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IC Potash enjoys Favorable Geology and Institutional Support at the Ochoa Project in New Mexico

Posted on **July 18, 2012** by **Alessandro Bruno**



IC Potash Corp. (ICP, TSX: ICP; OTCQX: ICPTF) is ready to supply water for its Ochoa Sulphate of Potash (SOP) project after completing construction of the two planned deep groundwater production wells from the Capitan Reef in Lea County in southeastern New Mexico. ICP has also started to address the requirements of the New Mexico Office of the State Engineer and the Bureau of Land Management by testing the water's hydraulic properties to determine its compliance with regulatory requirements. ICP intends to produce a premium quality sulphate of potash (SOP) at its Ochoa facility, which is usually priced anywhere between 30-50% higher than lesser varieties of SOP. The total proven and estimated capacity at Ochoa is 400 million tons. ICP said its Ochoa project is proceeding on schedule and commercial production is expected to begin in the fall of 2015.

At first glance this is not especially exciting news; however, the completion of the wells marks an important step in the Ochoa SOP project's timetable and it signals that ICP is on target toward completing a Feasibility Study and an Environmental Impact Study (EIS) as it heads toward production stage. In fact, as far as the water supply and environment are concerned, ICP has already gained a distinct advantage. The Capitan Reef water source has contributed to industrial development in New Mexico for many years. It is located at significant depth, while the local population and business community rely on a water supply from aquifers located at far shallower depths. This, in essence, ensures a 'resource differentiation', meaning that ICP will have its own exclusive water source, while the local population can rest assured that the planned mine will not interfere with its own source.

The very convenient water supply enhances the other favorable conditions inherent at the Ochoa project, which suggest that the Ochoa mine is slated to produce premium SOP at lower than usual cost with an expected Opex cost per ton of production at Ochoa of USD\$147, far less (65% less) than the industry average of USD\$ 400/ton. In addition, ICP will also benefit from some welcome institutional support as the United States Secretary of the Interior, Ken Salazar, is encouraging the promotion of a favorable setting for the development of the oil and potash industries in New Mexico. Salazar's input has inspired a series of local institutional and political initiatives to favor dialogue between industrial and community interests, miners' safety concerns and resource management. Meanwhile, pre-feasibility studies for Ochoa have been promising and the initial production rate is expected to be 510,000 metric tons of SOP and about 247,000 metric tons of potassium manganese sulphate (SOPM) per year. Moreover, thanks to an off-take agreement signed last spring with Yara International, one of the largest players in the mineral fertilizer sector in the world, ICP will have access to European and South Western Asian potash market thanks to Yara's considerable distribution access.

Source: <http://potashandphosphate.com/ic-potash-enjoys-favorable-geology-and-institutional-support-at-the-ochoa-project-in-new-mexico/>