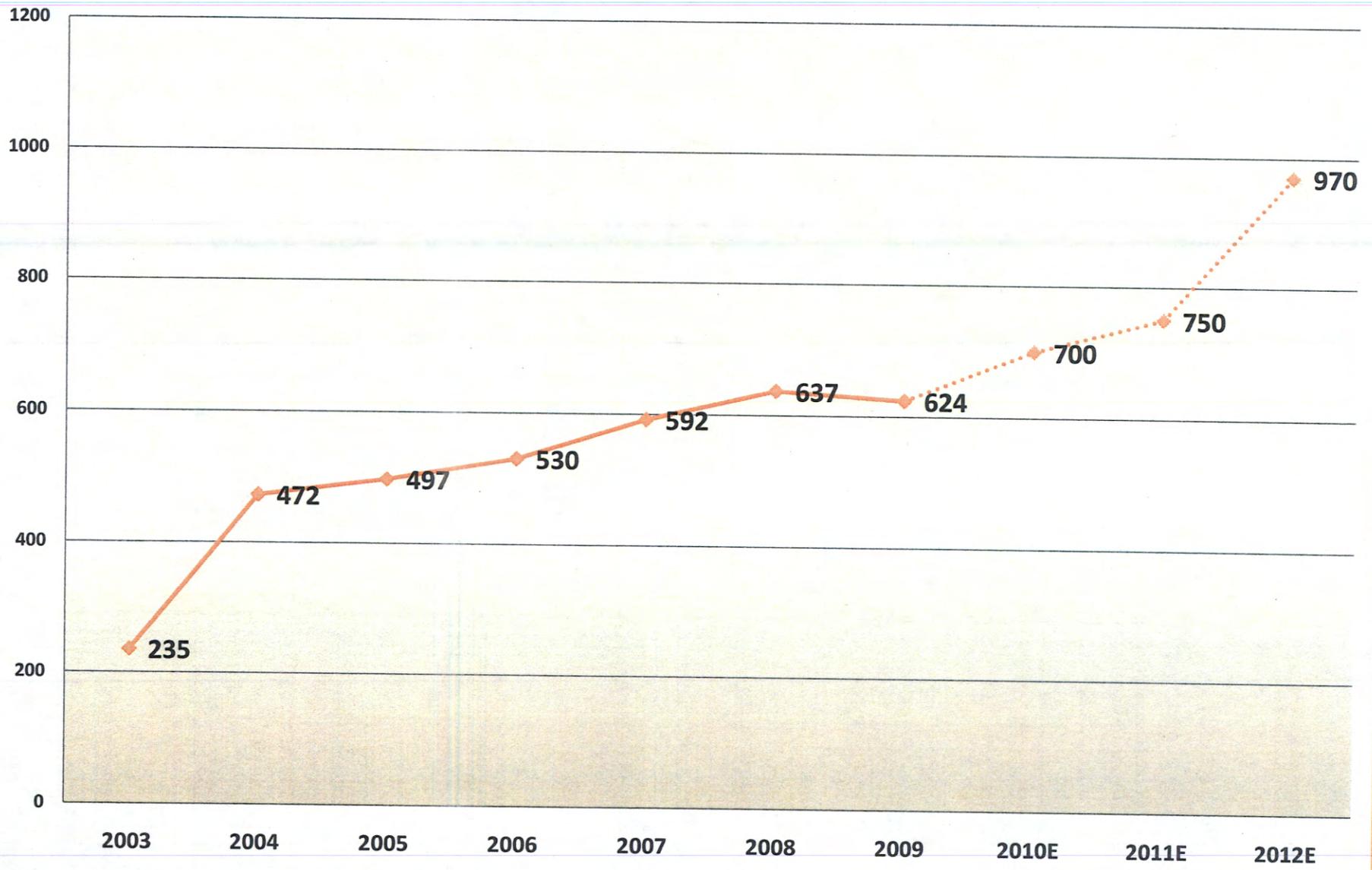
Areas classified as barren which contain one or more core holes which are barren of mineralization and located within a reasonable distance of other core holes where geologic inference is acceptable, will most likely have a change in the enclave boundary. Processing APDs submitted in areas where the enclave could change if the cut-off standard is raised or lowered will be deferred until the cut-off standard is re-evaluated.

#### **Conclusion**

We conclude that APDs can continue to be processed, either for approval or denial, in areas which conclusively will not be affected by raising or lowering the cut-off standard for potash. For those areas that might change, processing APDs will be deferred until after the cut-off standard is re-evaluated. In either instance, specific case-by-case, fact based determination will be made to process or defer a particular APD. Final decisions will be made for any APD processed according to the requirements of the Secretary's 1986 Order and the guidance of the IBLA decision.

1/7/10  
BLM/NM potash

### Intrepid Potash's Carlsbad Employees



GFS(MIN) 63(1979), 42 IBLA 150, 1979 WL 16118 (I.B.L.A.)

United States Department of the Interior  
Office of Hearings and Appeals  
Interior Board of Land Appeals

**\*\*1 BELCO PETROLEUM CORP.**

IBLA 79-40

Decided August 16, 1979

INDEX CODE:  
30 CFR 290.7

Appeal from a decision of the Acting Director, U.S. Geological Survey, affirming the Area Oil and Gas Supervisor's refusal to approve an application to drill for oil and gas in a potash enclave within a designated Potash Area. GS 112 O & G.

Affirmed.

1. Mineral Leasing: GEOLOGICAL SURVEY; MULTIPLE MINERAL DEVELOPMENT ACT; OIL AND GAS LEASES.

An application for permit to drill for oil and gas in a designated Potash Area is properly denied where the applicant fails to show that his application comes within either of the two exceptions to the policy in favor of potash development enunciated in an Order of the Secretary, dated Oct. 7, 1975, 40 FR 51486.

**\*150 APPEARANCES:** James Patrick Miller, Esq., Belco Petroleum Corp., Houston, Texas, for appellant; Robert G. Berger, Esq., Division of Energy and Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C., for U.S. Geological Survey.

OPINION BY ADMINISTRATIVE JUDGE HENRIQUES

Belco Petroleum Corporation (Belco) appeals from a decision of the Acting Director, U.S. Geological Survey (USGS), dated September 21, 1978, affirming the Area Oil and Gas Supervisor's refusal to approve an application for permit to drill. The refusal at issue involved Belco's application to drill the Bass Federal Well No. 3 in sec. 19, T. 20 S., R. 33 E., New Mexico principal meridian, on Federal lease NM 03023-A.

**\*151** By decision of May 20, 1977, the Area Oil and Gas Supervisor informed Belco that its application was denied because 'the drilling of an oil or gas well at the above-described surface location would result in undue waste of commercial potash deposits.' The Supervisor also alluded to an arbitration meeting with Belco and Kerr-McGee Corp., an applicant for a potash lease in the same area, during which the Supervisor indicated that 'USGS would favorably consider an application to drill an oil and gas well at a surface location which would twin the Belco No. 1 Bass Federal in the SE 1/4 NW 1/4 sec. 30, T. 20 S., R. 33 E.; such well to be directionally

drilled from a point below the salt to bottom at the proposed location for your Bass Federal No. 3 in Section 19. The waste of commercial potash deposits caused by a well drilled directionally as described above would be minimal.'

Belco appealed this decision to the Director, U.S. Geological Survey, on June 13, 1977. In his decision of September 21, 1978, the (Acting) Director affirmed the decision of the Area Supervisor. The basis of the Director's decision was an order signed by Acting Secretary of the Interior, Kent Frizzell, dated October 7, 1975, 40 FR 51486. The lands involved in Belco's application lie within an area designated a 'Potash Area' by this same order. The order states in part:

It will be departmental policy to deny approval of most applications for permits to drill oil and gas tests from surface locations within the potash enclave . . . . Two exceptions to this policy will be permitted under the following conditions:

\*\*2 a. Drilling of vertical or directional holes will be allowed to take place from barren areas within the potash enclaves when the Area Mining Supervisor determines that such operations will not adversely affect active or planned mining operations in the immediate vicinity of the proposed drillsite.

b. Drilling of vertical or directional holes will be permitted to take place from a drilling island located within a potash enclave when: (1) there are no barren areas within the enclave or drilling is not permitted on the established barren area(s) within the enclave because of interference with mining operations; (2) the objective oil and gas formation beneath the lease cannot be reached by a well which is vertically or directionally drilled from any permitted location within the barren area(s); or, (3) in the opinion of the Area Oil and Gas Supervisor, the target formation beneath a remote interior lease cannot be reached by a well directionally drilled from a surface location outside the potash enclave. Under these circumstances, the Area Mining Supervisor will, in consultation with the Area Oil and \*152 Gas Supervisor, establish an island within the potash enclave from which the drilling of that well and subsequent wells will be permitted. The Area Mining Supervisor in establishing any such island will, consistent with the data supplied by the Area Oil and Gas Supervisor regarding present directional drilling capabilities, select a site which will minimize the loss of potash ore. No island will be established within one mile of any area where approved mining operations will be conducted within three years. To assist the Area Mining Supervisor in this regard, he may require affected potash mining operators to furnish a three-year mining plan.

Although the Area Oil and Gas Supervisor made no findings as to whether Belco came under either of the above exceptions, the Director specifically found that Belco was covered by neither exception. Indeed, the decision of the Area Oil and Gas Supervisor of May 20, 1977, did not make reference to the order of October 7, 1975. Whatever deficiencies may have been present in the Supervisor's decision have been corrected by the Director's decision. It is the Director's decision which this Board is authorized to review. 30 CFR 290.7 (1978).

In its statement of reasons before the Board, Belco does not dispute the Director's findings that it (Belco) did not qualify for either of the two exceptions set forth in the order. Instead, Belco continues to focus upon the holding of the Area Oil and Gas Supervisor that drilling would cause undue waste of commercial potash deposits. While prevention of undue waste of potash is consistent with the policies set forth in the order,<sup>[FN1]</sup> the grant or denial of an application for permit to drill is governed by the clear terms of the order. Belco makes the following points:

1. At the time of Belco's application, there was no potash lease covering the subject lands. Hence the Supervisor's refusal was based on the twin supposition that a potash lease would issue in the future and that undue waste would be caused to such lease by Belco's \*153 drilling. Such refusal was unreasonable, arbitrary, and

an abuse of discretion.

**\*\*3** 2. The Order of October 7, 1975, requires all mining and exploratory operations for potash be conducted in such a way that they will not be a hazard to oil or gas production or will not unreasonably interfere with the orderly development and production under any oil and gas lease issued for the same land.

We will address each point in order.

The order of October 7, 1975, and its predecessors<sup>[FN2]</sup> reveal the Department's efforts to accommodate oil and gas drilling operations on lands which have been designated a Potash Area. The language in the Order discloses a decided preference for potash operations: 'It will be departmental policy to deny approval of most applications for permits to drill oil and gas tests from surface locations within the potash enclaves . . .' Enclaves are those presently unmined areas which are considered to contain a minable reserve in one or more ore zones, i.e., those areas where potash ore is known to exist in sufficient thickness and quality to be minable under present-day technology and economics. 40 FR 51487. The fact that an area is presently unmined does not deny it the preference accorded active mines.

Belco claims that the subject lands were not only unmined at the time of the Area Oil and Gas Supervisor's denial, but were also not subject to a potash lease at that time. The record reveals, however, that an application for a competitive potash lease had been submitted prior to the Supervisor's decision and that the applicant, Kerr-McGee Corp., strongly opposed Belco's proposed drilling. The record further reveals statements by the Area Geologist, Southern Rocky Mountain Area, dated May 20, 1977, and by the Area Mining Supervisor, SRMA, dated September 19, 1977, which support a finding that potash reserves in the amount of 3.76 million tons exist in the proposed drilling area in minable thickness and grade. We hold, in light of this Department's preference for potash development in a designated Potash Area, that the Director's decision properly followed the Secretarial order and, therefore, was neither unreasonable, arbitrary, nor an abuse of discretion. While the formulation of Departmental policy is properly the domain of the Secretary, it is the function of this Board to review decisions of Geological Survey and the Bureau of Land Management for \*154 their compliance with such policies. Wood Petroleum Corp., 12 IBLA 247 (1973).<sup>[FNa]</sup>

Belco's second argument on appeal calls our attention to a paragraph in the order of October 7, 1975, forbidding potash mining or exploratory operations, which in the opinion of the Area Mining Supervisor, would constitute a hazard to oil or gas production or would unreasonably interfere with orderly development and production under any oil and gas lease issued for the same land.<sup>[FN3]</sup> The decisions of both the Area Oil and Gas Supervisor and the Director acknowledge that 'USGS would favorably consider an application to drill an oil and gas well at a surface location which would twin the Belco No. 1 Bass Federal . . .; such well to be directionally drilled . . .' This option has been at least implicitly rejected by Belco by the filing of this appeal. Belco has not presented any facts which would show that the target formation could not be reached by a well directionally drilled from the area proposed by USGS or that the cost of such directional drilling would not be economically feasible. Thus, it cannot be said that the potential potash production has unreasonably interfered with Belco's operations.

**\*\*4** Further issues raised by Belco's statement of reasons are irrelevant to the Director's decision to affirm the Supervisor's refusal of Belco's application.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Douglas E. Henriques

Administrative Judge

We concur:

Newton Frishberg

Chief Administrative Judge

Joan B. Thompson

Administrative Judge

FN1 As a condition to the issuance of a lease, each successful applicant for a noncompetitive oil and gas lease and any party awarded a competitive lease for lands in the designated Potash Area will be required to execute a stipulation to the lease, stating:

'2. No wells will be drilled for oil or gas at a location which, in the opinion of the Area Oil and Gas Supervisor, 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.'

FN2 The present order is substantially similar to an order of the Secretary of the Interior, dated May 11, 1965, 30 FR 6692-93. This prior order is subject to the provisions of an order of the Secretary, dated October 16, 1951, 16 FR 10669, and an order of the Secretary dated February 6, 1939, 4 FR 1012.

FNa) GFS(MIN) 73 (1970)

FN3 See note 1, supra, for a similar expression in favor of potash mining.

GFS(MIN) 63(1979), 42 IBLA 150, 1979 WL 16118 (I.B.L.A.)  
END OF DOCUMENT

INFORMATION MEMORANDUM

DATE: January 25, 2010
FROM: Linda Rundell, BLM-New Mexico State Director, (505) 954-2222
SUBJECT: OIL AND GAS, AND POTASH CONFLICTS IN NEW MEXICO

I. BACKGROUND

Potash is a trade name for potassium bearing minerals used for fertilizer. Mining in the Carlsbad Area began in 1930 after the discovery of potash in 1925. The Secretary's Potash Area (SPA) was established in 1939. A policy of concurrent development by both the potash and oil and gas industries, regulated by Orders of the Secretary, was originally established in 1951—a key difference from the 1939 order, which preferred potash. The SPA was also significantly expanded in 1951 to approximately 298,000 acres, and expanded further in 1975 and 1986 (Figure 1). To achieve concurrent development, the 1951 and 1986 orders provided for the protection of correlative rights of each industry by placing stipulations in new leases issued for oil and gas, and potash.

The boundaries of the SPA include known mineable reserves of potash (enclaves) as well as indicated and inferred resources. The 1986 Secretarial Order provides the greatest amount of protection to potash in areas where there are known mineable reserves (enclaves). The 1986 Order, which followed a 1975 Order, revised the rules for concurrent operations setting forth parameters for the development of oil and gas and potash in the SPA.

The Secretary's Order defines the stipulations that are placed in all potash leases issued within the SPA, beginning in 1951 and continuing through the 1986 Order, which states in Section III, subsection C the following mandatory stipulation for all potash leases and lessees: "no [potash] mining or exploration operations shall be conducted that ... will constitute a hazard to oil or gas production, or that will unreasonably interfere with the orderly development and production under any oil or gas lease issued for the same lands." Likewise, in Section III, the 1986 Order includes the following mandatory stipulation for all oil and gas leases and lessees: oil and gas drilling "will not interfere with the mining and recovery of potash deposits ... would result in undue waste of potash... constitute a hazard to or unduly interfere with mining operations...or the interest of the United States will best be served by permitting such drilling."

Requisite to implementing these correlative rights stipulations is a requirement that the Department of the Interior (Interior) define, establish, and designate potash enclaves. Interior defined potash enclave as a subset area of the SPA in which known economically mineable potash is delineated. To understand this, we must have an understanding of the definition of potash enclave which is defined in the 1975 Order and remains unchanged in the 1986 Order as a mineable reserve in one or more ore zones, i.e. those areas (enclaves) where potash ore is known to exist in sufficient thickness and quality to be mineable under present day technology and economics. The changes in the Secretary's Order that Intrepid has suggested would also have to go through a rulemaking process as it is incongruent with the protective correlative right stipulations in both the oil and gas and potash leases as they are currently written; i.e., neither industry will interfere with the recovery of the prospective mineral resource of the other industry.

The conflict over mineral development in the Carlsbad Mining District is a result of the area's unique geology supporting oil, gas, and potash. This contentious issue extends back over 80 years and includes a long history of Interior Board of Land Appeals (IBLA) and Federal litigation. Issues raised and debated relating to the policy of concurrent development include safety, what constitutes undue waste of potash, standards used to define known economically mineable potash deposits, and what constitutes unreasonable interference with orderly development and production of oil and gas resources.

To help respond to these ongoing questions, the Bureau of Land Management (BLM) has contracted with Sandia National Laboratories (SNL) to conduct three separate but related studies within the SPA. The first study, the e-log project, was issued in October 2009. This report focused on geophysical well logs and concluded that using existing oil and gas well logs in cased holes cannot provide sufficient information to meet the current ore standard. The second study, the gas migration project, will examine the impacts of underground potash mining on the integrity of oil and gas well bores and help determine a minimum distance between oil and gas drilling and safe underground mining. The study is scheduled for completion by the summer of 2010. The third study, the SPA mapping project, is focused on determining the economical extraction costs (mineability) of potash and appropriate cutoff grade(s). This project will include mapping of economically minable potash reserves (potash enclave) in light of today's economic market and technology, and an analysis of industry's use of X-ray diffraction technique for assaying potash resources. The study is scheduled for completion by December 2010. The studies which will cost approximately \$2.25 million are being conducted in cooperation with stakeholders: the oil and gas industry, the potash mining industry, and the Waste Isolation Pilot Plant. These stakeholders have expressed concerns to Congress about the scope and conduct of the studies. **Figures 2 and 3** show areas leased for potash and oil and gas respectively within the SPA.

Initial research indicates that additional studies will be necessary to further our understanding of the hydrofracturing process of high pressure gas and other potential hazards that may be associated with the leakage of oil, gas, or water into the formation. Field verification of geomechanical modeling will also need to be performed. The letter from SNL indicated that  $\frac{3}{4}$  of a mile may be necessary to prevent impacts to *producing* oil and gas wells, not plugged and abandoned wells. This is going to require an evaluation of existing potash mine plans as they relate to current on-going production of oil and gas in the basin to help us determine what wells may be at risk—conversely, producing oil and gas wells operating within these distances need to be evaluated for any indications of well deformation. Although the science is evolving, and the report is only in draft form, it is good that we can determine, assess, and evaluate risk in the areas where these well bore/mine face interactions occur.

## **II. POSITION OF INTERESTED PARTIES**

Currently, there are two potash companies operating in the SPA: Intrepid Potash (Intrepid), operating from four of the original mine sites; and Mosaic Potash, operating two of the original mine sites. The potash mines are the second largest employer in Carlsbad with about 1,300 employees.

Intrepid wrote a letter to Director Bob Abbey on October 16, 2009, asking for a review of a BLM Instructional Memorandum (IM), issued in December 2006, that provides guidance on processing Applications for Permits to Drill (APDs) within the SPA as well as review of the 1986 Secretarial Order. They request review of our policies as they relate to the protection of potash as well as to concurrent development.

Intrepid seeks additional protections for all potash resources within the SPA, including areas of indicated and inferred resources (which have no known reserves). These resource classifications are based on the amount of data that is available. A great deal of data is needed to identify “known” reserves; less data is needed to identify “indicated” resources; and the least amount of data (e-logs from oil and gas wells) is used to identify “inferred” resources. The potash in southeastern New Mexico occurs in thick salt bearing formations and cannot be easily distinguished from other types of surrounding salts. The 1986 Secretarial Order provides the greatest amount of protection to potash in areas where there are known reserves (potash enclaves).

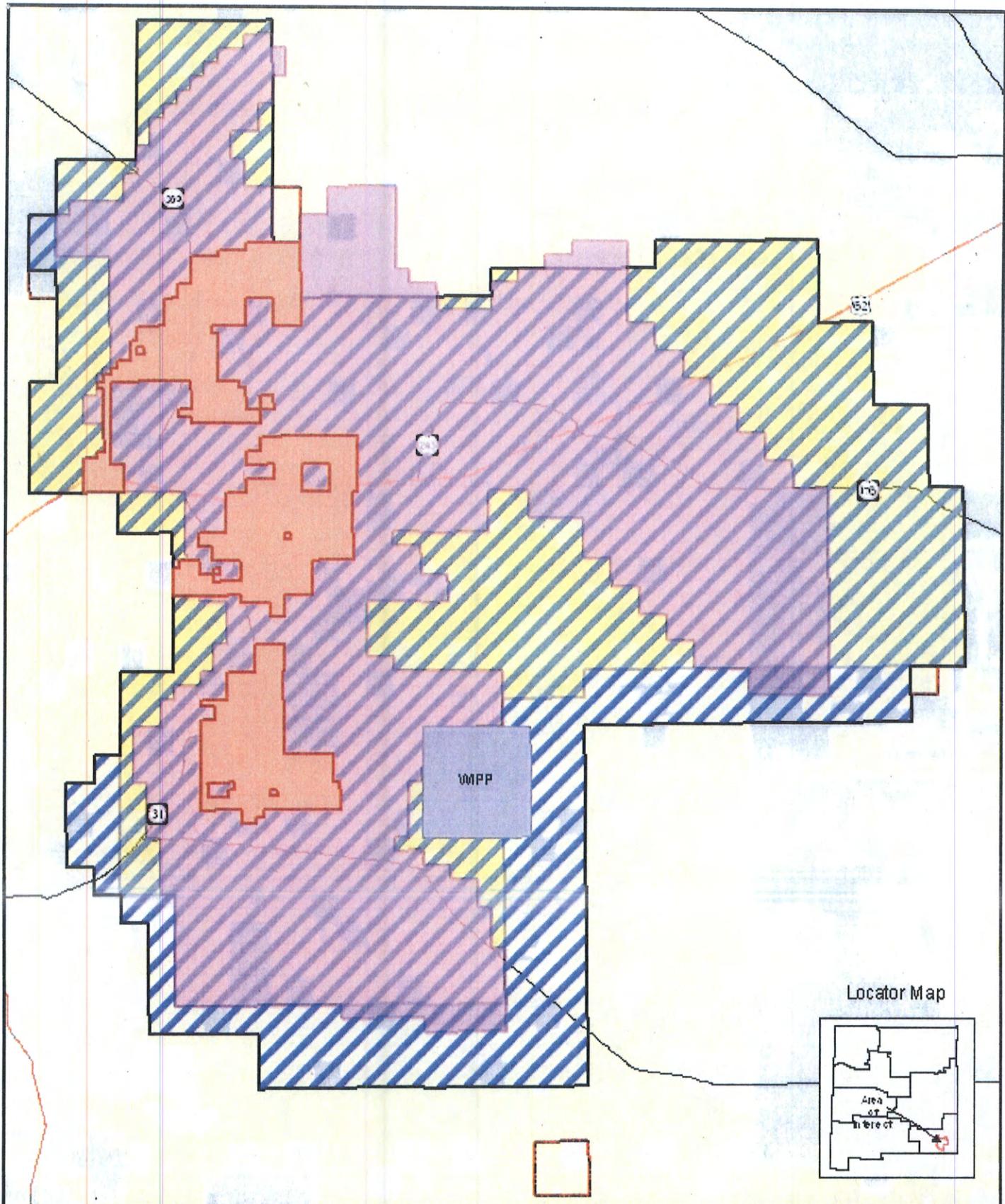
Intrepid requests that the BLM put in place a policy allowing potash operators the opportunity to acquire new data in areas where oil and gas development is planned. The protections sought by Intrepid include notice to potash operators of Applications for Permits to Drill (APD) by oil and gas operators in areas where potash data is lacking, the opportunity for a potash company to explore or otherwise provide data prior to approval of the APD, and denial of an APD if the data demonstrates ore in one or more zones. Thus, the protections that Intrepid seeks could allow potash companies to explore for potash in areas where it does not hold a lease and delay or halt development by oil and gas operators who do hold a lease. Intrepid Potash asks that the IM be clarified as it relates to concurrent development. The BLM operates under the current policy of protective correlative rights. Concurrent development allows the development of both potash and oil and gas, even in areas where potash is known to exist. Recognizing that the policy of concurrent development is set forth in the 1986 Secretarial Order as well, Intrepid also has requested that the Order be revised and updated to provide for sequential development of the resources – potash first then oil and gas.

### **III. LEGAL STATUS**

Intrepid also is currently involved in several ongoing lawsuits. On September 29, 2008, the IBLA issued a favorable decision for BLM regarding the approval of 11 APDs for oil and gas wells in the SPA. This IBLA decision is extremely significant in that it gives a strong endorsement of BLM’s application of policies used to administer the SPA as set forth in the 1986 Secretary’s Potash Order, as interpreted by previous IBLA and Federal District court decisions. This decision has been appealed by Intrepid to the D.C. Circuit Court.

In an unrelated case, on August 29, 2008, the U.S. District Court of New Mexico issued its final decision in the appeal by the Potash Association of New Mexico (PANM) v. the United States Department of Interior and the oil and gas intervenors. PANM sought review of the IBLA’s interpretation of the oil and gas lease stipulations regarding potential denial of APDs if the proposed well would constitute a hazard to potash mining. The court concurred that PANM was improperly reading the September 7, 2006, IBLA decision. This decision has also been appealed by Intrepid Potash to the 10<sup>th</sup> Circuit Court.

Other issues within the SPA include a solution mining proposal by Intrepid that is under environmental review by the BLM.



### Secretary's Potash Orders

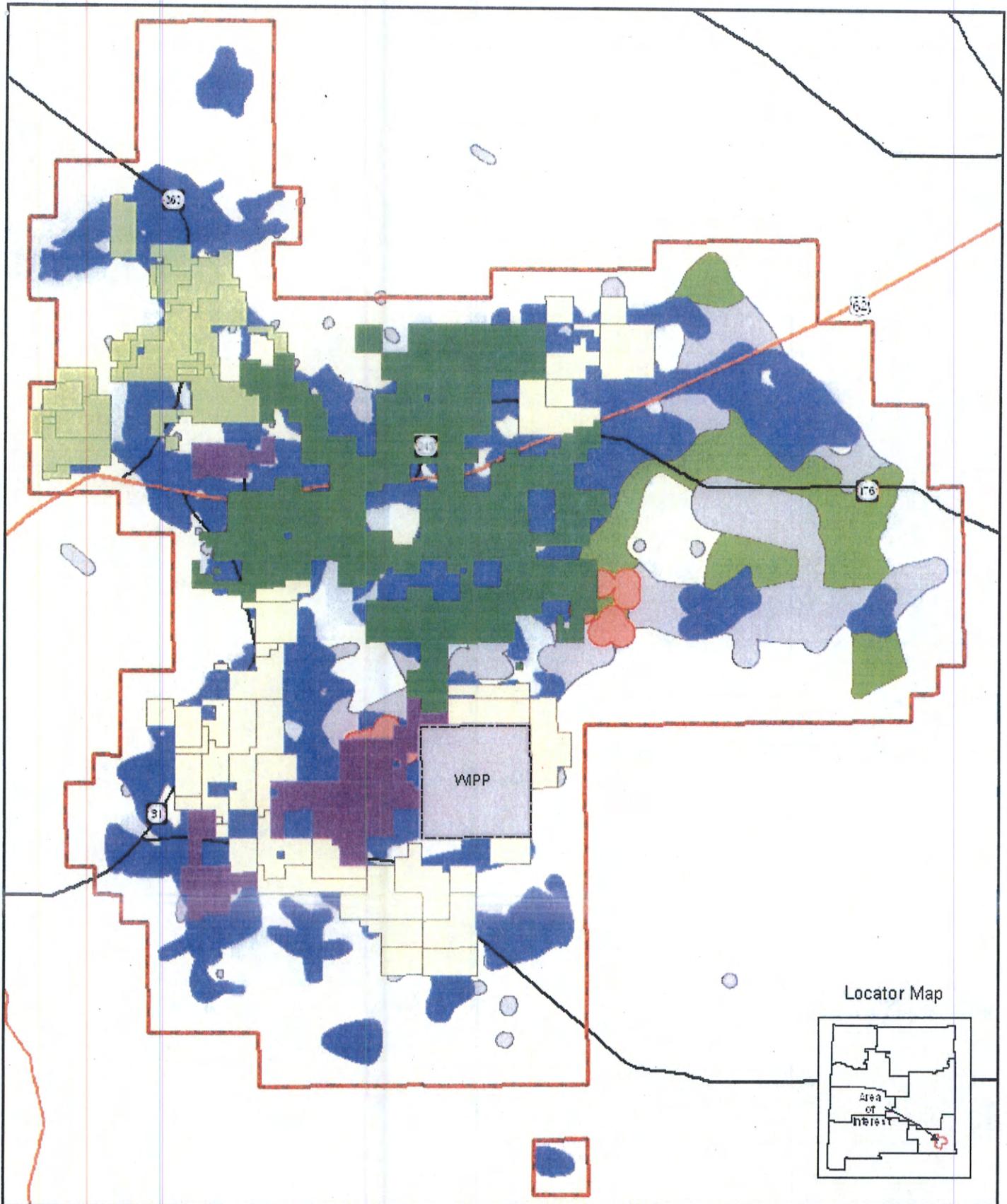
#### Legend

Year	Ownership
1985	BLM
1975	Private
1965	State
1951	State
1939	State

1:300,000

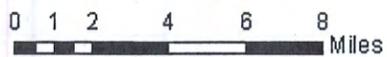
0 1 2 4 6 8 Miles

U.S. Department of the Interior  
Bureau of Land Management  
1985



### Potash Leases

1:300,000



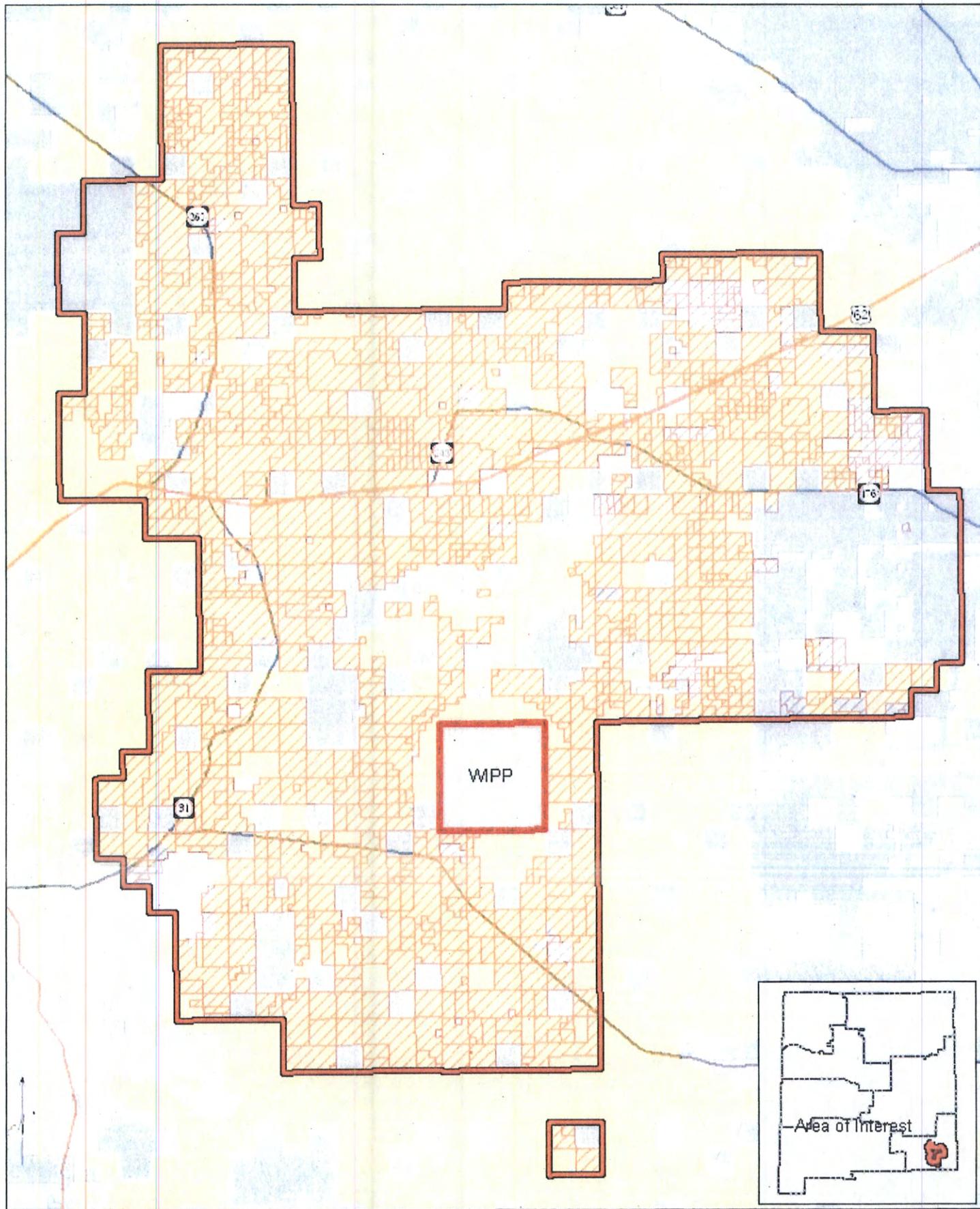
#### Legend

- 1966 Secretary's Potash Area
- Potash Leases
- 1966-1970
- 1971-1975
- 1976-1980
- 1981-1985
- 1986-1990
- 1991-1995
- 1966-1970
- 1971-1975
- 1976-1980



Locator Map





### Oil & Gas Leases

1:300,000

0 1 2 4 6 8 Miles

### Legend

-  WPP
-  Oil & Gas Leases
-  Roads
- BLM
- Private
- State



BLM / NM potash

**BRIEFING PAPER**

**FROM:** The Bureau of Land Management  
**SUBJECT:** Oil and Gas, and Potash Conflicts in New Mexico  
**DATE:** January 6, 2010

**I. SUMMARY**

The conflict over mineral development in the Carlsbad Mining District is a result of the area's unique geology supporting oil, gas, and potash. This contentious issue extends back over 80 years and includes a long history of Interior Board of Land Appeals (IBLA) and Federal litigation.

A policy of concurrent development regulated by Orders of the Secretary was originally established in 1951. The Secretary's Potash Area (SPA) was established in 1939 and significantly expanded in 1951 to approximately 298,000 acres. The boundaries of the SPA include known mineable reserves of potash as well as indicated and inferred resources. The 1986 Secretarial Order provides the greatest amount of protection to potash in areas where there are known mineable reserves. The 1986 Order, which followed a 1975 Order, revised the rules for concurrent operations setting forth parameters for the development of oil and gas and potash in the designated Potash area. Issues raised and debated related to the policy of concurrent development include safety, what constitutes undue waste of potash, standards used to define known economically mineable potash deposits, and what constitutes unreasonable interference with orderly development and production of oil and gas resources.

To help respond to these ongoing questions, the Bureau of Land Management (BLM) has contracted with Sandia National Laboratories (SNL) to conduct three separate but related studies within the SPA. The first study, the e-log project, was issued in October 2009. This report focused on geophysical well logs and concluded that using existing oil and gas well logs in cased holes cannot provide sufficient information to meet the current ore standard. The second study, the gas migration project, will examine the impacts of underground potash mining on the integrity of oil and gas well bores and help determine a minimum distance between oil and gas drilling and safe underground mining. That study is scheduled for completion by the summer of 2010. The third study, the SPA mapping project, is focused on determining the economical extraction costs (mineability) of potash and appropriate cutoff grade(s). This project will include mapping of economically minable potash reserves (potash enclave) in light of today's economic market and technology, and an analysis of industry's use of X-ray diffraction technique for assaying potash resources. The study is scheduled for completion by December 2010. The studies, which will cost approximately \$2.25 million, are being conducted in cooperation with stakeholders: the oil and gas industry, the potash mining industry, and the Waste Isolation Pilot Plant. These stakeholders have expressed concerns to Congress about the scope and conduct of the studies.

**Figures 2 and 3** show areas leased for potash and oil and gas respectively within the SPA.



## II. CURRENT ISSUES

The BLM received a letter dated December 8, 2009, from Senator Michael F. Bennet, Senator Saxby Chambliss, Senator Blanche Lincoln and Senator Thad Cochran expressing concern about the protection of known potash reserves in New Mexico. **(Attachment 1)** A response is currently in surname in BLM.

Currently, there are two potash companies operating in the SPA: Intrepid Potash (Intrepid), operating from four of the original mine sites; and Mosaic Potash, operating two of the original mine sites. The potash mines are the second largest employer in Carlsbad, employing about 1,100 individuals.

Intrepid wrote a letter to Director Bob Abbey on October 16, 2009 **(Attachment 2)**, asking for a review of a BLM Instructional Memorandum (IM), issued in December 2006, which provides guidance on processing Applications for Permits to Drill (APDs) within the SPA as well as review of the 1986 Secretarial Order. Intrepid requested that BLM review of its policies as they relate to the protection of potash as well as to concurrent development. A draft response is currently in surname. **(Attachment 3)**

Intrepid seeks additional protections for all potash resources within the SPA, including areas of indicated and inferred resources (which have no known reserves). These resource classifications are based on the amount of data that is available. A great deal of data is needed to identify "known" reserves; less data is needed to identify "indicated" resources; "inferred" resources require the least amount of data to identify the resource. The potash in southeastern New Mexico occurs in thick salt bearing formations and cannot be easily distinguished from other types of surrounding salts. The 1986 Secretarial Order provides the greatest amount of protection to potash in areas where there are known reserves.

Intrepid requests that the BLM put in place a policy allowing potash operators the opportunity to acquire new data in areas where oil and gas development is planned. The protections sought by Intrepid include notice to potash operators of Applications for Permits to Drill (APD) by oil and gas operators in areas where potash data is lacking, the opportunity for a potash company to explore or otherwise provide data prior to approval of the APD, and denial of an APD if the data demonstrate ore in one or more zones. Thus, the protections that Intrepid seeks could allow potash companies to explore for potash in areas where it does not hold a lease and delay or halt development by oil and gas operators who do hold a lease. Intrepid Potash asks that the IM be clarified as it relates to concurrent development. The BLM operates under the current policy of protective correlative rights. Concurrent development allows the development of both potash and oil and gas, even in areas where potash is known to exist. Recognizing that the policy of concurrent development is set forth in the 1986 Secretarial Order as well, Intrepid also has requested that the Order be revised and updated to provide for sequential development of the resources – potash first then oil and gas.

Intrepid also is currently involved in several ongoing lawsuits. On September 29, 2008, the Interior Board of Land Appeals (IBLA) issued a favorable decision for BLM regarding the approval of 11 Applications for Permits to Drill (APDs) oil and gas wells in the SPA. This IBLA decision is extremely significant in that it gives a strong endorsement of BLM's application of policies used to administer the SPA as set forth in the 1986 Secretary's Potash Order, as interpreted by previous IBLA and Federal District court decisions. This decision has been appealed by Intrepid to the D.C. Circuit Court.



In an unrelated case, on August 29, 2008, the U.S. District Court of New Mexico issued its final decision in the appeal by the Potash Association of New Mexico (PANM) v. the United States Department of Interior and the oil and gas intervenors. PANM sought review of the IBLA's interpretation of the oil and gas lease stipulations regarding potential denial of APDs if the proposed well would constitute a hazard to potash mining. The court concurred that PANM was improperly reading the September 7, 2006, IBLA decision. This decision has also been appealed by Intrepid Potash to the 10<sup>th</sup> Circuit Court.

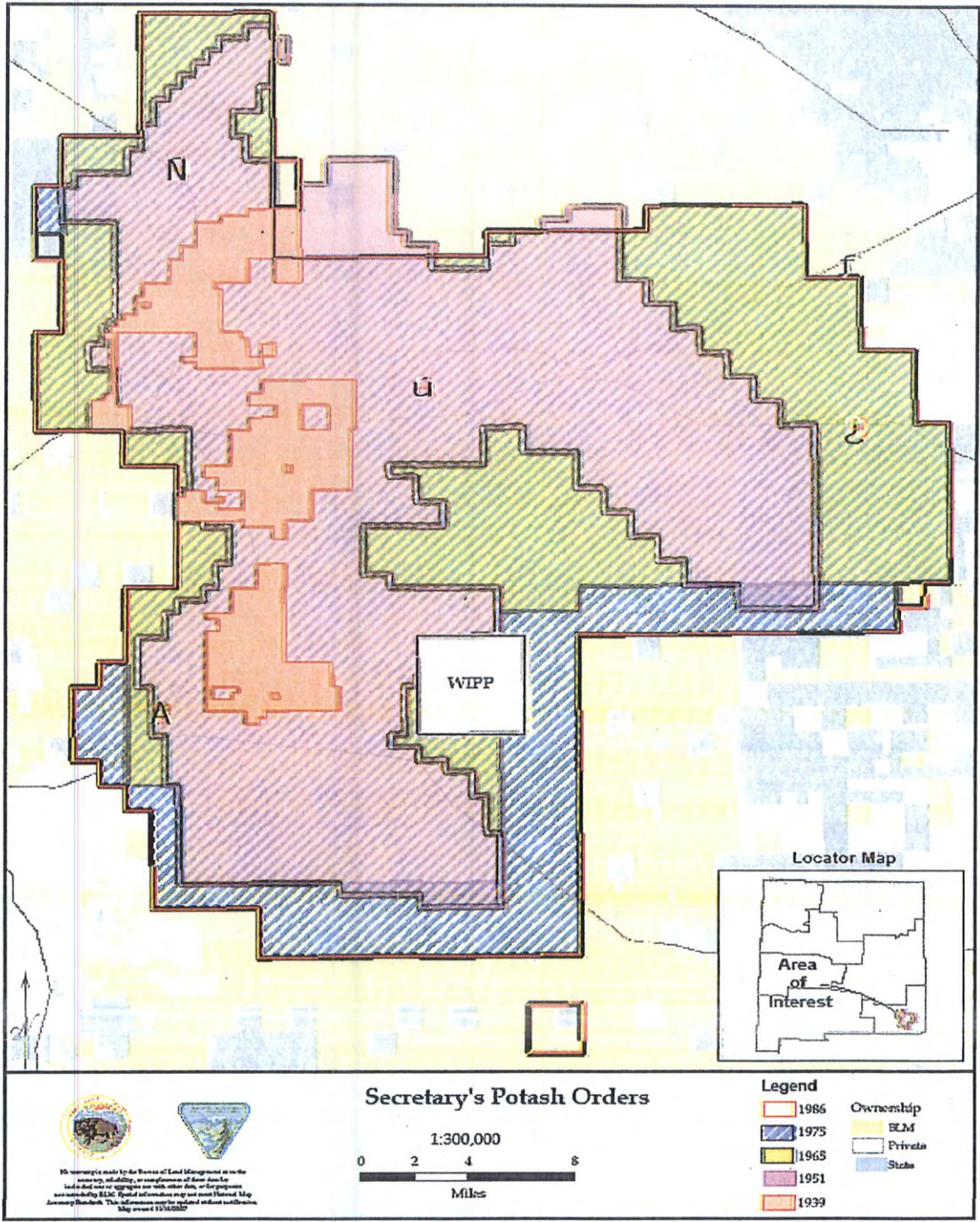
Other issues within the SPA include a solution mining proposal by Intrepid that is under environmental review by the BLM.

### III. BACKGROUND

Potash is a trade name for potassium bearing minerals used for fertilizer. Mining in the Carlsbad Area began in 1930 after the discovery of potash in 1925. The Secretary's Potash Area (SPA) was established in 1939, significantly expanded in 1951 to approximately 298,000 acres, and expanded further in 1975 and 1986 (**Figure 1**). The management policy was also changed in 1951 to one of concurrent development—a key difference from the 1939 order. To achieve concurrent development, the 1951 and 1986 orders provided for the protection of correlative rights of each industry by placing stipulations in new leases issued for oil and gas, and potash.

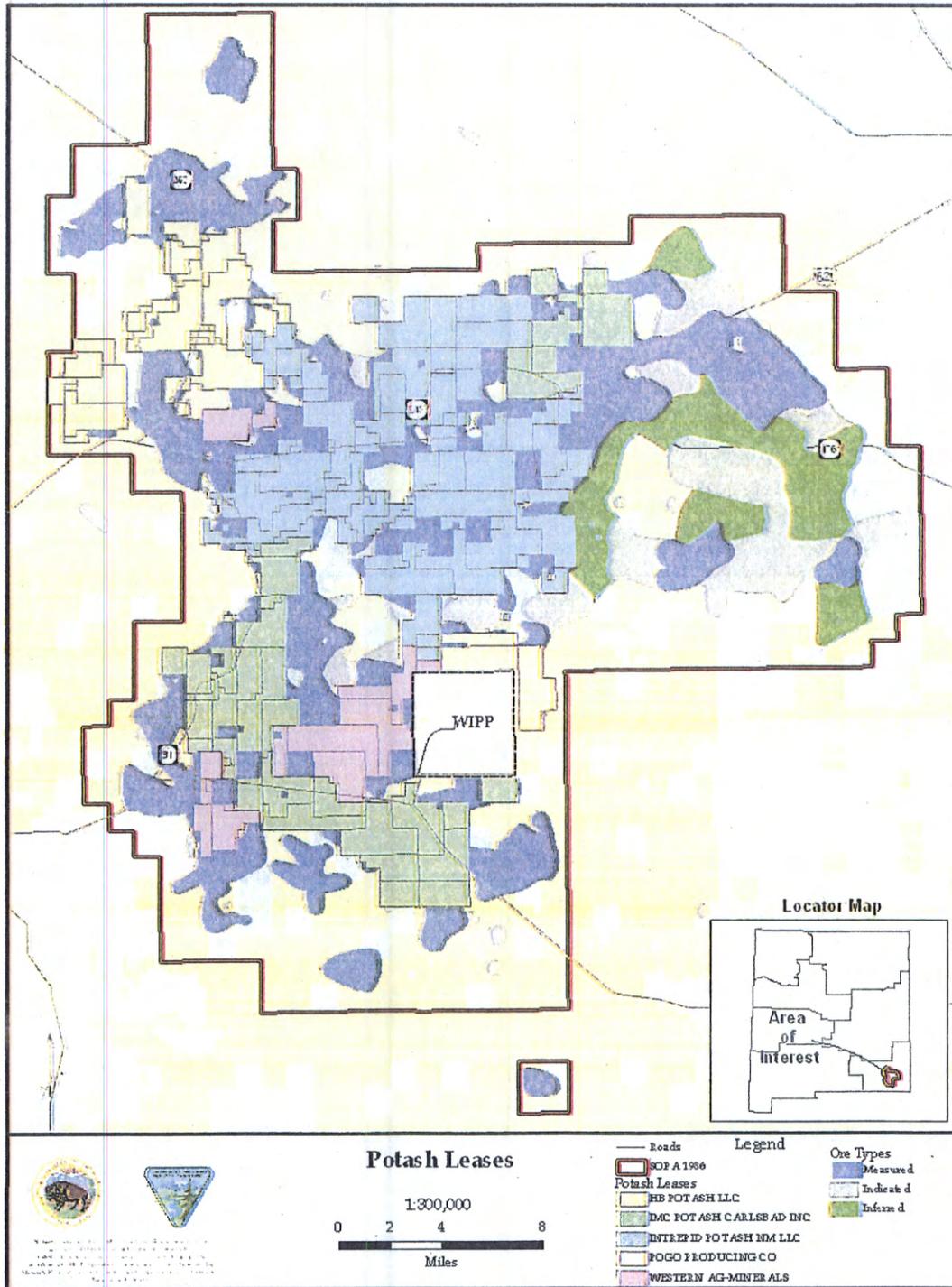
**CONTACT:** Linda Rundell, State Director, BLM New Mexico, (505) 438-7501 and Tony Herrell, Deputy State Director – Minerals, (505) 954-2134





**Figure 1:** Map depicting the history of expansion from the original Potash Order Withdrawal of 1939 to the concurrent development change in policy in 1951 and continuing to the present day 1986 Secretary's Potash Boundary.





