

CASE 7372: NAVAJO REFINING COMPANY FOR  
A DETERMINATION OF PREFERENCE TO PUR-  
CHASE STATE ROYALTY OIL

DOCKET MAILED

Date 9/25/81

Case No.

7372

Application

Transcripts.

Small Exhibits

ETC

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION COMMISSION

CASE NO. 7372  
Order No. R-6793

APPLICATION OF NAVAJO REFINING COMPANY  
FOR A DETERMINATION OF PREFERENCE TO  
PURCHASE STATE ROYALTY OIL PURSUANT  
SECTION 19-10-68, NMSA, 1978.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 A.M. on October 5, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this \_\_\_\_\_ day of October, 1981, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) Navajo Refining Company is a bona fide small business enterprise operating an oil refinery in the State of New Mexico.

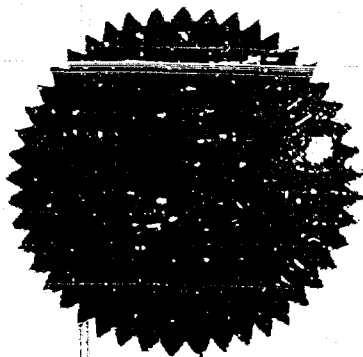
(3) That Navajo Refining Company is unable to purchase, in the open market, at prevailing prices, an adequate supply of refinery charge stocks of the quality to meet the needs of its existing refinery capacity.

Page 2  
Case No. 7372  
Order No. R-6793

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(4) That under the terms of Section 19-10-68 and 19-10-69, NMSA, 1978 Compilation, Navajo Refining Company is eligible to be granted a preference for the purchase of royalty oil.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

October 5, 1981

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

The Honorable Alex J. Armijo  
Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico 87501

Re: Application of Navajo  
Refining Company for  
Preference in Sale of  
Royalty Oil

Dear Commissioner Armijo:

The Oil Conservation Commission received an application dated August 6, 1981, from Navajo Refining Company for Preference in the Sale of Royalty Oil.

The Navajo Refining Company application filed with the New Mexico Oil Conservation Commission purports to show that it is a petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity.

Public Notice was given of a hearing to be held concerning the aforesaid application and filing of supporting documents. No objection to said application and supporting documents was received at the hearing held on October 5, 1981. A copy of Order No. R-6793 of the Oil Conservation Commission is attached for your information.

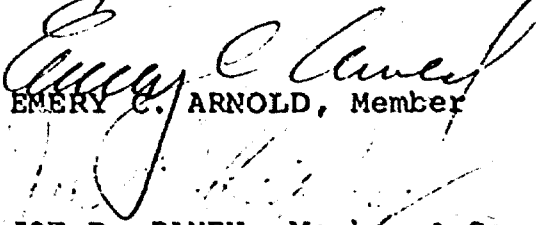
The Commission, having considered the application and supporting documents, and being fully advised in the premises, finds that the Navajo Refining Company is a bona fide small business enterprise operating an oil refinery in the State of New Mexico; that said refinery is unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing refinery capacity; and that the

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Navajo . Refining Company is eligible to be granted a  
preference for the purchase of royalty oil.

DONE at Santa Fe, New Mexico, on the day and year  
hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

S E A L

## NEW MEXICO OIL CONSERVATION COMMISSION

## COMMISSION HEARING

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SANTA FE, NEW MEXICO

Hearing Date

OCTOBER 5, 1981

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Joel M. Carson	Lose Carson & Dickinson	Alena
Bub Huker	Bryann	Santa Fe
Pete Porter	Hargis	Hobbs
Am. Edgmon	Navajo	Artesia
Wesley Gray	"	"
H.O. Stevenson	"	"
E. J. Parsons	"	Dallas
John Kiron	"	Artesia
DAVID BLAIR	"	"
Truett Lloyd	"	Artesia



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

5 October 1981

COMMISSION HEARING

IN THE MATTER OF:

Application of Navajo Refining  
Company for a determination of  
preference to purchase state royalty  
oil pursuant to Section 19-10-68 ,  
NMSA, 1978.

CASE  
7372

BEFORE: Commissioner Ramey  
Commissioner Arnold

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

JOEL CARSON, ESQ.  
LOSEE, CARSON, & DICKERSON  
Artesia, New Mexico 88201

## I N D E X

TRUETT LOYD

Direct Examination by Mr. Carson

4

## E X H I B I T S

Applicant Exhibit A, Letters

5

Applicant Exhibit B, Document

6

Applicant Exhibit C, Document

7

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2  
3 MR. RAMEY: The hearing will come to  
4 order.

5 We have one case on the docket this  
6 morning, Case 7372.

7 MR. PEARCE: Application of Navajo Re-  
8 fining Company for a determination of preference to purchase  
9 state royalty oil pursuant to Section 19-10-68, NMSA, 1978.

10 MR. CARSON: Mr. Ramey, my name is Joel  
11 Carson, Losee, Carson, and Dickerson, Artesia, New Mexico,  
12 appearing on behalf of the applicant, and I have one witness.

13 MR. RAMEY: I'll ask the witness stand  
14 and be sworn.

15  
16 (Witness sworn.)

17  
18 MR. RAMEY: Are there any other appear-  
19 ances?

