

## Moran, Jill C

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**From:** Herrell, Tony J  
**Sent:** Saturday, September 01, 2012 11:04 AM  
**To:** Moran, Jill C  
**Subject:** FW: Comment letter to Secretary Salazar  
**Attachments:** Comment letter to Salazar 8-3-12 final.pdf

-----Original Message-----

From: Smitherman, John [<mailto:jrsmitterman@BassPet.Com>]  
Sent: Monday, August 06, 2012 3:46 PM  
To: Pool, Michael J  
Cc: Roper, Mitch; McCreight, Frank; Herrell, Tony J; Juen, Jesse J; Stovall, James K; Smitherman, John; Donna Havins@oxy.com; Keith Sevin@oxy.com; denise woods@oxy.com; Dan.Morehouse@mosaicco.com; Don.Purvis@mosaicco.com; john.mansanti@intrepidpotash.com; Kevin Ryan; Martin Litt; jimbo@yatespetroleum.com; rready@conchoresources.com; cmjohnson@cimarex.com; ralexander@cimarex.com; Randy.Bolles@dvn.com; Eileen.D.Dey@conocophillips.com; peter.m.bazin@conocophillips.com; david.g.harms@conocophillips.com; Dey, Eileen D; Suzi.Holland@chevron.com; tkane@3rnr.com; sanderson@3rnr.com; Merson, John A  
Subject: Comment letter to Secretary Salazar

Director Pool,

Attached, please find a copy of the comments to the Draft Order for the Secretary's Potash Area that were mailed this day to Secretary Salazar by overnight express. We as co-chairmen want to express our thanks to the BLM for the invaluable advice that your staff in New Mexico has offered the Joint Industry Technical Committee over the past six months. This Committee, comprised of significant representatives of both the oil and gas and potash industries, has worked hard to achieve a fine balance in how the new Order could be written such that both industries can work effectively and safely within the Secretary's Potash Area. We offer these few, important suggested changes in hopes that the draft Order can be so modified to better achieve that balance.

Thank you in advance for your help in making these changes to the draft Order. Should you have any questions, please do not hesitate to contact either of us.

Sincerely,

John Mansanti  
Senior V.P. Operations  
Intrepid Potash  
303-996-2607

John R. Smitherman  
V.P. Operations  
BOPCO, L.P.  
817-390-8805

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2012 AUG -7 AM 10:08

August 3, 2012

OFFICE OF THE  
EXECUTIVE SECRETARY

Honorable Kenneth L. Salazar  
Secretary of the Interior  
Department of the Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

RE: Joint Committee Comments  
Proposed Order of the Secretary of the Interior  
Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of  
Eddy and Lea Counties, New Mexico

Dear Mr. Secretary:

First of all, we sincerely appreciate your efforts to bring together the potash and oil and gas industries to promote the development of the invaluable resources found in Eddy and Lea Counties, New Mexico. As you will recall, there was consensus by both industries regarding what should be included in the proposed Order, as reflected in the Consensus Document submitted to you in April of this year. Pursuant to your directions, the Joint Industry Technical Committee (the "Committee") of the potash and oil and gas industries submitted comments to an early draft of the proposed new Order. However, when the proposed Order was issued, several meaningful revisions had been made. You requested comments on the Order published in the Federal Register on July 13, 2012 and the members of the Committee respectfully submit the following comments and revisions for your consideration:

1) Section 4.d provides that "Co-development may require that the development of the resources occur at different times and from different places." Co-development was the fundamental concept on which discussions about the new Order were based and the inclusion of any language that might provide the BLM with the ability to apply time restrictions on development was fully debated. There was consensus that neither the potash nor the oil and gas industry would propose such a provision. The new co-development definition, inserted in Section 4.d of the Order, could be utilized to term limit Drilling Islands and provide a vehicle to postpone or delay permits for drilling or mining operations. The Committee requests that Section 4.d be deleted in its entirety. Alternatively, at a minimum, the Committee requests that the last sentence of this section regarding co-development be deleted, as shown in Item 1 on Attachment I to this letter.