**Figure 2.**

Map showing the distribution of potash leases within the Secretary's Potash Area. Intrepid Companies include Intrepid Potash NMLLC and HB Potash LLC. Mosaic Potash includes IMC Potash and Western Ag Minerals Company. Pogo Producing is an oil and gas company that successfully bided in partnership with Yates Petroleum to obtain potash leases in the early 1990's.



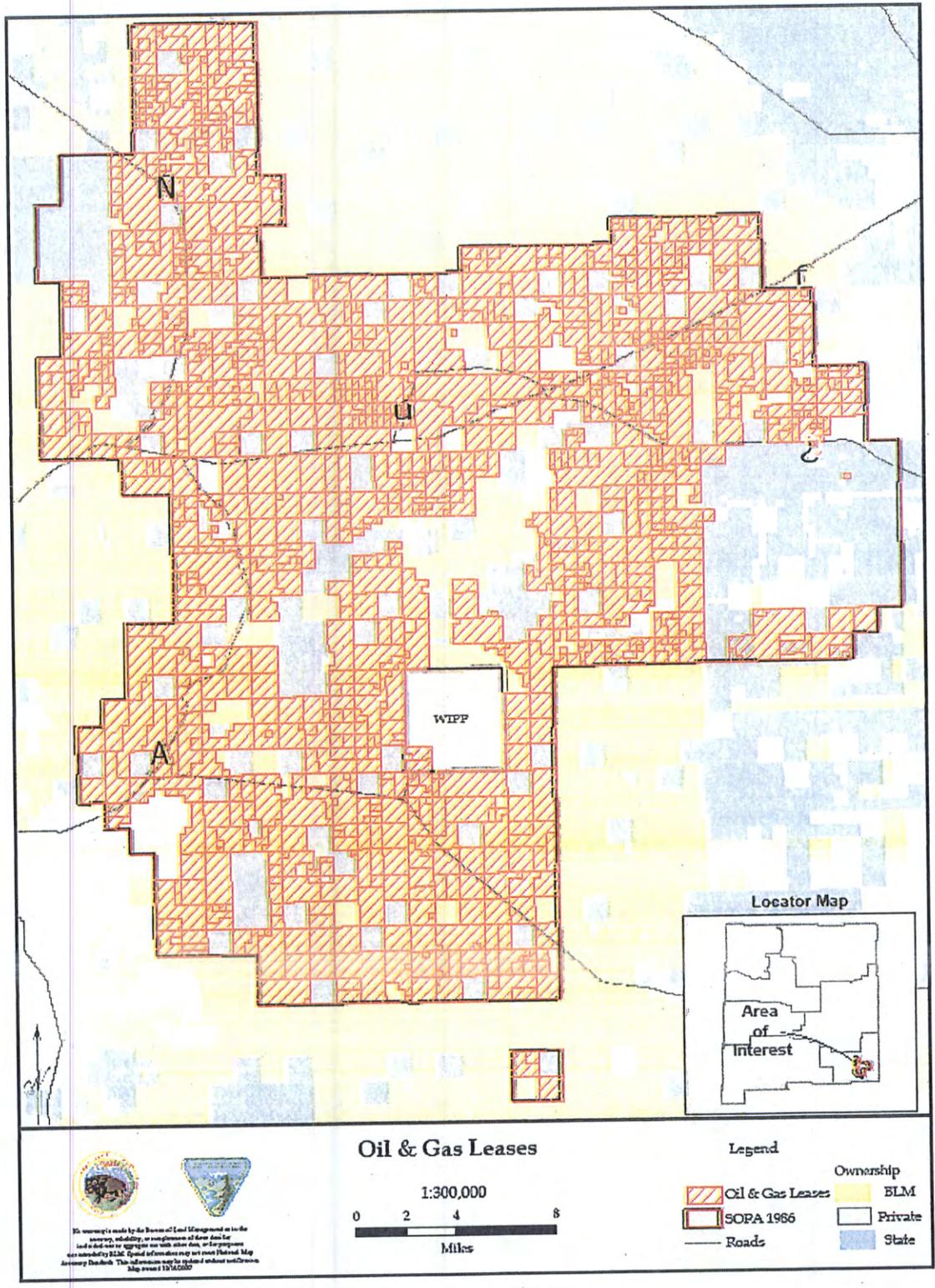


Figure 3. Distribution of oil and gas leases on Federal lands and minerals within the Secretary's Potash area, approximately 89 percent of the available acreage is currently under lease.



## Briefing Points for Potash Oil and Gas Consensus Agreement

In Support of Meeting with Secretary Salazar, May 1, 2012

- The Joint Technical Steering Committee developed a list of key issues that were recognized to have created conflict since the issuance of the 1986 Secretarial Order; the primary issues were data adequacy, access for O&G development, and protection of reserves for both industries.
- The Committee discussed and generally recognized that the design of the current Order was working well, but it could benefit from some modifications to prevent future conflict and that protection of miners was paramount.
- The key areas of concern that were identified by the committee were as follows:
  - Inadequate data to determine if nominated drill sites contained commercial potash or not and inadequate definitions for mineralized categories.
  - Allowing access for O&G development at potash locations while managing impact to potash reserves.
  - Managing O&G access such that reported potash reserves were protected.
  - Limitations to O&G access due to current offset distances associated with safety buffers.
  - A need for more robust stipulations and increased BLM diligence associated with potash leasing.
- A two-pronged approach was developed to address the key issues of data adequacy, access and protection – all under a concept heading of data adequacy and orderly development:
  - A program for providing O&G access to non-commercial potash containing areas by obtaining core samples (expected to have high probability of encountering commercial potash and a low probability of providing the desired O&G access)
  - An alternative to core drilling which utilizes Development Areas with a designated Drill Island that provides managed O&G access, minimizes the waste of potash, and provides for a more orderly development of the SPA.
- The Development Area is a fundamental component of the consensus agreement. This concept can be proposed due to recent developments in O&G drilling and completion technology and is supported by the BLM's authority to require unitization under the existing 1986 Secretarial Order. The concept utilizes a defined area from which O&G resources can be developed from one Drill Island location, with narrow exceptions for multiple Drill Islands within a Development Area.
- Development Areas will be established by the BLM with input from interested stakeholders given consideration of the current O&G technology, communitization or unitization of the O&G leases and the proximity to potash operations. Larger Development Areas, which require a more rigorous application of O&G technology, will be required closer to potash operations while smaller Development Areas may be established further away from potash operations. Protection of potash reserves within a 3-year mine plan plus one mile, as currently in the 1986 Order, remained unchanged. Impact to potash reserves outside of that area will therefore be managed under this plan.

- New language is proposed that would allow safety buffers to be modified in the future based on science-driven recommendations from a joint industry technical committee.
- New language is proposed to provide greater BLM diligence of potash lease bidders and to strengthen the potash leasing stipulations.

Recommendations for a new Secretarial Order  
Errata 4/30/12

(b) (5)

5/1/12

BLM / NM / potash

**Owner "A"**

**Drill Island**

**Owner "B"**

**Without Development Areas/Drill Islands, operators are not incentivized to develop effectively and could lead to loss of oil & gas or potash reserves or both.**

**Without Development Areas/Drill Islands, owners/reserves could be left out or more Drill Islands could be needed resulting in more impact to potash.**



**J.I.T.C.**

**Drill Island Without Development Area**

DATE: 4-23-12	INTER/DRAFT. BY: John Smitherman/EMT	FILE: Development Area Example
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**Current Potash mining possibly miles/years away.**

**Drilling Island**

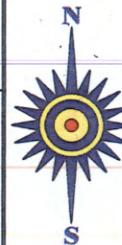
**1 mile x 2 mile Development Area.**

**Owner "A"**

**Owner "B"**

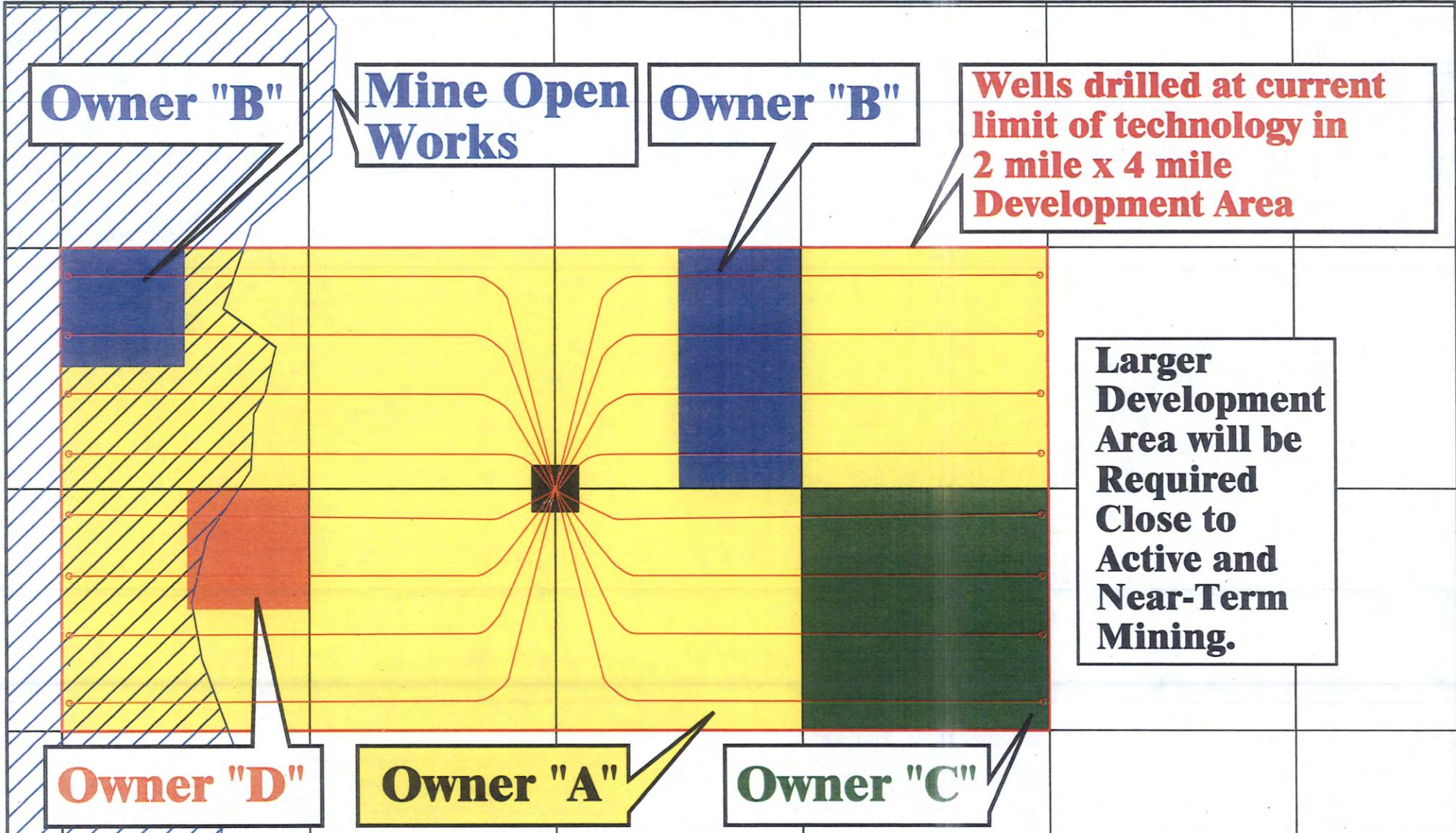
**Development Area is determined by BLM with input from Oil & Gas interests and all Potash miners. Actual Areas can differ based on fact-based decision.**

0 3000 6000 9000  
SCALE IN FEET



**J.I.T.C.**  
**Development Area**  
**Example 1**

DATE: 4-23-12 INTER./DRAFT. BY: John Smitherman/EMT FILE: Development Area Example



**Owner "B"**

**Mine Open Works**

**Owner "B"**

**Wells drilled at current limit of technology in 2 mile x 4 mile Development Area**

**Larger Development Area will be Required Close to Active and Near-Term Mining.**

**Owner "D"**

**Owner "A"**

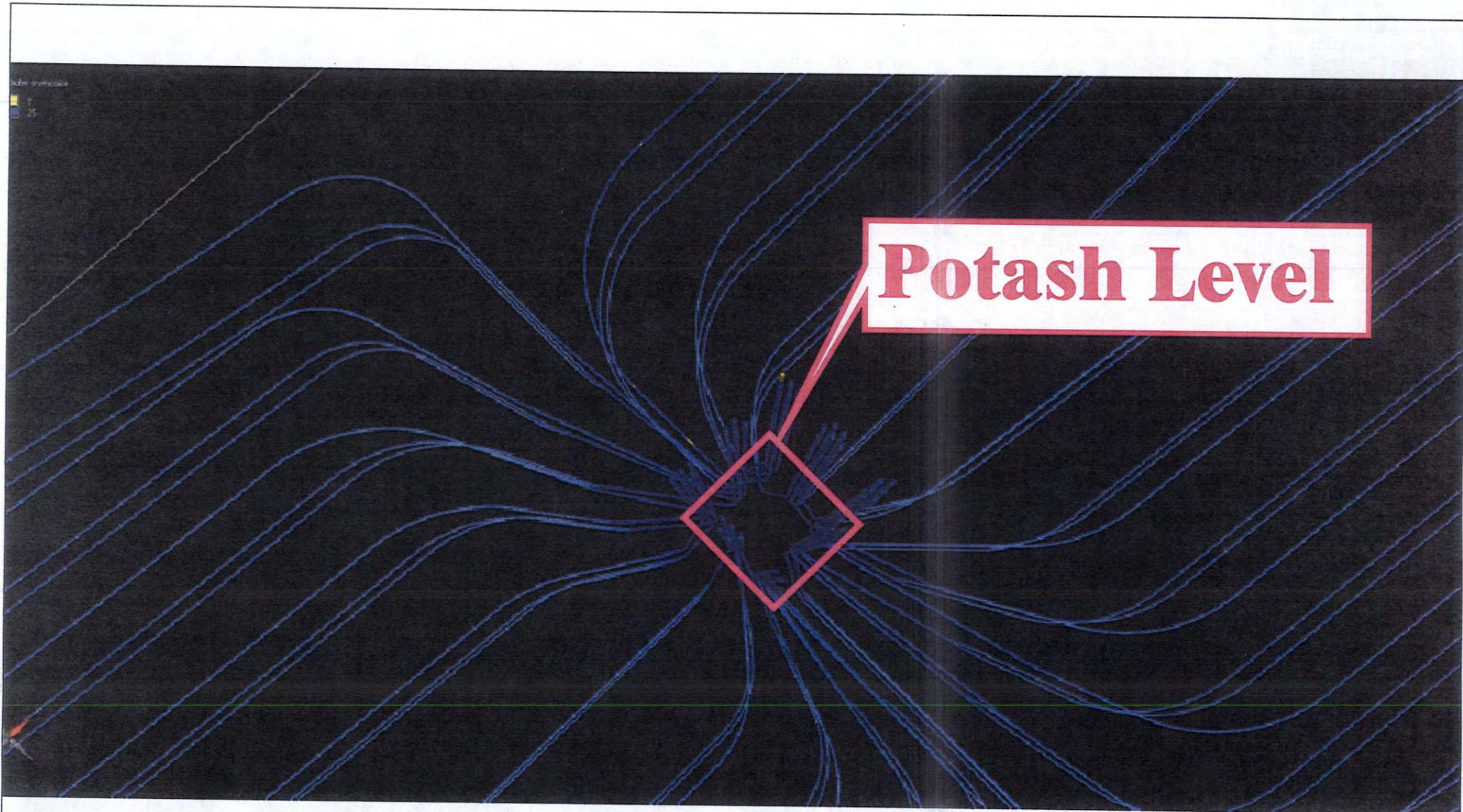
**Owner "C"**

**-Communitization protects all owners' correlative rights.  
-A single operator can be established for each Development Area.**

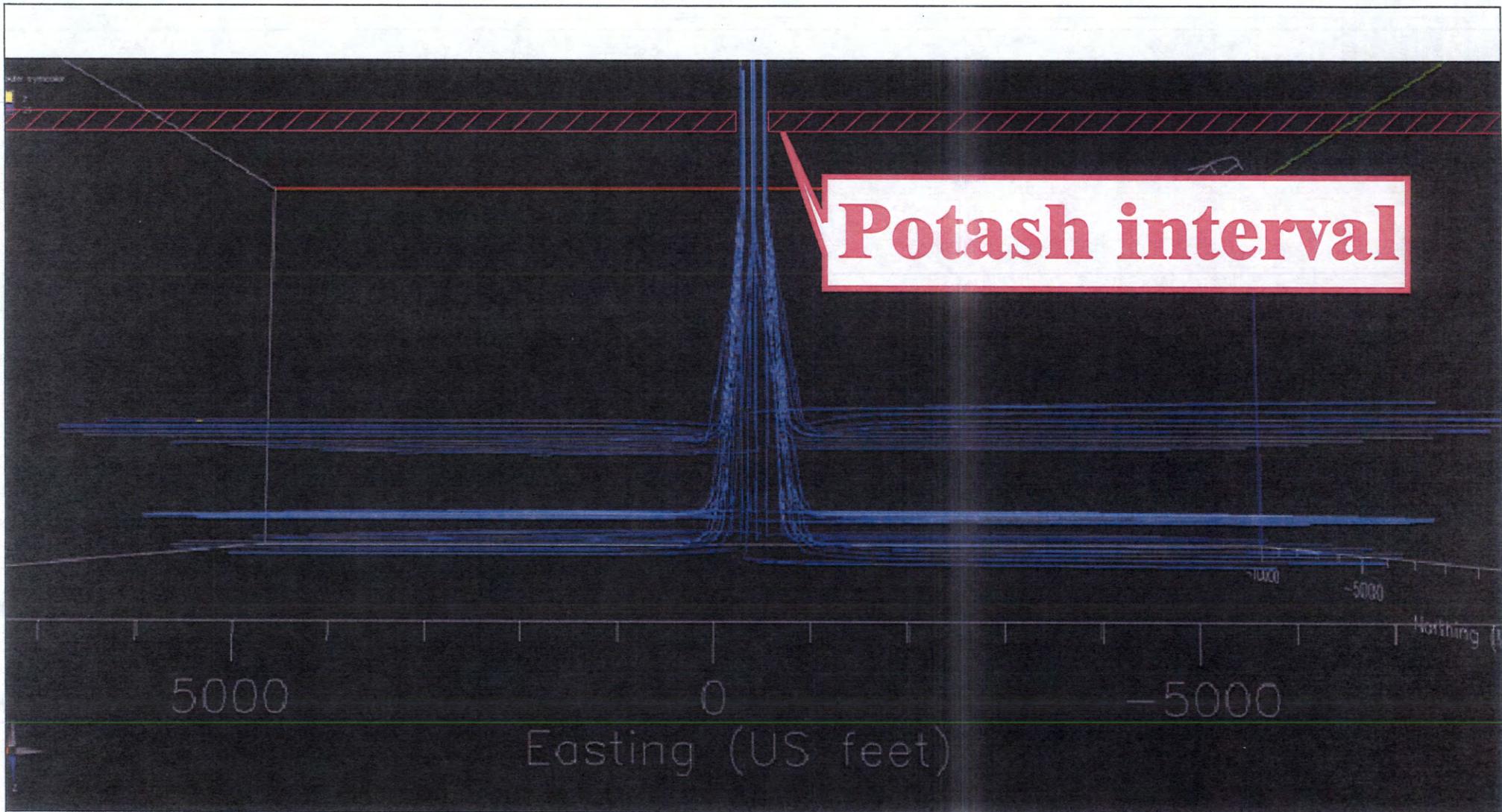


**J.I.T.C.**  
**Development Area**  
**Example 2**

DATE: 4-23-12	INTER./DRAFT. BY: John Smitherman/EMT	FILE: Development Area Example
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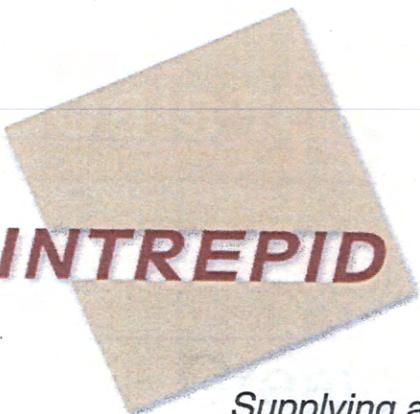
**Drill Island size is based upon area penetrated by wells at potash level.**



**Drill Island/Development Area reduces impact to potash while allowing access to oil and gas.**



# Example of Multi-horizon oil and gas development.



# **INTREPID** POTASH

*Supplying a Growing America*



## **Facilitating Development of Resources in the Secretary's Potash Area:**

Creating legal clarity through improved data and focused updates to  
current guidance

# Goals for the Secretary's Potash Area

1. Create regulatory certainty
2. Minimize conflicts between the oil and gas and potash industries
3. Prevent waste of potash resources
4. Allow for oil and gas development where appropriate

# What stands in the way?



(b) (5)



# These two problems lead to:

(b) (5)



# Why solve these two problems now?

(b) (5)

# Solving Problem 1:

(b) (5)

## Solution:

(b) (5)

# Putting the Solution in Place

(b) (5)

# Public Benefits



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12

(b) (5)

# Solving Problem 2:

(b) (5)

## Solution:

(b) (5)



# Public Benefits

(b) (5)

To: FOIA Office

From: Richard Cardinale  
Chief of Staff, ASLM

Re: FOIA Request OS-2013-00026

Please note that we have reviewed these documents and that while they may be responsive to the request, they also contain information that must be reviewed for privilege. The documents include the ASLM Weekly Report to the Secretary and the Week Ahead Report, both of which contain discussions about ongoing matters that not related to the topic of this request. Please review these matters carefully as appropriate redacting will likely need to occur if these documents are determined to be responsive.

# FOIA

**TO:** See Below  
**FROM:** Pat Watkins  
**SUBJECT:** FOIA Request OS-2013-00026  
**DUE DATE:** **November 8, 2012**

Please conduct a search of your files for any responsive documents. Please complete the attached **request control form**. Thanks.

Route to:

Tracie Lassiter/Marcilynn Burke  
Michael Anderson/Ned Farquhar  
Richard Cardinale  
Mary Katherine Ishee  
Bryce Barlan  
Karen Mouritsen  
**Celina Cunningham**  
Pam Royal

**Watkins, Pat**

**From:** Sweeney, Cynthia D <Cynthia\_Sweeney@ios.doi.gov>  
**Sent:** Thursday, October 25, 2012 9:47 AM  
**To:** Howarth, Robert; Watkins, Pat  
**Subject:** E-mail Search Request OS-2013-00026  
**Attachments:** 13-00026qa.pdf; foiacontrolform.docx

**ACTION REQUIRED BY 8 Nov 2012- OS FOIA REQUEST**

**Deadline for submission of documents: 8 Nov 2012**

Please provide all responsive documents and your guidance on them as to their releasability no later than 8 Nov 2012. The FOIA only allows us 20 workdays (or, in some cases, 30 workdays) to respond to requests. Your cooperation and assistance in helping us meet our legal deadlines is greatly appreciated. If you think there are other offices which may have responsive documents, please let us know so that we can ensure a full response.

**FOIA # OS-2013-00026**

On October 24, 2012, Bret A. Sumner filed a Freedom of Information Act (FOIA) request. A copy of the requester's letter is attached below for your reference.

**Processing Notes:**

- (1) Please conduct a search of your files for any responsive records, review any records found for a release decision.
- (2) Provide the OS FOIA office with the documents electronically if available (email, CD, or thumb drive is acceptable).
- (3) If electronic copies are not available, provide the OS FOIA office with SINGLE-SIDED, UNBOUNDED COPIES of the records, and your guidance on them as to their releasability. **DO NOT** submit original documents. **DO NOT** submit double-sided copies of documents. **DO NOT** submit documents bound with paper clips, staples, etc. The OS FOIA office will respond to the requester on your behalf.
- (4) Please track the time required to search for these documents on the attached FOIA request control form and provide this to us as well.
- (5) Please submit all records to the OS FOIA office, South Interior Building, Room 115 no later than COB 8 Nov 2012.

If you have any questions regarding the specific guidance on copying, reviewing, and submitting documents to the OS FOIA office, please call me at 202-208-3552.

Cynthia Sweeney  
Office of the Secretary  
FOIA Office

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BRET A. SUMNER

DIRECT: (303) 407-4436  
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October 24, 2012

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wo\_foia@blm.gov

Eileen Vigil  
FOIA/PA Coordinator  
BLM New Mexico State Office  
301 Dinosaur Trail  
Santa Fe, NM 87508  
BLM\_NM\_FOIA@BLM.GOV

*Re: Freedom of Information Act Request*

Dear Mr. McInerney, Ms. Bell, Ms. Murphy-Jones and Ms. Vigil:

This is a request for information pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the Department of the Interior's implementing regulations under FOIA, 43 C.F.R. Part 2. The documents requested are "agency records" as defined by 43 C.F.R. § 2.3(c).

To the extent the requested documents contain information exempt from FOIA, I request that Interior and BLM segregate the information that can be released (i.e., black out exempt material).

The term "document" includes, but is not limited to, all documents, notes, letters, policy statements, internal directives, meeting notes, correspondence, maps, diagrams, data, photographs, other written or electronic record, or other information submitted, analyzed, reviewed or created in regards to the Proposed Secretarial Potash Order, announced by Secretary Salazar and BLM in July 2012, and as noticed in the Federal Register, "Notice of Availability of the Draft Order of the Secretary on Oil and Gas and Potash Development Within the Designated

Potash Area, Eddy and Lea Counties, NM,” 77 Fed. Reg. 41772 (July 13, 2012) (referred to in this FOIA request as the “Proposed Secretarial Potash Order”).

Please produce and deliver to the undersigned the following:

1. All documents received by or sent by the BLM New Mexico State Office between January 1, 2009 and October 31, 2012, regarding development of the Proposed Secretarial Potash Order.
2. All documents received by or sent by the BLM Washington Office between January 1, 2009 and October 31, 2012, related to the Proposed Secretarial Potash Order.
3. All documents received by or sent by the Office of the Secretary of the Interior between January 1, 2009 and October 31, 2012, related to the Proposed Secretarial Potash Order.
4. All documents received by or sent by the Office of the Deputy Secretary of the Interior between January 1, 2009 and October 31, 2012, regarding development of the Proposed Secretarial Potash Order.
5. All documents received by or sent by the Assistant Secretary of the Interior for Land and Minerals between January 1, 2009 and October 31, 2012, related to the Proposed Secretarial Potash Order.
6. All documents received by or sent by the Deputy Assistant Secretary of the Interior for Land and Minerals between January 1, 2009 and October 31, 2012, related to the Proposed Secretarial Potash Order.

In your response, please demarcate which category corresponds to the documents provided. If you do not possess any documents relating to a particular type of document requested, please indicate accordingly.

If your office decides to withhold documents referred to in this request, please send the undersigned an administrative Vaughn Index pursuant to 5 U.S.C. § 552(B) and *Vaughn v. Rosen*, 484 F.2d 820 (D.C. Cir. 1973), *cert. denied*, 415 U.S. 977 (1974).

The index should specify the following information about each item withheld:

- a. The title, author and date of the agency record withheld;
- b. A description of the agency record withheld, including the subject and conclusions of the document;
- c. A legal citation to the exemption of the agency record withheld and an explanation how the exemption applies to the agency record so withheld; and
- d. A list of all agency records, including memoranda, electronic mails and other communications which are referenced in the withheld agency record, or referenced by the withheld agency record.

This letter also constitutes a request that you exercise your discretion to release any document which may be exempt under FOIA. In addition, this request must conform with BLM Instruction Memorandum 2009-203, Freedom of Information Act Guidelines, which incorporates President Obama and Attorney General Holder's position that the Department of the Interior "adopt a presumption in favor of disclosure when making FOIA decisions," with the overall goal to "increase transparency." This policy conforms with President Obama's Executive Order titled "Transparency and Open Government."

This letter further serves as an agreement to pay any lawful and reasonable costs incurred in responding to this request up to a maximum of \$5,000.00. For purposes of fees, the category is commercial-use requester. Please contact the undersigned via telephone before incurring costs in excess of this amount.

Pursuant to 43 C.F.R. § 2.12, the Department of the Interior and the Bureau of Land Management have 20 work days from the date of receipt of this letter to provide their responds. A timely response to this request will be greatly appreciated.

Thank you for your time and add assistance. Please do not hesitate to contact me if you have any questions or need additional information. My direct line is (303) 407-4436.

Very truly yours,

A handwritten signature in blue ink that reads "Bret A. Sumner". The signature is written in a cursive, slightly slanted style.

Bret A. Sumner

**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**August 30, 2012**

I. Personal Message to the Secretary:

In the aftermath of Hurricane Isaac, my thoughts are with the employees of BOEM and BSEE and all the residents of the Gulf Coast who are experiencing the destruction of the season's first hurricane to make landfall. BSEE's Hurricane Response Team is hard at work helping to ensure the safety of all personnel and to make sure facilities are not reopened until it has conducted all appropriate inspections.

Thank you for your leadership on the development of BOEM's Five Year Program and your approval of the Program on Monday. The Five Year Program is an important part of our comprehensive all-of-the-above energy strategy, offering more than 75 percent of the total undiscovered, technically recoverable oil and natural gas resources estimated for the entire OCS. I congratulate Director Beaudreau and his hardworking team on this major accomplishment.

I spent the past two weeks traveling to California and Oregon, with my travels ending with a trip to Tennessee yesterday. In Knoxville, I met with the Tennessee Attorney General Bob Cooper to discuss the status of the State's Lands Unsuitable for Mining Petition. We had a productive meeting and I assured him that we would fully and fairly consider the State's petition along with a reasonable range of alternatives. We outlined a plan for moving forward, and the State agreed to provide OSM with additional information and to work with OSM to refine the boundaries under consideration in the Petition. Once this information is provided, OSM will proceed with its evaluation of the Petition and analysis of the alternatives in an EIS.

My West Coast trip was both busy and informative. I particularly appreciated the opportunity to visit with a number of dedicated employees who are engaged in the day-to-day work of BOEM, BSEE, and the BLM. On Monday, I was in Camarillo, California where I met with the employees and senior management in the BOEM/BSEE Pacific Regional Office. Employees raised some continuing concerns about the re-organization upon which I think we should reflect as we near the one-year anniversary of the creation of BOEM and BSEE. On Tuesday, BOEM and BSEE staff accompanied me to Vandenberg Air Force Base (AFB), which occupies 46 miles of coastline, including part of the BLM's California Coastal National Monument. I toured the operations center for launching missiles over the Pacific and learned about how the AFB closely coordinates their missile launches with local governments and BSEE, for the safety of people on land and on the offshore oil platforms. The technology was impressive, as was the coordination by the Air Force leadership with our bureaus.

While at Vandenberg AFB, I met with a group of award-winning Airmen and presented America the Beautiful passes to them as a token of our appreciation for their work and as encouragement for them to reconnect with America's Great Outdoors. The Airmen were grateful for the passes, and we had an engaging discussion about innovation at the Department and the AFB.

After visiting Vandenberg AFB, I toured several spectacular BLM areas in California, including the Piedras Blancas Light Station, Fort Ord National Monument, and the Coast Dairies property, which the BLM will acquire from the Trust for Public Land.

Next I went to Medford, Oregon, where the BLM highlighted the complex ecological, social, and economic issues facing the region. I had an opportunity while there to visit the Pilot Joe ecological forestry project. The ability of the BLM to work through these difficult forestry issues is noteworthy and a testament to their dedication, skill and patience. I also met with leaders of the Coquille Tribe, who have partnered with the BLM on the ecological forestry project in the Coos Bay area. The Tribe expressed a desire to assume an even greater role in partnering with the Administration on forestry projects in Western Oregon moving forward.

In addition to discussing forestry issues, I also visited some of the Medford District's most spectacular landscapes, including the Cascade-Siskiyou National Monument, Soda Mountain Wilderness, and the Table Rocks AGO project. The recreation trails and facilities at Table Rocks are heavily used by the Medford community, and the BLM is planning several new trails and facilities to handle the expected increase in visitation following its designation as an AGO project.

The BLM continues to monitor and report to me on the drought and fire situation. As of Aug. 21, a record high of more than 3.2 million acres of BLM-managed land in the lower 48 states has burned. As of Aug. 16, the fires had impacted 76 grazing allotments, burning more than 50 percent of the acreage in these allotments, over 853,000 acres; over 100,000 AUMs have been lost. On Saturday, the BLM's Oregon State Office made a decision to conduct an emergency gather of almost half the 350 horses in the Paisley area of southeastern Oregon near Lakeview, due to dwindling natural water sources and infeasibility of hauling water over rough roads.

I discussed the fire situation with the staff of the Medford District Office during my visit there. In that office, as in many others throughout the BLM and other DOI bureaus, the regular fire staff is receiving help from non-fire program employees. This assistance is invaluable for our firefighting efforts. As we continue to recognize their efforts, we should also highlight the roles of the employees who remain in the home offices and assume additional duties to cover for those who are on fire duty.

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

### **Week of September 3, 2012**

**Acting ASLM Burke** (b) (6) In the office Sept. 5-7.

**DAS Farquhar** – In the office all week.

### **Week of September 10, 2012**

**Acting ASLM Burke** – In the office Sept. 10 and 11. On Sept. 12, making presentation to the Johns Hopkins University Energy Policy and Climate Forum in Washington, DC. Travel to Sacramento, CA on the evening of Sept. 12 through Sept. 14, to co-host the Western Regional

Partnership annual meeting.

**DAS Farquhar** – In the office all week.

### III. Legislative, Legal, and Policy Issues:

- **Atlantic Wind:**
  - On Aug. 22, BOEM received comments from the joint **RI/MA** task force on the draft Proposed Sale Notice (PSN). At the request of the task force, BOEM extended the comment period on the PSN to Sept. 5. BOEM intends to publish the PSN in Sept./Oct.
  - On Aug. 17, the SOL's office received the **VA** PSN package for review. BOEM expects to publish the VA PSN in mid-to late Sept.
  - On Aug. 16, BOEM circulated a draft of the **NC** Call for Information to the task force. On Aug. 23, BOEM received comments from the NC task force on the draft Call for Information. These comments included input from the USCG, NPS, and the State of NC. BOEM has incorporated these comments, as appropriate, into the draft Call. BOEM has deferred decision-making regarding Areas 3 and 4 until after the Call for Wilmington-East, Wilmington-West, and Kitty Hawk are concluded.
  - On Aug. 1, Bluewater responded to BOEM's offer for the **DE** negotiated lease. In its response, Bluewater requested a modification of certain terms of the lease and a meeting with BOEM. Among the items Bluewater seeks to modify are the size of the lease area, various stipulations and survey requirements, and milestones associated with regulatory filings. On Aug. 21, BOEM held a meeting with Bluewater to clarify stipulations. BOEM expects to complete final negotiations and execute the lease by the end of Sept.
- **Shell's 2012 Alaska Drilling Operations, Inspections and Applications for Permit to Drill (APD):** On Aug. 26-27, BSEE inspected the containment system in Bellingham, Washington. The containment system has not been certificated by the U.S. Coast Guard. On Aug. 30, BSEE announced that it will allow Shell to move forward with limited preparatory activities that are in non-oil-bearing zones and can be conducted safely prior to the certification and arrival of the containment system.
- **Oil Shale 2<sup>nd</sup> Round of Research, Development & Demonstration (RD&D) Leases:** On Aug. 30, BLM-CO expects to sign the decision record for the environmental analysis prepared to support the BLM's upcoming issuance of two RD&D oil shale leases located in Rio Blanco County, Colorado. Issuance of these two leases demonstrates the BLM's commitment to encouraging industry to develop and test technologies aimed at developing oil shale resources on a commercial scale. These leases stem from a November 2009 call for nominations, which was a follow-up to an initial round of nominations in 2007 in which BLM issued six RD&D leases.
- **Secretarial Order on Potash and Oil and Gas Co-development:** The public comment period for the Potash and Oil and Gas Development Secretarial Order is scheduled to close

on Aug. 31. The comment period was initiated on Jul. 13 for 30 days but was extended for an additional 15 days at the public's request.

- **Update: Proposed Expansion of Grundy Municipal Airport in Virginia:** At the request of Sen. Mark Warner, the Breaks Regional Airport Authority plans to provide, by Oct. 7, a revised proposal for expanding the municipal airport in Grundy, Virginia to the Virginia Division of Mined Land Reclamation. The Airport Authority will also provide certain additional information to OSM by Oct. 7.
- **Resource Management Plan (RMP) Evaluation Report for Western OR:** The BLM-OR has posted the RMP Evaluation Report that covers 2.5 million acres within 6 western Oregon BLM units under the 1995 Western Oregon RMPs (the same areas covered under the 2008 Western Oregon Plan Revisions). The Report found a need for changes in the timber, wildlife, and other programs, indicating a plan revision is appropriate. The BLM will use this plan evaluation, along with public input and the cooperating agencies process, to inform RMP revision efforts.

**Ongoing Projects:**

- OSM-BLM Consolidation Implementation
- Stream Protection Rule
- DOI/DoD Joint Action Plan Implementation

Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management  
Direct Dial: 202-208-2422; Cell:

(b) (6)

**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**September 6, 2012**

I. Personal Message to the Secretary:

As you know, Hurricane Isaac passed through the Gulf of Mexico oil and gas platforms without any significant damage to facilities or pollution incidents. This lack of damage is in part a testament to BSEE's strong safety standards and effective execution of shut-in procedures. Most of the oil and gas production has been returned to normal operations. I commend BSEE employees for their hard work through the storm, particularly given that some of them experienced flooded homes and loss of power. BOEM employees were similarly affected by the hurricane and have likewise weathered it out with firm resolve to continue to serve the American people.

I would like to congratulate the BLM for reaching agreement with a landowner for the first private wild horse and burro ecosanctuary, which is located near Rawlins, Wyoming. This agreement is a significant step forward in implementing the goals you have advocated for in the long-term management of the Wild Horse and Burro Program.

The BLM continues to monitor and report to me on the drought and fire situation. As of September 6, a record high of more than 3.34 million acres of BLM-managed land in the lower 48 states have burned, including 2 million acres of sage-grouse habitat. As of August 16, the fires had impacted 76 grazing allotments, burning more than 50 percent of the acreage in these allotments, over 853,000 acres. As a result, more than 100,000 Animal Unit Months have been lost.

Over the next couple of weeks, I have several trips/engagements planned. On September 12, I will be a guest speaker at Johns Hopkins Energy Policy and Climate graduate program in Washington, DC. The Master of Science program prepares the next generation of interdisciplinary professionals to address the challenges of climate change and sustainable energy systems. I look forward to sharing our energy priorities, particularly renewable energy development, with future leaders in this field. Later that day, I will travel to Sacramento, California, to co-host the 4<sup>th</sup> annual meeting of the Western Regional Partnership (WRP).

The WRP is an important resource for the Department, the Department of Defense, western states, and tribes to address proactively common goals and identify challenges relating to protecting natural resources, promoting sustainability, and preparing for military readiness. On the first day, I will participate as a principal of this group. The other principals are John Conger of DoD and Governor Herbert. On the second day, I will moderate two plenary sessions: one on endangered species listing, critical habitat, and federal land policy and another on current energy issues with tribes, Federal agencies, states, and industry. These collaborative relationships will help advance our all-of-the-above energy strategy.

I am also preparing for a trip to Alaska, where I will speak on September 19 at the 8<sup>th</sup> Annual Alaska Oil and Gas Congress at the Canadian Institute. My speech will feature the Department's role in domestic energy production in Alaska. I will also discuss recent successes and ongoing efforts in conventional energy development, such as the upcoming November NPR-A oil and gas lease sale. I look forward to sharing highlights of the trip upon my return.

I want to take a moment to acknowledge Mary Katherine (MK) Ishee's hard work and tireless dedication to the Department. This week MK is preparing for a September 13 House Natural Resources Committee hearing on the Department's Drilling Moratorium Report. In her various positions in the Department over the past 3 ½ years, MK has consistently demonstrated her commitment to the goals and priorities of the Department and to the highest standard of public service. She is a strong and steady hand wherever she serves, and I am confident that she will continue to represent the Department well.

And last, but certainly not least, congratulations on clearly and persuasively articulating our role in this Administration's stewardship of the nation's natural resources and its all-of-the-above energy strategy at the Democratic National Convention!

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

### **Week of September 10, 2012**

**Acting ASLM Burke** – In the office Sept. 10 and 11. On Sept. 12, deliver presentation to the Johns Hopkins University Energy Policy and Climate Forum in Washington, DC. Travel to Sacramento, CA on the evening of Sept. 12 through Sept. 14, to co-host the Western Regional Partnership annual meeting.

**DAS Farquhar** – In the office all week.

### **Week of September 17, 2012**

**Acting ASLM Burke** – Traveling Sept. 17 – 20. Travel to AK on Sept. 14 through Sept. 20 to address the Canadian Institute on September 19 on Federal oil and gas milestones.

**DAS Farquhar** – (b) (6)

## III. Legislative, Legal, and Policy Issues:

### • **Atlantic Wind:**

- On Sept. 5, BOEM received comments from the joint **RI/MA** task force on the draft Proposed Sale Notice (PSN). BOEM intends to publish the PSN in late Sept. On Aug. 28, Cape Wind updated its Avian and Bat Monitoring Plan to address FWS concerns.
- ASLM began reviewing the **VA** PSN package on Sept. 6. BOEM expects to publish the VA PSN during the week of Sept. 10.

- On Aug. 16, BOEM circulated a draft of the **NC** Call for Information to the task force. As of Sept. 4, BOEM is incorporating comments into the Call. These comments included input from the USCG, NPS, and the State of NC. BOEM deferred decision-making regarding Areas 3 and 4 until after the Call for Wilmington-East, Wilmington-West, and Kitty Hawk are concluded.
- On Aug. 1, Bluewater responded to BOEM's offer for the **DE** negotiated lease. On Aug. 21 and Sept. 6, BOEM held meetings with Bluewater to clarify stipulations. BOEM expects to complete final negotiations and execute the lease by the end of Sept.
- BOEM is currently reviewing the Request for Interest (RFI) for the **NY** unsolicited request for a commercial lease. BOEM anticipates publication of the RFI by early Oct.
- **Shell's 2012 Alaska Drilling Operations, Inspections and Applications for Permit to Drill (APD):** On Aug. 26-27, BSEE inspected the surface portion of the containment system in Bellingham, Washington. Deployment testing by the USCG and the American Bureau of Shipping for the subsurface portion of the containment system is scheduled for Sept. 6. On Aug. 30, BSEE announced that it will allow Shell to move forward in the Chukchi Sea with limited preparatory activities that are in non-oil-bearing zones and can be conducted safely prior to the certification and arrival of the containment system. On Aug. 31, Shell requested a similar limited and preparatory permit for top-hole drilling in the Beaufort Sea from BOEM.
- **BLM-CO White River Field Office Oil and Gas Plan Amendment:** On Sept. 7, the Notice of Availability for public comment on the Draft EIS for the White River Resource Management Plan Oil and Gas Amendment is scheduled to be issued. The Draft EIS analyzes four development alternatives that range from 4,603 new wells on 550 new well pads to 21,200 new wells on 2,556 new well pads. The draft plan amendment also proposes a number of possible state-of-the-art and innovative mitigation measures to minimize impacts to wildlife, air quality, and other sensitive resources. These measures include options for restricting the amount of disturbance within a given area at any one time and the use of air emission control technologies. The comment period ends on Dec. 14.
- **Four Corners Power Plant and Navajo Mine Energy Project EIS:** OSM is currently preparing an EIS for BHP Navajo Coal Company's permit application for the Pinabete Mine permit area in New Mexico. As a result extension requests received during scoping meetings in mid-August, OSM is extending the deadline for receipt of public comments from Sept. 17, 2012, to Nov. 1, 2012.
- **Patriot Coal Corporation and Environmental Groups Reach Agreement on Company's Bankruptcy:** On July 9, Patriot Coal Corporation filed for bankruptcy—the first United States coal producer to do so since coal prices started declining in early 2012. On Sept. 11, a hearing is scheduled on motions in support of transferring the bankruptcy case from the Southern District of New York to the Southern District of West Virginia. Environmental groups have reached an agreement in principle with Patriot concerning its major liability for treating selenium at several mountaintop removal mining operations in West Virginia.

- **Tennessee Lands Unsuitable for Mining Petition:** On Aug. 29, Acting ASLM and OSM met with the TN Attorney General and other state officials, at which time the State clarified the objectives in the Petition and agreed to deliver additional technical information to OSM. On Sept. 10, the State and OSM will conduct a technical meeting to further discuss the boundaries of the petition area. OSM plans to use the information gathered in the Aug. 29 meeting and the September 10 technical meeting to refine and finalize alternatives that it will analyze in the EIS for the Petition.