20  
21 TRUETT LOYD  
22 being called as a witness and being duly sworn upon his oath,  
23 testified as follows, to-wit:  
24  
25

## DIRECT EXAMINATION

BY MR. CARSON:

Q Would you state your name, please?

A. Truett Loyd.

Q And, Mr. Loyd, by whom are you employed?

A. Navajo Resining Company.

Q In what capacity?

A. I'm the Manager of Transportation and Supply.

Q And how long have you been employed by Navajo?

A. Since the existence of Navajo, twelve years.

Q Okay. And how long have you been in the business of purchasing crude oil?

A. Twelve years.

Q Where is Navajo Revining Company located?

A. Artesia, New Mexico.

Q Is Navajo Refining Company a concern owning a refinery located in New Mexico who obtains more than 70 percent of its New Mexico refinery input of crude oil from producers who do not control, are not controlled by, and are not under common control with Navajo?

A. No.

1  
2 Q Does Navajo refine more than 50,000  
3 barrels of crude oil per day -

4 A. No.

5 Q -- at owned or leased facilities?

6 Is Navajo able to obtain a sufficient  
7 supply of refinery charge stocks on the open market to supply  
8 its daily needs?

9 A. No, they are not.

10 Q Has Navajo made an effort to purchase  
11 crude oil in the open market?

12 A. Yes, they have.

13 Q Mr. Loyd, does Navajo now, or will it  
14 have, and adequate source of supply to operate the Artesia  
15 refinery at its rated capacity without being able to obtain  
16 state royalty oil?

17 A. No.

18 Q I have handed you what I've had marked  
19 as Applicant's Exhibit A, and ask if those letters are from  
20 your files?

21 A. Yes, they are.

22 Q Okay.

23 MR. CARSON: I would like to move ad-  
24 mission of Applicant's Exhibit Number A, which are examples  
25 of requests that Navajo has made to purchase crude oil from

1  
2 various people, and the results.

3 MR. RAMEY: Okay, Exhibit A will be ad-  
4 mitted.

5 Q Mr. Loyd, in addition to the efforts  
6 shown in these letters, have you made other efforts to obtain  
7 oil for your refinery?

8 A Yes. We have extended our trucking  
9 operation from New Mexico into several Texas areas to obtain  
10 additional crude oil and all operators of new wells in the  
11 area of applicant's pipeline system, trucking operation, are  
12 being contacted by mail, personal visits, and telephone calls  
13 on a routine basis.

14 Q And so you routinely try to purchase any  
15 crude oil that may become available on the -- in the New  
16 Mexico or other markets, is that correct?

17 A Yes.

18 Q Mr. Loyd, you've got what's been marked  
19 as Applicant's Exhibit B. Would you -- was that exhibit  
20 prepared under your supervision?

21 A Yes, it was.

22 Q Would you explain to the Commission what  
23 this exhibit shows?

24 A This exhibit shows that our refinery is  
25 rated at 29930 of raw, crude material, and we presently have

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25,326 barrels a day of crude that we purchase.

Of those total barrels purchased, 9000 barrels a day of it is presently state royalty oil that we will lose November 1.

And we presently purchase 4605 barrels a day from Contienental Oil Company and they have advised us that they want us to replace those barrels or turn them back to them. In fact, we started September 1 replacing those barrels.

And the net result of this is that from our rated capacity and deducting the -- the 9000 barrels a day, it leaves us 15,821 barrels a day to process in our refinery, and gives us a refinery shortfall of 15,109 barrels per day.

MR. CARSON: I'd like to move the admission of Applicant's Exhibit B.

MR. RAMEY: Exhibit B will be admitted.

Q Mr. Loyd, the state royalty oil law also requires the applicant to show other refinery charge stocks in addition to crude oil, which are available to the refinery, does it not?

A. It does.

Q And I've handed you what I've marked as Applicant's Exhibit C, and ask if that exhibit was prepared

1  
2 by you or under your supervision?

3 A Yes, it was.

4 Q Would you explain what that exhibit  
5 shows?

6 A We recently completed a 17500 barrel  
7 a day fluid cracking unit and with our present runs, we're  
8 processing 8500 barrel a day of our own gas oil, which will  
9 decline with reduced runs. And we presently buy 5000 barrel  
10 a day of gas oil from Southern Union, and 500 barrel a day  
11 from Giant Refining in the Four Corners area, and that leaves  
12 us 3500 barrel a day short on our fluid cracker.

13 Q And whether completely accurate or not,  
14 we've labeled these as non-crude oil refinery runs --

15 A Yes, sir.

16 Q -- for the purpose of complying with  
17 the statute.

18 MR. CARSON: I would like to move the  
19 exhibit -- the admission of this exhibit, as well.

20 MR. RAMEY: Exhibit C will be admitted.

21 Q Mr. Loyd, what is the amount of crude  
22 oil necessary to meet the needs of the refinery under its  
23 existing rated capacity?

24 A Which includes the gas oil?

25 Q No, just what's included as crude oil.



1  
2 A 29320 barrel a day.

