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Business

Potash project showing growth

LEVI HILL
NEWS-SUN

A planned potash mine for Lea County may still be several years away from operation, but the project has already grown in size.

Earlier this year the New Mexico State Land Office leased nearly 2,000 more acres of land to Intercontinental Potash Corporation for its proposed polyhalite mine west of Jal.

The lease includes 1,914 acres of land, which will expand the company's total lease to 101,500 acres or about 158 square miles.

Sidney Himmel, president and chief executive officer of IC Potash, said the land lease is strategically important to the company because it could hold additional resources of polyhalite.

"In addition, this new lease also covers land located approximately 1,500 feet from the planned mine shaft and ramp bottom (the location of which was designated by the Bureau of Land Management after the initial State leases were granted), making it available for mining in the early production phase of the near century-long mine life," Himmel said. "We greatly appreciate the enthusiasm for our project and the tremendous support we continue to receive from the great State of New Mexico."

New Mexico Commissioner of Public Lands Ray Powell said ICP has leased a total of about 28,000 acres of state lands. Rents and royalties from these lands bring in more than \$250,000 per year to the State Land Office, but once mining commences that amount could exceed \$8 million annually.

"This important project will generate significant money to support our public schools statewide," Powell said. "This is money that our taxpayers do not have to pay in additional taxes. It also will create



IC POTASH CORP

good-paying jobs for New Mexicans and strengthen the local economy in Carlsbad."

The project is expected to create about 1,000 new construction jobs and 500 permanent jobs after construction is completed.

Himmel said the project should complete its feasibility study by August and receive final environmental permitting by March 2014 with construction beginning shortly after that.

The project is slated for land some 30 miles west of Jal and will mine sulphate of potash-rich polyhalite deposits from a seam some 1,500 feet below the surface. Sulphate of potash is a low-sodium potash used in fertilizer that sells at a premium.

The mine is expected to have a life-span of more than 100 years and produce a product with a value of more than \$130 billion.

Last year the company inked a \$39 million agreement with Yara International ASA to purchase 30 percent of the mine's production for 15 years.

Lea County also chip-sealed Phillips Hill Road north of Jal last year in preparation for a rail yard the company will use to ship out the potash on trains.

Bruce Carswell, general manager Permian Basin Railways, said the railway has been working with Intercontinental on the load-out depot, which he expects will have space for some 75-100 railcars.

"We are talking about a multiple-track facility," Carswell said. "The volume they are planning would require a fairly significant amount of track — several thousand feet."

He said the company is also talking about moving enough product out of the location that it would be shipping product on trains hauling only potash product.



ICP workers perform a water sampling test at the site being constructed west of Jal.