**Ongoing Projects:**

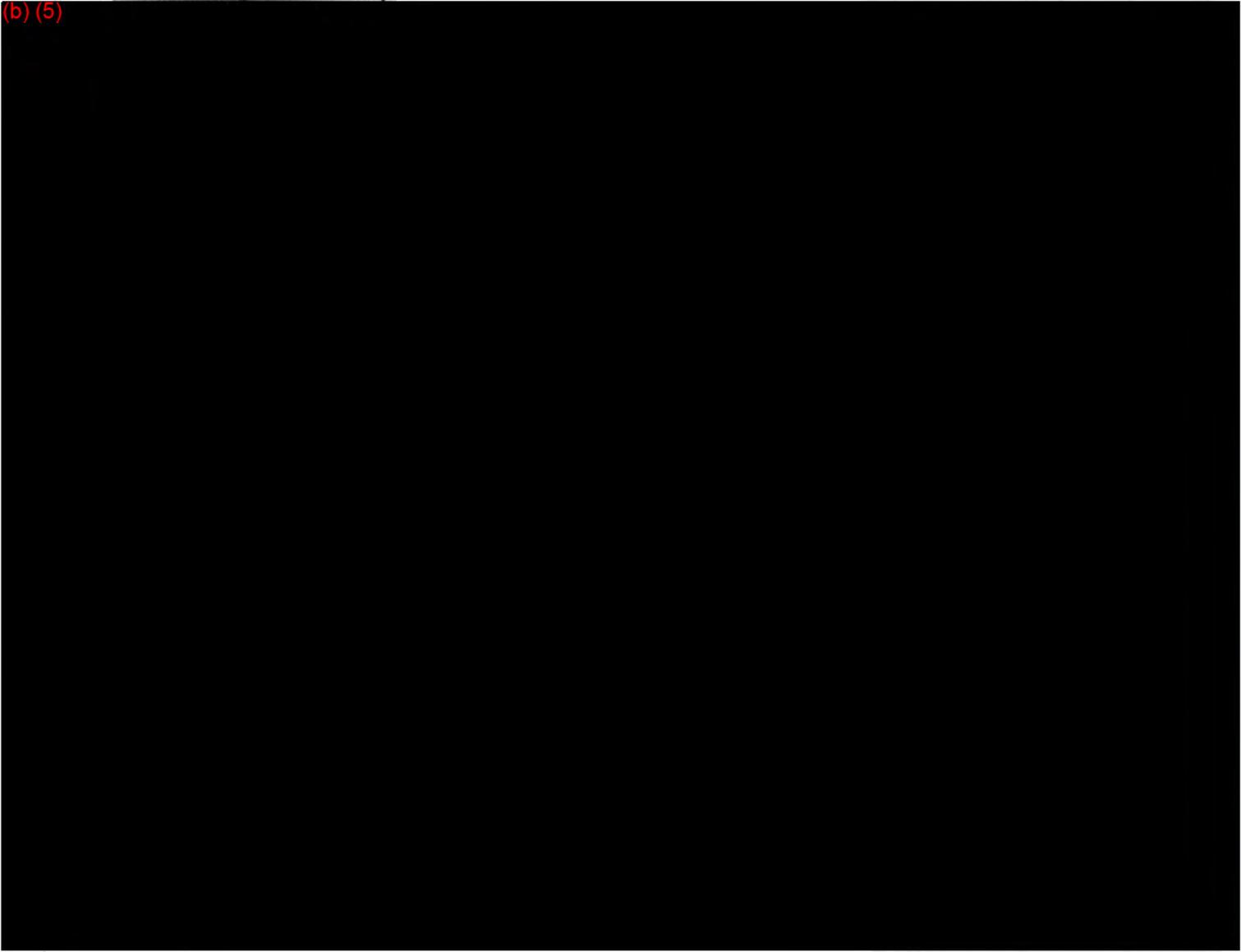
- OSM-BLM Consolidation Implementation
- Stream Protection Rule
- DOI/DoD Joint Action Plan Implementation
- Onshore orders
- Hydraulic fracturing rule
- Potash Secretarial Order
- Oil Shale PEIS and rulemaking

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

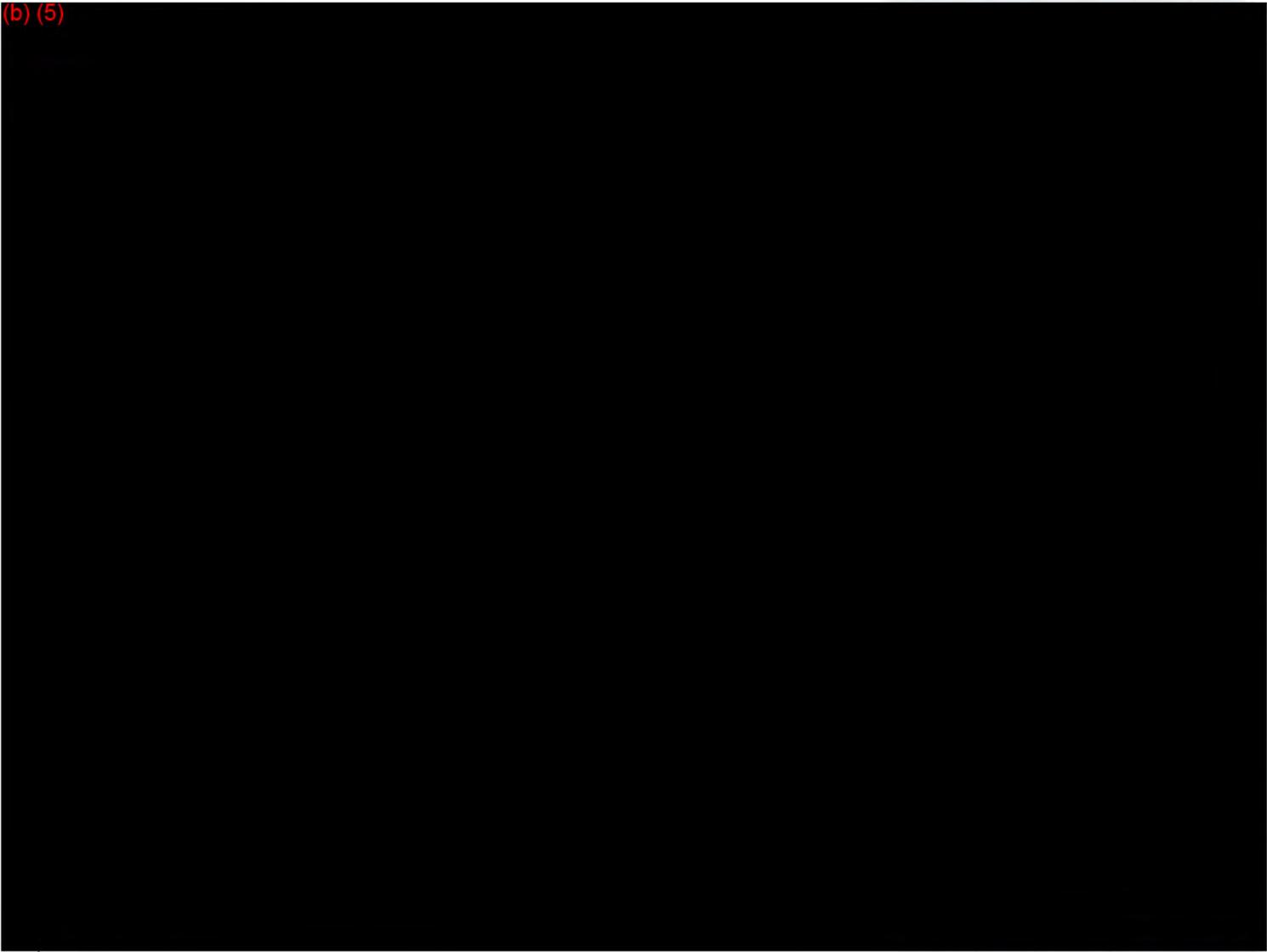
Weekly Report to the Secretary  
Acting Assistant Secretary for Land and Minerals Management  
~~August 30~~ September 7, 2012

1. Personal Message to the Secretary:

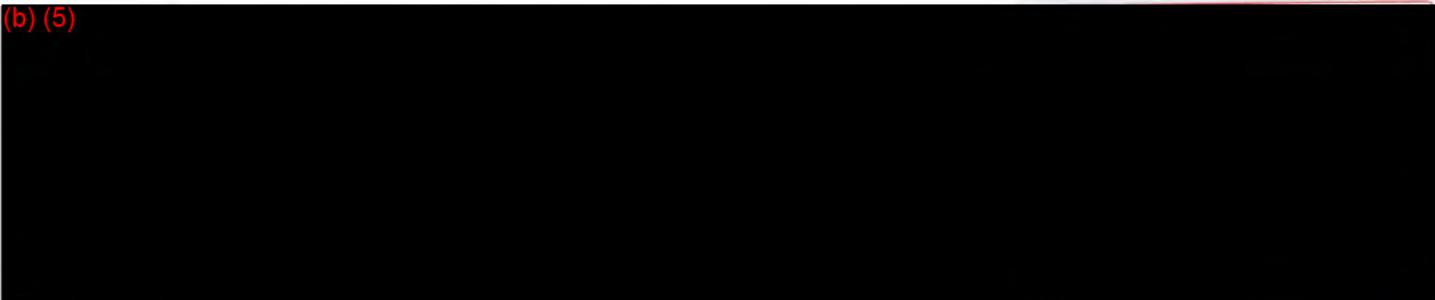
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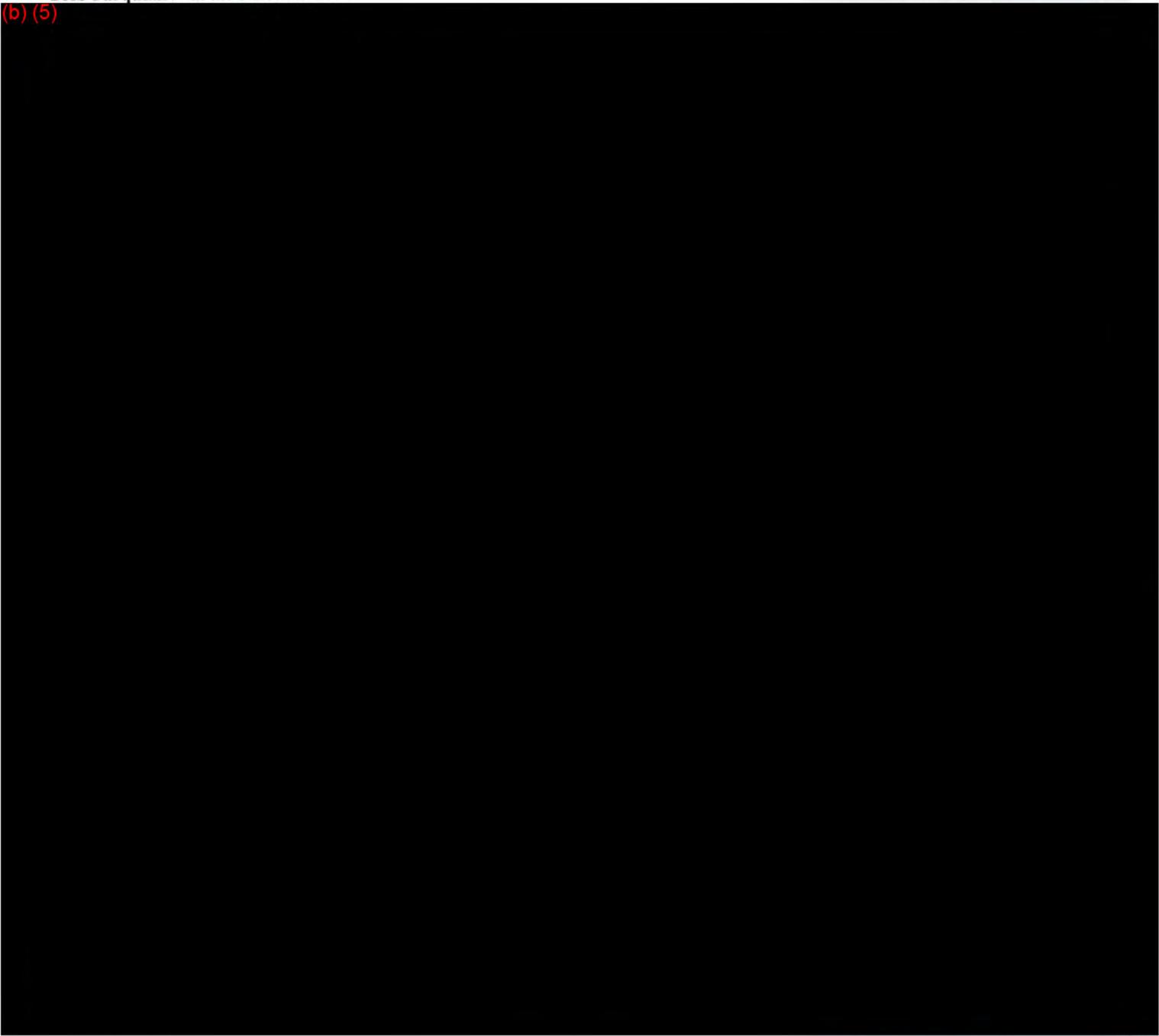
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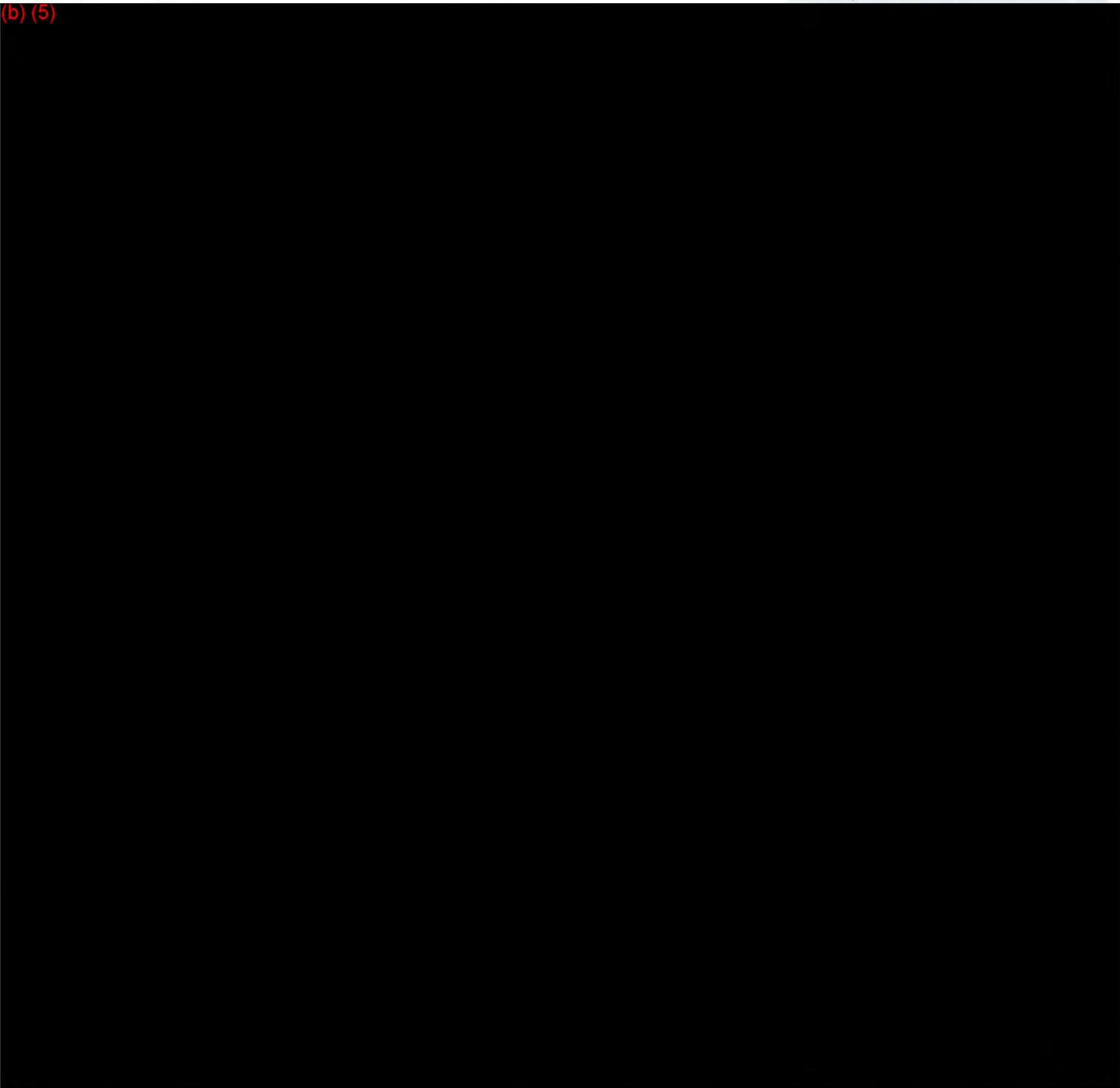
to Sacramento, CA on the evening of Sept. 12 through Sept. 14, to co-host the Western Regional Partnership annual meeting.

**DAS Farquhar** – In the office all week.

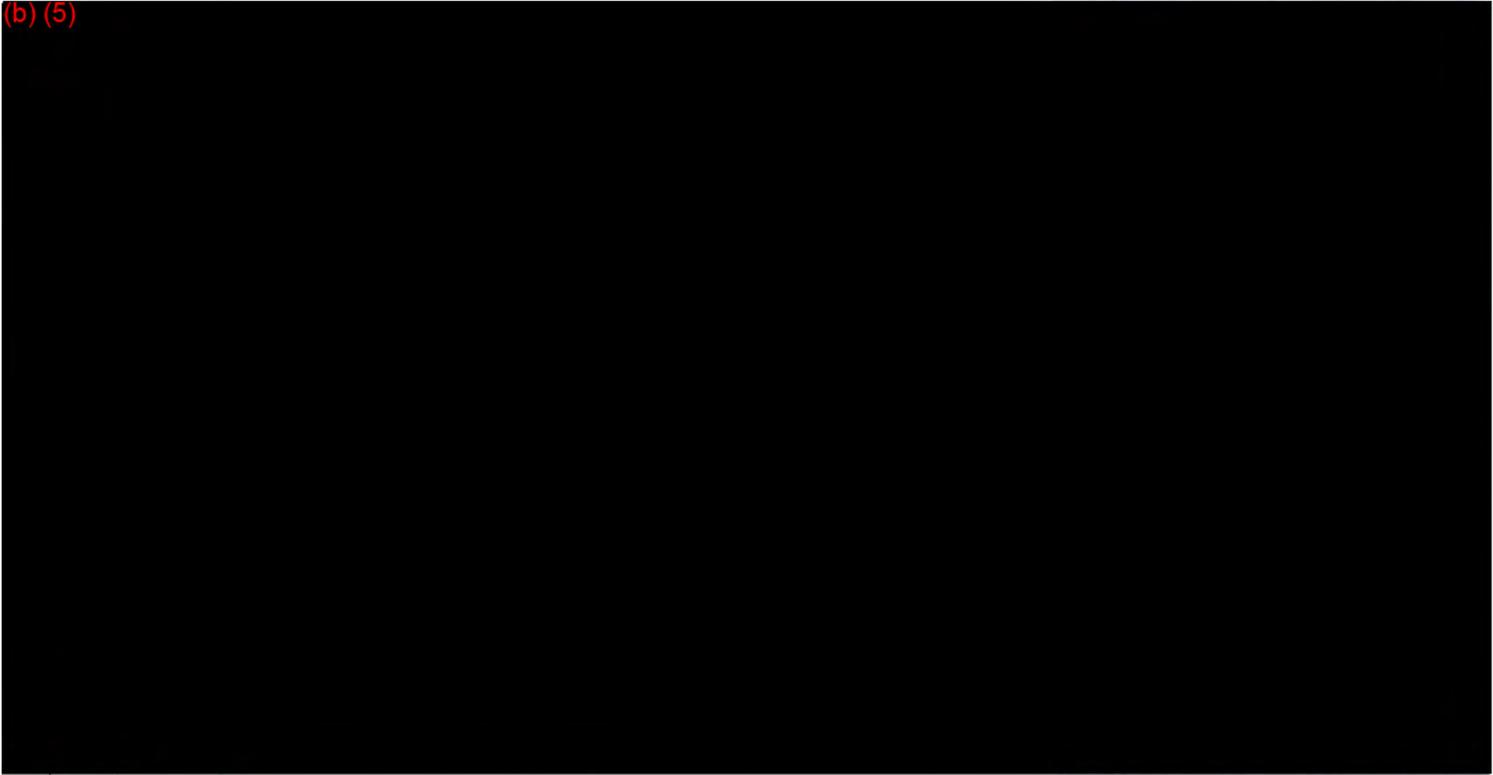
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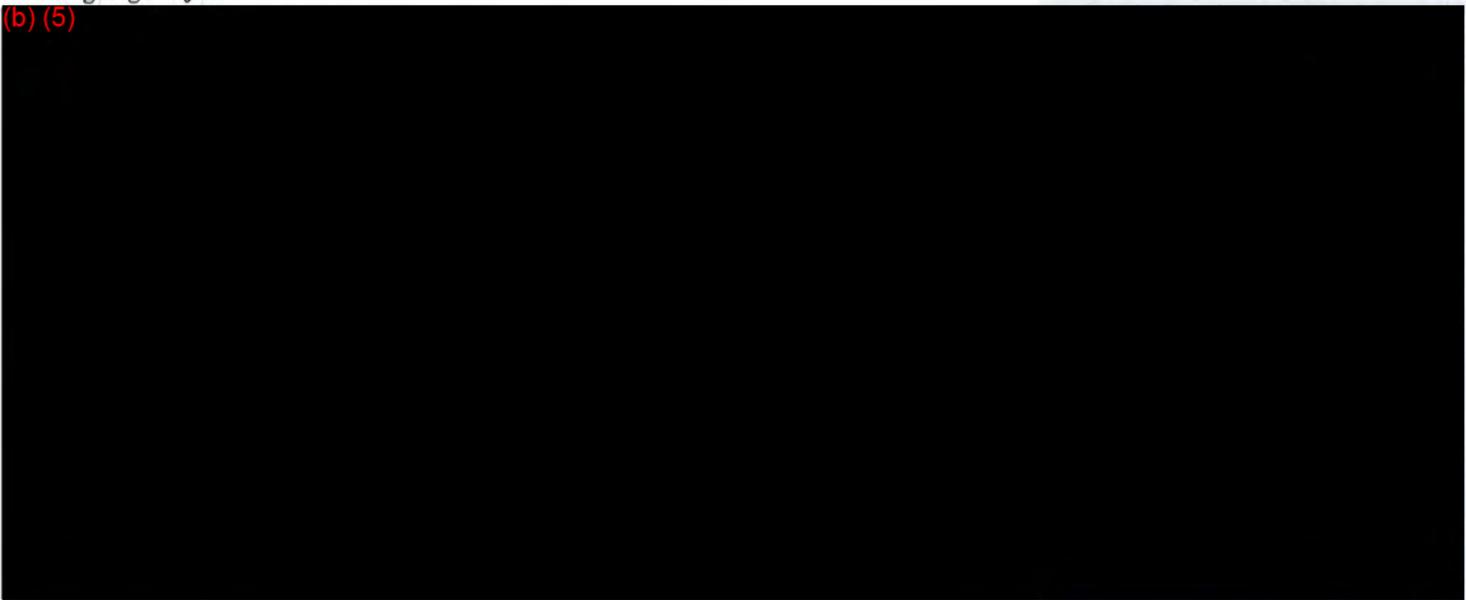


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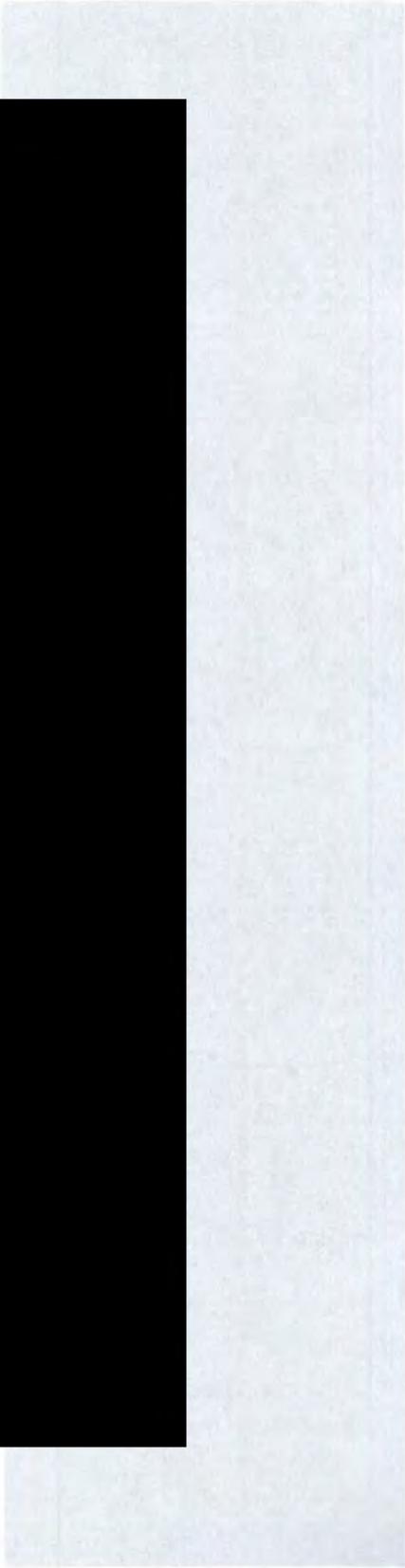
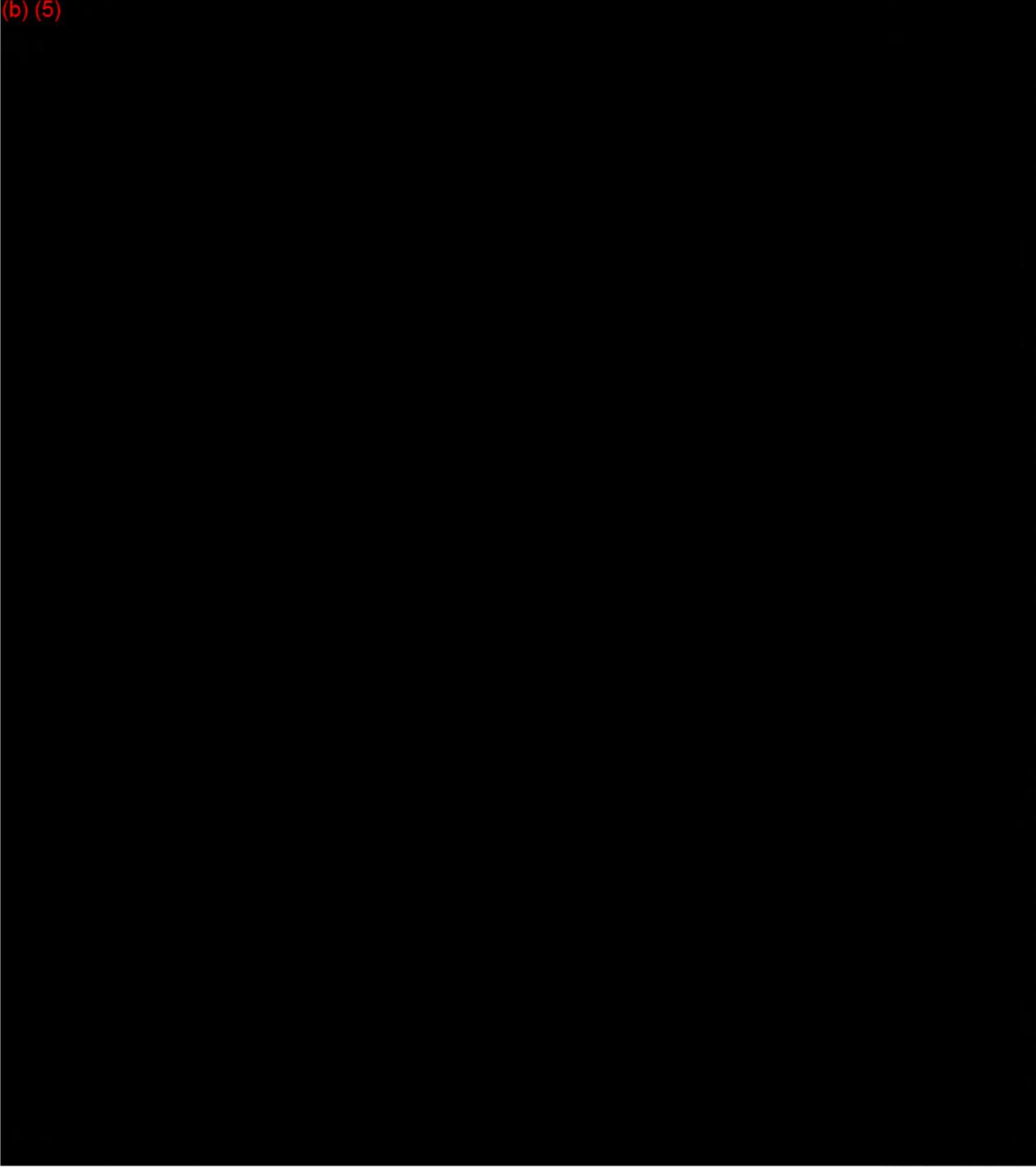


**Ongoing Projects:**

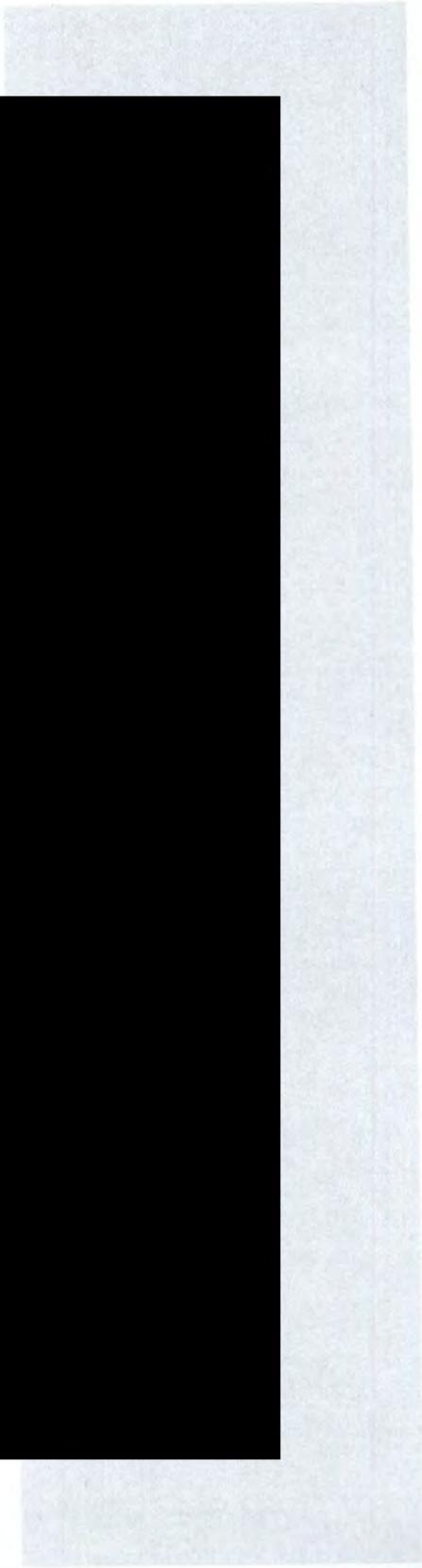
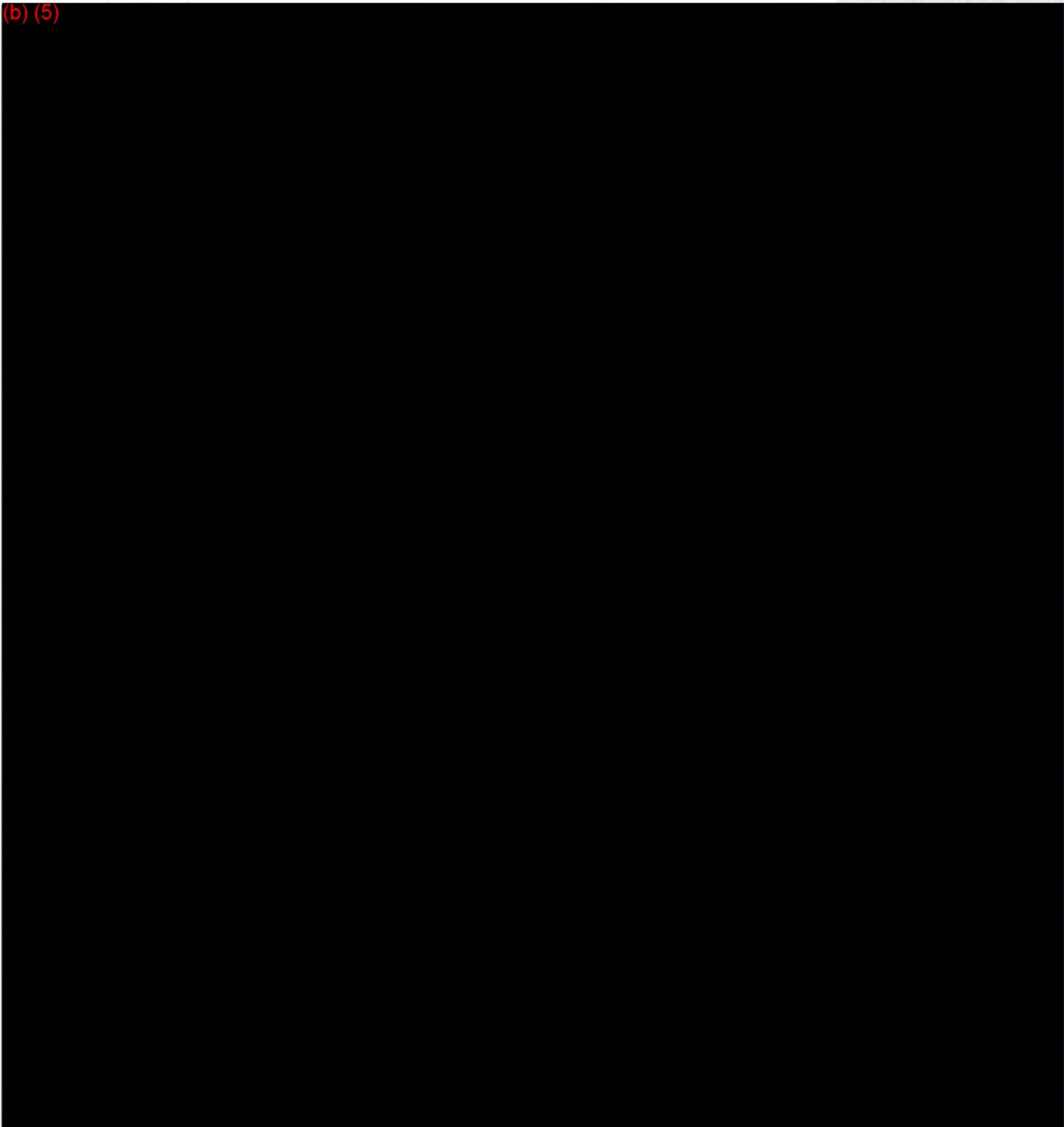
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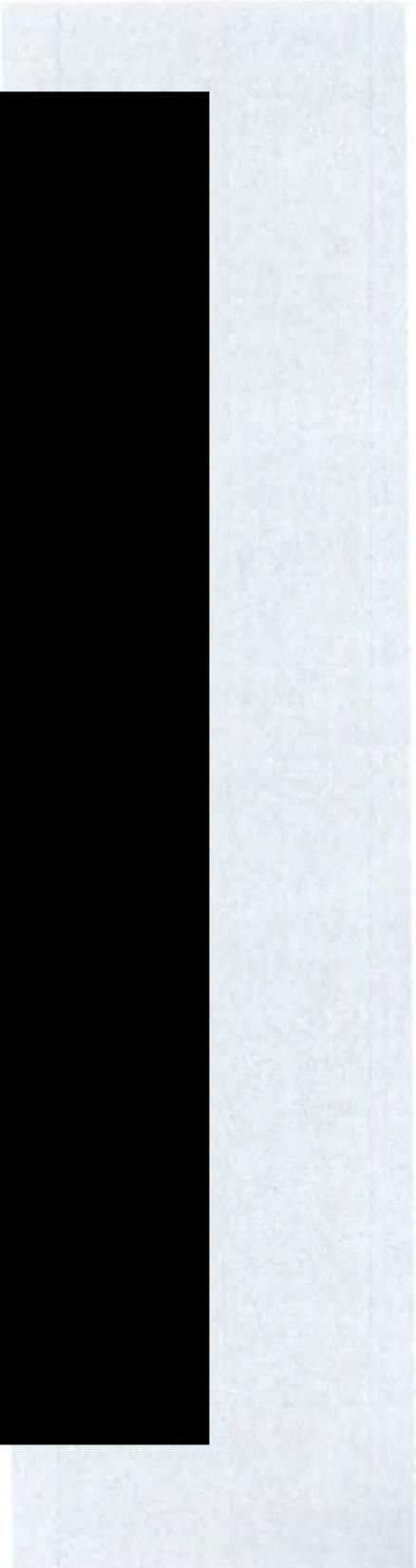
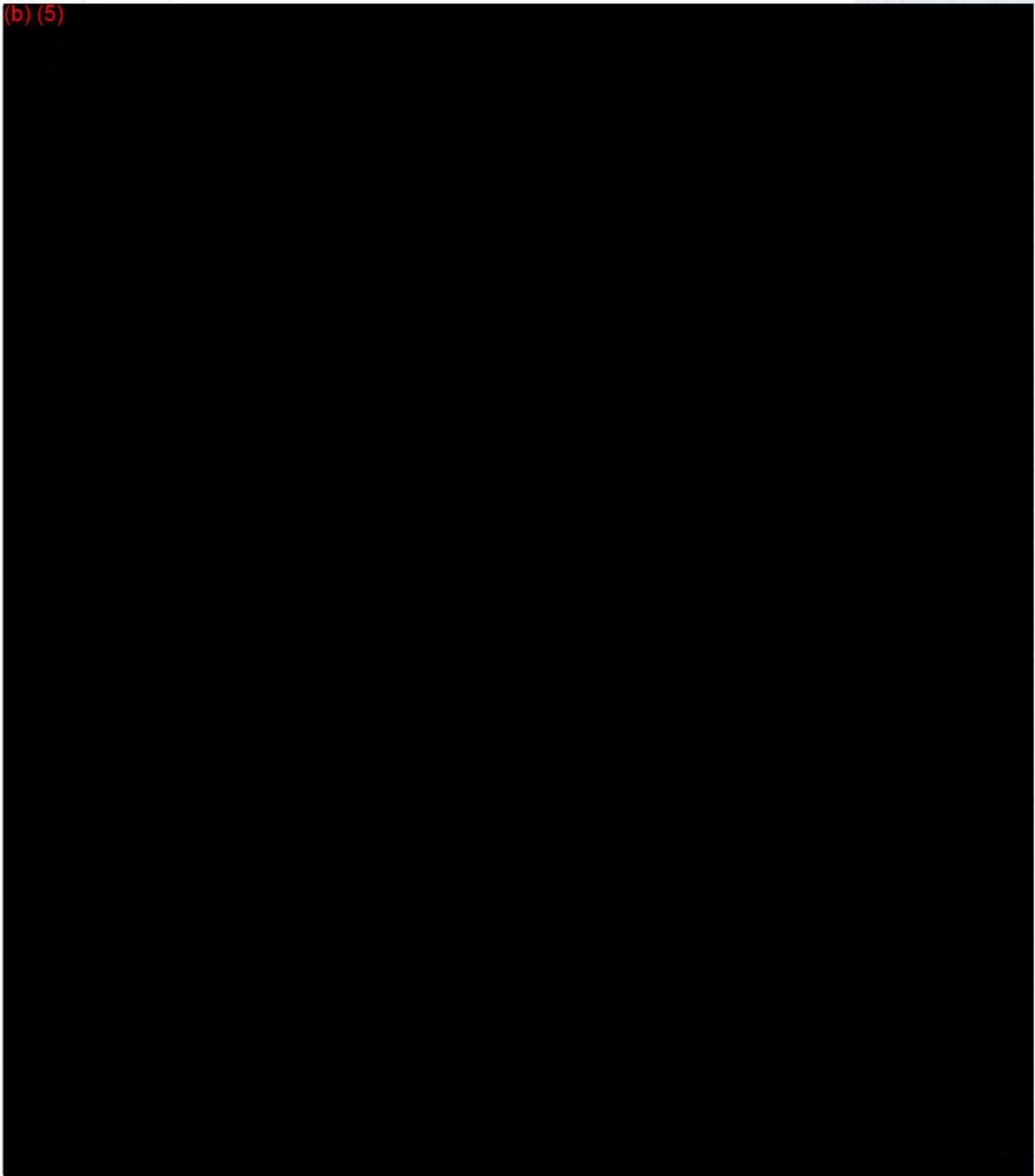
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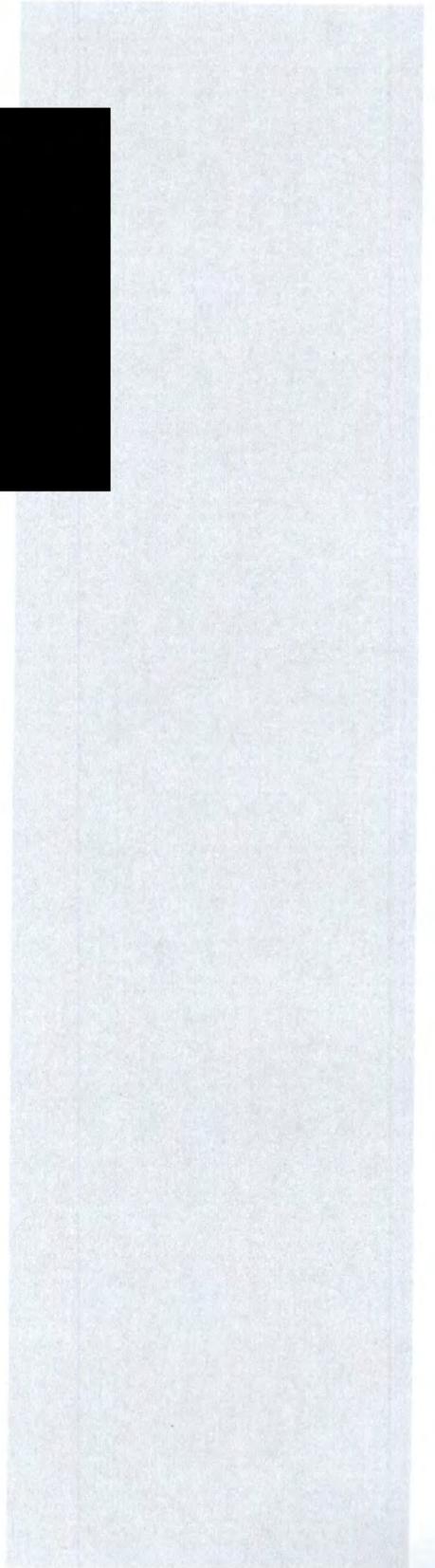
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## Weekly Report to the Secretary

### Acting Assistant Secretary for Land and Minerals Management

September **613**, 2012

I. Personal Message to the Secretary:

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

**Week of September 17, 2012**

**Acting ASLM Burke** – Traveling Sept. 17 – 20. Travel to AK on Sept. 14 through Sept. 20 to address the Canadian Institute on September 19 on Federal oil and gas milestones.

**DAS Farquhar** – On annual leave Sept. 17 – 20.

**Week of September 24, 2012**

**Acting ASLM Burke** –

**DAS Farquhar** –

III. Legislative, Legal, and Policy Issues:

- **Atlantic Wind:**
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**Ongoing Projects:**

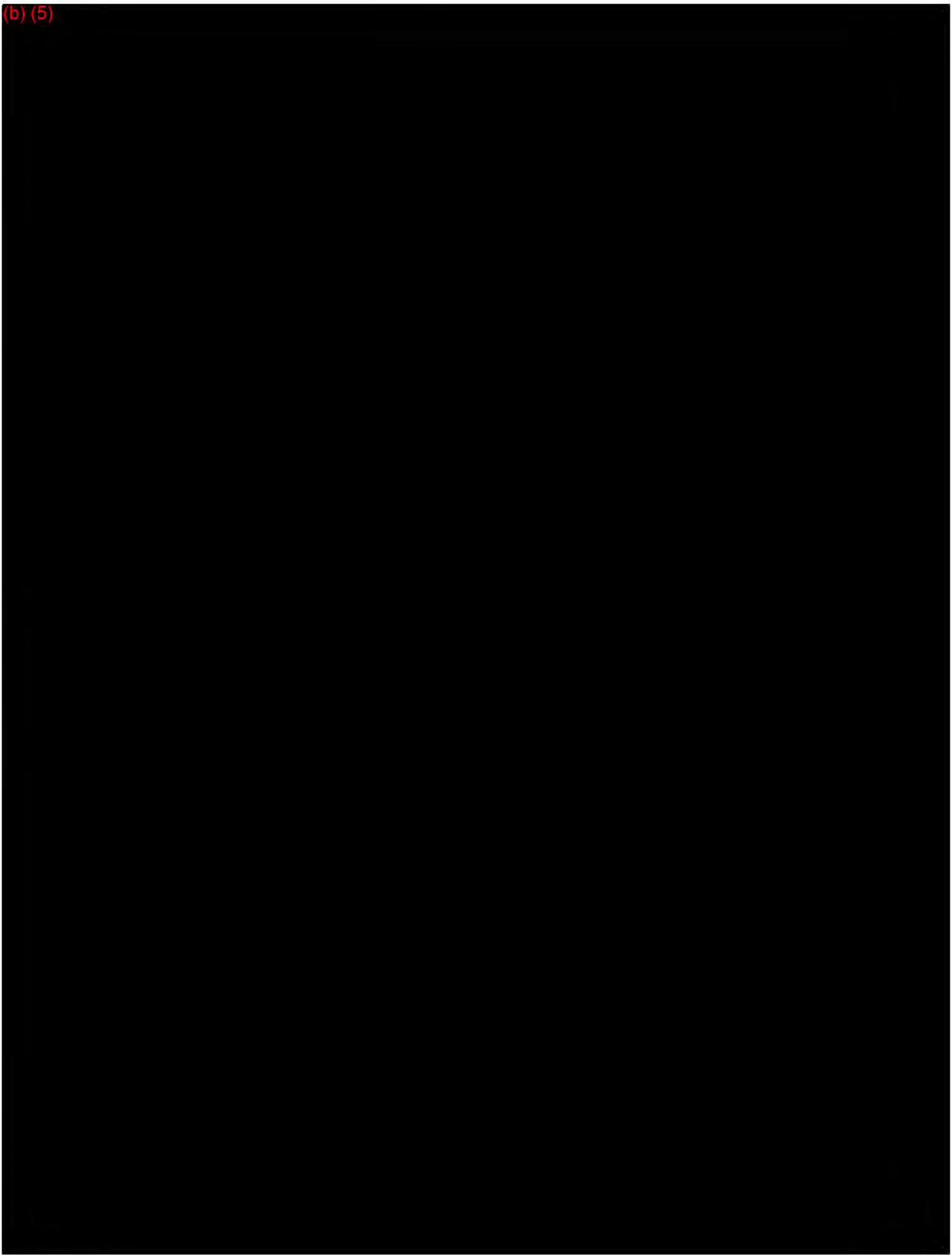
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Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management

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**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**September 20, 2012**

I. Personal Message to the Secretary:

Last week I traveled to Sacramento to co-chair along with John Conger, Acting Deputy Undersecretary for Installations and Environment, the Western Regional Partnership's 5<sup>th</sup> Annual Principal's Meeting. Participants discussed ongoing collaborative efforts on land use planning and energy development and ideas for further collaboration. Of particular interest to me was the impact of increased military testing and training efforts in the west due, in large part, to the end of the wars in Iraq and Afghanistan. It was obvious from the presentations that the BLM leadership in the state and field offices are committed to collaboration and cooperation with partners, and I congratulate the Bureau on its outgoing efforts. Jim Kenna, BLM California State Director, and Amy Lueders, BLM Nevada State Director, both gave thoughtful presentations with suggestions for further improvements for addressing issues such as sage grouse conservation, coordinated land use planning, and the Desert Renewable Energy Conservation Plan.

Brigadier General Vincent Coglianese, Commanding General of the Marine Corps Installations West and Marine Corps Base Camp Pendleton, invited me to tour the Marine Corps training areas and the BLM's Johnson Valley Recreation Area into which the Marines propose to expand their training. I believe this would be an excellent opportunity to learn more about the needs of the military, to reiterate our concerns, and to emphasize the importance of the partnerships with the military services.

I was in Alaska, preparing to speak to the Canadian Institute's Alaska Oil and Gas Congress, when I learned of Shell's decision to not drill into oil-bearing zones in the Arctic this year. While the mechanical problems with the containment dome aboard the Arctic Challenger barge were disappointing, I do not believe that these efforts will be in vain. I commend Jim Watson and his dedicated team of professionals for their hard work in support of this effort, including the recent APDs for the Chukchi and Beaufort Seas. While Shell was unable to proceed as originally planned, BSEE did all that it could to assist and stood ready to proceed in the event that Shell obtained the requisite approvals.

On September 17, I participated in a Department-wide briefing given by Amy Lueders, BLM's Nevada State Director, on the Round 13 projects that are proposed for funding under the Southern Nevada Public Lands Management Act (SNPLMA). The funding decisions that will be presented to you represent an excellent mix of projects that address health and safety issues, provide recreation opportunities—which are supportive of America's Great Outdoors, including several projects for underserved communities—and continue habitat restoration and protection work at a landscape level. And I am pleased to report that the interagency SNPLMA team (BLM, NPS, FWS, and U.S. Forest Service) exceeded the goal set in 2011 by then-Director Bob Abbey to make sure that projects funded in prior years are completed in a timely fashion.

Finally, I want to highlight for you the collaborative efforts of the OSM, BLM, the State of Colorado, and other state and Federal agencies to develop a three-dimensional computer model to identify acid mine drainage sources from an abandoned hard rock mine in Silverton, Colorado. The Upper Cement Creek was a hard rock gold and silver mining area from the 1870's through 1991. The BLM and the Colorado Division of Mining Reclamation and Safety (CDRMS) are using the three-dimensional model to educate the public and government agencies about acid mine drainage issues in Upper Cement Creek. OSM's Technical Innovation and Professional Services provided technical assistance with the Earth Vision software used to develop the model.

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

### **Week of September 24, 2012**

**Acting ASLM Burke** – In the office Sept. 24 - 25 and 28. On Sept. 26 - 27, travel to Las Vegas to present OSM and BLM mining awards at the National Mining Association's Mine Expo.

**DAS Farquhar** – In the office all week.

### **Week of October 1, 2012**

**Acting ASLM Burke** – (b) (6) In the office Oct. 3 – 5.

**DAS Farquhar** – In the office all week.

## II. Legislative, Legal, and Policy Issues:

### • **Atlantic Wind**

- On Sept. 5, BOEM received comments from the joint **RI/MA** task force on the draft Proposed Sale Notice (PSN). On Sept. 17, BOEM received from the State of Rhode Island suggestions for changing to the auction format. BOEM is currently evaluating the comments. BOEM intends to publish the PSN in late Sept. or early Oct. On Aug. 28, Cape Wind updated its Avian and Bat Monitoring Plan to address FWS concerns. On Sept. 6, FWS concurred that the updated plan meets its concerns. Geological and geophysical surveys are ongoing and will likely continue through Oct.
- On Sept. 12, ASLM completed review of the **VA** PSN package. As of Sept. 18, the package is awaiting Department approval. BOEM expects to publish the VA PSN during the week of Sept. 24.
- BOEM received written comments from Bluewater on the **DE** negotiated lease on Sept. 20. BOEM expects to complete final negotiations and execute the lease by the end of Sept.
- BOEM is currently working with the SOL's office on the Request for Interest (RFI) for the **NY** unsolicited request for a commercial lease. BOEM anticipates publication of the RFI by early Oct.