3 Q That's your rated capacity.

4 A Yes.

5 Q But what is your net shortfall?

6 A 14,100 barrel a day.

7 Q What field, or fields, offer you a poten-  
8 tial source of refinery charge stock supply?

9 A All fields in New Mexico.

10 Q You can use the oil whether it's sweet  
11 or sour, is that correct?

12 A That's correct.

13 Q What, what grade or quality of oil is  
14 acceptable for Navajo?

15 A We can use all grades. We can process  
16 any grade in the state.

17 Q Mr. Loyd, is it your request that the  
18 Oil Conservation Division enter its order declaring that the  
19 applicant, Navajo Refining Company is a bona fide small  
20 business enterprise, operating a New Mexico refinery within  
21 the meaning of the state royalty law, being Sections 19-10-65,  
22 New Mexico Statutes Annotated, et sec, and further declaring  
23 that Navajo Refining is eligible to be granted preference  
24 under the Act for the purchase of royalty oil for the State  
25 of New Mexico?

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A. Yes.

MR. CARSON: Mr. Ramey, we have no further questions of this witness.

MR. RAMEY: Does anyone have any questions of the witness? If not, the witness may be excused.

Do you have anything further in this case?

MR. CARSON: That's all we have, Mr. Ramey. I think that's all the statute requires.

MR. RAMEY: All right, I believe we will grant the application.

The hearing is adjourned.

(Hearing concluded.)

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

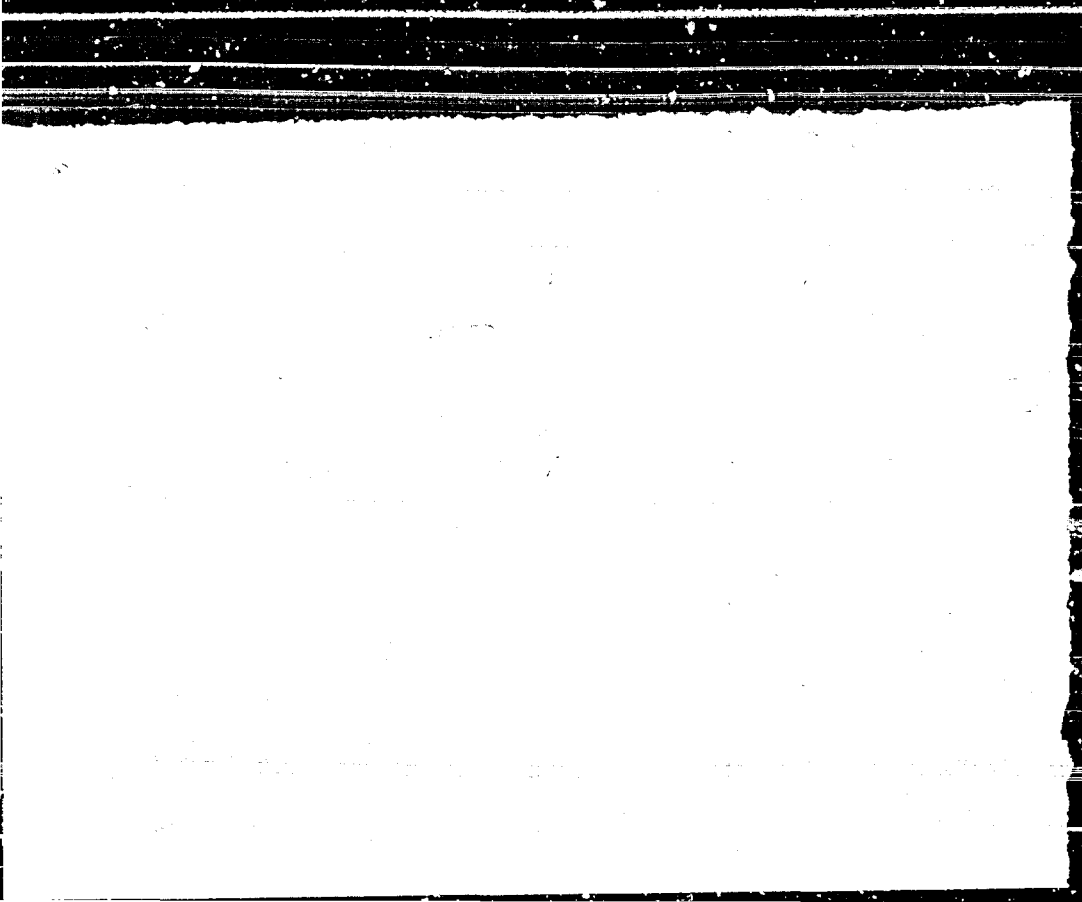
Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409



ARCO Petroleum Products Company  
515 South Flower Street  
Mailing Address: Box 2679 - T.A.  
Los Angeles, California 90051  
Telephone 213 486 0936

W. F. Ariano  
Manager  
Crude & Intermediate  
Acquisition & Trading

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BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. 7372 Sub No. A  
Submitted by Applicant  
Hearing Date 10-9-81

February 5, 1980

FEB 11 1980

Mr. G. M. Edgmon, Director  
Administration & Crude  
Oil Supply  
Navajo Refining Company  
Pipe Line Division  
North Freeman Avenue  
Artesia, New Mexico 88210

Dear Mr. Edgmon:

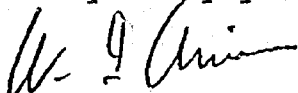
Your letter of January 29, 1980 addressed to  
Mr. H. H. Zachow was directed to this office  
for handling.

Atlantic Richfield Company is currently purchasing  
significant volumes to satisfy our internal needs.  
To fulfill our refining needs, we have had to  
resort to substantial purchases in the spot  
market.