2) Section 6.e.(1)(c) of the Committee's draft was inserted to encourage BLM's approval of Drilling Islands and individual well sites where such Drilling Islands or well sites are jointly recommended by the oil and gas operator and the potash lessee(s) and was intended to support the use of private agreements. The proposed Order refers to single well sites only and does not refer to or otherwise encourage approval of Drilling Islands that are supported by the oil

and gas operator and potash lessee. It is important to be able to establish Drilling Islands as well as single well sites even if Development Areas are not established when both the oil and gas operator and the affected potash lessee support the proposal. The Committee requests amending Section 6.e.(1)(c) of the Order as shown in Item 2 on the Attachment I.

3) Section 6.e.(8)(c) providing for access to existing core data for oil and gas operators engaged in the design of core acquisition programs to prove an area to be barren of potash has also been changed. The responsibility of the BLM to provide the data was altered to "encourage . . .the owners of the records" to release the information. This amended language would allow the "owners of record" to withhold this vital data that the BLM has available. The Committee requests that Section 6.e.(8)(c) of your Draft be amended to include the language shown in Item 3 on the Attachment I.

4) The Committee's language in Sections 4.f. and 6.e.(2)(d)(i) provides that development areas will be established to "allow effective extraction of oil and gas resources while managing the impact on potash resources." This language has now been changed to provide that development areas will be established to "allow effective extraction of oil and gas resources while limiting the impact on potash resources." The Drilling Island and Development Area concepts contemplated under the recommended Secretarial Order balance the interests of both potash and oil and gas. Again, this language submitted by the Committee was thoroughly debated and the Committee's language was supported by both industries. The Committee recommends restoring the consensus language of the Committee as reflected in Item 4 on Attachment I.

5) The draft Order omits important notice requirements to some affected parties. The Committee recommends that all potash interests and those oil and gas and surface rights owners be given notice of proposed drilling. This could be accomplished by amending Section 6.e.(7) of the Order as shown in Item 5 on Attachment I.

The Joint Committee has worked very hard to accommodate the needs of both the potash industry and the oil and gas industry and to promote the timely and economic development of both resources. The revisions requested are fully supported by both the potash and oil and gas industries. Your consideration would be greatly appreciated.

Respectfully,

DJK:lg

Enclosure

**ATTACHMENT I**  
**Joint Committee Comments**  
**Proposed Order of the Secretary of the Interior**  
**Oil, Gas and Potash Leasing and Development Within the Designated Potash Area of Eddy and Lea**  
**Counties, New Mexico**

**ITEM 1:**

**Section 4 Definitions.**

- 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.~~

**ITEM 2:**

**Section 6 General Provisions.**

- e. Oil and Gas Drilling
- (1) Drilling within the Designated Potash Area.
- (c) ~~a single well site established under this Order by the approval and in the sole discretion 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)~~ 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).

**ITEM 3:**

**Section 6 General Provisions.**

- e. Oil and Gas Drilling
- (8) Access to Maps and Surveys
- (c) 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~~ BLM 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.~~

ITEM 4:

Section 4 Definitions.

- f. Development Area - An area established by the BLM within the Designated Potash Area in consideration of appropriate oil and gas technology such that wells can be drilled from a Drilling Island capable of effectively extracting oil and gas resources while ~~limiting-managing~~ the impact on 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 wells that penetrate the potash formations within a Development Area will be drilled from the Drilling Island(s) associated with that Development Area. The boundaries of each Development Area will be determined in conformity with Section 6.e.(2).

Section 6 General Provisions.

- e. Oil and Gas Drilling

- (2) Development Areas.

(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-managing~~ the impact on potash resources;

ITEM 5:

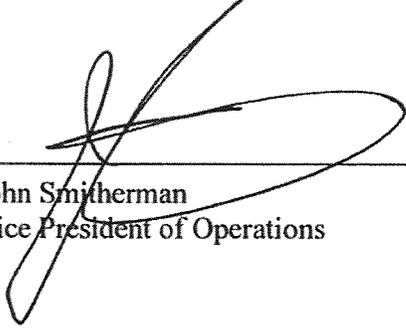
Section 6 General Provisions.