- **Shell's 2012 Alaska Drilling Operations, Inspections and Applications for Permit to Drill (APD):** On Sept. 17, Shell announced that it will not seek to drill into oil-bearing zones for the remainder of the 2012 drilling season because the oil spill and response containment system on the Arctic Challenger barge had mechanical problems and could not receive certification.
- **Renewable Energy Update:** The BLM is reviewing issues raised during the protest period on the Final Solar Energy Programmatic EIS and anticipates presenting the Record of Decision package to you on September 27. The Renewable Energy Strike Team anticipates presenting two renewable energy projects, the Campo Verde generation line ROW and the Chokecherry and Sierra Madre Wind Farm project, to you by September 26.

**Ongoing Projects:**

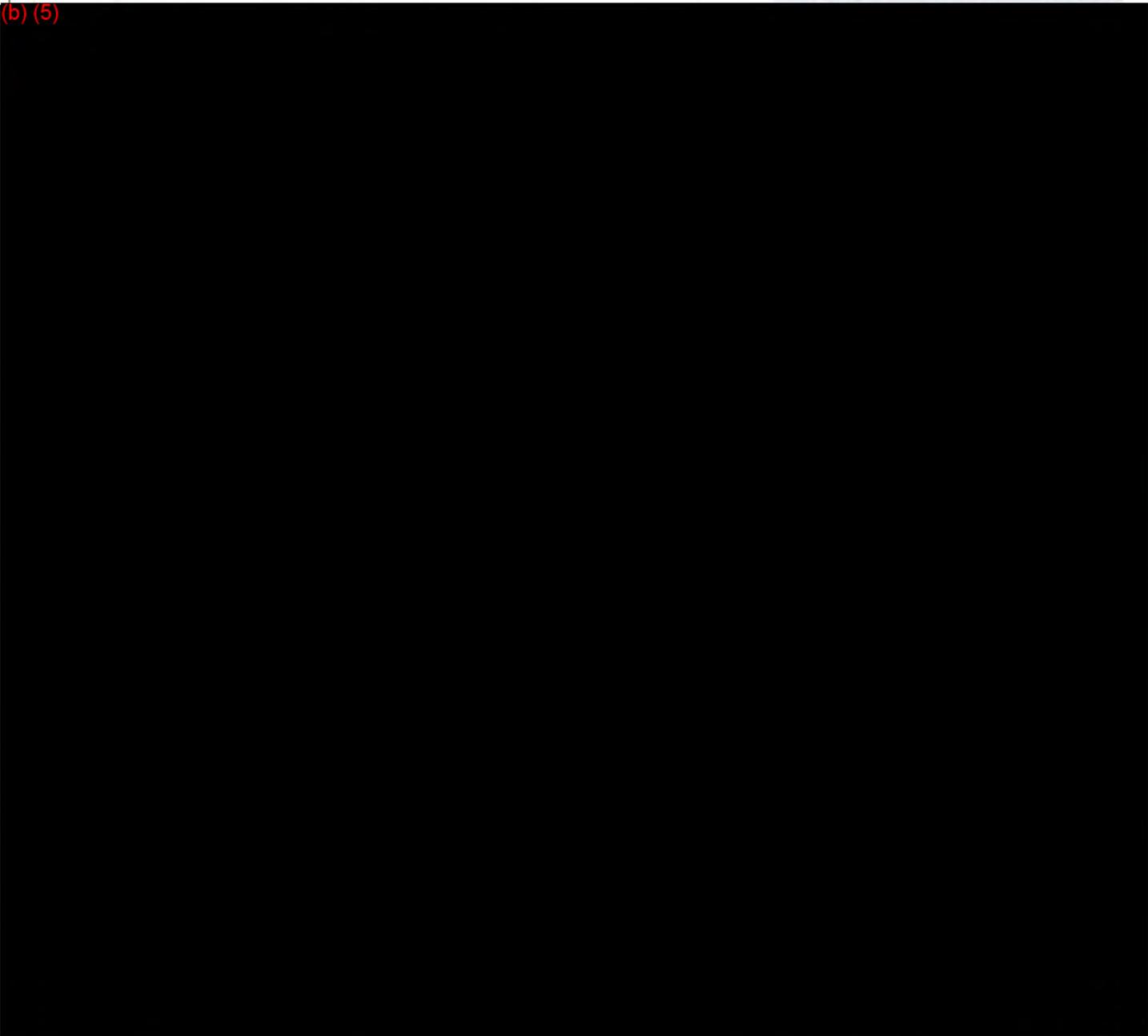
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- Tennessee Lands Unsuitable for Mining Petition
- DOI/DoD Joint Action Plan Implementation
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- Potash Secretarial Order
- Oil Shale PEIS and Rulemaking

Submitted by: Marcilynn A. Burke, Acting Assistant Secretary,  
Land and Minerals Management

Direct Dial: 202-208-2422; Cell: (b) (6)

**Weekly Report to the Secretary  
Acting Assistant Secretary for Land and Minerals Management  
September 27, 2012**

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H.III. Legislative, Legal, and Policy Issues:

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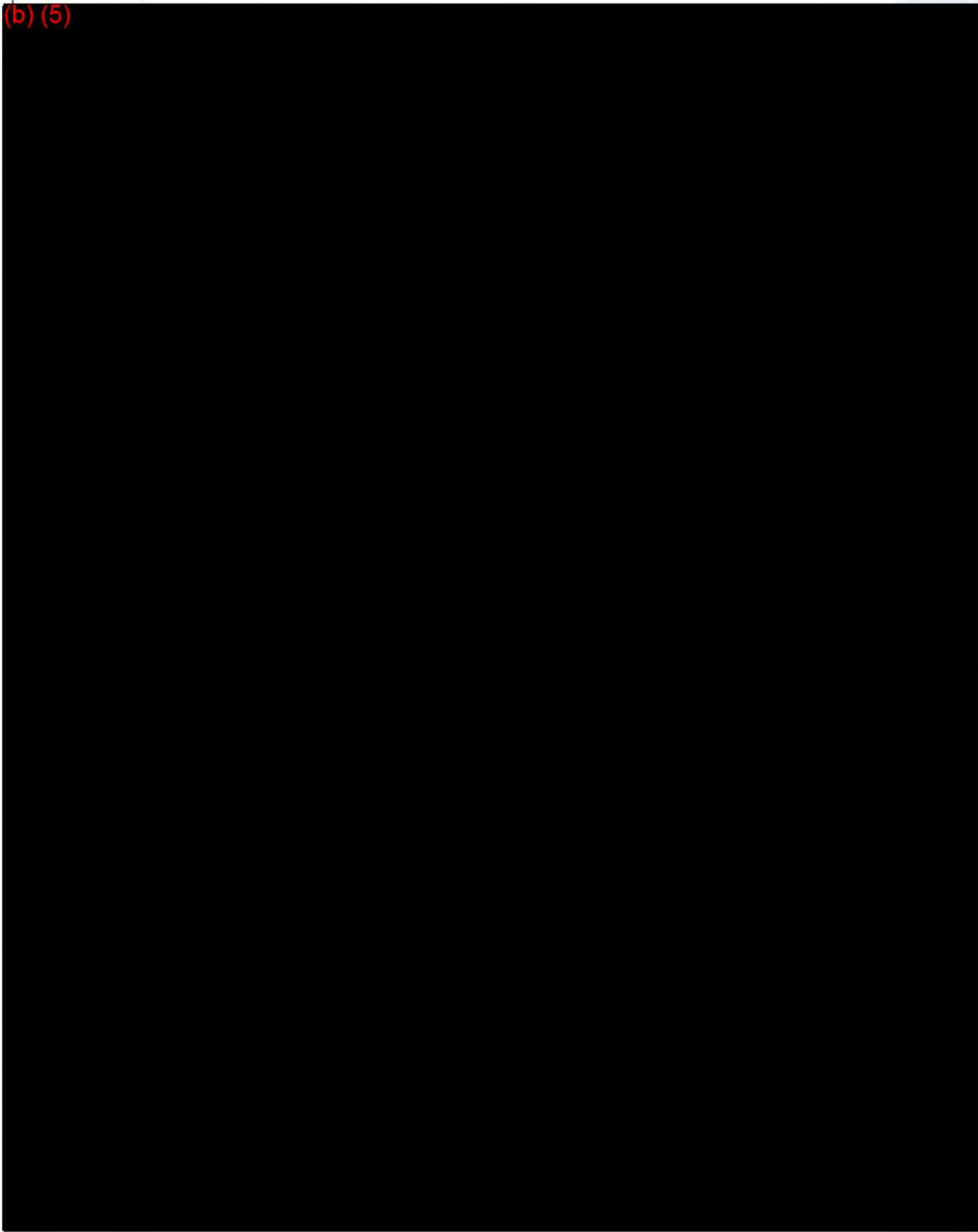


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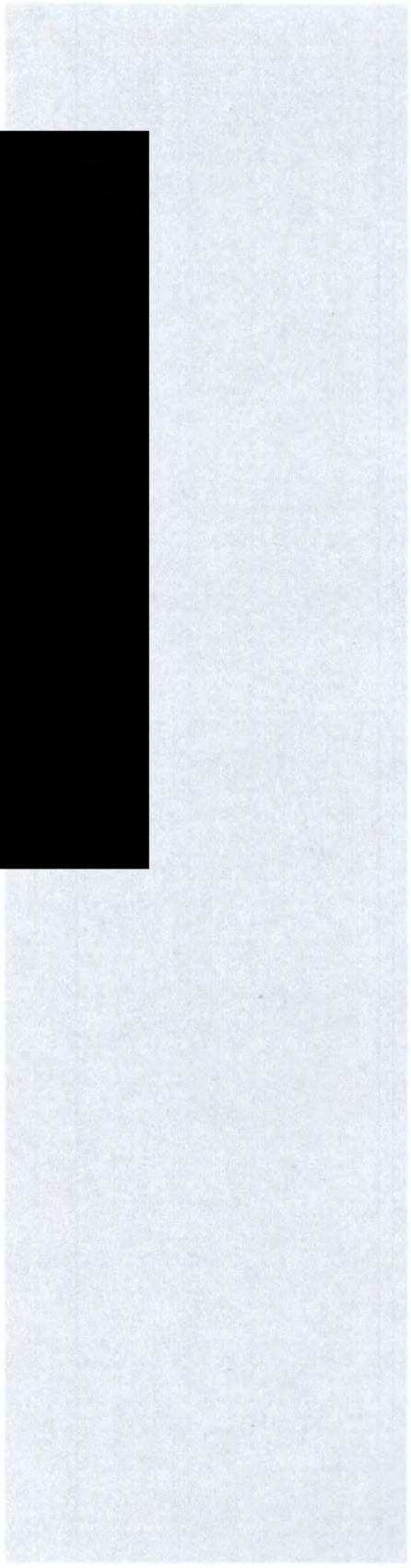
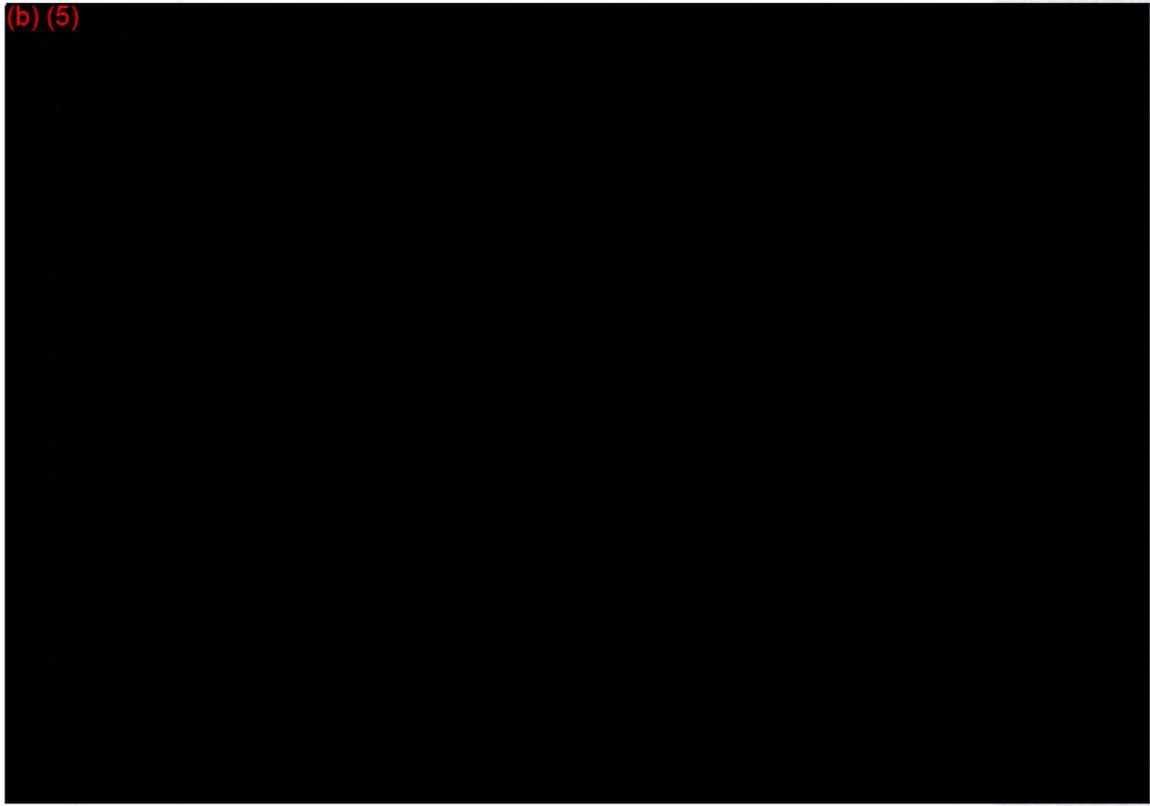


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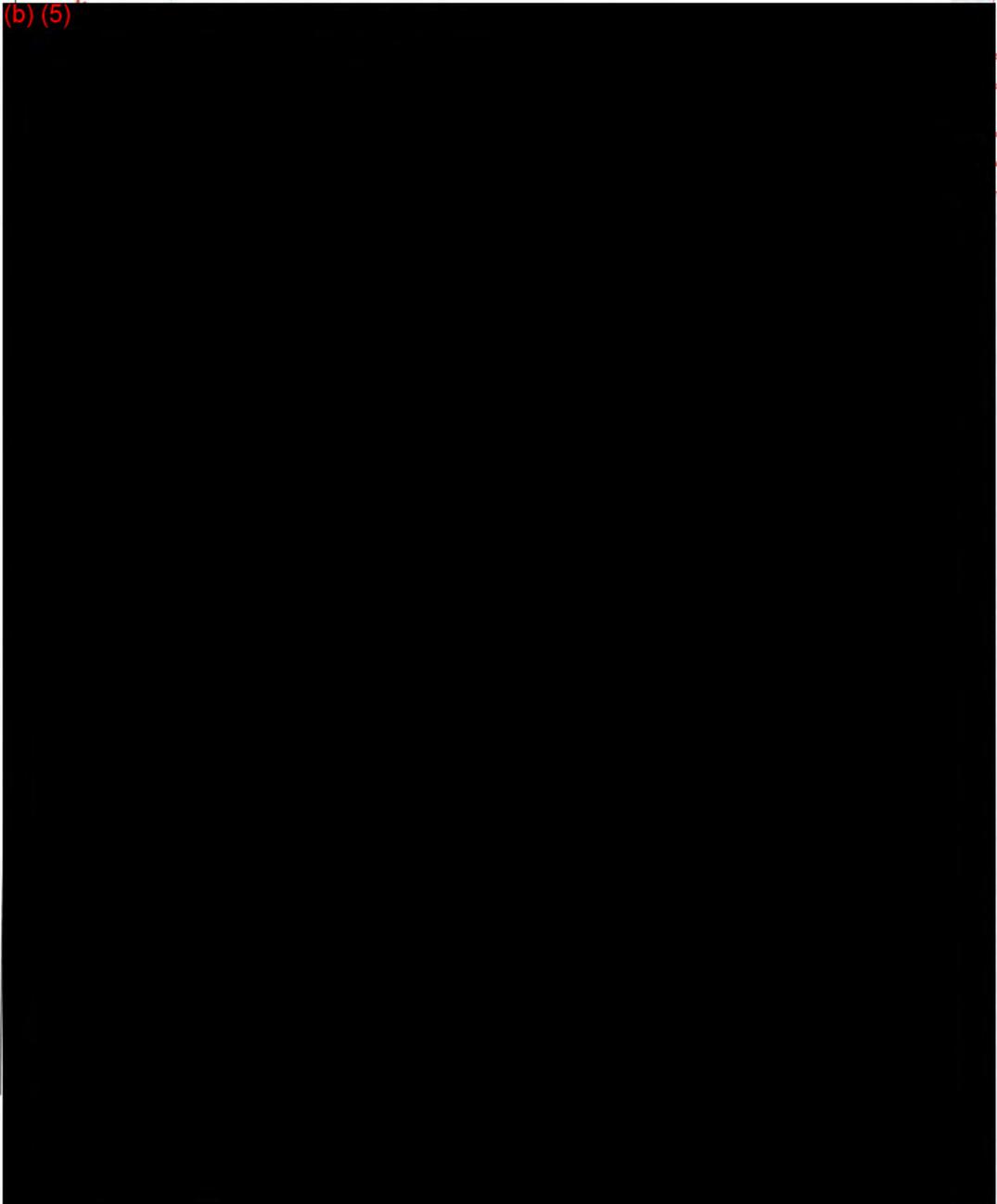
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Weekly Report to the Secretary  
Acting Assistant Secretary for Land and Minerals Management  
September 27, 2012

Personal Message to the Secretary:

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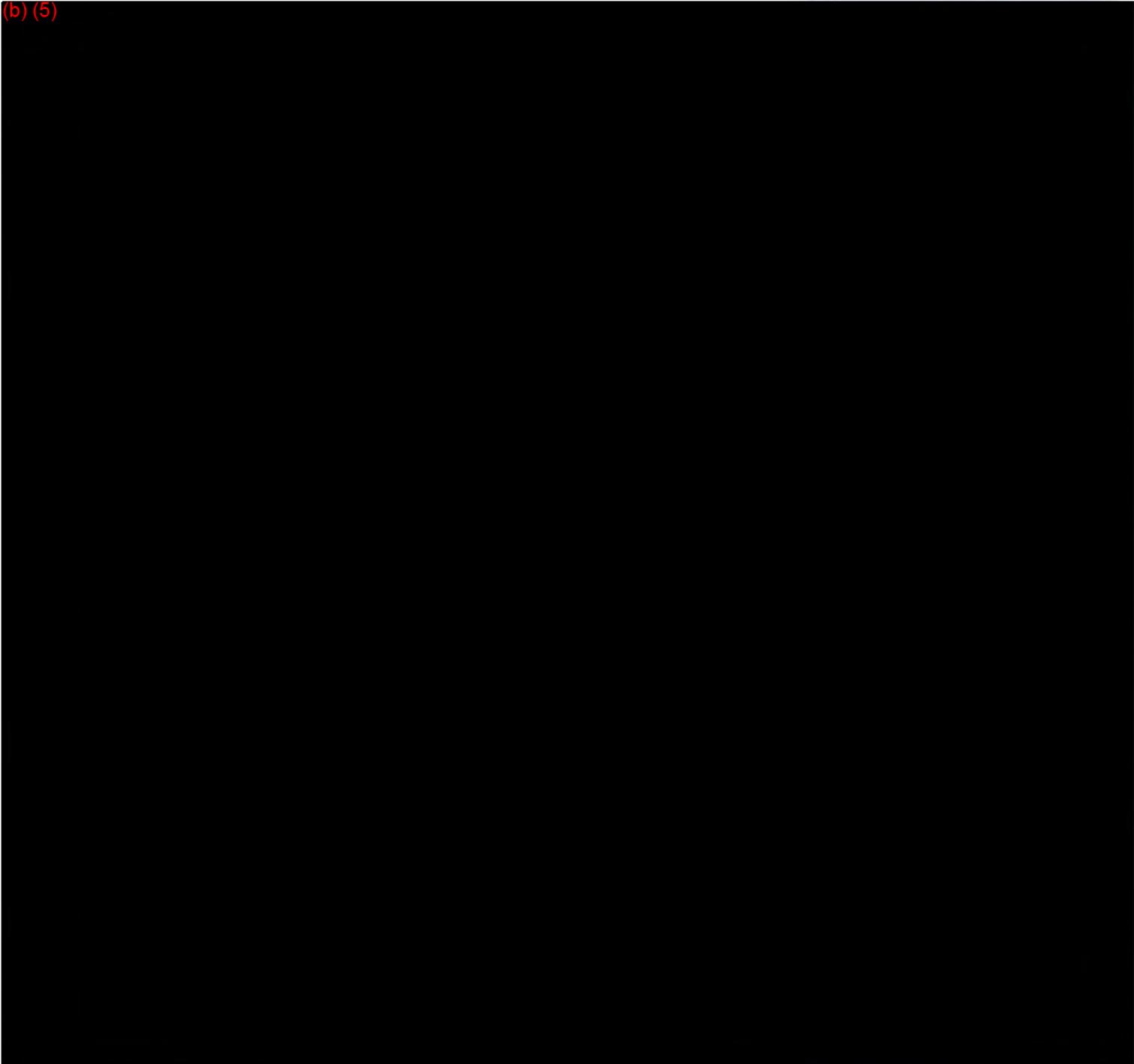
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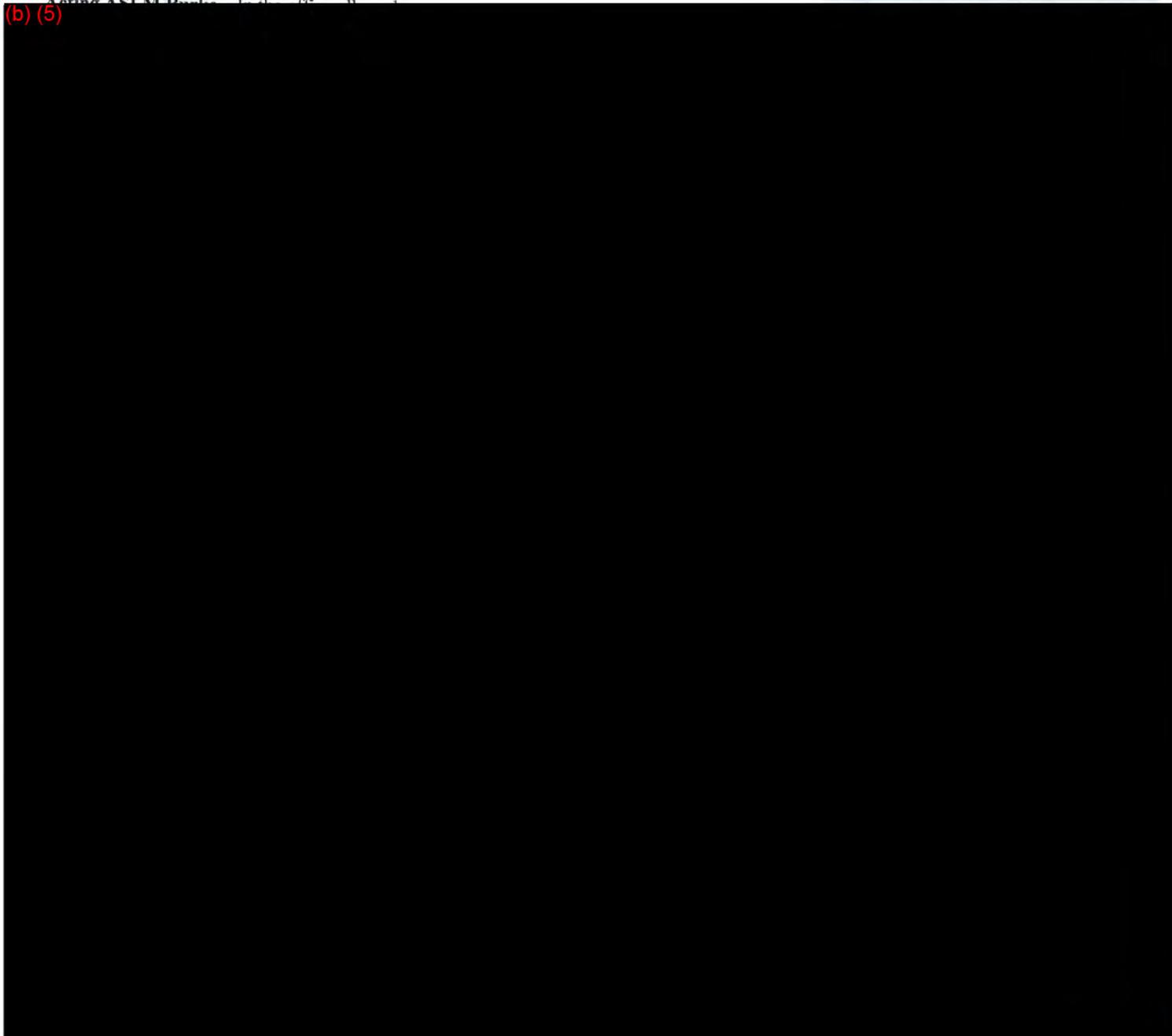
**Week of October 1, 2012**

**Acting ASLM Burke** – On annual leave Oct. 1 – 2. In the office Oct. 3 – 5.

**DAS Farquhar** – In the office all week.

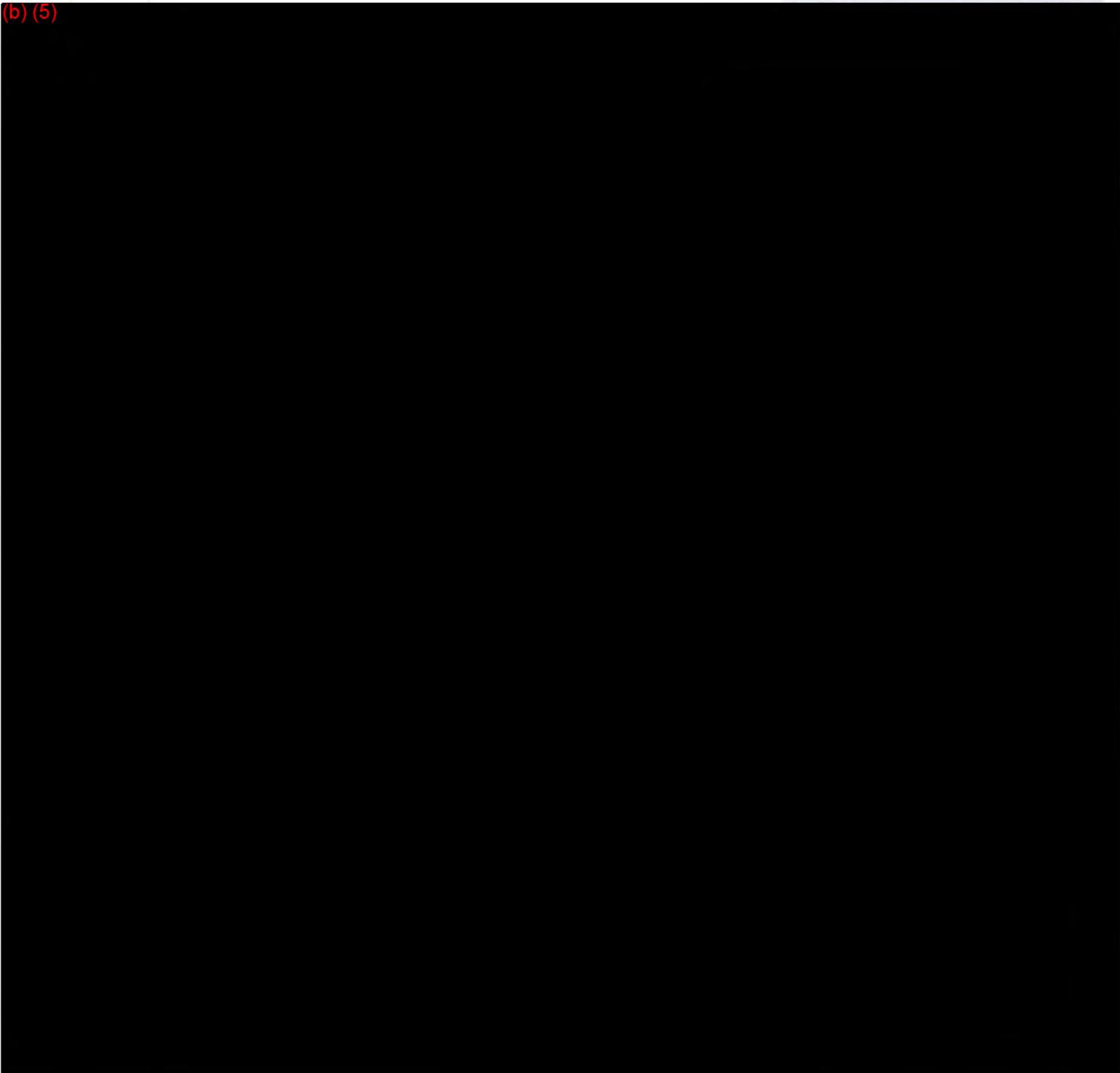
**Week of October 9, 2012**

**Acting ASLM Burke** – In the office all week.



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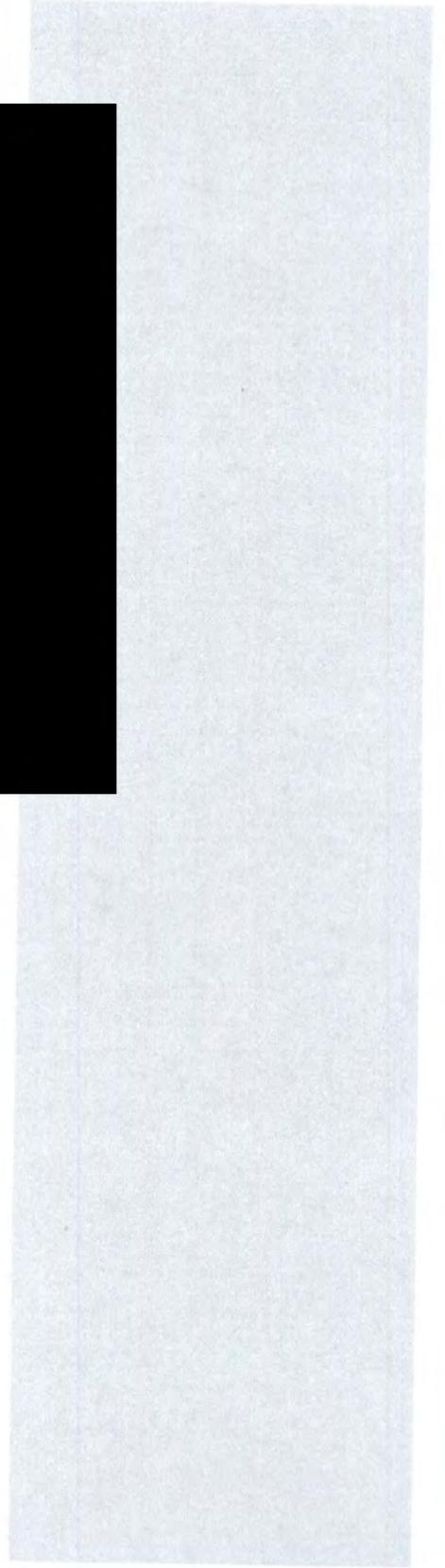
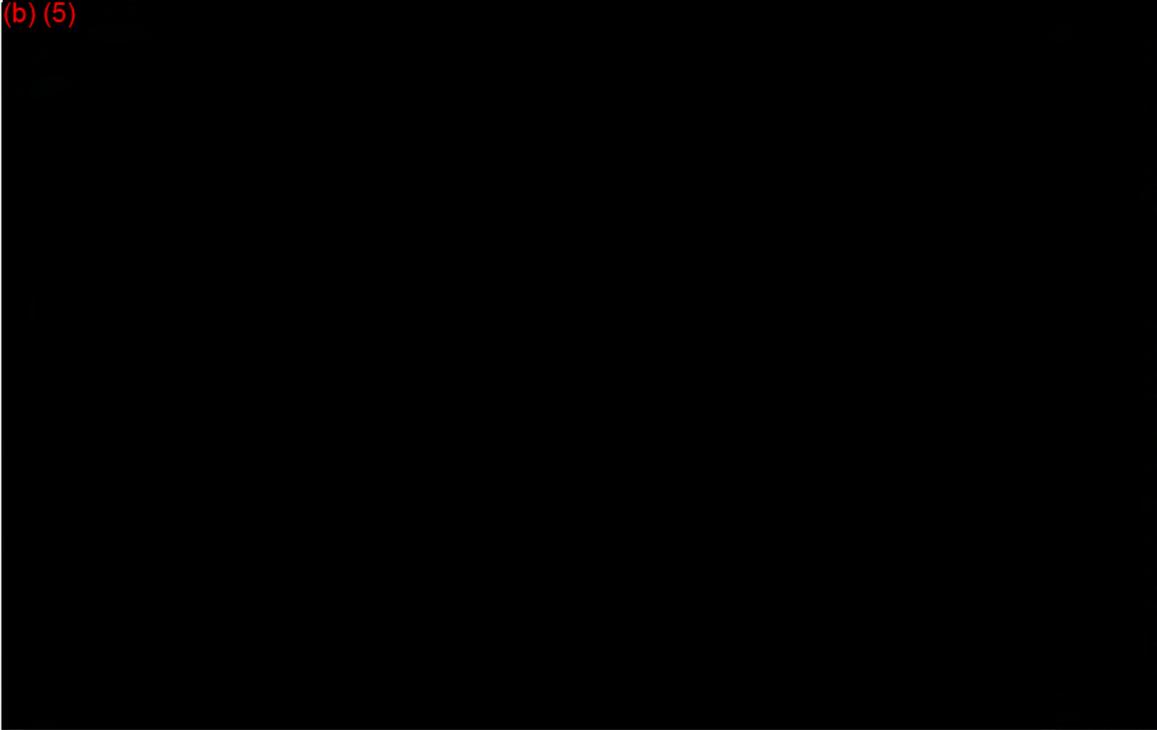
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- Oil Shale PEIS and Rulemaking

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

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**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**September 27, 2012**

I. Personal Message to the Secretary:

The President's all-of-the-above energy strategy is at the forefront of my mind as I consider the important milestones we have achieved this week. First, BOEM's successful rollout of the Proposed Notice of Sale for Central Gulf Lease Sale 227 is another great step in our efforts to facilitate the development of oil and gas resources in a responsible manner. The Sale, scheduled for March 2013, will offer 38 million acres of unleased area in the Central Gulf of Mexico, which could lead to the production of up to nearly a billion barrels of oil and nearly 4 trillion cubic feet of natural gas.

Next, I pause to highlight, as you know, that we are on our way to exceeding the 10,000 MW goal for renewable energy approvals on public land, established in the Energy Policy Act of 2005—enough energy to power 3 million homes. It is fitting that we will meet this goal with two cornerstone renewable projects that exemplify your dedication to clean energy: the Chokecherry/Sierra Madre Wind project and the First Solar Campo Verde connected action project, which you signed on September 26. Reaching this goal—3 years early—is a tremendous accomplishment, particularly given the fact that when the President took office there were no solar energy projects approved on public land. I remember testifying at a House oversight hearing in November 2009 when I was grilled about our commitment to facilitating the development of renewable energy on public lands when there were no such projects yet authorized. I assured the Members that they would indeed see results from this Administration. Almost three years later, which this achievement on the horizon, I thank you for your steadfast commitment and the determination across the Department to meet this important goal.

Another exciting renewable energy initiative spurred by your leadership is the Programmatic Environmental Impact Statement for Solar Energy Development (Solar PEIS), which ASLM cleared this week. We look forward to your final review and the release of this path-forging analysis.

On October 1, we will celebrate another important milestone: the one-year anniversary of the creation of BOEM and BSEE. The work of these bureaus is instrumental in ensuring orderly resource conservation and development, as well as protection of the human, marine, and coastal environments. The anniversary provides an opportunity both to reflect on the progress of BOEM and BSEE, as well as opportunities for the future. I look forward to working with you, the bureaus, and others to build upon their efficiency and effectiveness.

And while we are charting the path to our energy future, yesterday, I—along with the BLM and OSM—saluted exemplary members of the coal industry that went above and beyond the call to reclaim mine lands and work with their communities as good neighbors. I presented the BLM's Reclamation and Sustainable Mineral Development Awards and OSM's Excellence in Surface Coal Mining Awards at the National Mining Association's MINExpo in Las Vegas. These awards demonstrate that development and stewardship can go hand-in-hand.

Of note were two OSM reclamation awards given to Peabody Energy. One was for Peabody Energy's Cottage Grove Mine for proactively returning a 3,500-acre mine site to highly productive farmland and; the second was for Peabody Energy's North Antelope Mine—which I toured this summer—for its commitment to protect raptor species on its 46,000-acre mine site.

And finally, I want to take this opportunity to congratulate the BLM and OSM on rising to the challenge and exceeding the Department's goals for Small Business Procurement activities in FY 2012. The BLM exceeded the Small Business goal by 21 % and OSM by 12.5 %. While BOEM and BSEE did not reach the overall Small Business Procurement goals, they are examining ways to improve in the coming year.

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

### **Week of October 1, 2012**

**Acting ASLM Burke** – (b) (6) In the office Oct. 3 – 5.

**DAS Farquhar** – In the office all week.

### **Week of October 9, 2012**

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## III. Legislative, Legal, and Policy Issues:

### • **Atlantic Wind**

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#### **Ongoing Projects:**

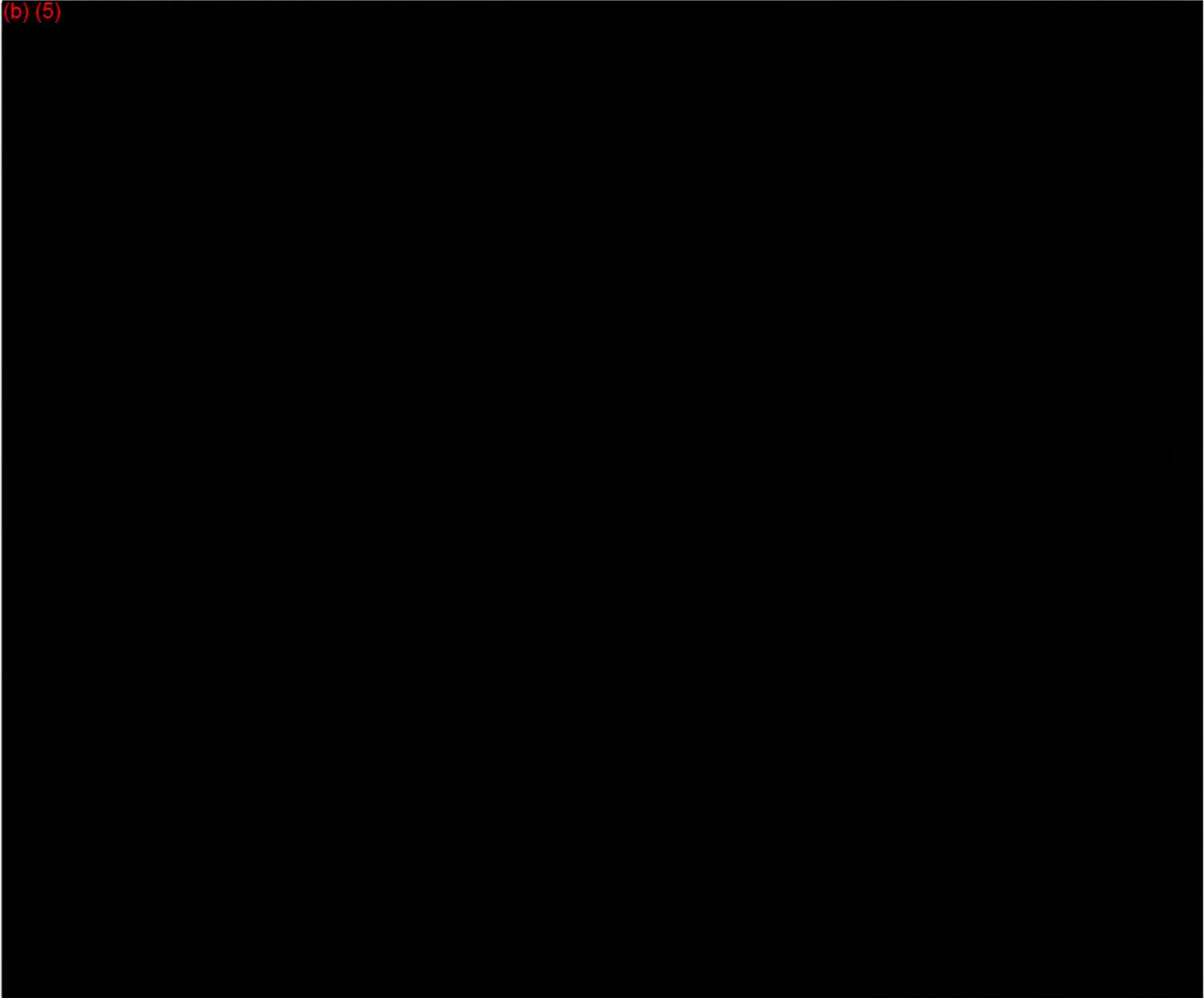
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- Oil Shale PEIS and Rulemaking

Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management  
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LAND AND MINERALS MANAGEMENT  
September 30 – October 6, 2012

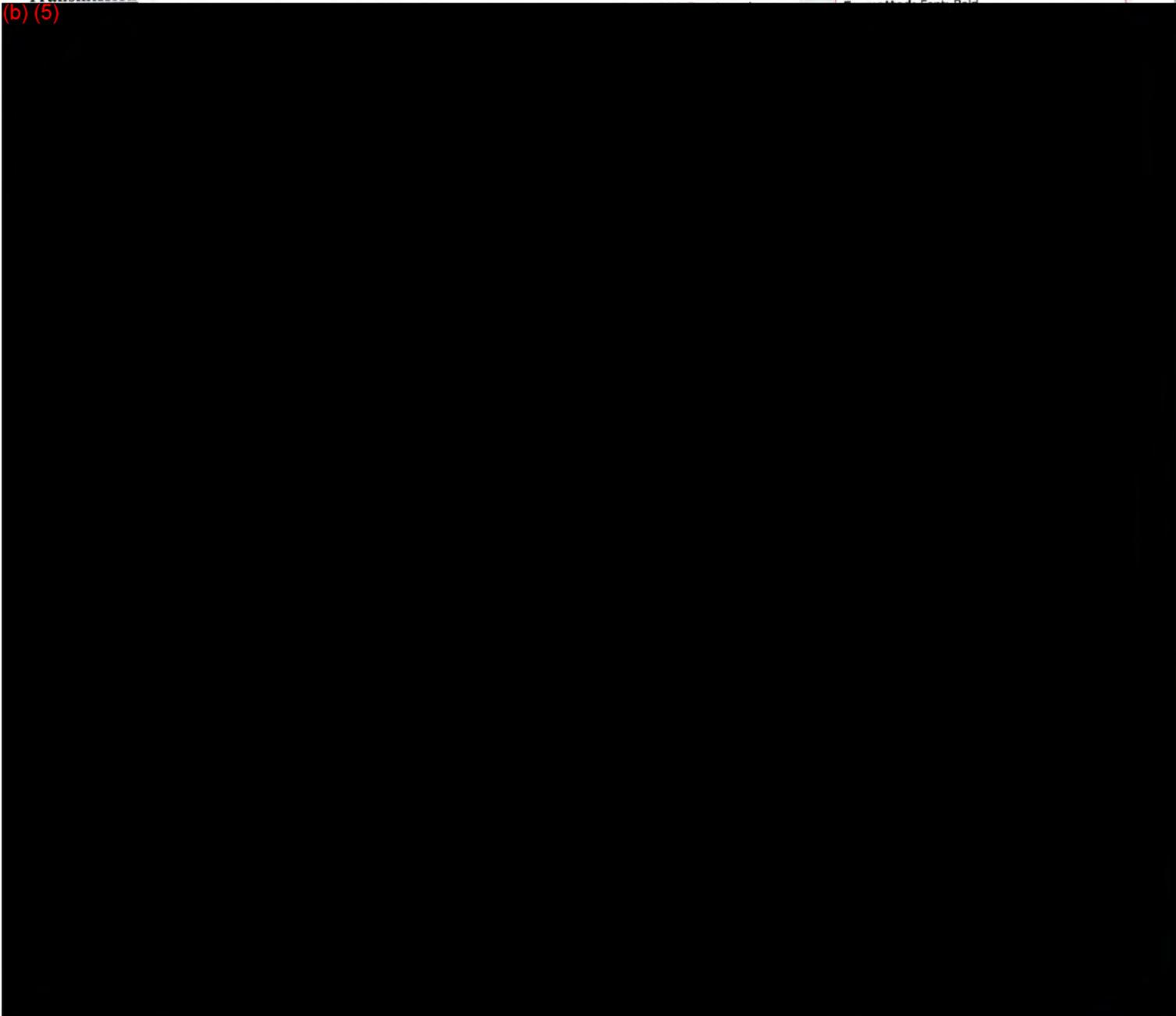
SENIOR OFFICIALS' ACTIVITIES

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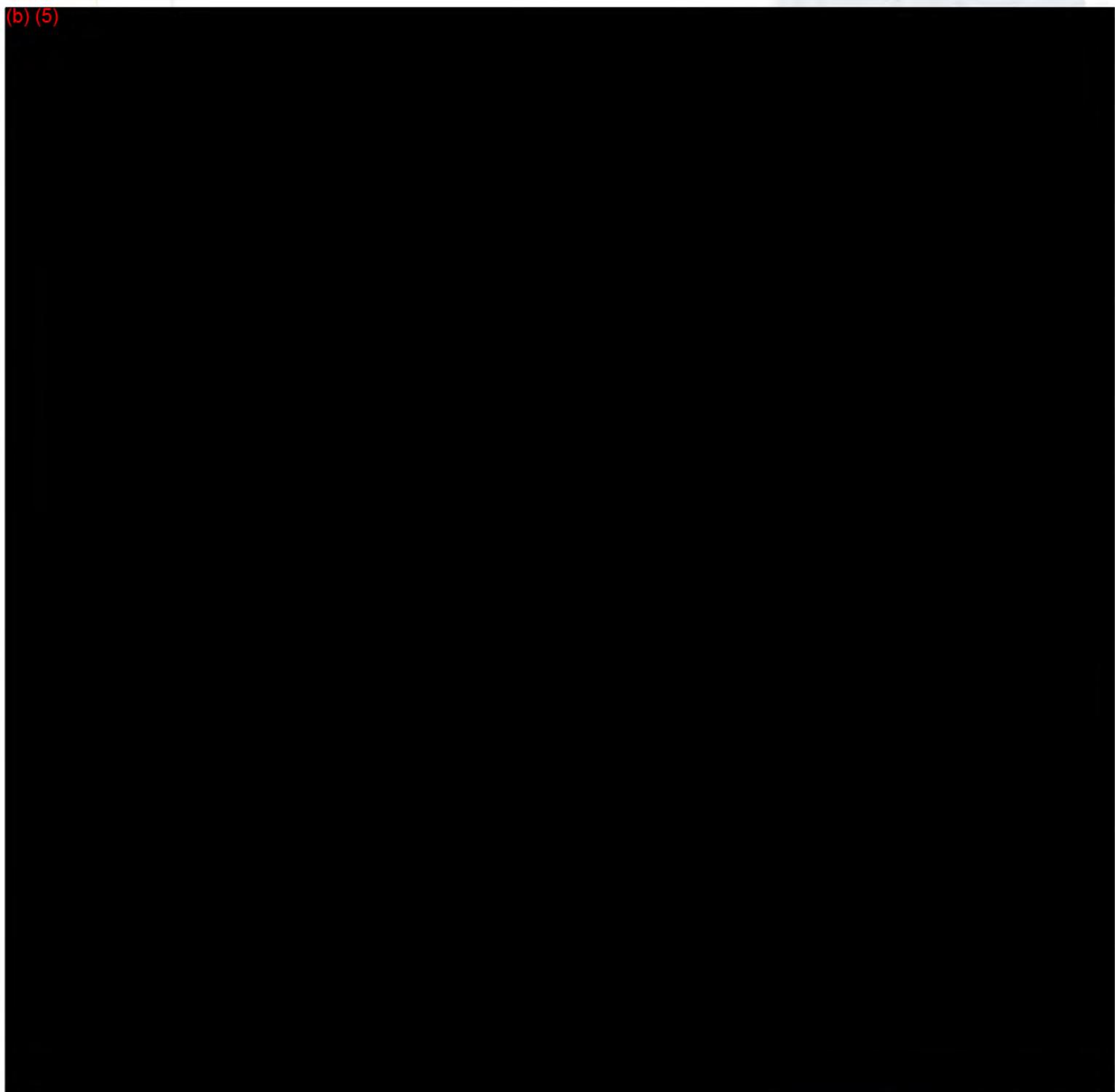