Regretfully, we do not have oil in excess to our  
system and are unable to offer crude on a term  
arrangement.

We appreciate your providing us with an oppor-  
tunity to offer crude to supply your Artesia,  
New Mexico refinery but regret we cannot assist  
at this time.

Very truly yours,



W. F. Ariano

TELEPHONE  
(A. C. 308) 746-2793



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## REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. H. H. Zachow  
Atlantic Richfield Company  
515 South Flower Street  
Los Angeles, California 90071

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDMON, Director  
Administration & Crude Oil Supply

GME/laf



**PHILLIPS PETROLEUM COMPANY**

BARTLESVILLE, OKLAHOMA 74004

918 661-6600

PETROLEUM PRODUCTS GROUP  
Supply Division

BEST AVAILABLE COPY

February 5, 1980

FEB 6 1980

Mr. G. M. Edgmon  
Navajo Refining Company  
Pipeline Division  
Artesia, NM 88210

Dear Mr. Edgmon:

We have received your letter dated January 29, 1980 requesting a supply of domestic or Outer Continental Shelf crude oil. Be advised that our crude oil supplies are not sufficient for our own needs.

Due to insufficient supply, we are not able to offer crude for sale. Rather, we are working to develop additional sources of crude oil to supply our refineries.

Very truly yours,

*V. W. Glasgow*  
V. W. Glasgow

VWG:mf

TELEPHONE  
(A. C. 803) 746-2793



## REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

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January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. V. W. Glasgow  
Phillips Petroleum Company  
254 P B A  
Bartlesville, Oklahoma 74004

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDMON, Director  
Administration & Crude Oil Supply

GME/laf



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1980 FEB -4 PM 2:26

RECEIVED

FEB 5 1980

NAVAJO REFINING CO.

687 -453'8-

WU ARTESIA

225PM

AYB332(1350)11-3324715035)PD 02/04/80 1343

VMV

TX MOBIL DAL

36 DALLAS TEXAS 320433

PMS

NAVAJO REFINING COMPANY

ATTN: MR. G.M. EDMON

NORTH FREEMAN AVENUE

ARTESIA, NM 38213

CONFIRMING OUR 2/1/80 PHONE CONVERSATION, MOBIL IS ALSO A NET PURCHASER  
OF CRUDE. IN RESPONSE TO YOUR 1/29/80 LETTER, MOBIL SELLS CRUDE OUT-  
RIGHT ONLY WHEN DIRECTED TO DO SO BY THE DOE.

REGARDS.

T. J. CONROY - MANAGER, CRUDE OIL TRADING  
CRUDE OIL DEPARTMENT - MOBIL OIL CORPORATION

NNNN

TELEPHONE  
(A. C. 805) 746-2793



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## REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. D. R. Wall, Jr.  
Mobil Oil Corporation  
P. O. Box 900  
Dallas, Texas 75221

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDMON, Director  
Administration and Crude Oil Supply

GME/laf

**EXXON COMPANY, U.S.A.**  
POST OFFICE BOX 2180 • HOUSTON, TEXAS 77001

FEB 11 1980

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SUPPLY DEPARTMENT  
COMMERCE

W. L. HUFF  
MANAGER

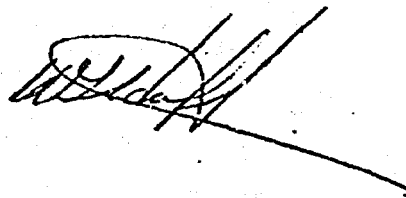
February 6, 1980

Mr. G. M. Edgmon  
Navajo Refining Company  
North Freeman Avenue  
Artesia, New Mexico 88210

Dear Mr. Edgmon:

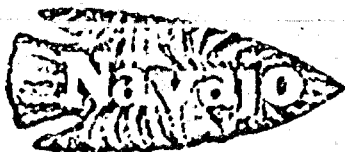
With reference to your letter of January 29, 1980, Exxon is not in a position to offer to sell Navajo Refining Company any domestic or Outer Continental Shelf crude at this time. However, on the chance that our supply position could change, you may wish to contact us again in the future if the needed supply has not been obtained.

Very truly yours,



WLH/SDB:bp

TELEPHONE  
(A. C. 809) 746-2793



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# REFINING COMPANY

PIPE LINE DIVISION

NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO - 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Walton L. Huff  
Exxon Company, USA  
Box 2180  
Houston, Texas 77001

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GE/laf

CITIES SERVICE COMPANY  
PETROLEUM PRODUCTS GROUP



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Box 300  
Tulsa, Oklahoma 74102

RECEIVED

FEB 11 1980

NAVAJO REFINING

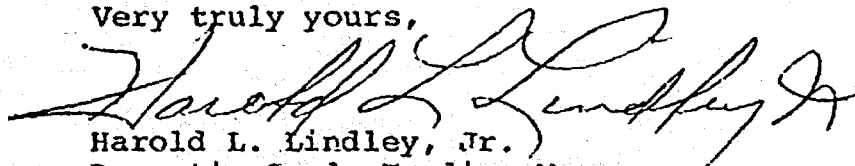
February 6, 1980

Mr. G. M. Edgmon  
Director, Administration & Crude Oil Supply  
Navajo Refining Company  
Pipe Line Division  
North Freeman Avenue  
Artesia, New Mexico 88210

Dear Mr. Edgmon:

In reply to your letter to Cities Service Company dated January 29, 1980 regarding purchase of crude oil, it has been determined that Cities Service does not have any crude oil that can be made available for sale to your Company.