- e. Oil and Gas Drilling

- (7) Notice to ~~Potash Lessees~~ Affected Parties. An applicant for an APD, or a proponent of a plan of development for a unit or communitization area or a proposal for a Development Area or a Drilling Island, will provide notice of the application, plan, or proposal to the potash lessees and potash operators in the Designated Potash Area and to the owners of the oil and gas rights and surface owners affected by such application, plan or proposal. A list of ~~current~~ the affected potash lessees and potash operators will be available and maintained by the Carlsbad Field Office, BLM. The BLM will assist to the extent possible in identifying the oil and gas and surface owners affected by the application, plan or proposal. 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.

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for BOPCO, L.P.:



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John Smitherman  
Vice President of Operations

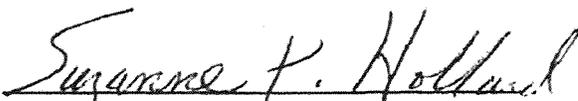
8/3/12

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Date

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for Chevron U.S.A. Inc., by and through its division, Chevron North America  
Exploration and Production Company:



Suzanne P. Holland  
Legislative and Regulatory Advocacy Advisor

7/26/12

Date



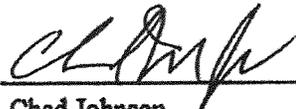
Judy L. Moses  
General Manger Asset Development  
MidContinent Business Unit  
Chevron North America Exploration and Production Company (Chevron USA Inc. Division)

7/26/12

Date

**Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee**

**Concurring for Cimarex Energy Company:**

  
\_\_\_\_\_

**Chad Johnson  
Regional Engineering Manager, Permian Basin**

8/2/2012  
Date

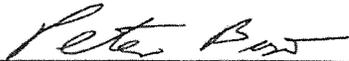
  
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**Stephen P. Bell  
Sr. Vice President Business Development and Land**

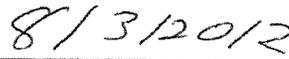
8/2/2012  
Date

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for ConocoPhillips:



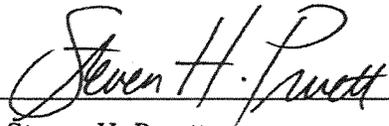
Peter Bazin  
Supervisor – SENM Production Engineering



Date

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for COG Operating LLC, a  
Subsidiary of Concho Resources Inc.:

  
\_\_\_\_\_

Steven H. Pruett  
Senior Vice President of Corporate Development

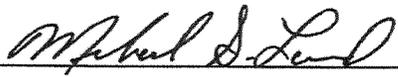
*JRR*

8/3/12

Date

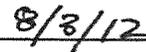
Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for OXY USA Inc:



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Michael S. Land  
President & General Manager  
Permian Primary

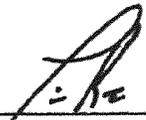


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Date

**Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee**

**Concurring for Three Rivers Operating Company LLC:**

  
\_\_\_\_\_  
Tim Kane  
Land Manger

8-3-2012  
Date

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for Sandia National Laboratories:



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John A. Merson, Ph.D.  
Senior Manager  
Geoscience Research and Applications Group  
Sandia National Laboratories

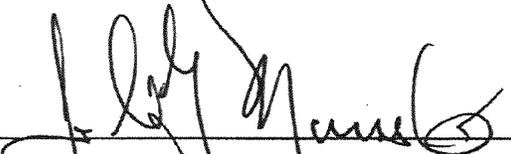
8/3/12

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Date

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for Intrepid Potash, Inc.:

  
\_\_\_\_\_  
John G. Mansanti  
Senior Vice President of Operations

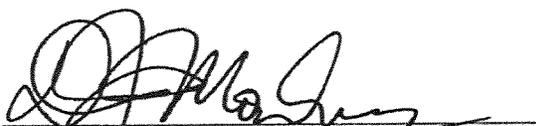
7-24-12  
Date

  
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Kevin J. Ryan  
Director of Technical Services

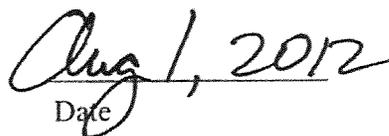
7-24-12  
Date

Comments to the Draft Secretarial Order  
Prepared by the Joint Industry Technical Committee

Concurring for Mosaic Potash:



Daniel J. Morehouse  
Mine Engineering Superintendent  
Mosaic Potash Carlsbad Inc.



Date