Transmission

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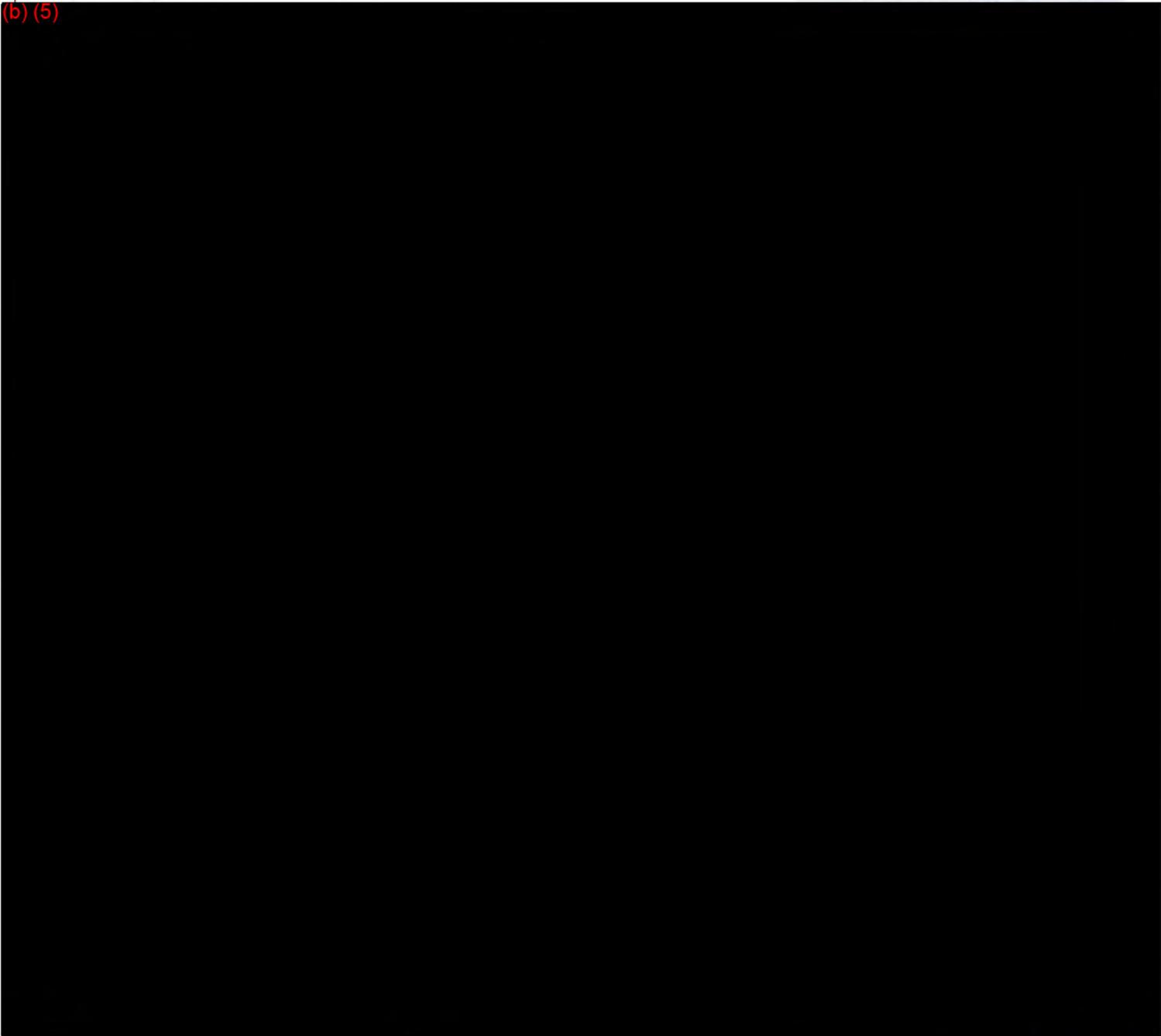
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Bureau of Safety and Environmental Enforcement (BSEE)

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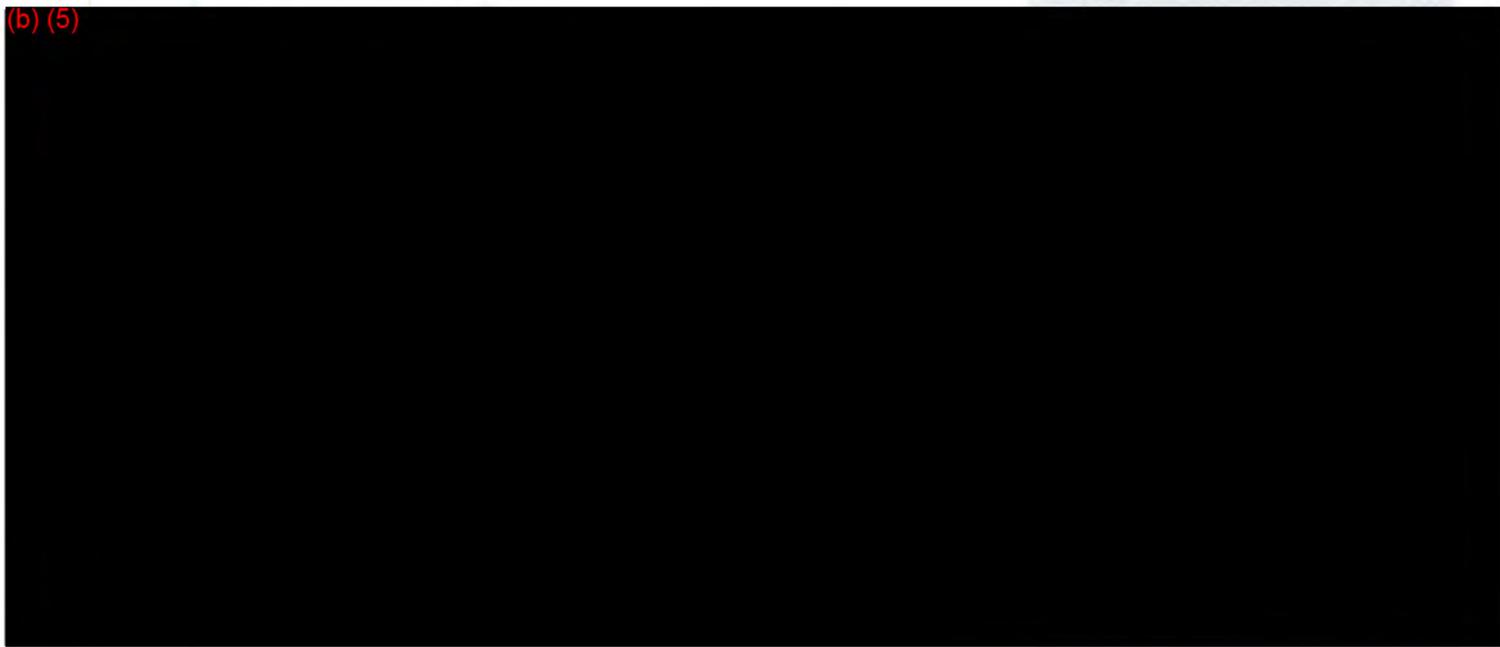


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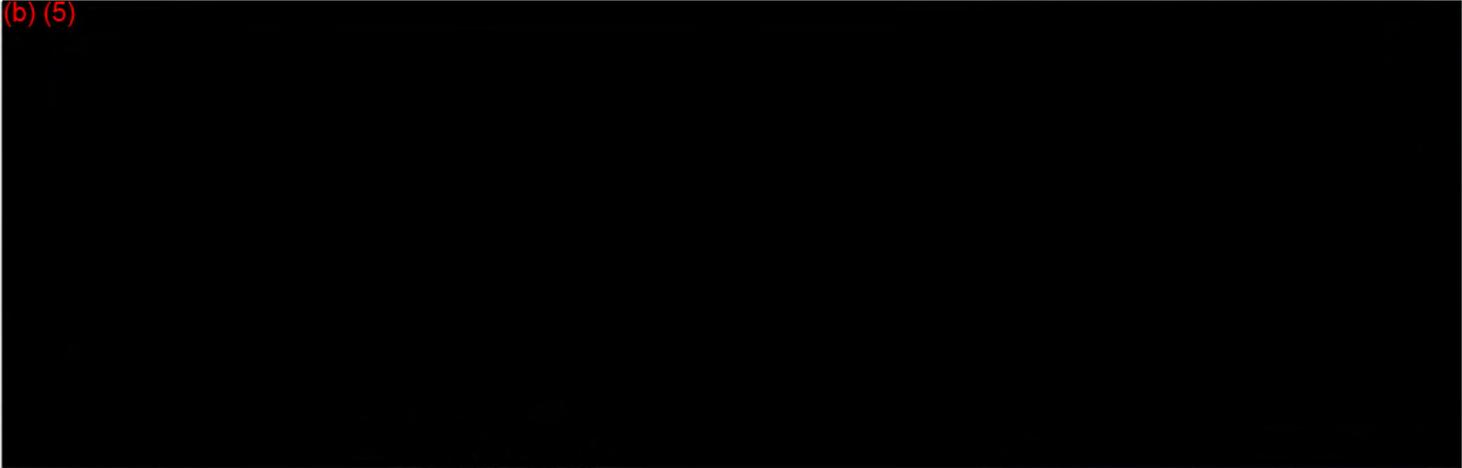


Bureau of Ocean Energy Management (BOEM)

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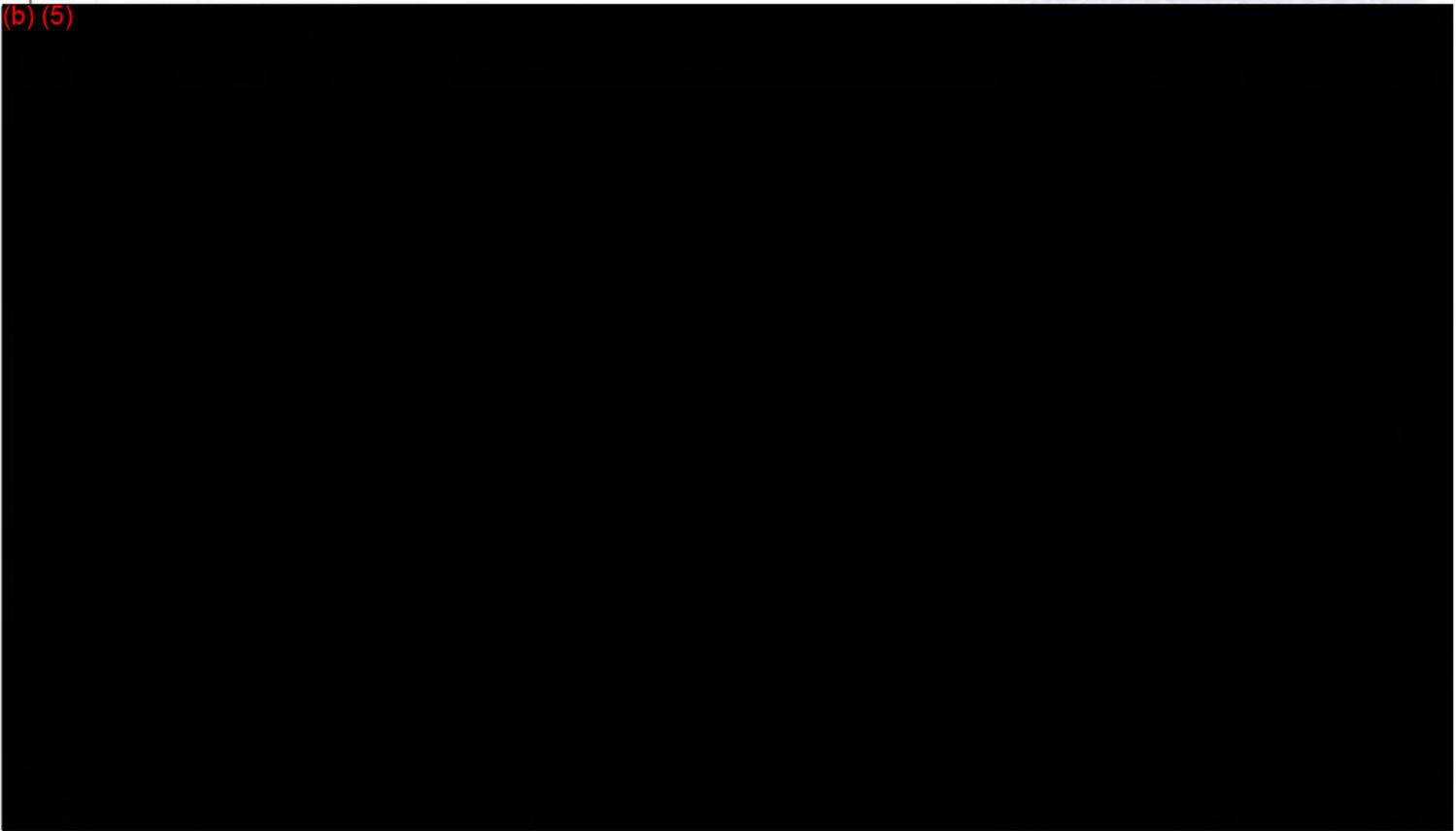
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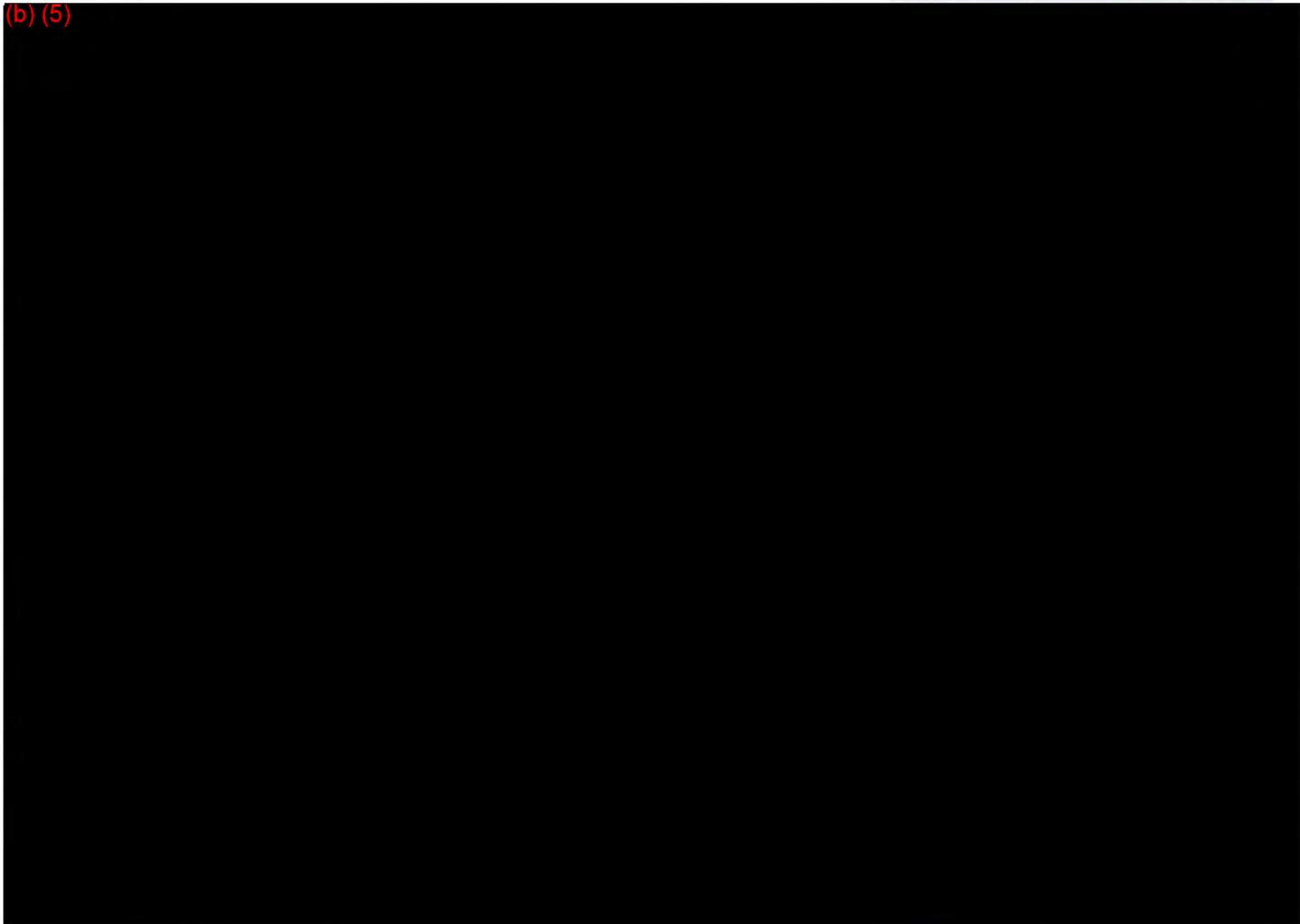
WEEK AHEAD

Bureau of Land Management (BLM)

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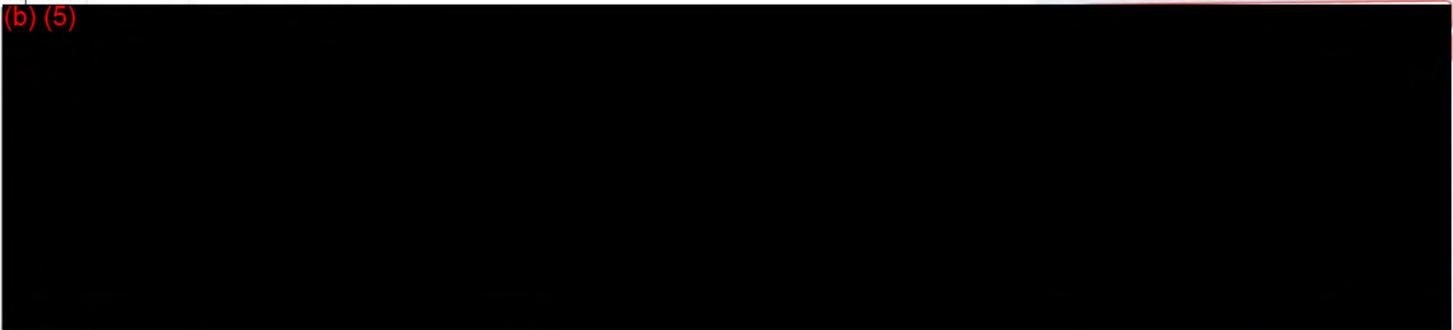


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Office of Surface Mining (OSM)

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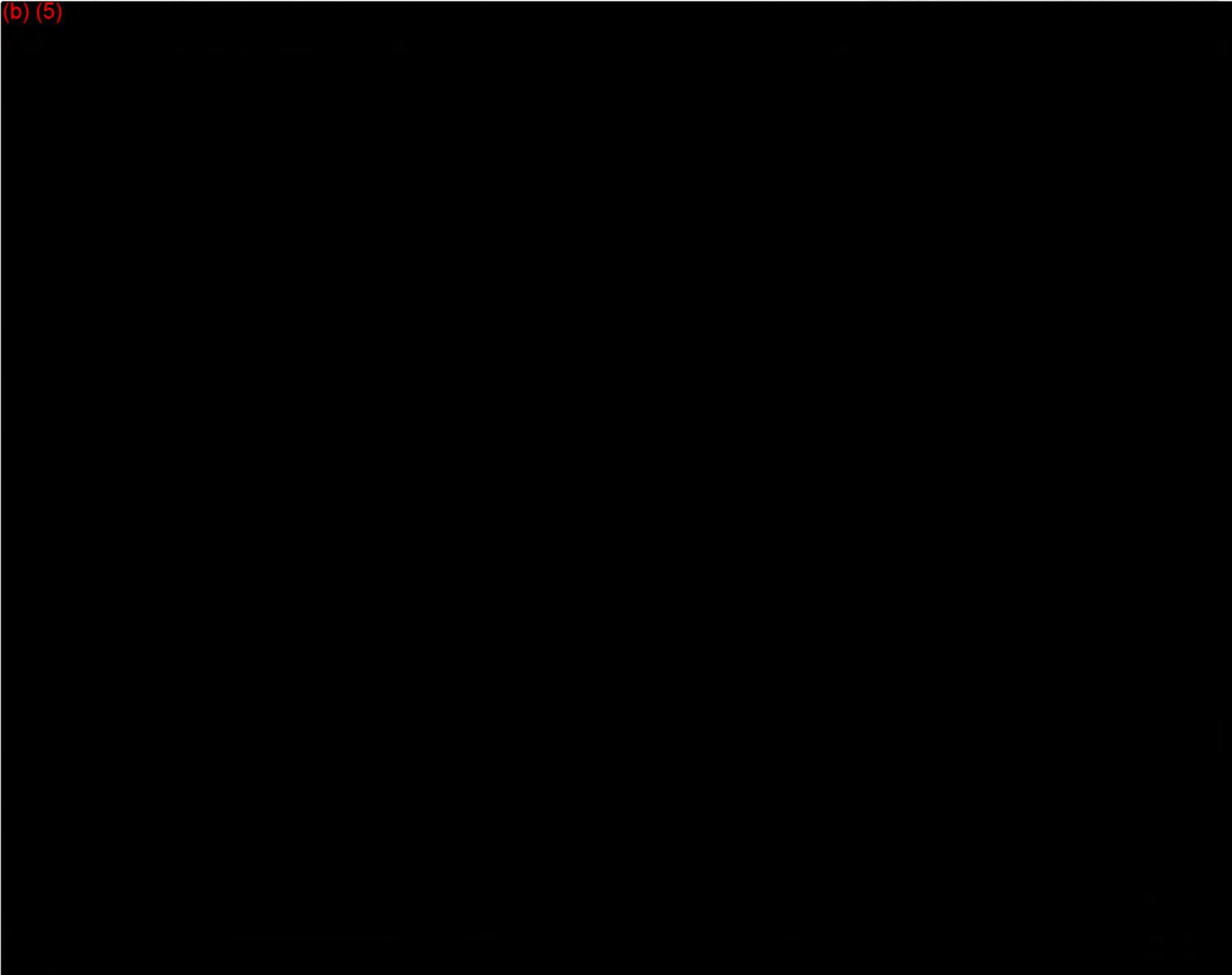


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**WEEKS AHEAD**

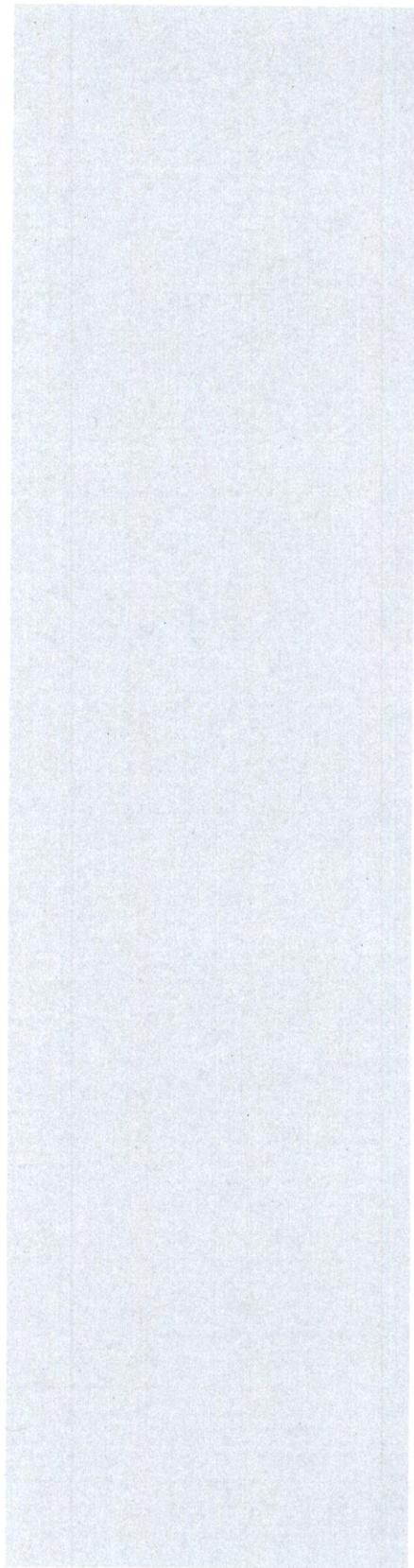
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**LAND AND MINERALS MANAGEMENT**  
**September 30 – October 6, 2012**

**SENIOR OFFICIALS' ACTIVITIES**

**Week of October 1, 2012**

**Acting ASLM Burke** - (b) (6) In the office Oct. 3 – 5.

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Expected to address 200 developers and stakeholders at the Offshore Wind Acceleration Project session. In the office on Oct. 12.

**HOT TOPICS**

**Bureau of Land Management (BLM)**

**Renewable Energy**

- **Update: Final Solar Programmatic EIS (PEIS):** ASLM surnamed Sept. 25 and submitted to Exec. Sec. The BLM is working with DOI Communications on a possible signing event in the near future.
- **Update: BLM-WY Chokecherry-Sierra Madre Wind Energy Final EIS:** ASLM surnamed Sept. 25 and submitted to Exec. Sec.
- **Update: Notice of Availability (NOA) for Silver State South Solar Project Supplemental EIS:** On Oct. 19, the BLM is scheduled to release the NOA for the Draft Supplemental EIS for the 350-MW Silver State South Solar Project, located on 1,400 acres of BLM public lands in Clark County, NV. The White House indentified the project as a Nationally Significant Project under Executive Order 13604, and the DOI Strike Team has recommended that it be included on the 2013 Priority Project list.
- **Update: NOA for Arizona Restoration Design Energy Project FEIS:** On Oct. 26, the BLM is scheduled to release the NOA of the Final EIS for the Arizona Restoration Design Energy Project. The EIS identifies lands across AZ that may be suitable for the development of renewable energy. It also establishes a baseline set of environmental protection measures for such projects.

**Transmission**

- **Update: Boardman to Hemingway (B2H) Project Delay:** The B2H Project is a 305-mile 500 kV line from Boardman, Oregon to Melba, Idaho; BLM is the lead and has 23 cooperating agencies. The BLM is working on the DEIS, which was originally scheduled for release at the end of February, 2013. During the week of Sept. 17, the BLM determined there would be a 2 month delay to address additional alternatives related to an updated application submitted by Idaho Power Company in Nov. 2011, as well as to assess impacts on sage grouse. The anticipated release date is now the end of April.

## Bureau of Safety and Environmental Enforcement (BSEE)

### Monday, Oct. 1

- **New: BSEE First Year Anniversary:** *Dir. Watson, in coordination with BOEM, will host an open house to commemorate BSEE's one year anniversary, which will include Federal and state officials, industry associations, and environmental/conservation organizations. The Secretary will participate with Dir. Watson in an all-employee meeting.*

### Tuesday, Oct. 2

- **New: Dir. to Participate in Offshore Safety Panel:** *Dir. Watson will participate in a panel discussion at the Center for Strategic and International Studies (CSIS) in Washington, DC regarding "Advancing Offshore Safety: Sharing Research, Information and Best Practices on Safety and Environmental Protection." The panel will include industry, environmental, and NGO representatives, and will be moderated by former BSEE Dir. Bromwich.*

### Thursday, Oct. 4 – Friday, Oct. 5

- **New: Dir. to Speak at Greater Houston Partnership Mtg:** *Dir. Watson will be a luncheon keynote speaker at the Greater Houston Partnership meeting in Houston.*

## Office of Surface Mining (OSM)

- **Nothing new to report.**

## WEEKS AHEAD

## Bureau of Land Management (BLM)

### Tuesday, October 9 - Wednesday, October 10

**New: BLM-MT/DK Preservation Summit:** *The BLM-MT/DK will collaborate with the Confederated Salish-Kootenai Tribal Preservation Office and the Tribal Historic Preservation Program to sponsor a preservation summit called "One State, Seven Nations" to be held on the campus of the Salish-Kootenai College in Pablo, MT. The summit will include a discussion of the important cultural resource and preservation issues facing the tribes.*

### Thursday, October 11

- **No Change: MT/DK Public Information Meetings:** The BLM will hold public meetings in Winifred and Stanford, MT, regarding the Draft Water Rights Compact for the Upper Missouri River Breaks National Monument.

### Monday, October 15-Wednesday, October 17

- **No Change: Oil Shale Development Symposium:** The Colorado School of Mines, along with the Center for Oil Shale Technology and Research, will host the 32nd Oil Shale Symposium at the campus of Colorado School of Mines. The Symposium will

review development of oil shale resources worldwide. The BLM is finalizing plans for participation in the symposium.

#### **Tuesday, October 16**

- **New: Assistant Secretary to Tour Dolores River AGO Project:** *Asst. Sec. for PMB Rhea Suh will visit the Dolores River AGO Project located within the administrative jurisdiction of the BLM-CO Tres Rios Field Office. The Walton Family Foundation will also participate in the visit.*

#### **Wednesday, October 17**

- **New: BLM-NM Oil and Gas Lease Sale:** *The BLM-NM will offer a total of 37 oil and gas lease parcels totaling 16,926.61 acres in NM, TX, and OK for sale. BLM received one protest and BLM is working to resolve the protest before the sale.*

#### **Bureau of Ocean Energy Management (BOEM)**

#### **Wednesday, October 10**

**No Change: DOD/DOI Wind Energy Forum:** The Departments of Defense (DoD) and Interior will co-chair an offshore wind military/industry forum in Virginia Beach, VA. The forum is a part of an MOU between DoD and DOI designed to strengthen partnerships on renewable energy. Dir. Beaudreau will speak at the forum and DAS Farquhar will attend. The forum will take place in conjunction with the American Wind Energy Association's (AWEA) annual offshore wind energy conference being held at the same venue because the target audience is similar for both events. At the AWEA conference, Dir. Beaudreau is the keynote speaker and DAS Farquhar will speak at the Offshore Wind Accelerator Project meeting, a subunit of the conference.

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

#### **Tuesday, October 9 – Thursday, October 11**

- **No Change: Arctic Council Task Force:** BSEE will participate in the final meeting of the Arctic Council Oil Pollution Preparedness and Response Task Force in Reykjavik, Iceland. The participating Arctic nations are preparing an agreement that will address an array of subjects on oil spill planning, preparedness and response. Tentative plans are to present the final agreement at the May 2013 Arctic Council Ministerial Meeting in Sweden.

#### **Thursday, October 11**

- **New: European Aviation Agency Safety Oversight Conference Keynote:** *Dir. Watson will give a keynote address via video-conference for the Safety Oversight Conference taking place in Cologne, Germany, focusing on managing safety in a performance-based environment.*

**Office of Surface Mining (OSM)**

**Monday, October 14 – Tuesday, October 16**

- **Update: Tennessee Lands Unsuitable for Mining (LUM) Petition:** *Acting Asst. Sec. Burke plans to visit the proposed LUM petition area to see first-hand the area the State has requested be declared unsuitable for mining, and to meet with field staff in Knoxville.*

**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**October 4, 2012**

I. Personal Message to the Secretary:

The

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

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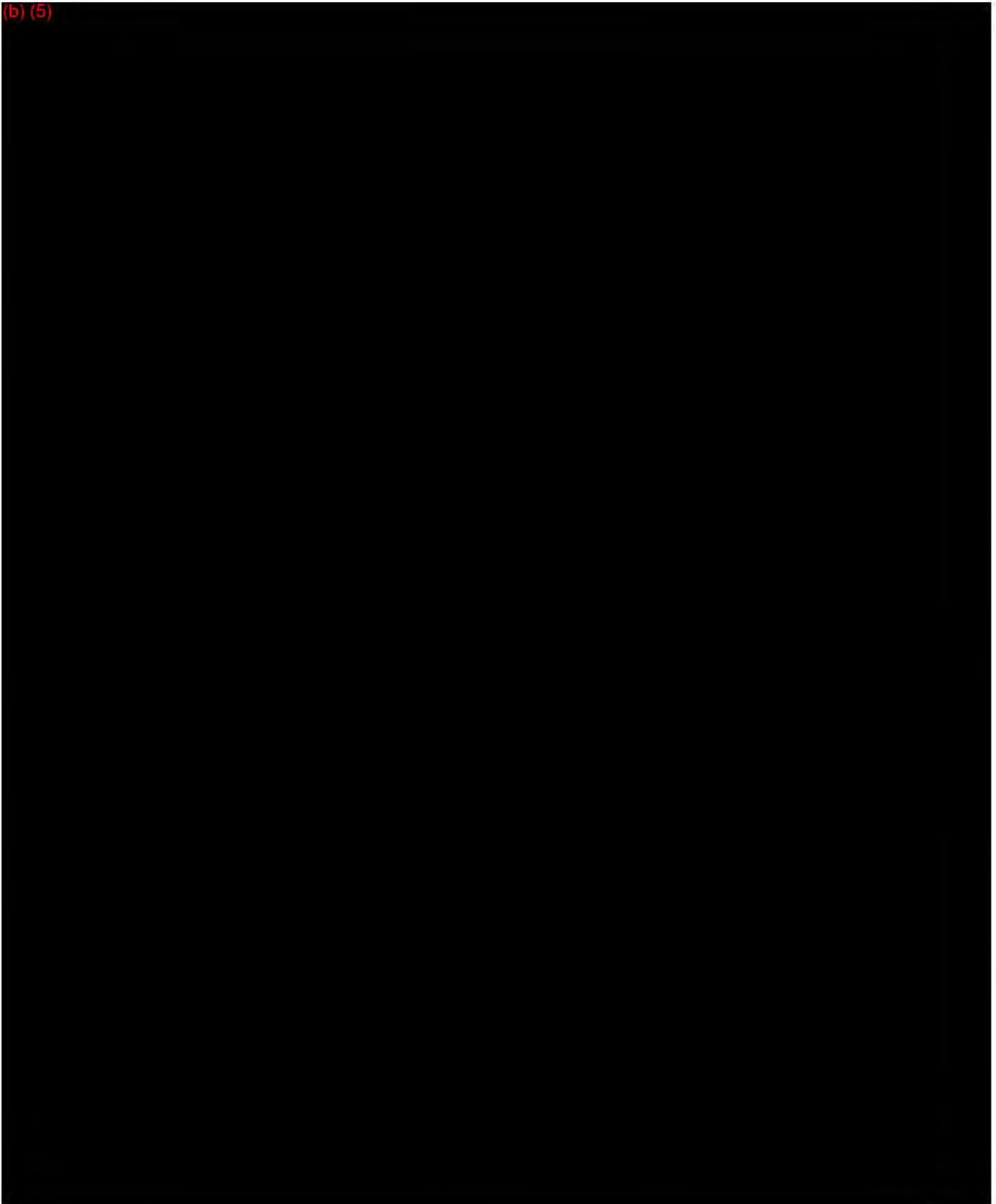
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- Tennessee Lands Unsuitable for Mining Petition
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- Onshore Orders
- Hydraulic Fracturing Rule
- Oil Shale PEIS and Rulemaking

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

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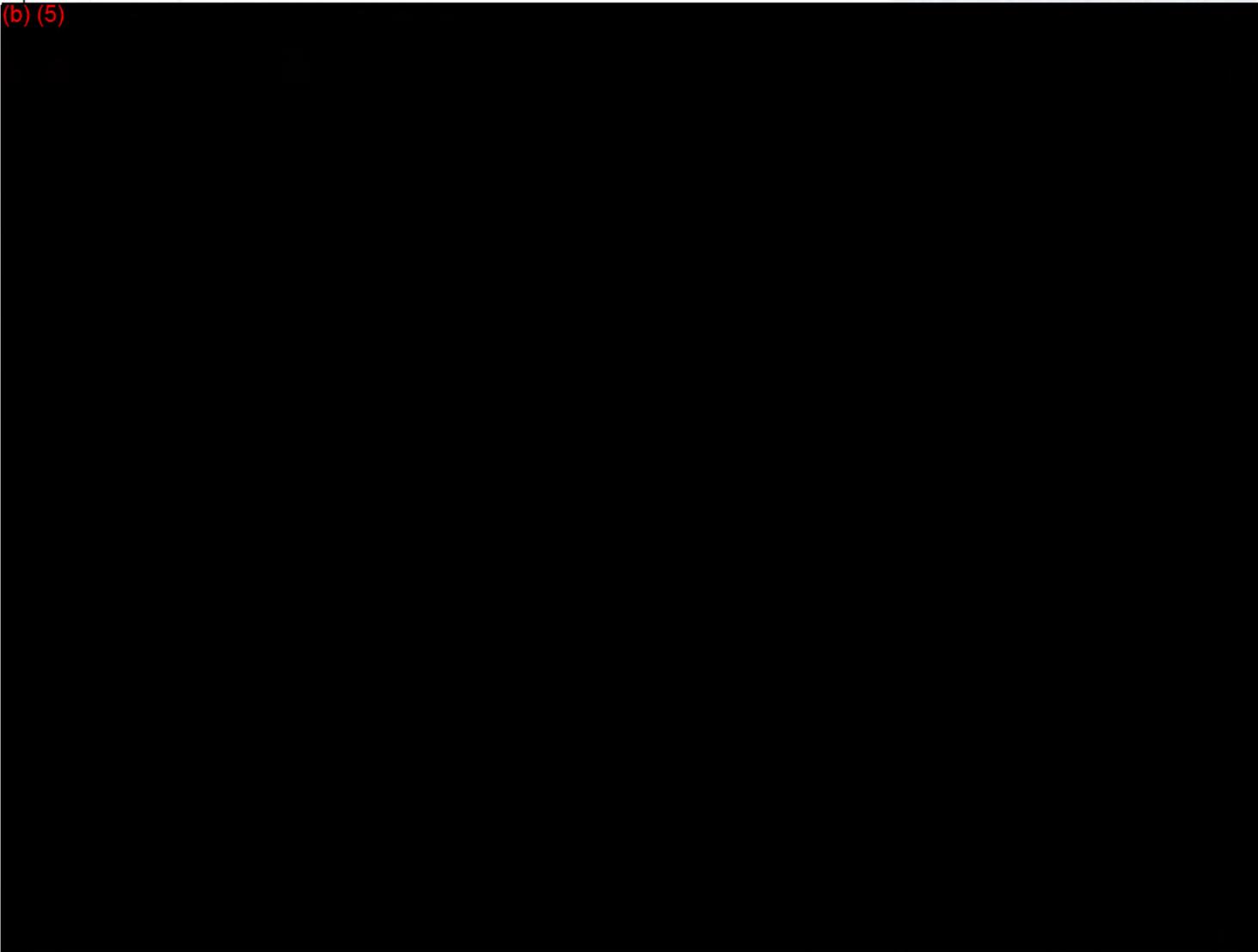
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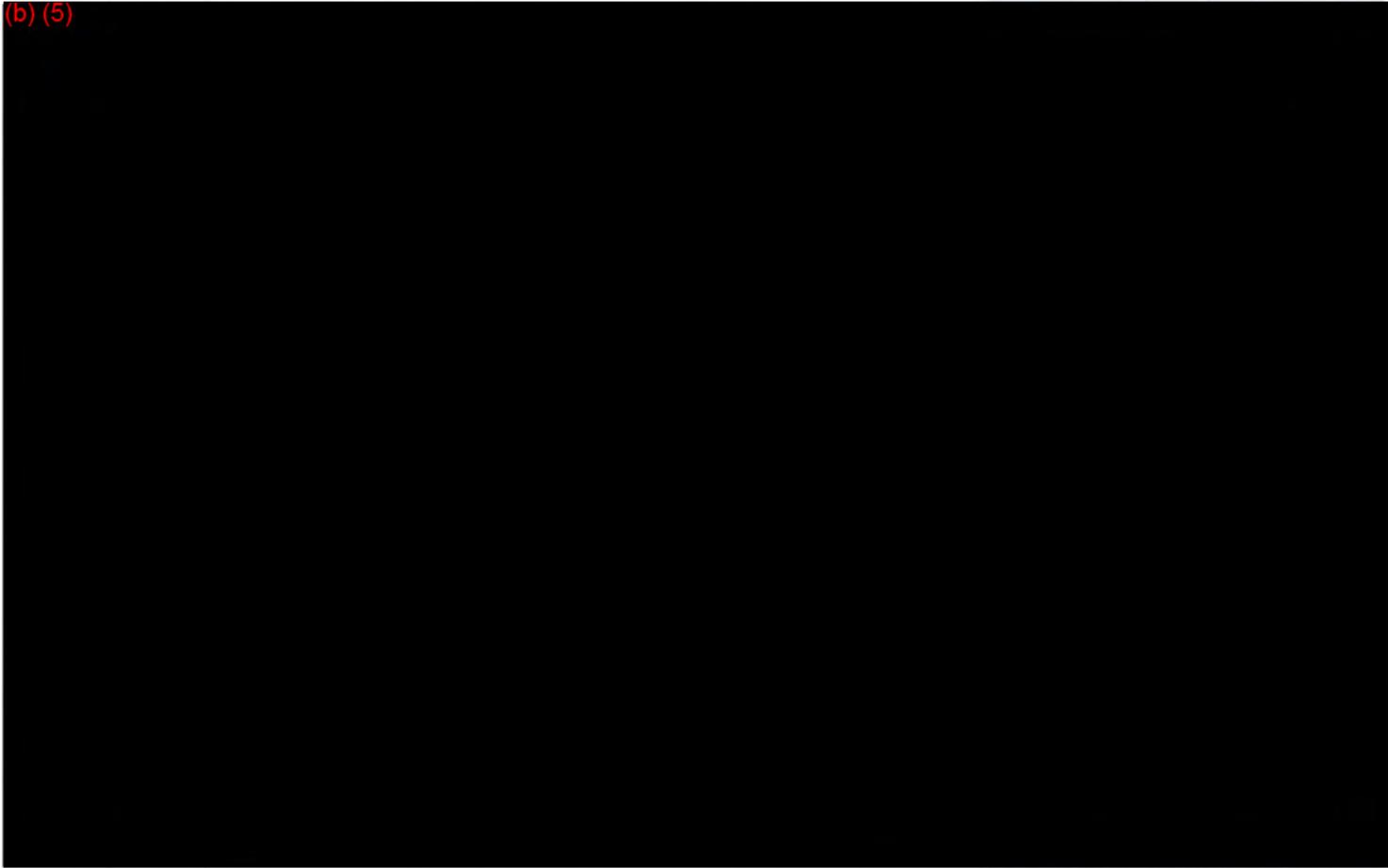
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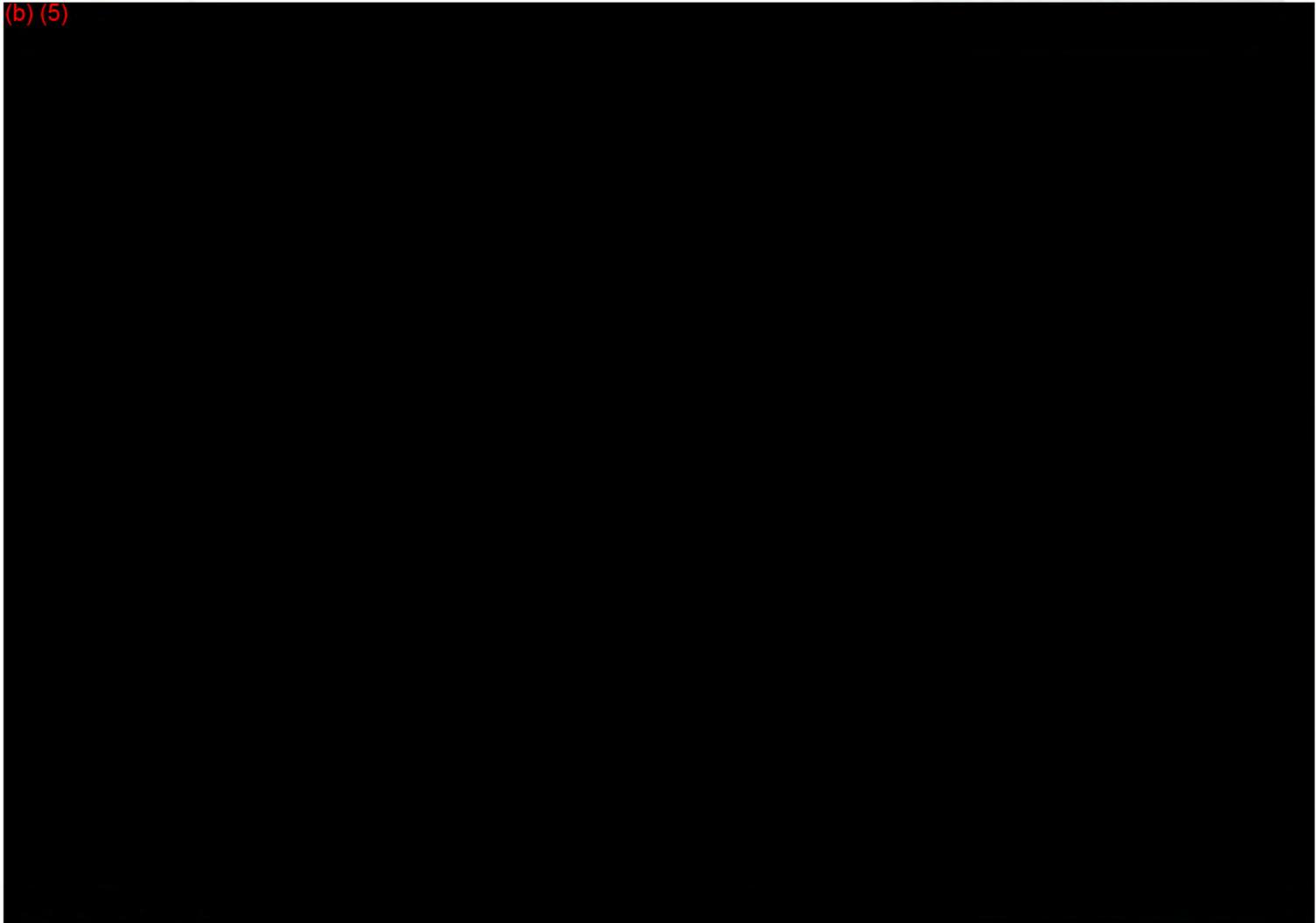
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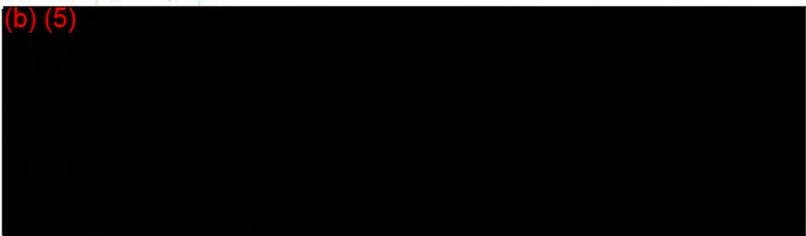


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Ongoing Projects:

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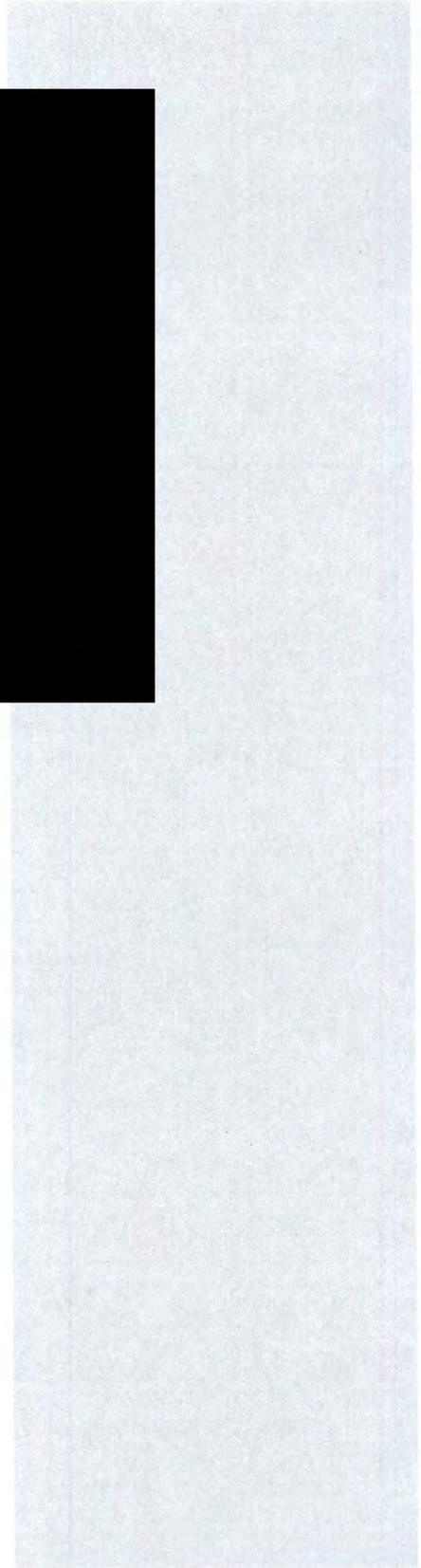
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**LAND AND MINERALS MANAGEMENT**  
**October 7 – October 13, 2012**

**SENIOR OFFICIALS' ACTIVITIES**

**Week of October 8, 2012**

**Acting ASLM Burke** – In the office all week.

**DAS Farquhar** – In the office all week.

**Week of October 15, 2012**

**Acting ASLM Burke** – On Oct. 15 and 16, travel to TN to tour the Lands Unsuitable for Mining petition area. In the office Oct. 17 – 19.