Very truly yours,



Harold L. Lindley, Jr.  
Domestic Crude Trading Manager

HLL/lab

TELEPHONE  
(A. C. 808) 749-2793



BEST AVAILABLE COPY  
REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Larry E. Williams  
Cities Service Oil Company  
First Place Building  
P. O. Box 300  
Tulsa, Oklahoma 74102

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf

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Shell Oil Company



Two Shell Plaza  
P.O. Box 2099  
Houston, Texas 77001

February 14, 1980

Navajo Refining Company  
ATTN Mr. G. M. Edgmon  
North Freeman Avenue  
Artesia, New Mexico 88210

Gentlemen:

We have your letter of January 29, 1980, regarding a possible purchase of crude oil. Shell Oil Company is a net purchaser of both foreign and domestic type crudes. We have been unable to secure sufficient crude supply to satisfy our own refineries' requirements. We, therefore, have no crude available for sale at this time.

Yours very truly,

W. W. Connors

W. W. Connors, Manager  
Crude Oil Supply - Operations  
Domestic Raw Materials Supply

PJL:sbn

RECEIVED  
FEB 18 1980  
NAVJO REFINING CO

TELEPHONE  
(A. C. 308) 746-8783



# REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

BEST AVAILABLE COPY

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. M. J. Nevill  
Shell Oil Company  
Two Shell Plaza  
P. O. Box 2099  
Houston, Texas 77001

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf





PETROLEUM PRODUCTS

BEST AVAILABLE COPY

PETROLEUM PRODUCTS DEPT. - U. S. A.

TEXACO INC.  
P. O. BOX 52332  
HOUSTON, TEXAS 77052  
713-225-2233

February 12, 1980

Navajo Refining Company  
North Freeman Avenue  
Artesia, New Mexico 88210

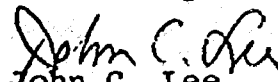
Attention: Mr. G. M. Edgmon

Dear Mr. Edgmon:

We acknowledge receipt of your letter of January 29, 1980 soliciting the purchase of domestic crude oil. Please be advised that we have no domestic crudes in the U.S. to sell either on a spot or long-term basis.

We regret that we are unable to help you at this time.

Yours very truly,

  
John C. Lee

Manager-Crude & Product Trading

JMG  
feb:2/8

TELEPHONE  
(A. C. 805) 746-2793



## REFINING COMPANY

PIPE LINE DIVISION

NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

BEST AVAILABLE COPY

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. R. W. Booksh  
Texaco, Inc.  
Texaco Building  
P. O. Box 52332  
Houston, Texas 77052

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDMON, Director  
Administration & Crude Oil Supply

GME/laf

BEST AVAILABLE COPY

TELEPHONE  
(A. C. 808) 746-2793



## REFINING COMPANY

PIPE LINE DIVISION

NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Raymond E. McDonald  
Sun Petroleum Products Company  
1608 Walnut Street  
Philadelphia, Pennsylvania 19103

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf

TELEPHONE  
(A. C. 305) 748-2793



BEST AVAILABLE COPY  
REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. H. J. Butterworth  
Sohio Natural Resources Co.  
Midland Building  
Cleveland, Ohio 44115

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf

TELEPHONE  
(A. C. 805) 746-2793



# REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

BEST AVAILABLE COPY

January 29, 1980

CERTIFIED MAIL.  
RETURN RECEIPT REQUESTED

Mr. J. S. Blanton  
Scurlock Oil Company  
1800 Houston Club Building  
Houston, Texas 77002

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf

TELEPHONE  
(A. O. 803) 746-2703



## REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

BEST AVAILABLE COPY

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. R. J. Alfrey  
Chevron, USA, Inc.  
555 Market Street  
P. O. Box 3069  
San Francisco, California 94119

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDMON, Director  
Administration & Crude Oil Supply

GME/laf

TELEPHONE  
(A. C. 809) 746-2793



# REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. J. Herbert  
Amoco Production Company  
P. O. Box 5092  
Houston, Texas 77001

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDMON, Director  
Administration & Crude Oil Supply

GME/laf

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TELEPHONE  
(A. C. 805) 746-2700



## REFINING COMPANY

PIPE LINE DIVISION  
NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. H. A. Nester  
Conoco, Inc.  
P. O. Box 2197  
Houston, Texas 77001

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf



BEST AVAILABLE COPY

TELEPHONE  
(A. G. 805) 746-2793



## REFINING COMPANY

PIPE LINE DIVISION

NORTH FREEMAN AVENUE

ARTESIA, NEW MEXICO 88210

January 29, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. J. W. Streit  
Gulf Oil Company  
Box 2100  
Houston, Texas 77001

Dear Sir:

Navajo Refining Company, a small business refiner doing business in Artesia, New Mexico, would like to purchase a quantity of domestic or Outer Continental Shelf crude for a twelve to thirty-six month period.

If you have any crude for sale on such a basis, we would appreciate hearing from you at your earliest possible convenience.

Very truly yours,

A handwritten signature in cursive script, appearing to read "G. M. Edgmon".