**DAS Farquhar** – In the office all week.

**HOT TOPICS**

**Bureau of Land Management (BLM)**

**Renewable Energy**

- **Update: Final Solar PEIS Record of Decision (ROD):** *A final decision on the ROD for the Solar PEIS is expected in mid-October. BLM Public Affairs and DOI External Affairs are working on communications and outreach materials.*
- **Update: BLM-CA West Chocolate Mountains Final EIS:** *The BLM plans to release the Final EIS for the West Chocolate Mountains Renewable Energy Evaluation Area in Imperial County, CA, this fall. The EIS analyzes the impacts of making available approximately 20,762 acres of public land for solar and wind energy development and approximately 19,162 acres of Federal mineral estate for geothermal leasing. It also considers approval of a pending non-competitive geothermal lease application.*
- **Update: BLM-CA Stateline Solar Project:** *The BLM anticipates releasing the Notice of Availability (NOA) for the draft EIS for the 300-MW Stateline Solar Project on Oct. 19. The proposed photovoltaic solar energy generation power plant facility, located on 2,000 acres of public lands in San Bernardino, CA, is a proposed 2013 Priority Project.*

**Solid Minerals**

- **New: Lost Creek Uranium In-Situ Recovery Project ROD:** *On Oct. 5, the BLM will release the ROD for the Lost Creek Uranium In-Situ Recovery Project. The BLM's ROD authorizes in-situ mining, a low impact technique with significantly less environmental impact than open pit mining.*

**Oil and Gas and Potash**

- **New: Final Secretarial Order on Potash:** *The BLM has drafted a final Secretarial Order concerning the co-development of oil and gas and potash resources in southeastern New Mexico. A draft Order was announced July 12; the BLM received 28*

comment letters containing 40 substantive comments. Departmental review of the order started October 1.

### Transmission

- **Update: Gateway West Transmission Line:** *This proposed transmission line would cross 1,100 miles in southern WY and southern ID. The Shoshone-Bannock Tribal Council has voted to halt consideration of the BLM's preferred route—Alternative 5C—for Segment 5 of the project, which passes through their reservation. In June, the BLM received non-binding consent from the Tribe for this preferred alternative. The BLM is considering other alternatives as the cooperating agency review period continues. This change could delay the start of the final EIS public comment period, currently anticipated for November 30.*
- **Update: Sigurd to Red Butte No. 2 Transmission Line Final EIS:** *On Oct. 5, the BLM expects to publish the NOA for the FEIS for the Sigurd to Red Butte No. 2 Transmission Project in Utah. The FEIS analyzes the impacts of granting a right-of-way across Federal (BLM and FS) land to PacifiCorp for a 160-mile transmission line. The BLM anticipates completing the ROD in early December.*
- **Update: Sun Valley to Morgan Transmission Line EIS:** *On Oct. 26, the BLM will publish the NOA for the draft EIS for the Sun Valley to Morgan, AZ, 500/230 kV transmission line. The 38-mile transmission line would connect AZ Public Service's planned Sun Valley Substation near the town of Buckeye with the existing Morgan Substation near the City of Peoria.*

### Miscellaneous

- **New: DOI gives \$6.8 Million for NV, CA Restoration Projects:** *The Southern Nevada Public Land Management Act of 1998 stipulates that the Department use proceeds from the sale of Federal land in Clark County, NV, for conservation and recreation improvement projects throughout NV. On Oct. 11, the Department anticipates announcing the decision to fund more than \$6.8 million for projects throughout NV, including Lake Tahoe. Since the passage of the Act, the Department has contributed more than \$2.9 billion to key restoration projects throughout NV.*

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

- **New: Apache Corporation Unannounced Exercise:** *On Sep. 28, BSEE initiated an unannounced table top exercise with Apache Corporation in the Gulf of Mexico. The exercise tested Apache's ability to mobilize its Spill Management Team, respond to multiple incidents, and care for oiled marine wildlife. Apache Corporation successfully met all objectives during the exercise.*
- **New: Shell Contracts Four Ultra-Deepwater, Enhanced Capability Drillships with Transocean:** *On Sep. 28, Transocean announced that Shell had awarded to it ten-year contracts for four new dynamically positioned ultra-deepwater drillships. Shipyard delivery for the first drillship is scheduled for mid-2015. The enhanced capabilities of these drillships indicate at least some, and possibly all, of the drillships could be deployed in the Gulf of Mexico.*

## Bureau of Ocean Energy Management (BOEM)

- **New: Senate Commerce Committee Field Hearings:** *On Oct. 11, the Senate Commerce Committee will hold a field hearing in Anchorage on future needs for OCS Arctic Ocean exploration and development. Deputy Secretary Hayes will participate in the first panel with U.S. Coast Guard - Alaska Commandant Ostebo and a representative of NOAA. The second panel will be composed of industry representatives, including Shell, and several Alaska Native Village corporations.*
- **New: Maine Public Utilities Commission (PUC) Hearing:** *On Oct. 4, the Maine PUC held a hearing on Statoil's proposal for four floating turbines off the Maine coast. The Commission did not make a decision although two of the three commissioners expressed concern that the proposal does not adequately benefit Maine residents because Statoil makes no commitment for future activity in Maine. The PUC will table a decision until Statoil responds to a forthcoming request for more information on the economic benefits.*
- **No Change: Western Gulf of Mexico (WGOM) Lease Sale 229:** *On Oct. 26, BOEM will publish the Final Notice of Sale for WGOM Sale 229, which is the first sale in the new Five Year Program.*
- **No Change: Virginia Proposed Sale Notice for Offshore Wind:** *The Proposed Sale Notice for the OCS wind energy lease sale offshore VA is ready for publication, pending a final determination from the Department on the announcement.*

## Office of Surface Mining (OSM)

- **New: OSM Awards Contract for Renovation of Historic Coal Mine Maps:** *OSM has awarded a \$60,000 contract to renovate historical underground coal mining maps from eastern Pennsylvania. OSM expects the contract to provide more than 4,000 maps for archiving. These maps are essential for planning future infrastructure development in eastern Pennsylvania and ensuring public safety over the abandoned underground mine workings.*

## WEEK AHEAD

## Bureau of Land Management (BLM)

### Tuesday, October 9 - Wednesday, October 10

- **No Change: BLM-MT/DK Preservation Summit:** *The BLM-MT/DK State Office will collaborate with the Confederated Salish-Kootenai Preservation Office and the Tribal Historic Preservation Program to sponsor a preservation summit called "One State, Seven Nations" to be held on the campus of the Salish-Kootenai College in Pablo, MT. The summit will include a discussion of cultural resource and preservation issues facing the tribes.*
- **New: BLM-WY to Participate in Pavillion Meeting:** *Staff from the BLM-WY will attend the Pavillion Working Group meeting in Riverton, WY. Pavillion area residents have asserted that natural gas development, including hydraulic fracturing, has*

*contaminated their drinking water. Encana is developing the wells on minerals owned by the Wind River Indian Reservation. The Group includes all stakeholders in the sharing of data and examination of potential sources of groundwater contamination in the area.*

- **New: BLM-WY Mule Deer Public Scoping Meeting:** *The BLM-WY will hold a public scoping meeting to present information and gather comments on a Wyoming Game and Fish Department proposal to improve the quantity and quality of mule deer habitat in the WY Range through phased vegetation treatments.*

#### **Thursday, October 11**

- **No Change: MT/DK Public Information Meetings:** The BLM will hold public meetings in Winifred and Stanford, MT regarding the Draft Water Rights Compact for the Upper Missouri River Breaks National Monument.

#### **Bureau of Ocean Energy Management (BOEM)**

- **Nothing new to report.**

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

##### **Tuesday, October 9 – Thursday, October 11:**

- **No Change: Arctic Council Task Force:** BSEE will participate in the final meeting of the Arctic Council Oil Pollution Preparedness and Response Task Force in Reykjavik, Iceland. The participating Arctic nations are preparing an agreement that will address an array of subjects on oil spill planning, preparedness and response. Tentative plans are to present the final agreement at the May 2013 Arctic Council Ministerial Meeting in Sweden.

#### **Thursday, October 11**

- **No Change: European Aviation Agency Safety Oversight Conference Keynote:** Director Watson will give a keynote address via video-conference for the Safety Oversight Conference taking place in Cologne, Germany, focusing on managing safety in a performance-based environment.

#### **Office of Surface Mining (OSM)**

- **Nothing new to report.**

### **WEEKS AHEAD**

#### **Bureau of Land Management (BLM)**

##### **Monday, October 15 – Wednesday, October 17**

- **No Change: Oil Shale Development Symposium:** Colorado School of Mines and the Center for Oil Shale Technology and Research will host the 32nd Oil Shale Symposium

on the campus of Colorado School of Mines. The Symposium will review development of oil shale resources worldwide.

**Wednesday, October 17**

- **No Change: BLM-NM Oil and Gas Lease Sale:** BLM-NM will hold an Oil and Gas Lease Sale Oct. 17. A total of 37 parcels totaling 16,927 acres in NM, TX and OK will be sold. One protest was received on a parcel involving private surface. The BLM is reviewing the protest and expects to have it resolved prior to the sale date.

**Bureau of Ocean Energy Management (BOEM)**

- **Nothing new to report.**

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

- **Nothing new to report.**

**Office of Surface Mining (OSM)**

**Monday, October 14 – Tuesday, October 16**

- **Update: Tennessee Lands Unsuitable for Mining (LUM) Petition:** *Acting Asst. Sec. Burke plans to visit the proposed LUM petition area to see first-hand the area the State has requested be declared unsuitable for mining, and to meet with field staff in Knoxville.*

**LAND AND MINERALS MANAGEMENT**  
**October 7 – October 13, 2012**

**SENIOR OFFICIALS' ACTIVITIES**

**Week of October 9, 2012**

**Acting ASLM Burke** – In the office all week.

**DAS Farquhar** – On Oct. 9 – 11, travel to Virginia Beach to attend AWEA conference. Expected to address 200 developers and stakeholders at the Offshore Wind Acceleration Project session. In the office on Oct. 12.

**Week of October 15, 2012**

**Acting ASLM Burke** –

**DAS Farquhar** – In the office all week.

**HOT TOPICS**

**Bureau of Land Management (BLM)**

**Renewable Energy**

- **Update: Final Solar PEIS ROD:** *the ROD for the Solar PEIS will be announced in mid October. BLM Public Affairs and DOI External Affairs are working on communications and outreach materials. The BLM Director signed the Cultural Resources Programmatic Agreement Sept. 7, pursuant to Section 106 of the National Historic Preservation Act.*
- **Update: BLM-CA West Chocolate Mountains Final EIS:** *Release of the Final EIS for the West Chocolate Mountains Renewable Energy Evaluation Area in Imperial County, CA is anticipated this fall. The EIS analyzes the impacts of making available approximately 20,762 acres of public land for solar and wind energy development and approximately 19,162 acres of federal mineral estate for geothermal leasing. It also considers approval of a certain non-competitive geothermal lease application.*
- **Update: BLM-CA Stateline Solar Project:** *The NOA for the draft EIS for the 300-MW Stateline Solar Project is scheduled for release Oct. 19. The proposed photovoltaic solar energy generation power plant facility, located on 2,000 acres of public lands in San Bernardino, CA, is a proposed 2013 Priority Project.*

**Solid Minerals**

- **New: CEMEX Mine Legislation:** *On Sept. 21, Representative Buck McKeon (R-25-CA) introduced the Soledad Canyon Mine Mitigation and Relocation Act to stop the BLM-CA CEMEX Mine from opening in the Soledad Canyon Area. The bill requires the BLM to conduct a study and look at legal and administrative steps necessary to cancel the mining contracts between the BLM and CEMEX, withdraw the areas subject to the contracts from further mining and offer a land exchange with a parcel in Victorville, CA. This has been an ongoing controversy. The controversy over the mine has led mine operators to delay operations for more than a decade.*

## Oil and Gas and Potash

- **New: Proposed Final Secretarial Order on Potash:** *The BLM drafted a Proposed Final Secretarial Order concerning the co-development of oil and gas and potash resources in southeastern New Mexico. Departmental briefings and review of the proposed order started October 1. A draft Order was announced July 12; the BLM received 28 comment letters containing 40 substantive comments.*

## Transmission

- **Update: Gateway West Transmission Line:** *The Shoshone-Bannock Tribal Council has voted to halt consideration of the BLM's preferred route—Alternative 5C—for Segment 5 of the Gateway West Transmission Line Project. (In June, the BLM received consent from the Tribes for this preferred alternative.) The route crosses the Fort Hall Indian Reservation in ID. Cooperating Agency review of the administrative draft EIS, with the rejected preferred route in Segment #5, began September 28, and will continue as the BLM considers identifying a different preferred alternative route in Segment #5. This may affect the selection in Segment #7 and the start of the final EIS public comment period, currently anticipated for November 30. The proposed transmission lines would traverse 1,100 miles in southern WY and southern ID.*
- **Update: Sigurd to Red Butte No. 2 Transmission Line Final EIS:** *The NOA for the FEIS for the Sigurd to Red Butte No. 2 Transmission Project in Utah is expected to be published Oct. 5. The EIS analyzes the impacts of granting a right-of-way across federal (BLM and FS) land to PacifiCorp for a 160-mile, single-circuit, alternating-current, 345kV transmission line. The ROD is expected in early December.*
- **Update: Lake Powell Pipeline Progress Uncertain:** *Progress on the proposed Lake Powell Pipeline Project is being slowed down by the proponent, the State of Utah, because of uncertainty about meeting the costs for the project—now estimated at two billion dollars. The 138-mile water pipeline runs from the Lake Powell Glen Canyon dam site in AZ to Sand Hollow Reservoir near St. George, UT.*
- **Update: Sun Valley to Morgan Transmission Line EIS:** *The NOA for the draft EIS for the Sun Valley to Morgan, AZ, 500/230 kV transmission line will be published in the Federal Register on Oct. 26, initiating a 90-day public comment period. The transmission line would span approximately 38 miles and would connect AZ Public Service's planned Sun Valley Substation near the town of Buckeye with the existing Morgan Substation near the City of Peoria.*

## Forestry

- **New: ID Stewardship Project near Elk City Earns High Rating:** *A joint Idaho DEQ and Idaho Department of Lands task force concluded that the BLM's Eastside Township Stewardship Project near Elk City, Idaho "exceeded" Idaho's Forest Practices Act "in every way." The group toured various logging units harvested between 2009 and 2011 and came away from the September 21 tour impressed by the projects.*

## Recreation

- **New: BLM-NV Off-Highway Vehicle Trail System Wins Award:** *The Shoshone Off-Highway Vehicle Trail System was the first recipient of the "Success of the Year" Award presented by the National Off-Highway Conservation Council. The BLM developed the*

*Trail System, which is 25 miles south of BLM-NV Battle Mountain District Office and passes through several high-desert ecosystems.*

### **Miscellaneous**

- **New: DOI gives 6.8 Million for NV, CA Restoration Projects:** *The Department will commit more than 6.8 million dollars for conservation and recreation improvement projects throughout NV and Lake Tahoe. The 1998 Southern Nevada Public Land Management Act (SNPLMA) stipulates that funding for the projects come from proceeds from the sales of federal land in Clark County, NV. Since the passage of the Act, the Department has contributed more than \$2.9 billion to key restoration projects throughout NV.*
- **New: Restraining Order for BLM-UT Seep Ridge Road Project:** *The Southern Utah Wilderness Alliance filed a request Sept. 27 for a hearing for a temporary restraining order and preliminary injunction on the Seep Ridge Road Project. The hearing is scheduled for Oct. 3. The project to improve the Seep Ridge Road—a two-lane graveled surface on the north end and native surface (shale) on the south end—up to the Uintah County/ Grand County line, is set to be 50 percent complete by mid-Oct. The project allows Uintah County to upgrade the road to American Association of State Highway and Transportation Officials (AASHTO) standards.*

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

- **Update: ATP Oil & Gas Potential Financial Insolvency Evaluation:** *BSEE and BOEM are working together on an evaluation of potential financial insolvency regarding assets and operations of ATP Oil & Gas Corporation in the Gulf of Mexico. ATP's stock value has dropped from a 52-week high of \$11.85 to a low of \$0.08, and closed at \$0.14 on Sep. 28. ATP is working with TSB Offshore, a third party consultant, on estimates of decommissioning costs for platforms, wells, and subsea infrastructure that will not be available to ATP until Oct. 12. The cost estimates will be discussed in a meeting with BSEE and BOEM no later than Oct. 16 based on agreement by DOI and Department of Justice of the revised deadline for response from ATP on all decommissioning liabilities. A second order as detailed in the Aug. 17 Order from BOEM will be sent to ATP with the BSEE decommissioning estimates on ATP's two floaters, one in MC711 and the other in MC941. The deadline for ATP to submit additional evidence (which the company has not done) on these costs expired on Sep. 28.*
- **Update: Oil Spill Response Research (OSRR) Contracts:** *Since last reported, two contracts have been awarded as a result of the Oil Spill Broad Agency Announcement to LA State University to conduct the project "Development of a Real-time Monitoring Protocol for Assessing Volatile Organic Compound (VOC) Impacts on Response and Cleanup Workers' Safety due Surface and Subsurface Dispersant Operations"; and to Worcester Polytechnic Institute to conduct the project "Burning Behavior of Oil in Ice Channels."*
- **New: Apache Corporation Unannounced Exercise:** *On Sep. 28, BSEE Oil Spill Response-GOMR staff initiated an unannounced table top exercise with Apache Corporation. The exercise was designed to test Apache's ability to mobilize their Spill*

*Management Team, respond to multiple incidents, and care for oiled marine wildlife. Apache Corporation successfully met all objectives during the exercise.*

- **New: Technology Assessment and Research (TA&R) Project 707:** *TA&R Project 707 – “Real-Time Data Monitoring” was let to 838 Inc. The project is an independent assessment of the various types of real-time data monitoring systems available for offshore oil and gas operations. The assessment will focus on drilling and production technologies and include a cost benefit analysis that would detail potential costs to industry, potential increases in safety performance, government resources needed for implementation, and necessary training for all parties involved. The assessment will identify what automation systems are available or being developed, the potential they have to increase offshore drilling safety, and any negative impacts they have on operations. The project is scheduled to end in Oct. 2013.*
- **New: Technology Assessment and Research (TA&R) Project 713:** *TA&R Project 713 - “Assessment of Blowout Preventer (BOP) Stack Sequencing, Monitoring, and Kick Detection Technologies” was let to MCS Kenney of Houston. The key objectives of this project are to: (1) Assess the potential for a new design of blind shear rams; (2) Assess a BOP stack configuration to enable the use of the potential for unsupported pipe in the BOP bore and increase the possibility that pipe shear will be successful; (3) Evaluate new design methods for detecting failure and monitoring of BOP components and control systems using the latest technology in order to prevent failure; (4) Explore the reliability of an independent complete acoustic package for using a short BOP deployed in deep water; (5) Identify and assess recently developed equipment and technologies capable of and/or design to detect kicks; (6) Explore methods of kick detection before any fluid / gas influx rises above the BOP stack; and (7) Explore the effect of water depth on prompt kick detection and response times. The deliverables for this project include bi-weekly progress reports, four interim reports at key intervals throughout the project phase, and three detailed technical reports (one being the final report). The project is scheduled to end in May 2013.*
- **Update: Safety and Environmental Management Systems (SEMS) II Rule:** *It is anticipated that SEMS II package will move to Associate Solicitor’s Office for review and surname this week.*
- **Update: Safety and Environmental Management Systems (SEMS) Audits:** *McMoRan is in the corrective action phase and will be sending BSEE quarterly updates. Apache has concluded onsite audit activities and BSEE expects to receive audit report any day.*
- **New: Safety and Environmental Management Systems (SEMS) Memorandum Agreement (MOA):** *Staff is drafting SEMS MOA to outline expectations for information sharing and audit participation between BSEE and U.S. Coast Guard.*
- **Update: Safety and Environmental Management Systems (SEMS) Contract:** *A SEMS contract was awarded to SEMPCheck for training/assisting with initial SEMS audits. SEMPCheck will provide BSEE with a consistent and practical understanding of how to plan, conduct, and conclude formal audits of SEMS implemented by companies conducting oil and gas and sulphur operations in the OCS. BSEE is working hard to facilitate comprehensive SEMS audits by operators on the OCS. This contract will increase BSEE’s capability to identify ways to assess effectiveness of SEMS implementation and enhance our oversight.*

- **New: Transocean Announces New Ultra-Deepwater Drillship Contract in Gulf of Mexico (GOM):** *On Sep. 18, Transocean announced the ultra-deepwater newbuild drillship, Deepwater Invictus, was awarded a three-year contract at a day rate of \$595,000 and is expected to commence operations in the second quarter of 2014 upon delivery from the shipyard and customer acceptance. The Transocean Fleet Update report indicated the Deepwater Invictus will be deployed in the GOM and the operator will be announced at a later date. The Deepwater Invictus is currently under construction at the Daewoo Shipbuilding & Marine Engineering shipyard in Korea and will be capable of operating in water depths up to 12,000 feet and drilling wells up to 40,000 feet deep. The newbuild will include a second blow-out preventer system requested by the operator for which Transocean will be compensated by the operator for the additional blowout preventer system. The rig is one of two ultra-deepwater newbuild drillships acquired in Transocean's Oct. 2011 acquisition of Aker Drilling ASA transaction. Invictus was named by a Transocean employee in a name-the-rig contest for the two ultra-deepwater drillships, and the Latin meaning of Invictus is unconquerable and undefeated.*
- **New: Shell Contracts Four Ultra-Deepwater, Enhanced Capability Drillships with Transocean:** *On Sep. 28, Transocean announced that it has been awarded 10-year contracts for four newbuild dynamically positioned ultra-deepwater drillships by Royal Dutch Shell (Shell). Shipyard delivery for the first drillship is scheduled for mid-2015. The remaining three drillships are expected to be delivered from the shipyard at approximately six-month intervals thereafter. The enhanced capabilities of these drillships indicate at least some, and possibly all, of the drillships will be deployed in the GOM, but no location for the drillships was provided in the Transocean press release.*
- **New: National Schedule Coordination Committee (NSCC) Meeting:** *On Oct. 5, representatives from all four agencies signatory to the Preparedness for Response Exercise Program Guidelines are meeting to come to agreement on changes to the guidelines and preamble prior to routing for agency approval.*

#### **Bureau of Ocean Energy Management (BOEM)**

- **New: Senate Commerce Committee Field Hearings:** *On Oct. 11, the Senate Commerce Committee will hold a field hearing in Anchorage on what is needed next summer and beyond for OCS Arctic Ocean exploration and development. Deputy Secretary Hayes will participate in the first panel with USCG - Alaska Commandant Ostebo and a representative of NOAA. The second panel will be composed of industry representatives, including Shell, and several Alaska Native Village corporations.*
- **No Change: Western Gulf of Mexico (WGOM) Lease Sale 229:** *On Oct. 26, BOEM will publish the Final Notice of Sale for WGOM Sale 229, which is the first sale in the new Five Year Program.*
- **No Change: Virginia Proposed Sale Notice for Offshore Wind:** *The Proposed Sale Notice for the OCS wind energy lease sale offshore VA is ready for publication, pending a final determination from the Department on the announcement.*

#### **Office of Surface Mining (OSM)**

- **New: OSM Awards Contract to Clean Pennsylvania Coal Mine Maps:** *OSM has awarded a \$60,000 contract to a company in Tamaqua, PA to clean 375,000 square feet of map surfaces of historical underground coal mining maps from eastern Pennsylvania. OSM expects the contract to provide more than 4,000 maps for archiving. These maps are essential for planning future infrastructure development in eastern Pennsylvania and ensuring public safety over the abandoned underground mine workings. The map collection is of a much higher resolution for this coalfield area than is currently available from either OSM or Pennsylvania. Once cleaned and scanned, the maps will be returned to the vault, which is now renovated and suited for long-term map storage.*

## WEEK AHEAD

### Bureau of Land Management (BLM)

#### Tuesday, October 9 - Wednesday, October 10

- **No Change: BLM-MT/DK Preservation Summit:** BLM-MT/DK State Office will collaborate with the Confederated Salish-Kootenai Preservation Office and the Tribal Historic Preservation Program to sponsor a preservation summit called "One State, Seven Nations" on the campus of the Salish-Kootenai College in Pablo, MT. The summit will include a discussion of cultural resource and preservation issues facing the tribes.
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- **New: BLM-WY Mule Deer Public Scoping Meeting:** *The BLM-WY Pinedale FO will hold a public scoping meeting Oct. 10 to present information and gather comments on a Wyoming Game and Fish Department proposal to improve the quantity and quality of mule deer habitat in the WY Range through phased vegetation treatments.*

#### Thursday, October 11

- **No Change: MT/DK Public Information Meetings:** Public meetings will be held Oct. 11 in Winifred and Stanford, MT regarding the Draft Water Rights Compact for the Upper Missouri River Breaks National Monument. The meetings will be conducted by the Montana Reserved Water Rights Compact Commission. The Solicitor's Office, BLM-MT/DK SO, BLM Central MT District, and managers and specialists for the Upper Missouri River Breaks National Monument will participate.

### Bureau of Ocean Energy Management (BOEM)

## Tuesday, October 9

- **Update: Atlantic Wind Energy Area Conference:** *To be held in Virginia Beach, VA, Director Beaudreau will give the keynote address.*

## Wednesday, October 10

**No Change: DOD/DOI Wind Energy Forum:** The Departments of Defense (DoD) and Interior will co-chair an offshore wind military/industry forum in Virginia Beach, VA. The forum is a part of an MOU between DoD and DOI designed to strengthen partnerships on renewable energy. Dir. Beaudreau will speak at the forum and DAS Farquhar will attend. The forum will take place in conjunction with the American Wind Energy Association's (AWEA) annual offshore wind energy conference being held at the same venue because the target audience is similar for both events.

## Bureau of Safety and Environmental Enforcement (BSEE)

### Tuesday, October 9 – Thursday, October 11:

- **No Change: Arctic Council Task Force:** BSEE will participate in the final meeting of the Arctic Council Oil Pollution Preparedness and Response Task Force in Reykjavik, Iceland. The participating Arctic nations are preparing an agreement that will address an array of subjects on oil spill planning, preparedness and response. Tentative plans are to present the final agreement at the May 2013 Arctic Council Ministerial Meeting in Sweden.

### Thursday, October 11

- **No Change: European Aviation Agency Safety Oversight Conference Keynote:** Director Watson will give a keynote address via video-conference for the Safety Oversight Conference taking place in Cologne, Germany, focusing on managing safety in a performance-based environment.

## Office of Surface Mining (OSM)

- **Nothing new to report.**

## WEEKS AHEAD

## Bureau of Land Management (BLM)

### Monday, October 15-Wednesday, October 17

- **No Change: Oil Shale Development Symposium:** Colorado School of Mines and the Center for Oil Shale Technology and Research will host the 32nd Oil Shale Symposium at the Green Center on the campus of Colorado School of Mines. The Symposium will review development of oil shale resources worldwide. Attendees will include energy industry representatives as well as government, academic, and stakeholder communities.

### Tuesday, October 16

- **No Change: Assistant Secretary to Tour Dolores River AGO Project:** Rhea Suh, the Assistant Secretary for PMB, will visit the Dolores River AGO Project located within the BLM-CO Tres Rios FO on Oct. 16. Margaret Bowman of the Walton Family Foundation will also participate in the visit.

#### **Wednesday, October 17**

- **No Change: BLM-NM Oil and Gas Lease Sale:** BLM-NM will hold an Oil and Gas Lease Sale Oct. 17. A total of 37 parcels totaling 16,927 acres in NM, TX and OK will be sold. One protest was received on Parcel 28 involving private surface. The BLM is reviewing the protest and expects to have it resolved prior to the sale date.

#### **Wednesday, October 17-Thursday, October 18**

- **No Change: BLM-MT/DK and Wyoming Regional Intertribal Workshop:** The BLM Eastern MT/DK and WY High Plains Districts will sponsor a meeting of Tribal Historic Preservation Officers in Spearfish, SD, Oct. 17 and 18. Discussions will include BLM Resource Management Plan efforts and ongoing project-specific tribal consultation.

#### **Tuesday, October 23**

- **New: BLM-MT Oil and Gas Lease Sale:** *BLM-MT will hold an oil and gas lease sale Oct. 23. A total of 241 parcels (totaling 99, 095 acres) will be sold within the Billings, Glasgow, Lewistown, Malta and Miles City FOs (seven of the parcels are on U.S. Forest Service lands in SD). One protest was received on split-estate lands; The BLM is reviewing the protest and expects to have it resolved prior to the sale date.*

#### **Wednesday, October 24 to Thursday, October 25**

- **New: Public Workshops for Dry Lake Solar Energy Plan:** *The regional mitigation plan for the Dry Lake Solar Energy Plan in NV is an action related to the release of the final Solar PEIS. The next public workshop for the Project will be held Oct. 24 - 25 in Las Vegas to review baseline data for Dry Lake SEZ and identify mitigation measures.*

#### **Monday, October 29 and Tuesday, October 30**

- **No Change: Wild Horse and Burro Advisory Board:** The next meeting will take place Oct. 29 and 30, 2012 in Salt Lake City, Utah. The Board advises the BLM and the U.S. Forest Service on the management and protection of wild free-roaming horses and burros on public lands administered by both agencies. The nine members on the Advisory Board represent a balance of interests, including. wild horse and burro advocacy, wild horse and burro research, veterinary medicine, natural resources management, humane advocacy, wildlife management, livestock management, general public interest, and public interest.

#### **Bureau of Ocean Energy Management (BOEM)**

Nothing to report this week.

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

Nothing to report this week.

**Office of Surface Mining (OSM)**

**Monday, October 14 – Tuesday, October 16**

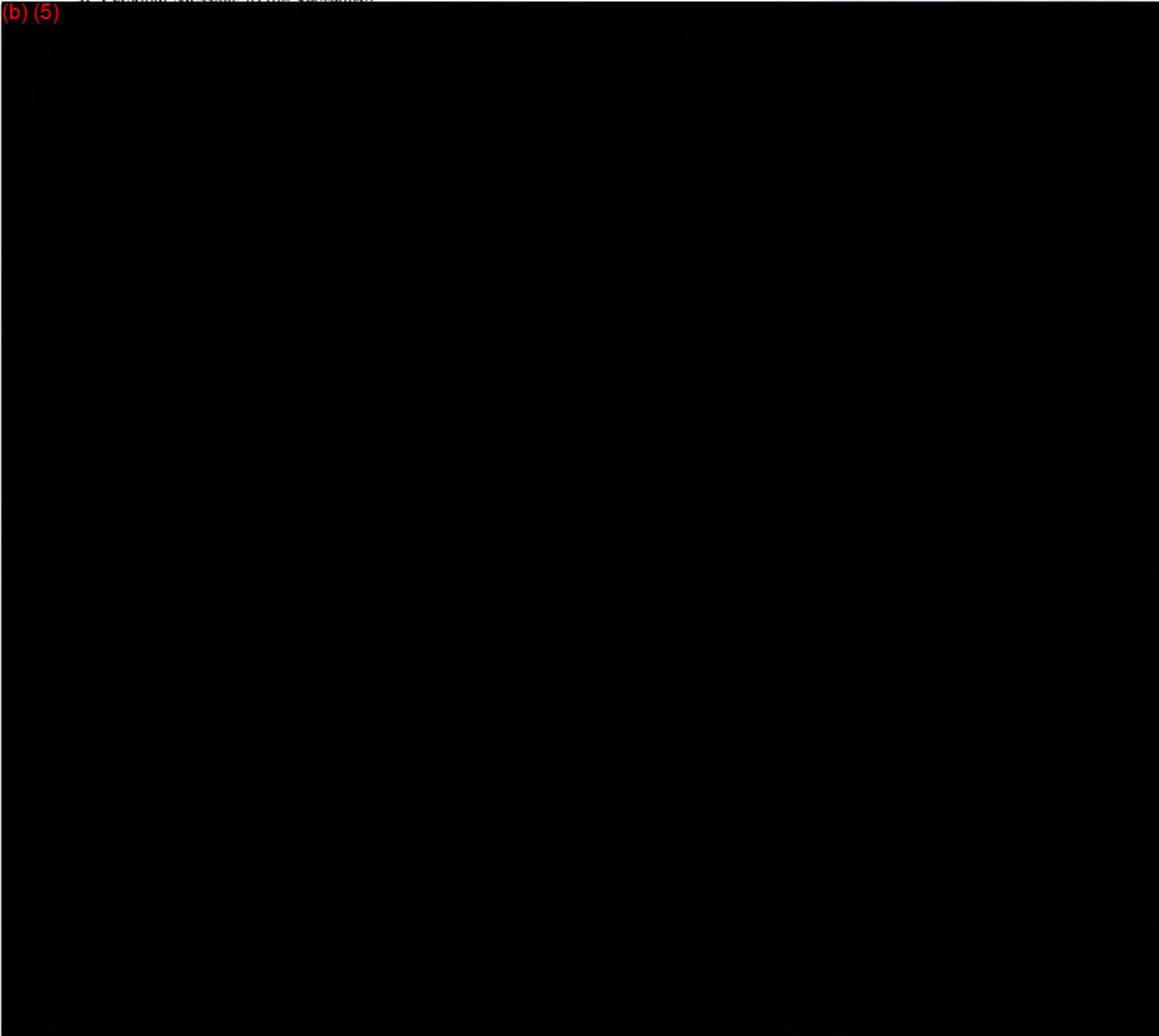
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**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**October 11, 2012**

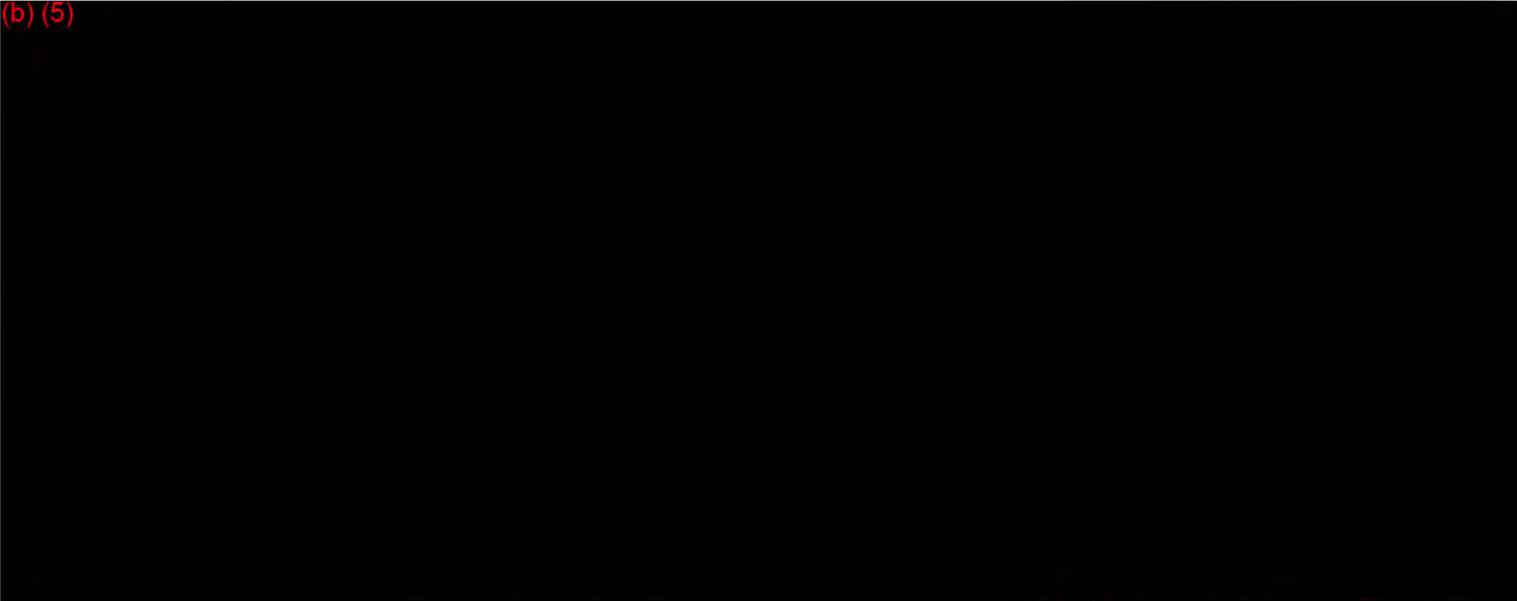
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II. Highlights of Travel, Meetings, Speeches, and other Public Events:

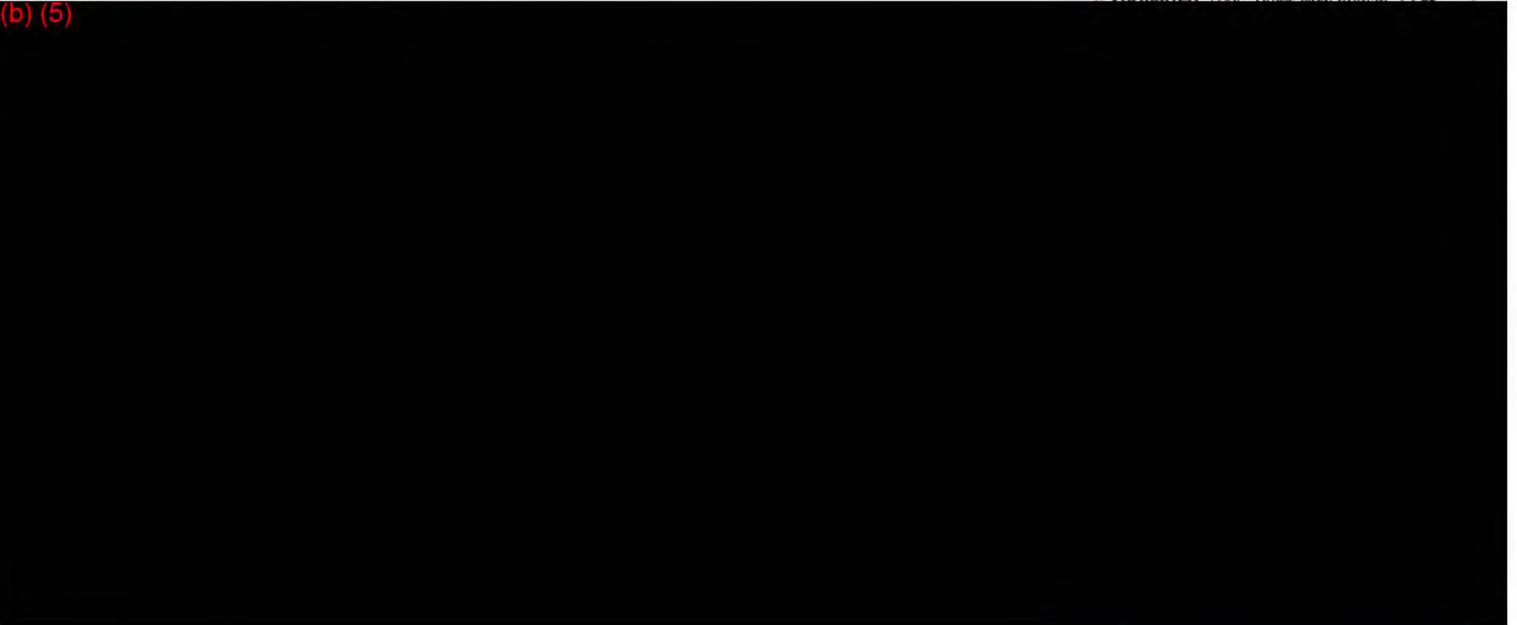
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**Week of October 15, 2012**

**Acting ASLM Burke** – On Oct. 15 and 16, travel to TN to tour the Lands Unsuitable for Mining petition area. In the office Oct. 17 – 19.

**DAS Farquhar** – In the office all week.

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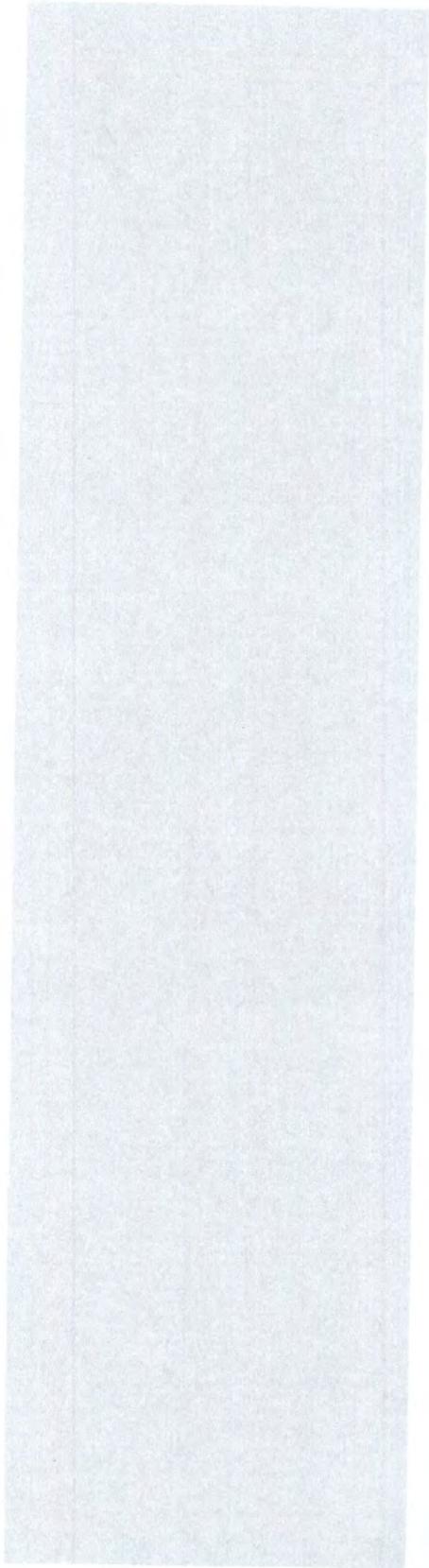
- **Ongoing Projects:**
- Hydraulic Fracturing Rule
- Potash Secretarial Order
- Oil Shale PEIS and Rulemaking
- Tennessee Lands Unsuitable for Mining Petition
- DOI/DoD Joint Action Plan Implementation
- OSM-BLM Consolidation Implementation

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- Stream Protection Rule
- Onshore Orders

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



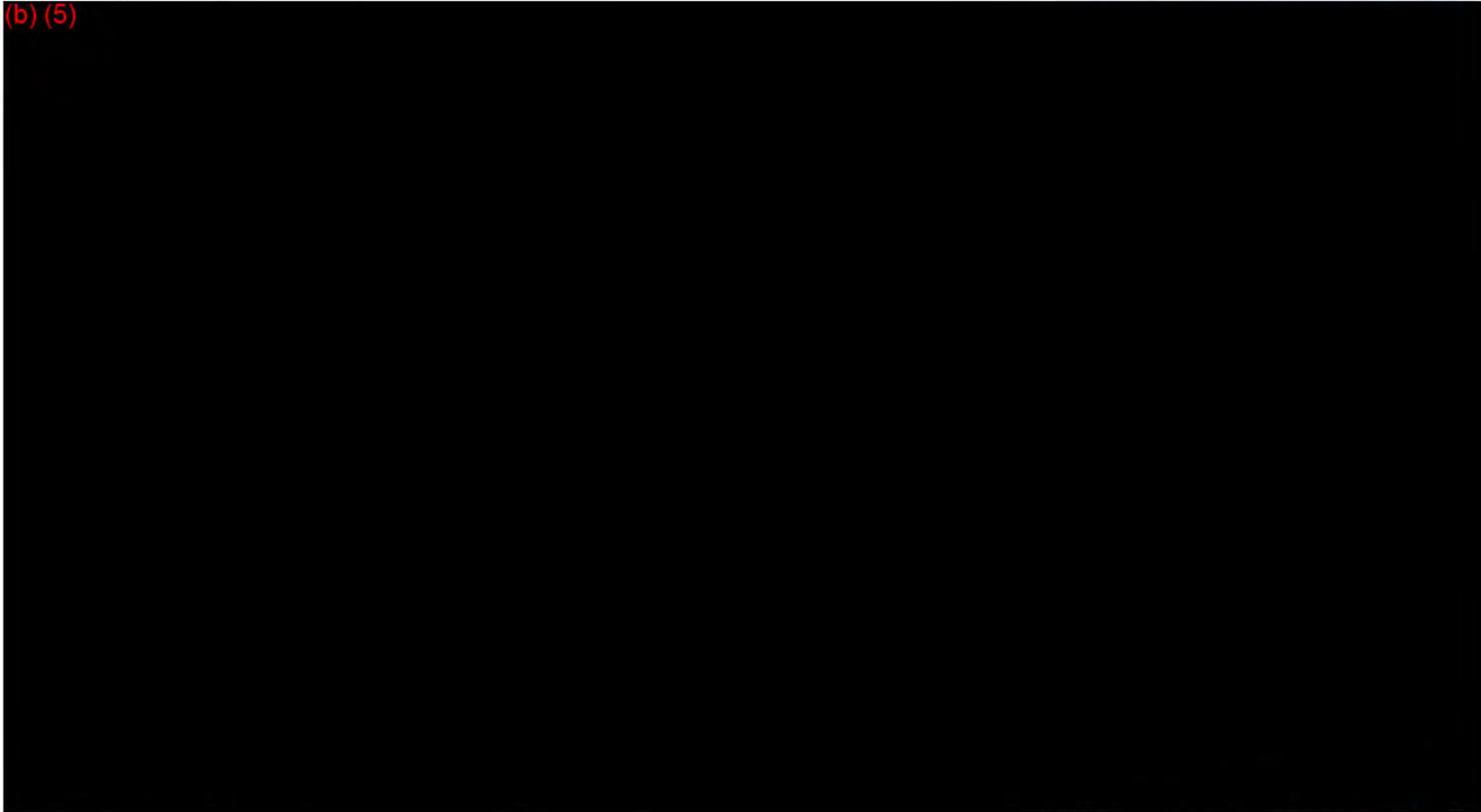
**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**October 11, 2012**

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I. Personal Message to the Secretary:

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

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III. Legislative, Legal, and Policy Issues:

- Atlantic Wind

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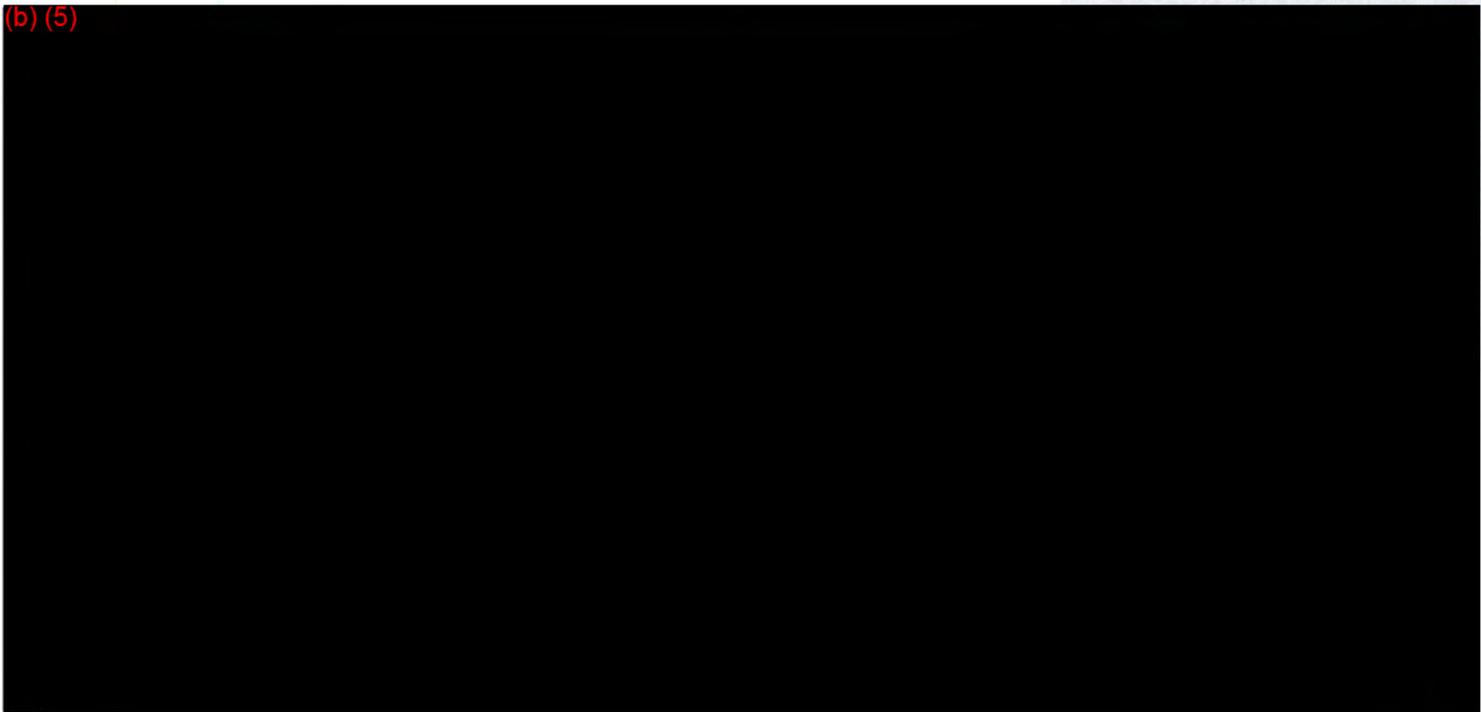


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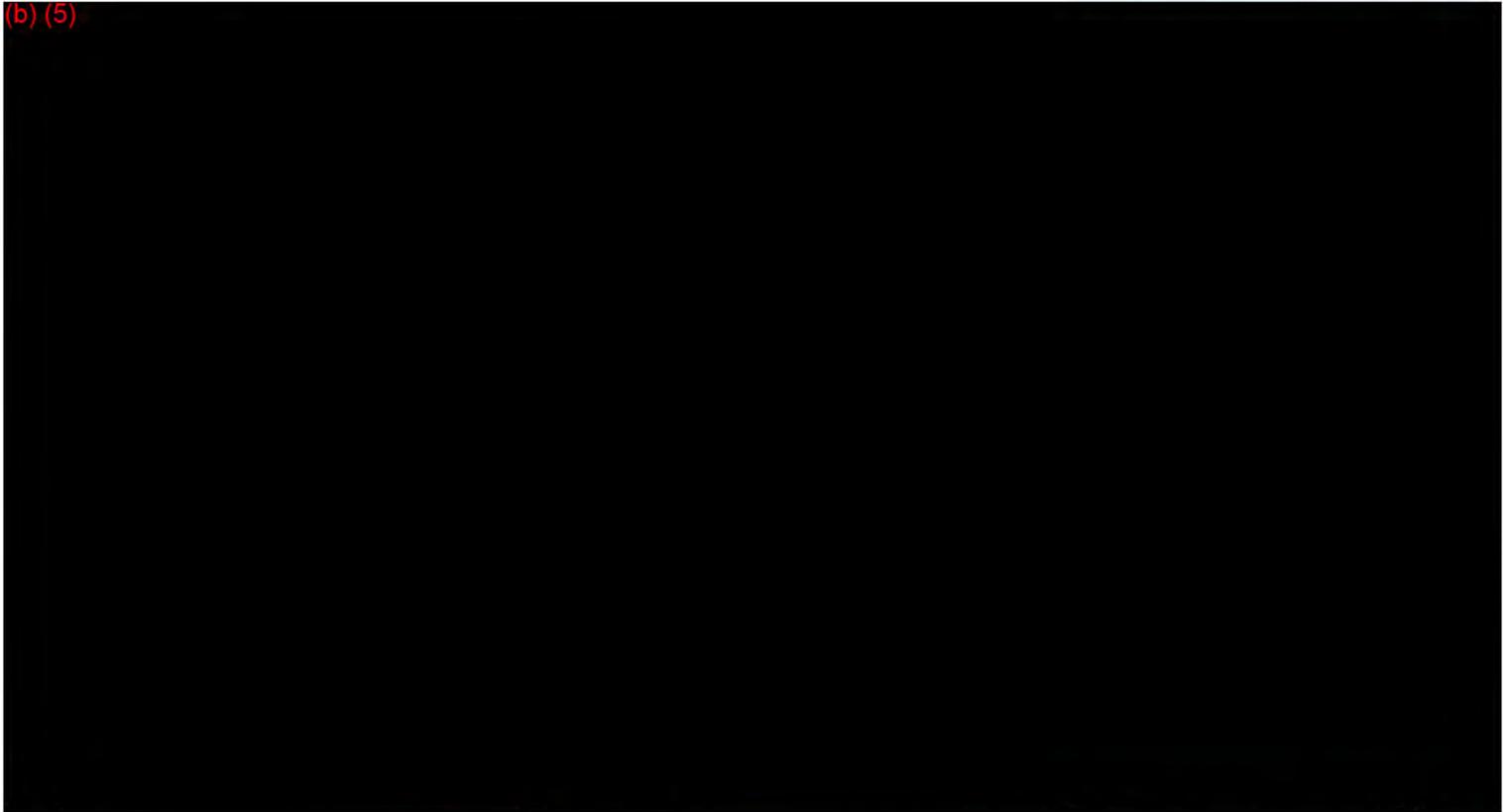
**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**October 11, 2012**

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I. Personal Message to the Secretary:

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

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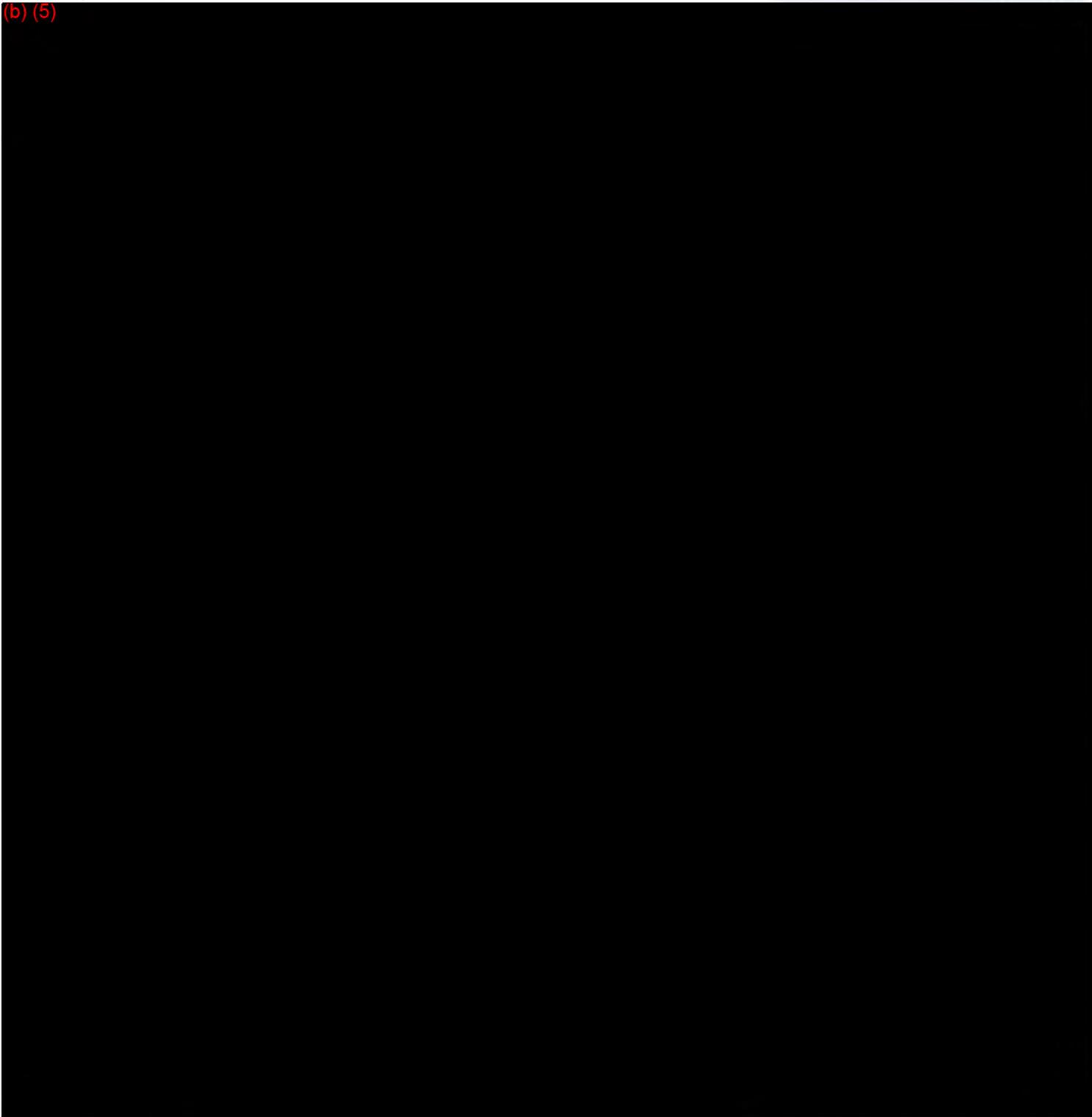
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Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management  
Direct Dial: 202-208-2422; Cell: (b) (6)



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**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**October 11, 2012**

I. Personal Message to the Secretary:

This week the Administration took a historic step in its quest to expand American-made energy production and harness vast renewable energy on the nation's public lands. On October 12, with your signature, we will reach the final step in the development of the Solar Programmatic Environmental Impact Statement (PEIS). I congratulate the BLM and the other bureaus that helped us to complete this groundbreaking effort. The 17 Solar Energy Zones in the PEIS represent a major shift in advancing solar energy development. With your leadership, this PEIS will allow the Department to advance the development of renewable resources in an environmentally sound and efficient manner and serve as a model for future energy projects.

In addition to the final PEIS, congratulations on the approval of the Chokecherry and Sierra Madre wind project and successfully hitting the 10,000 megawatt goal three years early. These efforts provide the Department with important tools to responsibly increase domestic energy development as part of the President's all-of-the-above energy strategy.

As I mentioned last week, on October 9, I met with representatives from Intel Corp., Micron, and the Semiconductor Industry Association to discuss potential impacts of helium supply with the upcoming changes to the National Helium Reserve. Per statutory requirements, the BLM is slated to end its involvement with the sale of helium from the Reserve once it pays down the debt incurred from obtaining the Reserve, which is expected in 2013. During the meeting, I underscored the Department's support for legislation introduced in the Senate to improve the management of the Reserve, which includes a phased approach to draw down the Reserve. Through our discussion, it became clear that there are two issues deserving our attention: (1) continued circulation of misinformation regarding the BLM's helium program (first brought to my attention by Corning representatives this summer) and (2) confusion about the timeline for the BLM to pay down the debt and subsequently cease operations. As a result of the meeting, I asked the BLM to review options for providing the public better information about its role in managing the Reserve and the most appropriate way to disseminate information on the timeline for concluding its role.

On October 12, BOEM will brief me on Western Gulf Lease Sale 229. The sale, scheduled for November 28, will be the first under the new Five Year Plan, which reflects our priorities of balancing appropriate resource development with environmental stewardship. I want to thank Dir. Beaudreau and his staff for all their hard work to help ensure the lease sale may be held before the end of the year.

Next week, I will travel to Knoxville for a site visit of the Tennessee Lands Unsuitable for Mining (LUM) petition area. Over the past several months, I have reported on the progress of the TN LUM petition. Most recently, I traveled to TN in August to meet with Attorney General Bob Cooper to discuss the status of the State's petition and to outline a clear path forward for the petition, including having the State provide OSM with additional information in order to refine

the boundaries under consideration. The Attorney General provided some of that information this week, but OSM is still awaiting further technical information before proceeding with its evaluation of the petition. The LUM tour next week will afford me the opportunity to see some of the principal environmental resources identified in the LUM petition area, observe an underground mine typical for the area, and reinforce our commitment to a thorough review of the petition. While I am in Knoxville, I will also conduct an all-employees meeting in the OSM Knoxville Field Office.

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III. Legislative, Legal, and Policy Issues:

• **Atlantic Wind**

- In Oct., BOEM expects to be ready to publish the Notice of Availability for the EA for **MA**. BOEM is drafting the Proposed Sale Notice for offshore wind leasing for **RI/MA**.
- On Oct. 9, BOEM sent Bluewater a response to its counteroffer for the **DE** negotiated lease and will hold a follow-up meeting with the company on Oct. 12. BOEM expects to complete final negotiations and execute the lease by the end of the year.
- As of Oct. 10, the **NC** Call for Information is under review within the SOL's office.
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- **Shell's 2012 Alaska Drilling Operations, Inspections and Applications for Permit to Drill:** With the whaling season in the Beaufort Sea closed, Shell commenced exploratory drilling on Oct. 3. In the Chukchi Sea, Shell completed a pilot hole to a depth of 1,400 feet at the "Burger A" site. Shell has completed the mudline cellar and is in the process of setting of the casing. Shell submitted a request to leave the anchors over the winter to limit disturbance of the seafloor by reducing the frequency of dropping and removing the anchors. BOEM and BSEE are reviewing the request.

- **Proposed Expansion of Municipal Airport in Grundy, VA:** On Oct. 3, the Breaks Regional Airport Authority notified OSM and Senator Warner's office that the Grundy Town Council will consider/approve a new solicitation for a contractor to complete the airport reconstruction project. The project proponents plan to submit a revised proposal to the Commonwealth.
- **Tennessee Lands Unsuitable for Mining (LUM) Petition:** On Oct. 5, OSM received a response letter from the Tennessee Attorney General that helps to clarify the State's position on the petition. OSM is currently reviewing the letter. Acting ASLM Burke plans to visit the proposed LUM petition area during the week of Oct. 15, and to meet with field staff in Knoxville.

**Ongoing Projects:**

- Hydraulic Fracturing Rule
- Potash Secretarial Order
- Oil Shale PEIS and Rulemaking
- DOI/DoD Joint Action Plan Implementation
- OSM-BLM Consolidation Implementation
- Stream Protection Rule
- Onshore Orders

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

**LAND AND MINERALS MANAGEMENT**  
**October 14 – October 20, 2012**

**SENIOR OFFICIALS' ACTIVITIES**

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**HOT TOPICS**

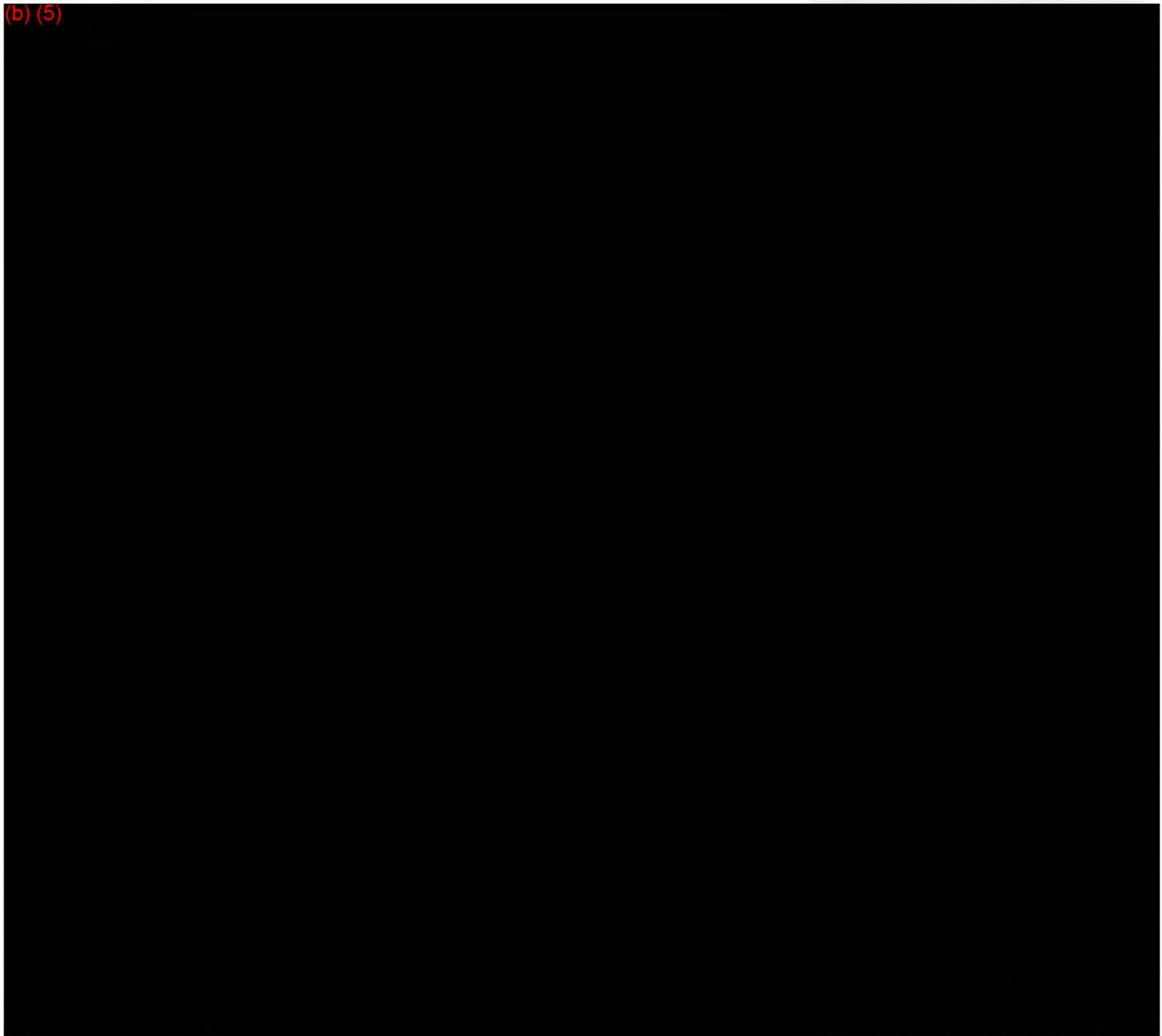
**Bureau of Land Management (BLM)**

**Renewable Energy**

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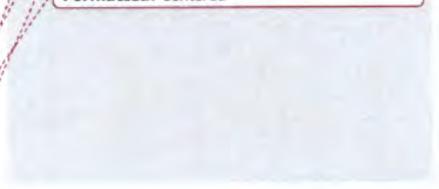


Wild Horse and Burro

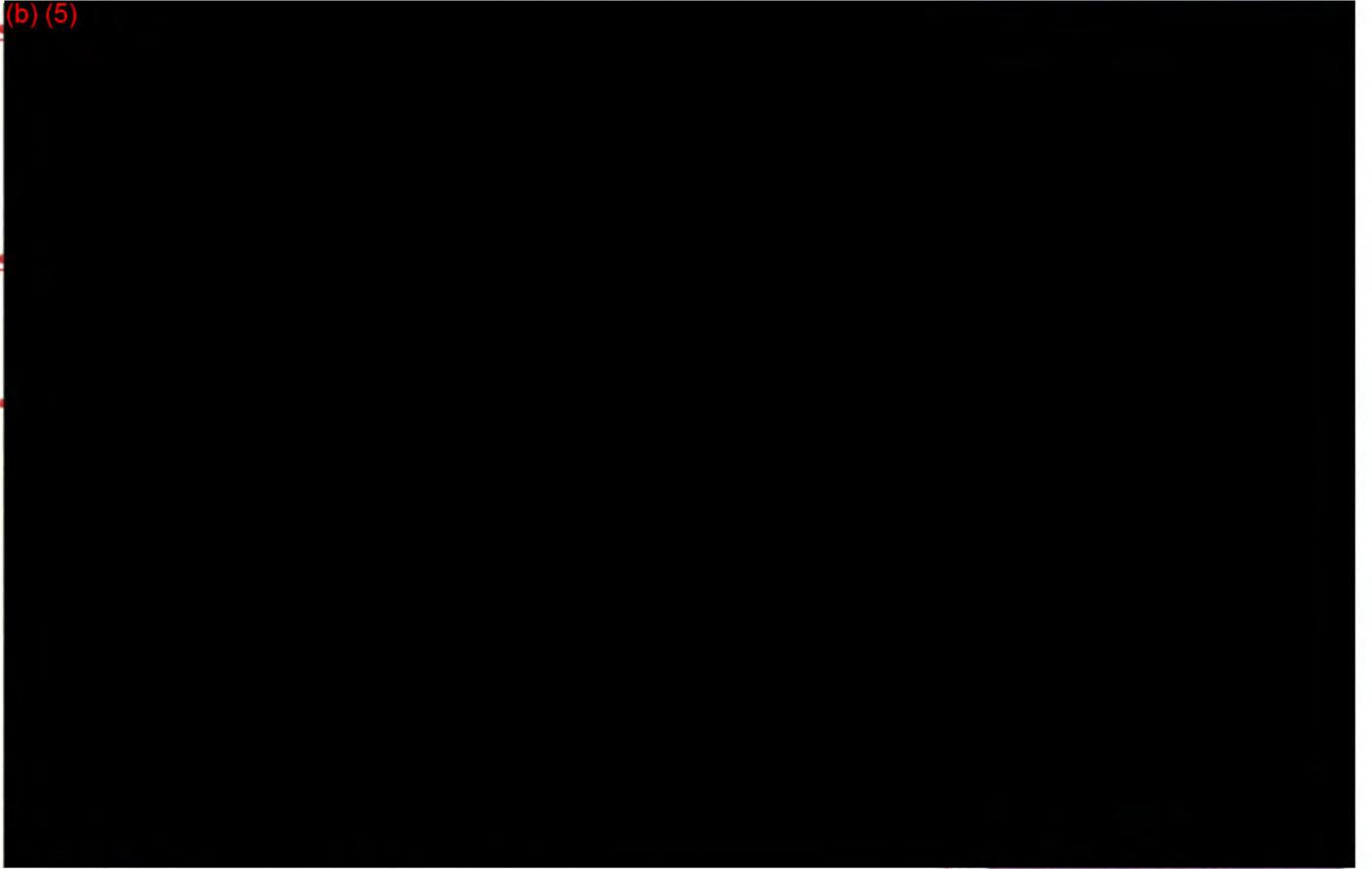
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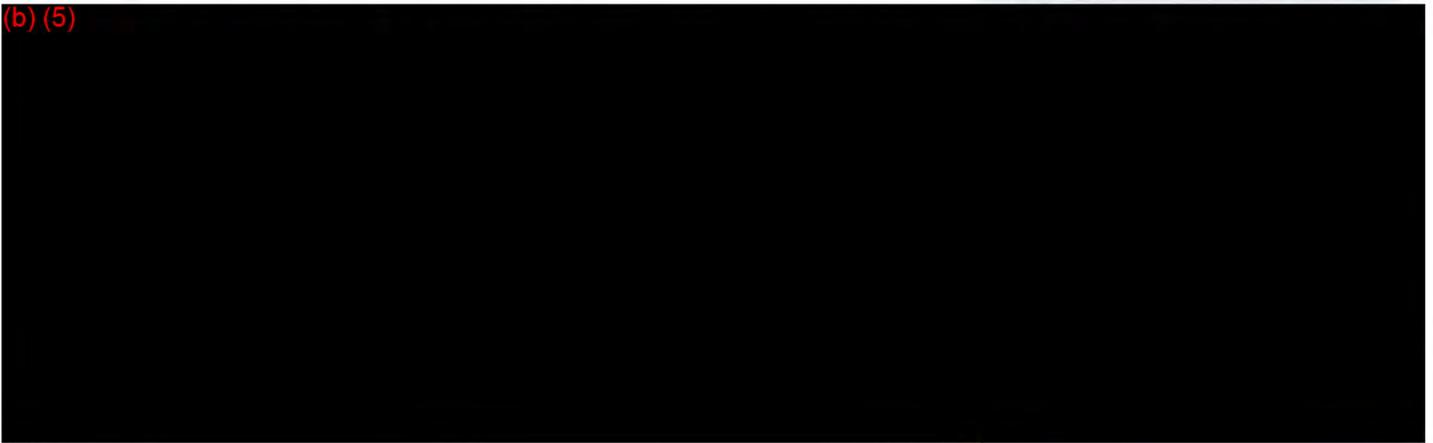
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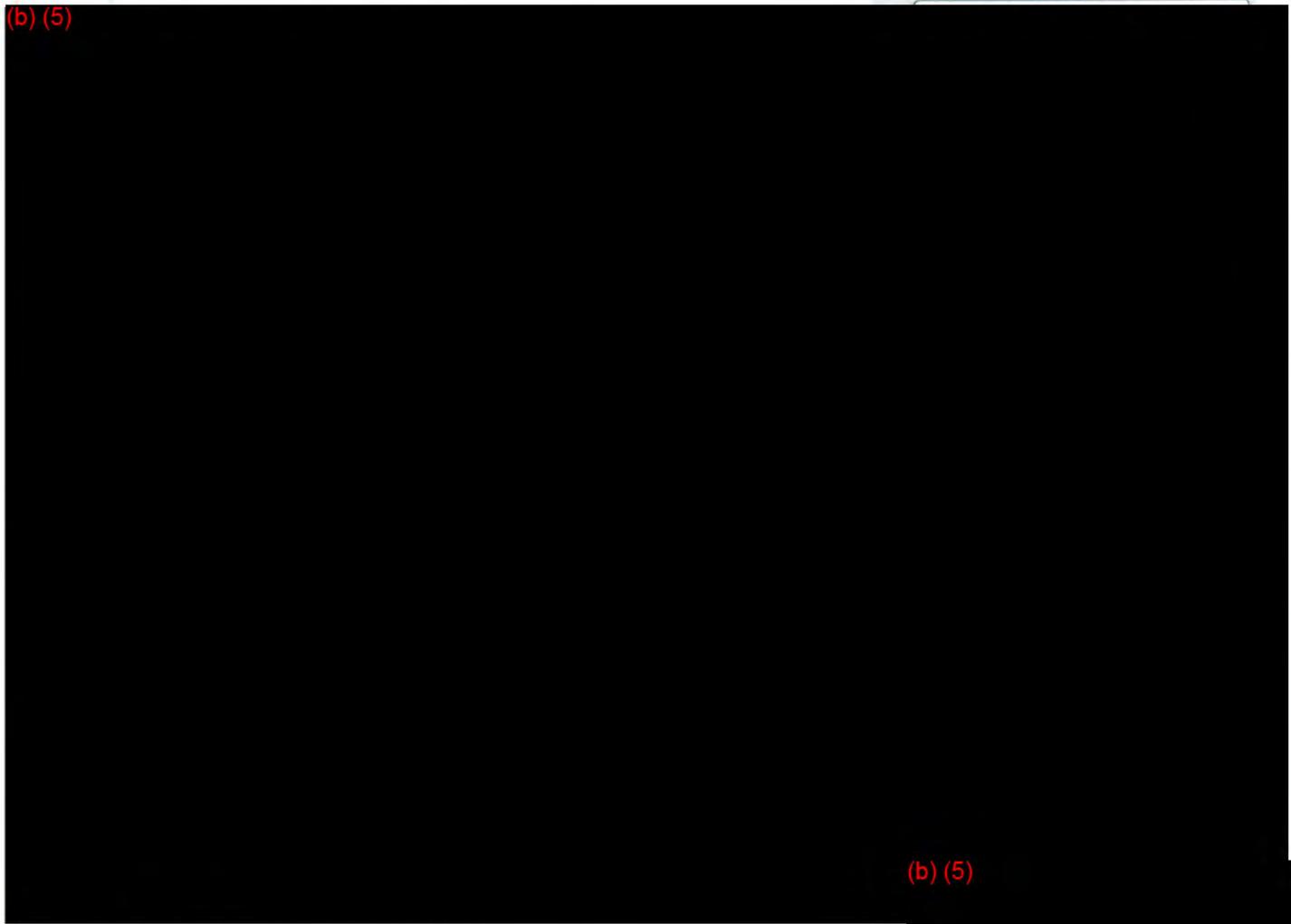


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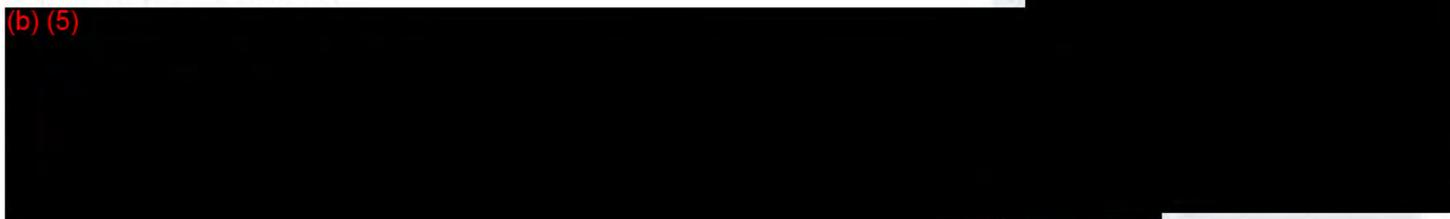
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**Office of Surface Mining (OSM)**

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WEEK AHEAD

Bureau of Land Management (BLM)

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**Bureau of Ocean Energy Management (BOEM)**

- Nothing new to report.

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

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**Office of Surface Mining (OSM)**

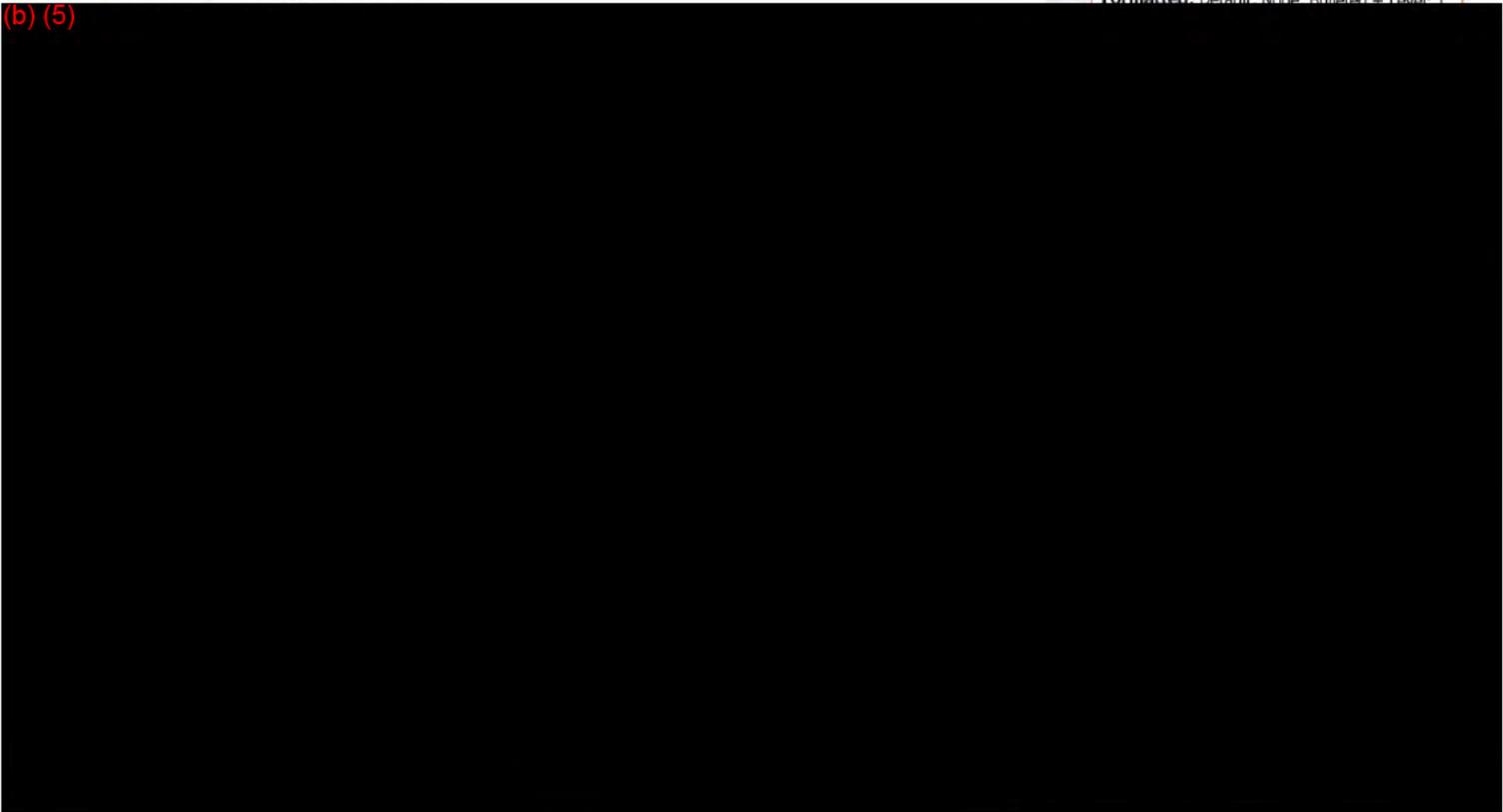
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WEEKS AHEAD

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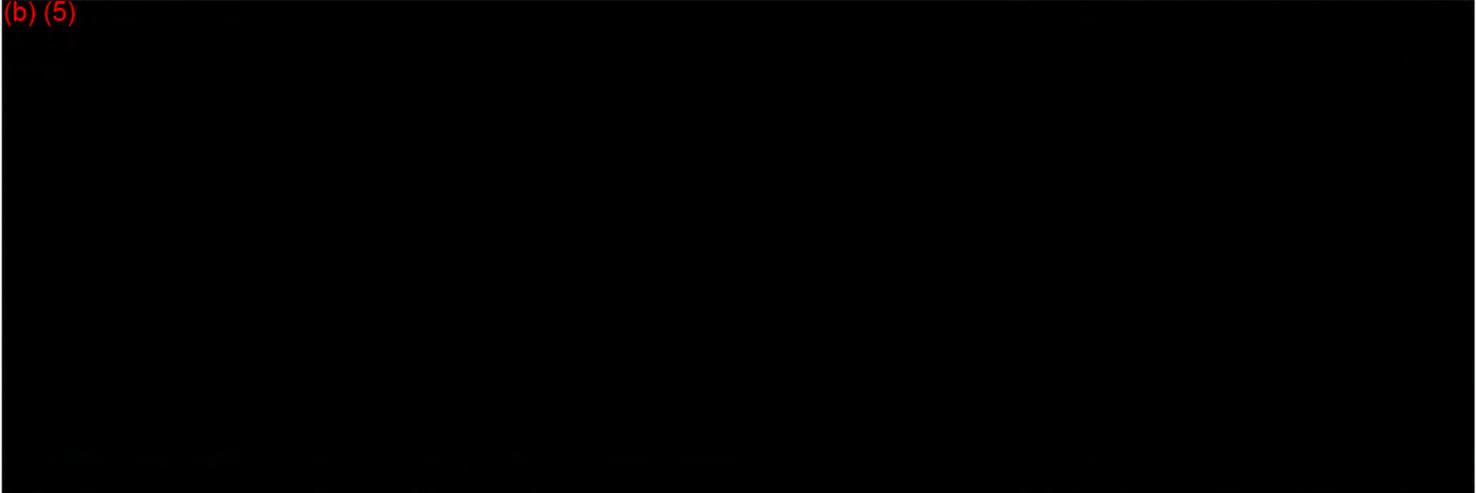
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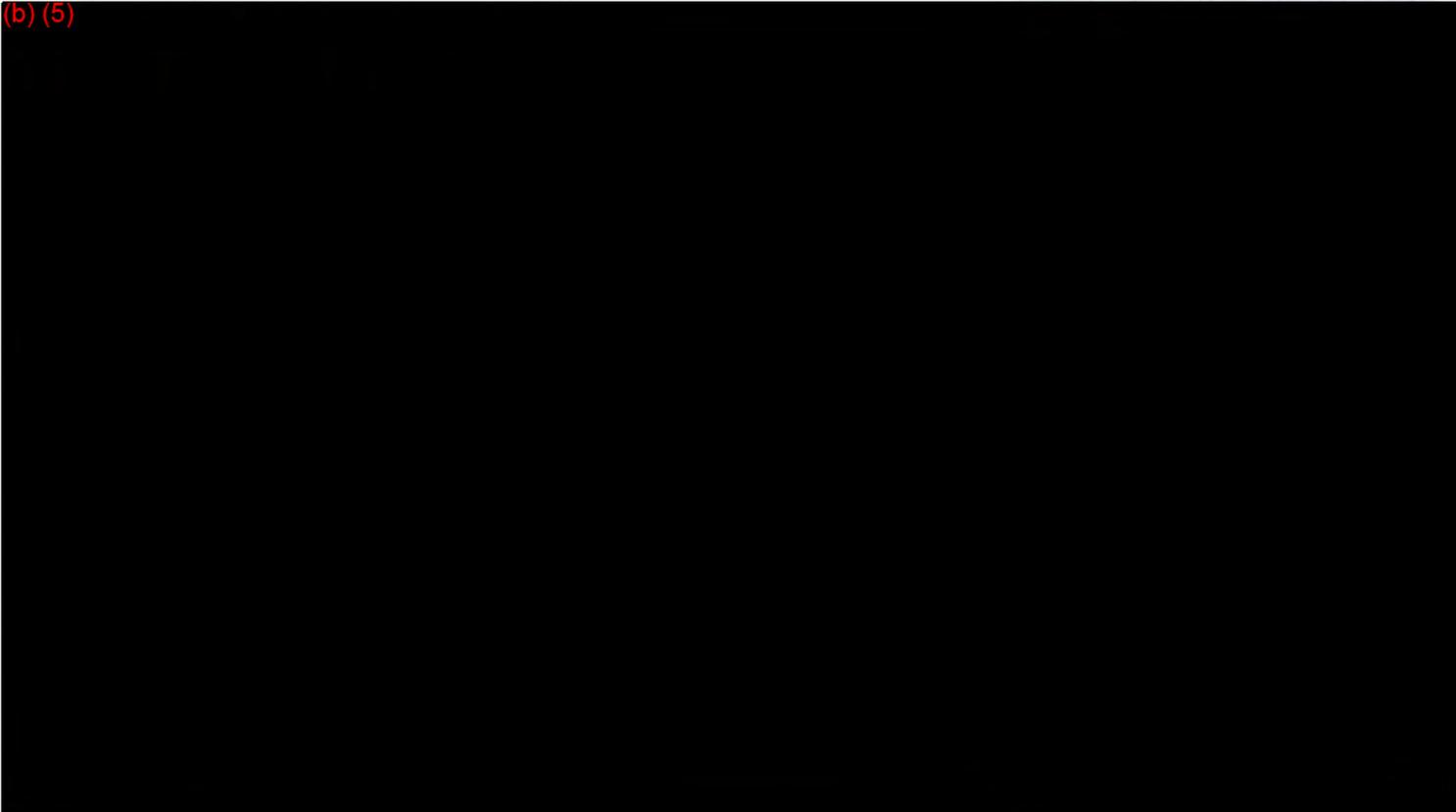
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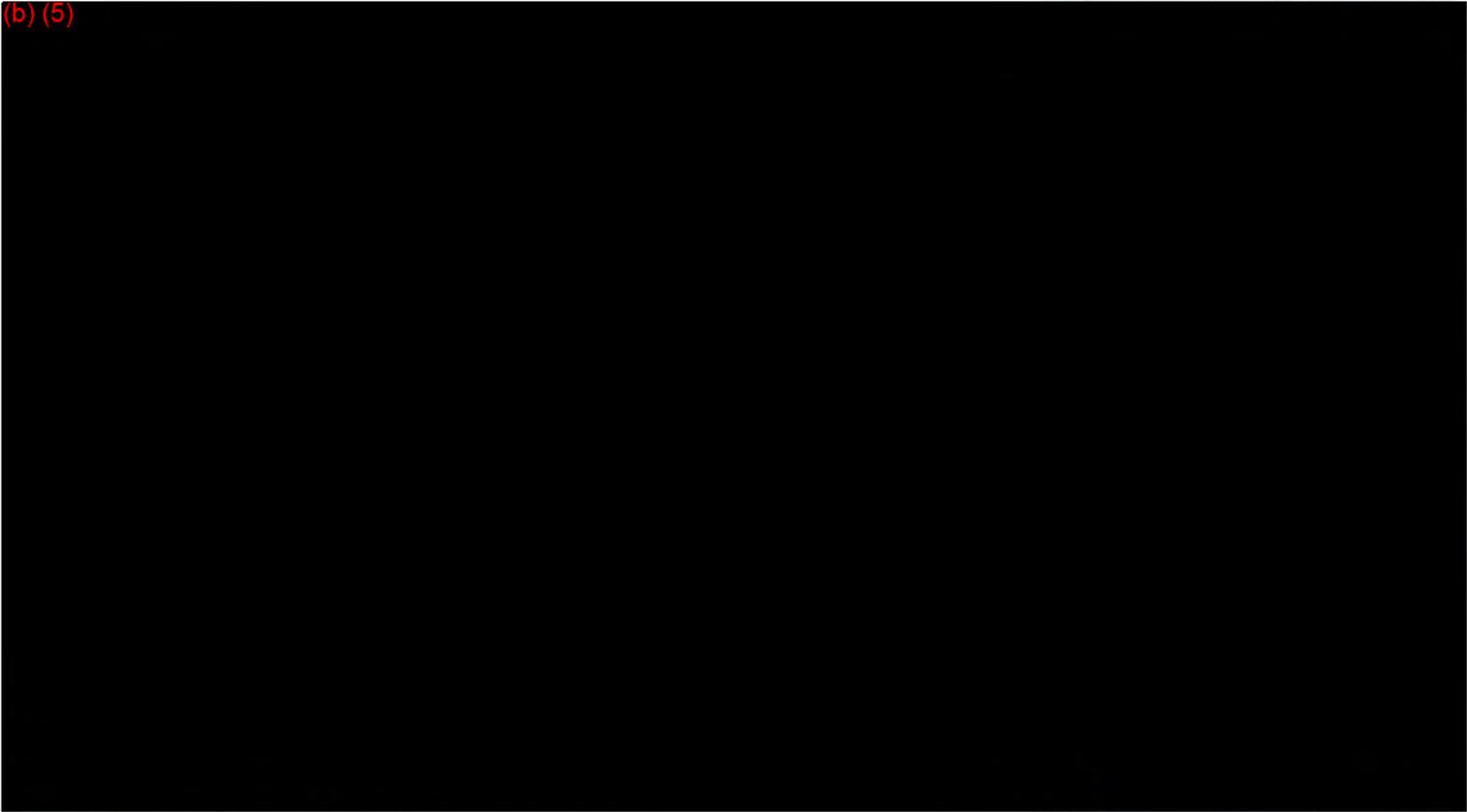
Bureau of Ocean Energy Management (BOEM)



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Office of Surface Mining (OSM)

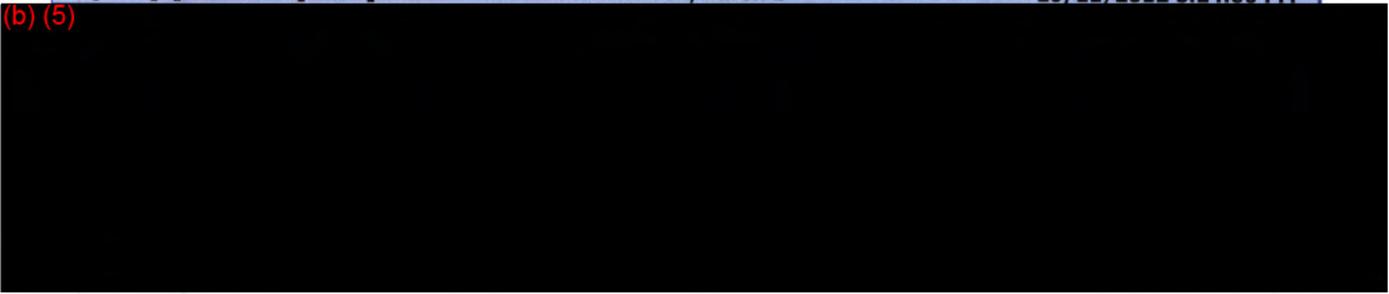
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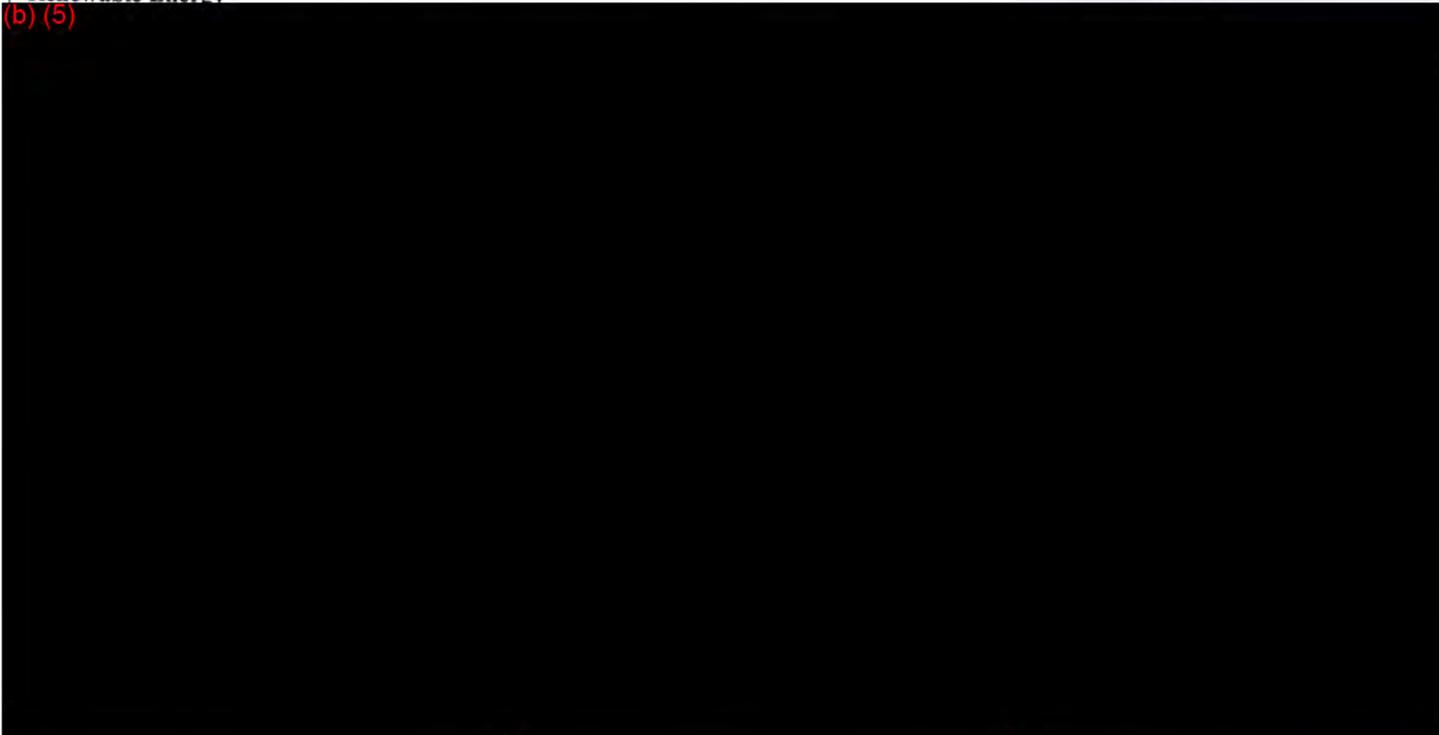
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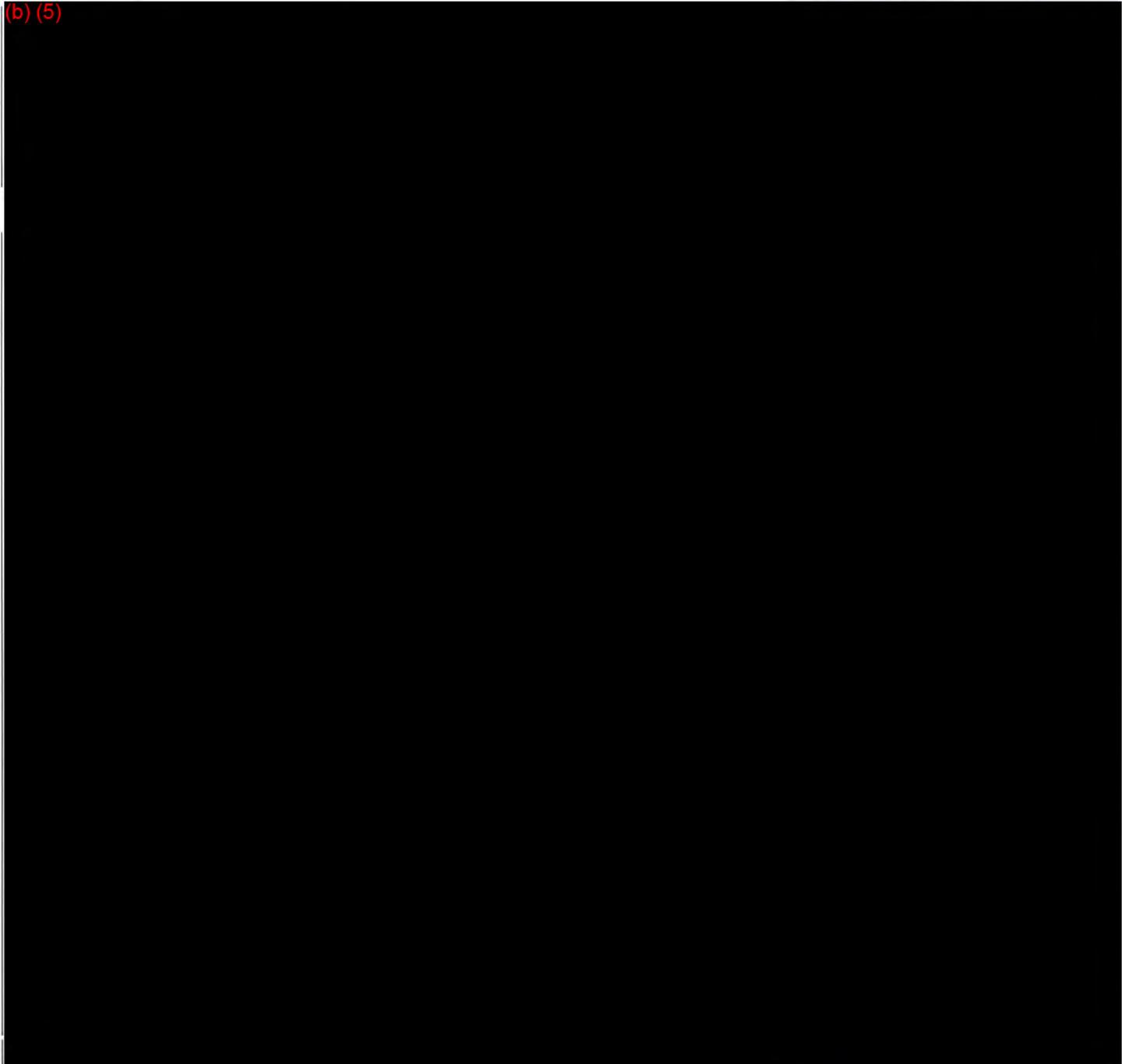
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Office of Surface Mining (OSM)

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**WEEK AHEAD**

**Bureau of Land Management (BLM)**

**Wednesday, October 17**

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Bureau of Ocean Energy Management (BOEM)

- Nothing new to report.