G. M. EDGMON, Director  
Administration & Crude Oil Supply

GME/laf

CRUDE OIL

TOTAL RATED REFINERY OF CRUDE OIL THROUGH PUT PER DAY

29,930 BBLs

ACTUAL GROSS BARRELS OF CRUDE OIL REFINED PER DAY

25,426 BBLs

CRUDE OIL REFINED PER DAY AFTER CONOCO  
AND STATE ROYALTY OIL ADJUSTMENT

Total Barrels Purchased	25,426 BBLs
Barrels of Royalty Oil Refined	(5,000 BBLs)
Barrels Purchased from Conoco	<u>(4,605 BBLs)</u>
	15,821 BBLs
Total Barrels Rated Capacity	29,930 BBLs
Net Barrels of Oil Purchased Per Day	<u>(15,821 BBLs)</u>
REFINERY SHORTFALL	14,109 BBLs

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 7372 EXHIBIT No: B  
Submitted by Applicant  
Hearing Date 10-5-91

TOTAL REFINERY CAPACITY  
FLUID CATALYTIC CRACKING UNIT  
(NON-CRUDE OIL)

Total Rated Capacity (per day)	17,500 BBLs
Barrels Produced by Navajo (gas/oil)	(8,500 BBLs)
Barrels Purchased from Southern Union Refinery (gas/oil)	(5,000 BBLs)
Barrels Purchased Per Day from Giant on Month-to-Month Basis	<u>(500 BBLs)</u>
NET REFINERY SHORTFALL	3,500 BBLs

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>7372</u>	EXHIBIT No. <u>e</u>
Submitted by <u>Applicant</u>	
Hearing Date <u>10-8-91</u>	

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- CASE 7368:** Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the South line and 990 feet from the West line of Section 17, Township 24 South, Range 37 East, Jalmat Gas Pool, the S/2 of said Section 17 to be dedicated to the well.
- CASE 7369:** Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blinebry and Drinkard formations underlying the NW/4 SE/4 of Section 8, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7370:** Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs and Fruitland formations, East Blanco Field, underlying the NW/4 of Section 35, Township 30 North, Range 4 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7023:** (Reopened and Readvertised)
- In the matter of case 7023 being reopened pursuant to the provisions of Order No. R-6489, which order created the Stingray-Pennsylvanian Pool and promulgated special rules therefor, including provision for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.
- CASE 7347:** (Continued and Readvertised)
- Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Pennsylvanian location of a well to be drilled 660 feet from the South line and 860 feet from the West line of Section 20, Township 16 South, Range 34 East, Kemnitz Field, the W/2 of said Section 20 to be dedicated to the well.
- CASE 7371:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, redesignating, extending vertical limits, and contracting and extending horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.
- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Antelope Ridge-Wolfcamp Pool. The discovery well is Coquina Oil Corporation Alexander Well No. 1 located in Unit G of Section 10, Township 24 South, Range 34 East, NMPM. Said pool would comprise:
- TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM  
Section 10: NE/4
- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Brinninstool-Bone Spring Pool. The discovery well is Amoco Production Company State IK Well No. 1 located in Unit C of Section 10, Township 23 South, Range 33 East, NMPM. Said pool would comprise:
- TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM  
Section 10: NW/4
- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Brinninstool-Wolfcamp Pool. The discovery well is Amoco Production Company Federal H Well No. 1 located in Unit L of Section 26, Township 23 South, Range 33 East, NMPM. Said pool would comprise:
- TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM  
Section 26: SW/4
- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Collins Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation State DF Well No. 1 located in Unit D of Section 35, Township 17 South, Range 24 East, NMPM. Said pool would comprise:
- TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM  
Section 35: N/2

Dockets Nos. 33-81 and 34-81 are tentatively set for October 21 and November 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - OCTOBER 5, 1981

OIL CONSERVATION COMMISSION - 9 A.M.  
ROOM 205, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO

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CASE 7372: Application of Navajo Refining Company for a determination of preference to purchase state royalty oil pursuant to Section 19-10-68, NMSA, 1978.

Docket No. 32-81

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 7, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 7362: Application of Gulf Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East White Ranch Unit Area, comprising 1920 acres, more or less, of Federal lands in Township 13 South, Range 30 East,

CASE 7364: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Chosa Draw Unit Area comprising 5120 acres, more or less, of Federal and State lands in Township 25 South, Range 25 East.

CASE 7365: Application of Yates Petroleum Corporation for the amendment of Order R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "JM" No. 2 Well, drilled at an unorthodox Morrow location 660 feet from the South line and 660 feet from the East line of said Section 25, Township 18 South, Range 24 East, in any and all Wolfcamp and Pennsylvanian pays in said well.

CASE 7354: (Continued from the September 23, 1981, Examiner Hearing)

Application of Corona Oil Company, for a pilot steam-enhanced oil recovery project, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot steam-enhanced oil recovery project in the Santa Rosa formation by using two existing wells and three additional wells to be drilled to complete a five spot pattern located in the NE/4 NW/4 of Section 17, Township 11 North, Range 26 East.

CASE 7359: (Continued from the September 23, 1981 Examiner Hearing)

Application of Energy Reserves Group for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Cisco gas pool for its Miller Com Well No. 1, located in Unit X of Section 12, Township 6 South, Range 33 East.