Bureau of Safety and Environmental Enforcement (BSEE)

- Nothing new to report.

Office of Surface Mining (OSM)

- Nothing new to report.

WEEKS AHEAD

Bureau of Land Management (BLM)

Tuesday, October 23

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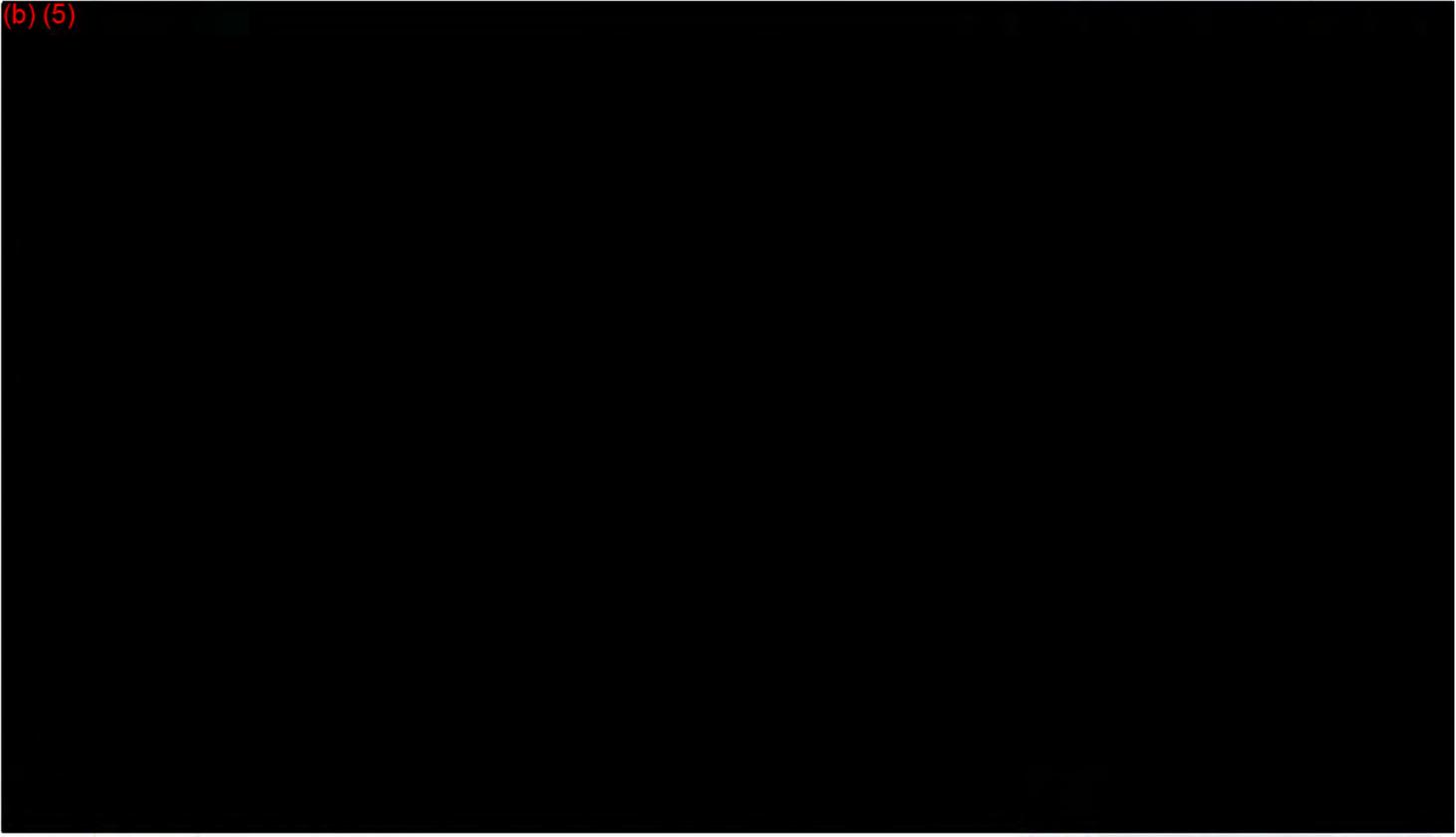
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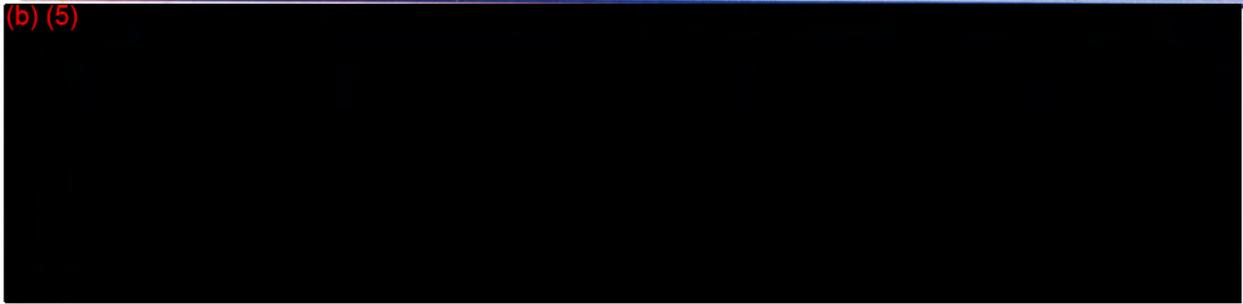
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**Weekly Report to the Secretary**  
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**October 18, 2012**

I. Personal Message to the Secretary:

This week marks another milestone in the Department's efforts to expand renewable energy development. On October 18, BOEM and Bluewater reached agreement on the Delaware offshore wind commercial lease. The Bluewater lease is the first under your "Smart from the Start" wind energy initiative and the second renewable offshore wind lease on the Outer Continental Shelf. I want to recognize Dir. Beaudreau and his dedicated team for their efforts on bringing this agreement to fruition.

It was an honor to join the Deputy Secretary and bureau directors to present the Department's "Partners in Conservation" awards to the BLM, OSM, and BOEM. The award recipients include the Phoenix District Youth Initiative (nominated by the BLM), the Ute Learning Garden (nominated by the BLM), the Iditarod National Historic Trail Partnership (nominated by the BLM), the Volunteers in Service to America (nominated by the OSM), the Appalachian Regional Reforestation Initiative (nominated by the OSM), and the Multi-Agency Rocky Intertidal Network (nominated by the BOEM). Each project exemplifies the tireless work of staff and partners as stewards of the Department's mission. I commend BOEM, OSM, and the BLM staff for their hard work on the ground to make these partnerships succeed. The Department's greatest conservation legacies come from our diverse partnerships. When bureaus and committed citizens and organizations come together to address our shared challenges, we find solutions to complex natural resource issues and effectively conserve and restore our treasured landscapes.

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

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Roundtable participants included several energy experts, consulate representatives, and members of AJC. I participated as the U.S. representative, as did a designee from Mexico and Canada. Each representative gave an overview of current renewable energy policies and priorities. For my update, I shared our spectacular story about how far we have come in developing renewable energy on public lands and implementing the President's renewable energy priorities. Canada continues to develop hydropower and wind, although the Federal role is primarily in research and development as provinces have authority over other aspects of energy policy. Mexico highlighted its significant solar and wind potential. Each country outlined a distinct path for developing renewable energy resources, yet, each nation faces similar challenges: transmission, social and environmental interests, and economic competitiveness. The roundtable created an opportunity to learn ways to enhance individual national goals and North American energy security as well as find ways to address common challenges.

The Department engages in ongoing cooperation on energy with Mexico and Canada through a variety of forums, most of which are on conventional energy, both on and offshore. Each representative expressed interest in finding ways to enhance existing forums to include renewable energy, where appropriate. One example where my office is already at work on this is the U.S.-Mexico Cross Border Electricity Task Force, which is working to enhance transmission capacity in the Southwest. As we near the 20<sup>th</sup> anniversary of the North American Free Trade Agreement, it is my hope that we can reflect on our existing forums and find ways to increase renewable energy coordination with Canada and Mexico.

On October 25, I attended the BLM Director's Annual Award Ceremony, where I met several BLM employees from field and state offices who received awards. The BLM Director's Awards recognize employees who have excelled during the past year in leadership, both internal and external in stewardship of the natural resources, team accomplishments, service to the public, diversity, and safety. The accomplishments of the employees who won the awards are impressive and an excellent reminder of the challenges our employees face and the innovations they develop to address these challenges.

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Submitted by: Marcilynn A. Burke, Acting Assistant Secretary, Land and Minerals Management  
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- **OSM Responds to Media Queries About Montana Bison Kill Site:** OSM continues to respond to media inquiries about the archeological excavation of a 2,000-year-old bison kill site in MT that was approved as part of a coal mine expansion. OSM complied with NEPA and the National Historic Preservation Act in addressing the site, and consulted with a number of interested parties on how to proceed with the area, known as the Sarpy Creek Bison Kill site, beginning in 2005. In 2008, OSM signed a Memorandum of Agreement with the BIA, the Crow Tribe's Tribal Historic Preservation Officer, and the coal company, Westmoreland Resources, Inc. Archeologists excavated the site by hand in 2009 and 2010 in accordance with the Data Recovery Plan, which OSM, BIA, and the Crow Tribal Historic Preservation Officer reviewed and approved. In 2011, archeologists conducted additional excavation using a backhoe, a method agreed to by all parties, to recover additional information that had not turned up in the excavation done by hand. The issue began to receive public attention recently when members of the Crow Tribe claimed that the Crow Tribal Historic Preservation Officer failed to consult with them prior to approving the Data Recovery Plan or approving the additional excavation by backhoe.

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



**Weekly Report to the Secretary**  
**Acting Assistant Secretary for Land and Minerals Management**  
**November 1, 2012**

I. Personal Message to the Secretary:

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

**Week of November 5, 2012**

**Acting ASLM Burke** – In the office all week.

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• **Atlantic Wind**

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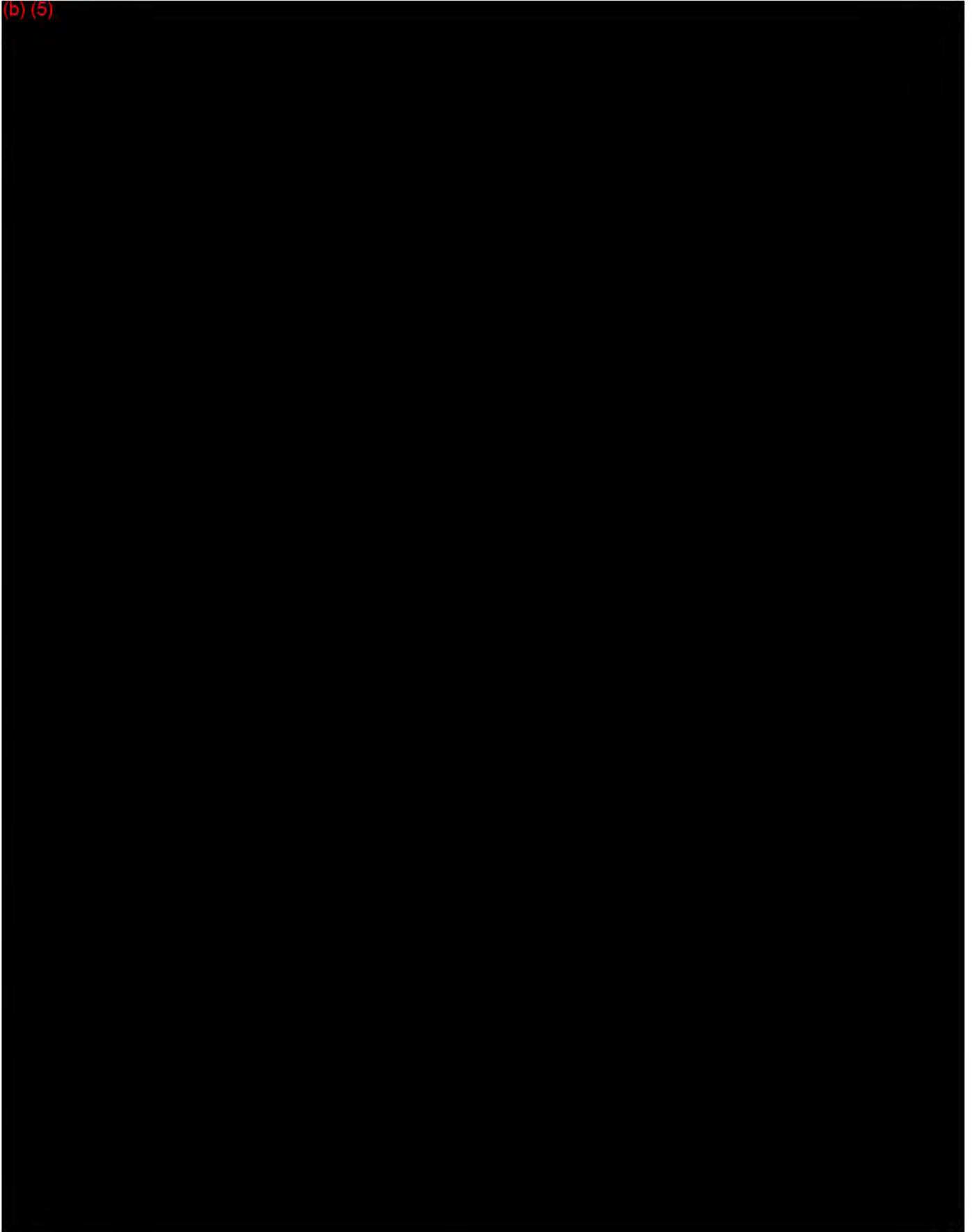
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**Weekly Report to the Secretary**  
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I. Personal Message to the Secretary:

As recovery from Hurricane Sandy continues, I want to extend my heartfelt thoughts to all those affected by this super-storm, including the Oil and Hazardous Materials Simulated Environmental Test Tank (Ohmsett), a public-private DOI-BSEE oil spill response, research and testing facility in Leonardo, New Jersey. The Ohmsett facility is located along the New Jersey coast, the area that bore some of the most significant storm damage. An Ohmsett building holding oil storage tanks sustained damage as did pumps in the water testing tank. Electricity is still out and two Ohmsett contract employees are still unaccounted for; limited cell phone access and displaced families could be a factor in not yet finding the employees. [MAB – we'll update you and the report as we learn more about the staff]. As Ohmsett staff clean up from the storm, the facility is closed and all tests that are scheduled during the next couple of weeks have been postponed. BSEE continues to receive updates on the status at Ohmsett and an initial damage assessment is underway.

With varying levels of devastation along much of the U.S. Eastern Seaboard, some local communities will request additional support. I was pleased to learn that more than 200 BLM, Forest Service, and other Department personnel, through the National Interagency Fire Center, are mobilizing and traveling to assist with response to Hurricane Sandy.

On October 31, I traveled to Portland, Oregon to participate in the installation ceremony for Jerry Perez, the new State Director of the BLM's Washington and Oregon State office. Mr. Perez has twenty years of natural resources experience, and most recently was the Deputy Regional Forester of the Forest Service's Intermountain Region in Ogden, Utah. Mr. Perez has worked cooperatively with the BLM on many land-use planning and forest management issues. I am confident his diverse skills will bring new ideas to the State office.

While I am in Oregon, I will attend the Oregon & Washington Senior Leadership Team Conference, where I will provide an update on our work in Washington, DC, as well as applaud the State office for its leadership on forestry, wildlife management, and sage-grouse habitat planning. Following the leadership meeting, I will tour the Salem BLM District to see a stream restoration project where Cascade Streamwatch partnered with the BLM. I will also meet with Wolf Tree, an environmental education group at the same site. During the tour, I will have the opportunity to learn about youth involvement in various projects, discuss ongoing recreational activities in the area, and meet with our local partners.

As I finalize performance appraisals for the year, I am reflecting on the work of the Department's most valuable assets, our staff. These hardworking and talented men and women

are absolutely essential to the Department reaching this year's landmark achievements. I commend the directors and staff at the BLM, BOEM, BSEE, and OSM for their dedication and vigilance, without which none of our work is possible.

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While I am in Oregon, I will tour the Wildwood area in the Salem BLM District to see a stream restoration project where Cascade Streamwatch partnered with the BLM. I will also meet with Wolf Tree, an environmental education group at the same site. During the tour, I will have the opportunity to learn about youth involvement in various projects, discuss ongoing recreational activities in the area, and meet with our local partners.

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- **Continental Divide-Creston Natural Gas Project:** In mid Nov., the BLM-WY Rawlins Field Office anticipates opening a 60-day public comment period on the Draft EIS for the Continental Divide-Creston Natural Gas Project. The project is located in a mixed land ownership area in Carbon and Sweetwater counties.

**Ongoing Projects:**

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**LAND AND MINERALS MANAGEMENT**  
**November 4 - 10, 2012**

**SENIOR OFFICIALS' ACTIVITIES**

**Week of November 5, 2012**

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**HOT TOPICS**

**Bureau of Land Management (BLM)**

**Renewable Energy**

- **Update: Soda Mountain Solar Project NOI:** *The BLM-CA will hold public scoping meetings for the Soda Mountain Solar project on Nov. 14. On Oct. 23, the Notice of Intent (NOI) for preparation of the EIS for the proposed 350-MW project in San Bernardino County, CA was published in the Federal Register. The Soda Mountain Solar project was originally proposed for the Secretary's 2013 Renewable Energy Priority list, but was later removed in order to provide time to address potential resource conflicts and consider public comments.*
- **Update: BLM-CA Stateline Solar Project:** *On Nov. 9, the Notice of Availability (NOA) for the draft EIS for the 300-MW Stateline Solar Project is scheduled for release. The proposed facility, located on 2,000 acres of public lands in San Bernardino, CA, is a proposed 2013 Renewable Energy Priority Project.*
- **Update: BLM-UT Cove Fort Geothermal Project:** *On Oct. 19, the BLM-UT issued a Decision Record for the 30-MW Cove Fort Geothermal Project in Sulphurdale, UT. The project is proposed for the Secretary's 2013 Renewable Energy Priority Projects list.*

**Oil and Gas and Potash**

- **Update: Hydraulic Fracturing Rule:** *In early Nov., the BLM anticipates submitting the final rule for Department review.*
- **New: Venting and Flaring Onshore Order 9 Consultations:** *The BLM is developing new regulations to reduce venting and flaring of hydrocarbon gases, including methane, in oil and gas operations. The BLM is preparing several other onshore orders as well: Orders 3 (Site Security – establishes standards to help protect oil and gas produced from Federal and Indian oil and gas leases against theft and enable accurate measurement and production accountability), 4 (Oil Measurement – establishes standards for the measurement of oil produced from Federal and Indian oil and gas leases), and 5 (Gas Measurement – establishes standards for the measurement of gas produced from Federal and Indian oil and gas leases).*

- **Update: Potash Final Secretarial Order:** *The BLM has prepared a Proposed Final Secretarial Order concerning the co-development of oil and gas and potash resources in southeastern NM. A Draft Order was announced on July 12; the BLM received 28 comment letters containing 40 substantive comments. Departmental briefings and review of the proposed order started on Oct. 1. The proposed final Secretary's Order is scheduled to be signed in Nov.*
- **Update: Oil Shale and Tar Sands Programmatic EIS:** *On Nov. 9, the NOA for the final Oil Shale and Tar Sands Programmatic EIS is scheduled to be published in the Federal Register (FR). The PEIS evaluates potential impacts associated with oil shale and tar sands leasing and development on lands administered by the BLM in CO, UT, and WY.*
- **New: BLM-WY Continental Divide-Creston Natural Gas Project EIS:** *In mid Nov., the BLM-WY anticipates beginning a 60-day public comment period on the Draft EIS for the Continental Divide-Creston Natural Gas Project. The project is located in a mixed land ownership area in Carbon and Sweetwater counties. The proposal is to drill and develop 8,950 additional natural gas wells, including 100 to 500 coal bed natural gas wells.*
- **Update: National Petroleum Reserve-AK (NPR-A) Final IAP/ EIS:** *On Nov. 16, the NOA of the NPR-A Final Integrated Activity Plan/ Environmental Impact Statement (IAP/EIS) will be published in the FR. The BLM issued a Draft IAP/EIS on Mar. 30, and concluded its public comment period and its associated subsistence impact analysis on Jun. 15. Issues analyzed in the Draft IAP/EIS included oil and gas leasing; impacts of development, such as those on caribou, birds, subsistence, and public health; climate change; and protection of threatened and endangered species.*

### **Drought**

- **New: Wild Horse and Burro Emergency Gather Review:** *The BLM's Emergency Gather Review and Recommendations Team has toured Herd Management Areas identified as having the most critical gather needs due to drought conditions. The team will issue its report during the week of Nov. 2; its findings and list of priorities could influence the existing gather schedule.*
- **New: BLM-UT Drought Update:** *In the Moab Field Office, ranchers are preparing for the winter grazing season by taking significant reductions in the numbers of animals grazed due to lack of water and forage. Drought conditions are persistent even with recent storms and flood events.*
- **New: Rep. Amodei Discusses Threats to NV Sage-grouse:** *Rep. Amodei visited the BLM-NV Ely Field Office on Oct. 25 and the Elko District on Oct. 22. He also requested further meetings to discuss ways to address sage-grouse and wildfire issues and to learn about horse management in the Elko District during drought.*
- **New: BLM-WY Drought Update:** *In the Kemmerer Field Office, the BLM has required removal of all cattle from seven allotments. Sheep grazing has also declined. Producers have expressed concern about grazing year 2013.*

## Transmission

- **New: BLM-AZ Lake Powell Water Pipeline Project:** *The State of UT has proposed constructing a water pipeline from Lake Powell to southwest Utah. The proposed route would cross about 55 miles of BLM lands in northern AZ. FERC is the lead agency and is preparing an EIS; BLM is a cooperating agency. The BLM and the State have not reached agreement on the route.*
- **New: BLM-CO River Valley Transmission Line:** *On Nov. 7 and 8, the BLM-CO River Valley Field Office and Xcel energy will host public meetings in Rifle and Parachute, CO to discuss Xcel's proposed 18-mile 230kV transmission line. Up to six miles of the line would cross BLM public lands. Oil and gas development is expected to continue in the area over the next several decades and the industry is moving to electric power for more of its operations in order to reduce air emissions.*
- **Update: Implementation of Transmission Lines Executive Orders:** *The BLM is drafting an implementation plan in response to Executive Order (EO) 13616 – Accelerating Broadband Infrastructure Deployment. In mid-Nov., the Department will hold a workshop focused on the permitting process on Federal lands. For EO 13604 – Improving Performance of Federal Permitting and Review of Infrastructure Projects, the BLM is identifying fiber optic and pipeline projects for possible targeting as Projects of National or Regional Significance.*
- **New: Enterprise Mid-American Pipeline (MAPL) Project:** *The BLM sent letters to local, state and Federal governments, and tribes to request participation as cooperating agencies in a ROW application filed in June by Enterprise MAPL. MAPL is proposing to build a new pipeline to expand its current capacity to transport increased natural gas liquids production in NM. A public scoping period was initiated on Oct. 20; comments are due Nov. 20. The 16-inch proposed pipeline would cross approximately 68 miles of BLM public lands.*

## Miscellaneous

- **New: BLM-AK NASA EIS:** *At an Oct. 25 meeting hosted by the BLM, NASA introduced a Draft EIS evaluating future management options for NASA's Sounding Rockets Research Program at the Univ. of Alaska Fairbanks' Poker Flat Research Range. The BLM and FWS are cooperating agencies. The EIS will help BLM and FWS make decisions on permits for the landing and recovery of sounding rockets, which are rockets ranging from 7 to 65 feet long that carry scientific instruments into space for testing purposes.*

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

- **Update: BP Inspection of Macondo Oil Sheen:** *On Oct. 22, BSEE met with the Federal On-Scene Coordinator (FOSC) and U.S. Coast Guard (USCG) to discuss potential options for remediation and removal of the cofferdam (pollution container). Also, on Oct. 22, the FOSC directed BP to temporarily plug the leak in the cofferdam with the condition that the plugs would not preclude later remediation work. Additionally, the FOSC directed BP to begin evaluating options to remove from the site or remediate future potential leaks from the cofferdam and riser on the seafloor. On Oct. 23 and 24, BP completed temporary plugging operations of the cofferdam during*

*ROV operations. BSEE, USCG, and BP are planning additional meetings to discuss remediation.*

- **New: Safety and Environmental Management Systems (SEMS) II Final Rule:** *As of Nov. 1, the surname package is currently under simultaneous review by several offices within the BSEE Directorate.*
- **New: McMoRan Well Test for Shallow Water, Ultra-Deep Davy Jones Project:** *McMoRan successfully cleaned out the Davy Jones wellbore to approximately 28,630 feet, which will enable testing of all 165 feet of perforated sand sections. Once the tubing is set, McMoRan will remove the blowout preventer and install the production tree, which is scheduled for installation on Nov. 5. Once these steps are complete, McMoRan expects to commence flow testing by Nov. 9 from the first shallow water, ultra-deep sub-salt completion on the Gulf of Mexico Shelf. Commercial production is expected shortly thereafter.*
- **New: Freeport-McMoRan Main Pass Energy Hub:** *Freeport-McMoRan Energy LLC, and United LNG are engaged in efforts to utilize McMoRan's Main Pass Energy Hub as a potential Deepwater Port facility/terminal for offloading to Floating Liquefaction Storage & Offloading vessels located on-site for export. Modification of the Main Pass facilities to accommodate use as an LNG export facility would require additional permit approvals.*

#### **Bureau of Ocean Energy Management (BOEM)**

- **No Change: Delaware Lease:** *On Oct. 23, BOEM completed negotiations with Bluewater on a commercial wind energy lease offshore DE and the Department issued a press release announcing the agreement. Bluewater has until Nov. 8 to sign the lease.*
- **Update: Western Gulf of Mexico (WGOM) Lease Sale 229:** *On Oct. 26, BOEM published the Final Notice of Sale for WGOM Sale 229 in the Federal Register. This sale will be the first in the new Five Year Program and will be held on Nov. 28 in New Orleans.*
- **Update: Massachusetts Wind Energy Area Environmental Assessment (EA):** *On Oct. 31, BOEM announced the availability of the EA for public comment. On Nov. 2, the NOA will be published. Public meetings will be held Nov. 13-15 in Boston, New Bedford, Vineyard Haven, and Nantucket.*

#### **Office of Surface Mining (OSM)**

- Nothing new to report.

### **WEEK AHEAD**

#### **Bureau of Land Management (BLM)**

##### **Sunday, November 4**

- **No Change: BLM-WY North Lander Wild Horse Gather:** *The BLM-WY will begin wild horse gather operations in the North Lander Complex, due to drought conditions earlier than originally scheduled. A total of 810 horses will be gathered and 580 will be removed from the range.*

**Wednesday, November 6**

- **No Change: BLM-WY Oil and Gas Lease Sale:** BLM-WY will hold an oil and gas lease sale, offering 105 proposed parcels on 130,600 acres in Carbon, Laramie, Lincoln, Sublette, Sweetwater, and Uinta counties.

**Thursday, November 7**

- **Update: BLM-AK NPR-A Oil and Gas Lease Sale:** *The BLM-AK will hold an oil and gas lease sale in Anchorage, AK. The sale will include 398 tracts and cover approximately 4.5 million acres in the NPR-A. This sale builds on the December 2011 NPR-A sale that made 283 tracts covering three million acres available. The sale is scheduled to take place on the same day the State of Alaska will hold its lease sale offering tracts adjacent to the NPR-A.*

**Thursday, November 8**

- **No Change: BLM-CO Oil and Gas Lease Sale:** BLM-CO will hold an oil and gas lease sale, offering 48 parcels covering approximately 21,000 acres. The Rocky Mountain Wild protested 7 parcels expressing concern over habitat for imperiled species, sage-grouse and wilderness characteristics.

**Bureau of Ocean Energy Management (BOEM)**

**Wednesday, November 7**

- **New: Oil and Gas Forum:** *Director Beaudreau will travel to Houston, TX to attend the Latham & Watkins Oil and Gas Forum on Framing the Future of Energy.*

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

**Wednesday, November 7 - Friday, November 9**

- **No Change: U.S. Coast Guard's (USCG) National Offshore Safety Advisory Committee (NOSAC) Meeting:** BSEE is scheduled to make a presentation entitled "An Update from the Bureau of Safety Environmental Enforcement (BSEE) regulations, FR notices and Notice to Lessees" at USCG's semiannual NOSAC meeting in Houston TX.

**Office of Surface Mining (OSM)**

- Nothing new to report.

**WEEKS AHEAD**

**Bureau of Land Management (BLM)**

**Sunday, December 2 – Friday, December 7**

- **New: Northwest Mining Association Meeting:** *The BLM will join the Forest Service, Colorado School of Mines, and industry executives at the Northwest Mining Association's 118<sup>th</sup> Annual Meeting, Exposition, and Short Courses Convention in Spokane, WA.*

## **Bureau of Ocean Energy Management (BOEM)**

### **Tuesday, November 13 – Wednesday, November 14**

- **No Change: Northern Oil and Gas Research Forum in Anchorage:** The BOEM and the Department will host the Northern Oil and Gas Research Forum, a biannual event at which representatives of government, industry, academia, and U.S. and Canadian Native groups discuss current scientific research and future direction for northern oil and gas activities.

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

### **Wednesday, November 14 – Thursday, November 15**

- **New: BSEE First Annual Domestic and International Standards Workshop:** *BSEE is hosting a standards workshop in New Orleans for approximately 175 attendees. The purpose of the workshop is to collaborate with the International Regulators Forum and other organizations to identify drilling, production, and emergency response standards that best protect offshore workers and the environment.*

### **Friday, November 16**

- **New: Rigs to Reefs Stakeholder Meeting:** *Director Watson will participate in a public information meeting in Houston, TX, to discuss the Rigs to Reefs policy with stakeholders including local charter fishermen associations, conservation associations, commercial-fishermen, and industry representatives. Other interagency participants include: BOEM, NOAA, EPA, USCG, and the Army Corps of Engineers.*

### **Tuesday, November 27**

- **New: BSEE and US Coast Guard (USCG) Sign Memorandum of Understanding (MOU):** *The BSEE and USCG were previously scheduled to sign an MOU on Oct. 29, which was rescheduled due to Hurricane Sandy. The purpose of the MOU is to promote interagency consistency in the regulation of OCS activities, facilities and units under the respective jurisdiction of BSEE and USCG, minimize duplication of effort, and aid the participating agencies in the successful completion of their assigned missions and responsibilities.*

## **Mid-December (Tentative)**

- **New: Workshop on Deepwater Drilling Inspections:** *The Office of International Programs, BSEE Gulf of Mexico Region, and Mexico's National Hydrocarbon Commission (CNH) are planning a workshop on deepwater drilling inspections.. PEMEX recently announced two major discoveries in deepwater; one well is 24 miles south of the U.S./Mexico maritime boundary. CNH does not have deepwater drilling regulatory experience; therefore building this capacity is a strategic priority.*

## **Office of Surface Mining (OSM)**

- Nothing new to report.

**LAND AND MINERALS MANAGEMENT**  
**November 4 - 10, 2012**

**SENIOR OFFICIALS' ACTIVITIES**

**Week of November 5, 2012**

**Acting ASLM Burke** – In the office all week.

**DAS Farquhar** – In the office all week.

**Week of November 12, 2012**

**Acting ASLM Burke** – In the office all week.

**DAS Farquhar** – In the office all week.

**HOT TOPICS**

**Bureau of Land Management (BLM)**

**Renewable Energy**

- **Update: Soda Mountain Solar Project NOI:** *The BLM-CA will hold public scoping meetings for the Soda Mountain Solar project on Nov. 14. On Oct. 23, the Notice of Intent (NOI) for preparation of the EIS for the proposed 350-MW project in San Bernardino County, CA was published in the Federal Register. The Soda Mountain Solar project was originally proposed for the Secretary's 2013 Renewable Energy Priority list, but was later removed in order to provide time to address potential resource conflicts and consider public comments.*
- **Update: BLM-CA Stateline Solar Project:** *On Nov. 9, the Notice of Availability (NOA) for the draft EIS for the 300-MW Stateline Solar Project is scheduled for release. The proposed facility, located on 2,000 acres of public lands in San Bernardino, CA, is a proposed 2013 Renewable Energy Priority Project.*
- **Update: BLM-UT Cove Fort Geothermal Project:** *On Oct. 19, the BLM-UT issued a Decision Record for the 30-MW Cove Fort Geothermal Project in Sulphurdale, UT. The project is proposed for the Secretary's 2013 Renewable Energy Priority Projects list.*

**Oil and Gas and Potash**

- **Update: Hydraulic Fracturing Rule:** *In early Nov., the BLM anticipates submitting the final rule for Department review.*
- **New: Venting and Flaring Onshore Order 9 Consultations:** *The BLM is developing new regulations to reduce venting and flaring of hydrocarbon gases, including methane, in oil and gas operations. The BLM is preparing several other onshore orders as well: Orders 3 (Site Security – establishes standards to help protect oil and gas produced from Federal and Indian oil and gas leases against theft and enable accurate measurement and production accountability), 4 (Oil Measurement – establishes standards for the measurement of oil produced from Federal and Indian oil and gas leases), and 5 (Gas Measurement – establishes standards for the measurement of gas produced from Federal and Indian oil and gas leases).*

- **Update: Potash Final Secretarial Order:** *The BLM has prepared a Proposed Final Secretarial Order concerning the co-development of oil and gas and potash resources in southeastern NM. A Draft Order was announced on July 12; the BLM received 28 comment letters containing 40 substantive comments. Departmental briefings and review of the proposed order started on Oct. 1. The proposed final Secretary's Order is scheduled to be signed in Nov.*
- **Update: Oil Shale and Tar Sands Programmatic EIS:** *On Nov. 9, the NOA for the final Oil Shale and Tar Sands Programmatic EIS is scheduled to be published in the Federal Register (FR). The PEIS evaluates potential impacts associated with oil shale and tar sands leasing and development on lands administered by the BLM in CO, UT, and WY.*
- **New: BLM-WY Continental Divide-Creston Natural Gas Project EIS:** *In mid Nov., the BLM-WY anticipates beginning a 60-day public comment period on the Draft EIS for the Continental Divide-Creston Natural Gas Project. The project is located in a mixed land ownership area in Carbon and Sweetwater counties. The proposal is to drill and develop 8,950 additional natural gas wells, including 100 to 500 coal bed natural gas wells.*
- **Update: National Petroleum Reserve-AK (NPR-A) Final IAP/ EIS:** *On Nov. 16, the NOA of the NPR-A Final Integrated Activity Plan/ Environmental Impact Statement (IAP/EIS) will be published in the FR. The BLM issued a Draft IAP/EIS on Mar. 30, and concluded its public comment period and its associated subsistence impact analysis on Jun. 15. Issues analyzed in the Draft IAP/EIS included oil and gas leasing; impacts of development, such as those on caribou, birds, subsistence, and public health; climate change; and protection of threatened and endangered species.*

### Drought

- **New: Wild Horse and Burro Emergency Gather Review:** *The BLM's Emergency Gather Review and Recommendations Team has toured Herd Management Areas identified as having the most critical gather needs due to drought conditions. The team will issue its report during the week of Nov. 2; its findings and list of priorities could influence the existing gather schedule.*
- **New: BLM-UT Drought Update:** *In the Moab Field Office, ranchers are preparing for the winter grazing season by taking significant reductions in the numbers of animals grazed due to lack of water and forage. Drought conditions are persistent even with recent storms and flood events.*
- **New: Rep. Amodei Discusses Threats to NV Sage-grouse:** *Rep. Amodei visited the BLM-NV Ely Field Office on Oct. 25 and the Elko District on Oct. 22. He also requested further meetings to discuss ways to address sage-grouse and wildfire issues and to learn about horse management in the Elko District during drought.*
- **New: BLM-WY Drought Update:** *In the Kemmerer Field Office, the BLM has required removal of all cattle from seven allotments. Sheep grazing has also declined. Producers have expressed concern about grazing year 2013.*

## Transmission

- **New: BLM-AZ Lake Powell Water Pipeline Project:** *The State of UT has proposed constructing a water pipeline from Lake Powell to southwest Utah. The proposed route would cross about 55 miles of BLM lands in northern AZ. FERC is the lead agency and is preparing an EIS; BLM is a cooperating agency. The BLM and the State have not reached agreement on the route.*
- **New: BLM-CO River Valley Transmission Line:** *On Nov. 7 and 8, the BLM-CO River Valley Field Office and Xcel energy will host public meetings in Rifle and Parachute, CO to discuss Xcel's proposed 18-mile 230kV transmission line. Up to six miles of the line would cross BLM public lands. Oil and gas development is expected to continue in the area over the next several decades and the industry is moving to electric power for more of its operations in order to reduce air emissions.*
- **Update: Implementation of Transmission Lines Executive Orders:** *The BLM is drafting an implementation plan in response to Executive Order (EO) 13616 – Accelerating Broadband Infrastructure Deployment. In mid-Nov., the Department will hold a workshop focused on the permitting process on Federal lands. For EO 13604 – Improving Performance of Federal Permitting and Review of Infrastructure Projects, the BLM is identifying fiber optic and pipeline projects for possible targeting as Projects of National or Regional Significance.*
- **New: Enterprise Mid-American Pipeline (MAPL) Project:** *The BLM sent letters to local, state and Federal governments, and tribes to request participation as cooperating agencies in a ROW application filed in June by Enterprise MAPL. MAPL is proposing to build a new pipeline to expand its current capacity to transport increased natural gas liquids production in NM. A public scoping period was initiated on Oct. 20; comments are due Nov. 20. The 16-inch proposed pipeline would cross approximately 68 miles of BLM public lands.*

## Miscellaneous

- **New: BLM-AK NASA EIS:** *At an Oct. 25 meeting hosted by the BLM, NASA introduced a Draft EIS evaluating future management options for NASA's Sounding Rockets Research Program at the Univ. of Alaska Fairbanks' Poker Flat Research Range. The BLM and FWS are cooperating agencies. The EIS will help BLM and FWS make decisions on permits for the landing and recovery of sounding rockets, which are rockets ranging from 7 to 65 feet long that carry scientific instruments into space for testing purposes.*

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

- **Update: BP Inspection of Macondo Oil Sheen:** *On Oct. 22, BSEE met with the Federal On-Scene Coordinator (FOSC) and U.S. Coast Guard (USCG) to discuss potential options for remediation and removal of the cofferdam (pollution container). Also, on Oct. 22, the FOSC directed BP to temporarily plug the leak in the cofferdam with the condition that the plugs would not preclude later remediation work. Additionally, the FOSC directed BP to begin evaluating options to remove from the site or remediate future potential leaks from the cofferdam and riser on the seafloor. On Oct. 23 and 24, BP completed temporary plugging operations of the cofferdam during*

*ROV operations. BSEE, USCG, and BP are planning additional meetings to discuss remediation.*

- **New: Safety and Environmental Management Systems (SEMS) II Final Rule:** *As of Nov. 1, the surname package is currently under simultaneous review by several offices within the BSEE Directorate.*
- **New: McMoRan Well Test for Shallow Water, Ultra-Deep Davy Jones Project:** *McMoRan successfully cleaned out the Davy Jones wellbore to approximately 28,630 feet, which will enable testing of all 165 feet of perforated sand sections. Once the tubing is set, McMoRan will remove the blowout preventer and install the production tree, which is scheduled for installation on Nov. 5. Once these steps are complete, McMoRan expects to commence flow testing by Nov. 9 from the first shallow water, ultra-deep sub-salt completion on the Gulf of Mexico Shelf. Commercial production is expected shortly thereafter.*
- **New: Freeport-McMoRan Main Pass Energy Hub:** *Freeport-McMoRan Energy LLC, and United LNG are engaged in efforts to utilize McMoRan's Main Pass Energy Hub as a potential Deepwater Port facility/terminal for offloading to Floating Liquefaction Storage & Offloading vessels located on-site for export. Modification of the Main Pass facilities to accommodate use as an LNG export facility would require additional permit approvals.*

#### **Bureau of Ocean Energy Management (BOEM)**

- **No Change: Delaware Lease:** *On Oct. 23, BOEM completed negotiations with Bluewater on a commercial wind energy lease offshore DE and the Department issued a press release announcing the agreement. Bluewater has until Nov. 8 to sign the lease.*
- **Update: Western Gulf of Mexico (WGOM) Lease Sale 229:** *On Oct. 26, BOEM published the Final Notice of Sale for WGOM Sale 229 in the Federal Register. This sale will be the first in the new Five Year Program and will be held on Nov. 28 in New Orleans.*
- **Update: Massachusetts Wind Energy Area Environmental Assessment (EA):** *On Oct. 31, BOEM announced the availability of the EA for public comment. On Nov. 2, the NOA will be published. Public meetings will be held Nov. 13-15 in Boston, New Bedford, Vineyard Haven, and Nantucket.*

#### **Office of Surface Mining (OSM)**

- Nothing new to report.

#### **WEEK AHEAD**

#### **Bureau of Land Management (BLM)**

##### **Sunday, November 4**

- **No Change: BLM-WY North Lander Wild Horse Gather:** *The BLM-WY will begin wild horse gather operations in the North Lander Complex, due to drought conditions earlier than originally scheduled. A total of 810 horses will be gathered and 580 will be removed from the range.*

**Wednesday, November 6**

- **No Change: BLM-WY Oil and Gas Lease Sale:** BLM-WY will hold an oil and gas lease sale, offering 105 proposed parcels on 130,600 acres in Carbon, Laramie, Lincoln, Sublette, Sweetwater, and Uinta counties.

**Thursday, November 7**

- **Update: BLM-AK NPR-A Oil and Gas Lease Sale:** *The BLM-AK will hold an oil and gas lease sale in Anchorage, AK. The sale will include 398 tracts and cover approximately 4.5 million acres in the NPR-A. This sale builds on the December 2011 NPR-A sale that made 283 tracts covering three million acres available. The sale is scheduled to take place on the same day the State of Alaska will hold its lease sale offering tracts adjacent to the NPR-A.*

**Thursday, November 8**

- **No Change: BLM-CO Oil and Gas Lease Sale:** BLM-CO will hold an oil and gas lease sale, offering 48 parcels covering approximately 21,000 acres. The Rocky Mountain Wild protested 7 parcels expressing concern over habitat for imperiled species, sage-grouse and wilderness characteristics.

**Bureau of Ocean Energy Management (BOEM)**

**Wednesday, November 7**

- **New: Oil and Gas Forum:** *Director Beaudreau will travel to Houston, TX to attend the Latham & Watkins Oil and Gas Forum on Framing the Future of Energy.*

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

**Wednesday, November 7 - Friday, November 9**

- **No Change: U.S. Coast Guard's (USCG) National Offshore Safety Advisory Committee (NOSAC) Meeting:** BSEE is scheduled to make a presentation entitled "An Update from the Bureau of Safety Environmental Enforcement (BSEE) regulations, FR notices and Notice to Lessees" at USCG's semiannual NOSAC meeting in Houston TX.

**Office of Surface Mining (OSM)**

- Nothing new to report.

**WEEKS AHEAD**

**Bureau of Land Management (BLM)**

**Sunday, December 2 – Friday, December 7**

- **New: Northwest Mining Association Meeting:** *The BLM will join the Forest Service, Colorado School of Mines, and industry executives at the Northwest Mining Association's 118<sup>th</sup> Annual Meeting, Exposition, and Short Courses Convention in Spokane, WA.*

## **Bureau of Ocean Energy Management (BOEM)**

### **Tuesday, November 13 – Wednesday, November 14**

- **No Change: Northern Oil and Gas Research Forum in Anchorage:** The BOEM and the Department will host the Northern Oil and Gas Research Forum, a biannual event at which representatives of government, industry, academia, and U.S. and Canadian Native groups discuss current scientific research and future direction for northern oil and gas activities.

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

### **Wednesday, November 14 – Thursday, November 15**

- **New: BSEE First Annual Domestic and International Standards Workshop:** *BSEE is hosting a standards workshop in New Orleans for approximately 175 attendees. The purpose of the workshop is to collaborate with the International Regulators Forum and other organizations to identify drilling, production, and emergency response standards that best protect offshore workers and the environment.*

### **Friday, November 16**

- **New: Rigs to Reefs Stakeholder Meeting:** *Director Watson will participate in a public information meeting in Houston, TX, to discuss the Rigs to Reefs policy with stakeholders including local charter fishermen associations, conservation associations, commercial-fishermen, and industry representatives. Other interagency participants include: BOEM, NOAA, EPA, USCG, and the Army Corps of Engineers.*

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