Applicant further seeks approval of an unorthodox location for its Miller "A" Well No. 1-Y, to be drilled 1800 feet from the South line and 1700 feet from the East line of Section 11 of the same township. The S/2 of said Section 11 to be dedicated to the well.

CASE 7366: Application of Read & Stevens, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn, Atoka and Morrow formations underlying the W/2 of Section 19, Township 23 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7367: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 12, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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- (o) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPH  
 Section 27: S/2 NE/4, S/2 NW/4, N/2 SE/4  
 and N/2 SW/4

- (p) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPH  
 Section 23: SW/4

- (q) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPH  
 Section 16: SW/4

- (r) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPH  
 Section 34: W/2

- (s) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPH  
 Section 12: NE/4 SW/4 and E/2 NW/4

- (t) EXTEND the East Crossroads-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPH  
 Section 7: All

- (u) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPH  
 Section 25: E/2  
 Section 36: E/2

- (v) EXTEND the Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPH  
 Section 15: W/2

- (w) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPH  
 Section 27: N/2 SE/4

- (x) EXTEND the D-K Abo pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPH  
 Section 31: NW/4

- (y) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPH  
 Section 16: E/2  
 Section 20: N/2

- (z) EXTEND the East Hightower-Upper Pennsylvanian Pool in Lea County, New Mexico to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPH  
 Section 31: NE/4 and E/2 NW/4

- (aa) EXTEND the Imperial-Tubb Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPH  
 Section 27: NW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Fairview Mills-Atoka Gas Pool. The discovery well is the Enserch Exploration, Inc. T. G. Bates Well No. 1 located in Unit G of Section 14, Township 25 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM  
Section 14: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Gem-Wolfcamp Pool. The discovery well is the Amoco Production Company Federal AW Well No. 1 located in Unit E of Section 26, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 26: NW/4

(g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Hardy-Tubb Pool. The discovery well is the Conoco Inc. State F Well No. 10 located in Unit V of Section 1, Township 21 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 1: SW/4

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Moriah-Upper Pennsylvanian Gas Pool. The discovery well is the Tom L. Ingram Moriah Well No. 2 located in Unit J of Section 7, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 7: S/2

(i) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Moriah-Atoka Gas Pool. The discovery well is the Tom L. Ingram Moriah Well No. 1 located in Unit J of Section 7, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 7: S/2

(j) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Queen production and designated as the West Reeves-Queen Gas Pool. The discovery well is the Collier Energy, Inc. Mesa State Well No. 1 located in Unit F of Section 20, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 20: NW/4

(k) CONTRACT the Cato-San Andres Pool in Chaves County, New Mexico, by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 5: NW/4 SW/4

(l) CONTRACT the East Weir-Blinbry Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 7: N/2 N/2  
Section 3: N/2 N/2  
Section 9: W/2 NW/4

(m) EXTEND the vertical limits of the Cave-Grayburg Pool in Eddy County, New Mexico, to include the San Andres formation and redesignate said pool as the Cave-Grayburg-San Andres Pool.

(n) EXTEND the Antelope Sink-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM  
Section 33: S/2

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 4: E/2

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- (bb) EXTEND the Jalmat-Yates-Seven Rivers Pool in Lea County, New Mexico to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NNPM  
Section 15: NE/4

- (cc) EXTEND the Kemnitz-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NNPM  
Section 9: N/2

- (dd) EXTEND the Linda-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NNPM  
Section 29: NW/4

- (ee) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NNPM  
Section 5: S/2  
Section 8: N/2  
Section 9: W/2

- (ff) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NNPM  
Section 18: NW/4

- (gg) EXTEND the Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NNPM  
Section 15: N/2

- (hh) EXTEND the Midway-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NNPM  
Section 8: NW/4

- (ii) EXTEND the West Milnesand-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NNPM  
Section 17: SE/4

- (jj) EXTEND the Penasco Draw-San Andres-Yaso Associated Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NNPM  
Section 32: S/2 NE/4 and SE/4  
Section 33: S/2 NW/4 and SW/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NNPM  
Section 4: NW/4  
Section 5: N/2 NE/4 and SE/4 NE/4

- (kk) EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NNPM  
Section 19: N/2

- (ll) EXTEND THE Querecho Plains-Lower Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NNPM  
Section 28: S/2

- (mm) EXTEND the Rocky Arroyo-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NNPM  
Section 9: SW/4  
Section 16: NW/4



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(nn) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 7: E/2  
Section 18: N/2

(oo) EXTEND the West Sand Dunes-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 32: N/2

(pp) REDSIGNATE the Sand Ranch-Atoka Gas Pool in Chaves County, New Mexico, to the Sand Ranch-Morrow Gas Pool, as said pool is producing from the Morrow formation rather than the Atoka, and EXTEND the horizontal limits of said pool to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 14: S/2

(qq) EXTEND the San Simon-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM  
Section 6: SE/4  
Section 7: E/2

(rr) EXTEND the Sawyer-San Andres Associated Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM  
Section 7: SW/4

(ss) EXTEND the Spencer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM  
Section 23: SE/4

(tt) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 36: NW/4

(uu) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 5: S/2 SW/4  
Section 8: N/2 NW/4

(vv) EXTEND the Tonto-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 27: E/2

(ww) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 3: S/2

(xx) EXTEND the Wente-Abo Pool in Lea County, New Mexico, to include therein:

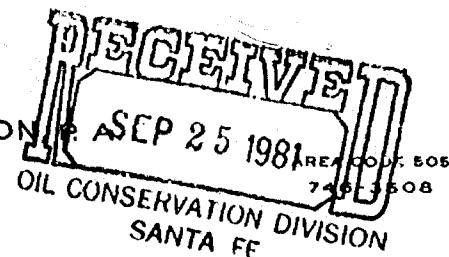
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 10: NE/4

(yy) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 10: NE/4

A.J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

LAW OFFICES  
LOSEE, CARSON & DICKERSON  
300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210



23 September 1981

Mr. Joe D. Ramey, Director  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed for filing, please find three copies of the Application of Navajo Refining Company for a preference in purchase of state royalty oil.

We ask that this case be set for hearing before an examiner and that you furnish us with a docket of said hearing.

Yours truly,

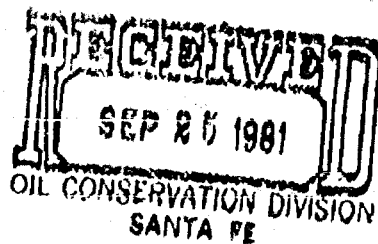
LOSEE, CARSON & DICKERSON, P.A.



A. J. Losee

AJL:bjm  
Enclosures

cc w/enclosure: Navajo Refining Company



## BEFORE THE OIL CONSERVATION DIVISION

## OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
 NAVAJO REFINING COMPANY FOR A PREFERENCE : CASE NO. \_\_\_\_\_  
 IN PURCHASE OF STATE ROYALTY OIL, PUR- :  
 SUANT TO SECTIONS 19-10-64 THROUGH :  
 19-10-70, N.M.S.A., 1978 COMP. :  
 \_\_\_\_\_ :

APPLICATION

COMES NOW NAVAJO REFINING COMPANY, a New Mexico  
 general partnership, P. O. Drawer 159, Artesia, New Mexico, 88210,  
 by its attorneys, and in support hereof respectfully states:

1. Applicant operates a petroleum refinery in Artesia, New Mexico and has no affiliation or association with any other petroleum refiner of oil.
2. Although applicant has made a great effort to purchase crude oil in the open market, it does not and will not have an adequate source of supply to operate the refinery at capacity.
3. Applicant has contacted by letter a large number of major oil companies and made personal contact with a large number of independents in an effort to obtain additional crude oil for the refinery. This summer it expanded its trucking operations from Southeast New Mexico into the Levelland, Texas area in an effort to obtain additional crude oil. All operators of new wells in the area of applicant's pipeline system and trucking operation are being contacted by mail, personal visits, and telephone calls.
4. The capacity of applicant's refinery is 29,930 barrels per day and the amount, source and grade of all crude oil currently available to applicant by purchase is as follows:

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	<u>Navajo Refining Company</u>		<u>Navajo Crude Oil Purchasing Company</u>		<u>Total</u>
	<u>Sour</u>	<u>Sweet</u>	<u>Sour</u>	<u>Sweet</u>	
Leases	12,097 BPD	1,506 BPD	4,012 BPD	3,257 BPD	20,872
Exchanges	3,804 BPD	750 BPD	-0-	-0-	4,554
Total:					25,426

The above amounts include 4,605 BPD of crude oil purchased from Conoco and approximately 5,000 BPD of crude oil purchased from the State of New Mexico. Heretofore, the oil purchased from Conoco was covered by the supplier-purchaser freeze rule of the Department of Energy which expired by presidential proclamation on January 28, 1981. Conoco has given applicant notice that commencing September 1, 1981, it will gradually discontinue all sales of crude oil to applicant. The contract with the Commissioner of Public Lands to purchase the 5,000 BPD of state royalty oil will terminate November 1, 1981. The termination of the purchases from Conoco and the State will reduce applicant's crude oil supply to approximately 15,821 BPD of which 14,713 BPD are purchased on a day-to-day basis and 1,108 BPD are under contract with the United States under the Federal Royalty Oil Program.

5. Applicant needs or will need approximately 14,709 BPD to operate the existing refinery capacity. Any field or fields in New Mexico offers a potential source of crude oil supply to the refinery because of either its proximity to the refinery, the refinery's pipeline or trucking facilities and exchange agreements with other purchasers of crude oil.

WHEREFORE, applicant prays:

A. That this application be set for hearing before the Division and that notice be given as required by law.

B. That upon hearing the Division enter its order that applicant is a bona fide small business enterprise operating an oil refinery in New Mexico within the intent of Sections 19-10-64 through 19-10-70, N.M.S.A., 1978 Comp., and is eligible to be granted a preference under the said act for the purchase of royalty oil from the State of New Mexico.

C. And for such other and further relief as may be just in the premises.

NAVAJO REFINING COMPANY

By: 

A. J. Losee  
Losee, Carson & Dickerson, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION COMMISSION

CASE NO. 7372  
Order No. R-6793

APPLICATION OF NAVAJO REFINING COMPANY  
FOR A DETERMINATION OF PREFERENCE TO  
PURCHASE STATE ROYALTY OIL PURSUANT  
SECTION 19-10-68, NMSA, 1978.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 A.M. on October 5, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5<sup>th</sup> day of October, 1981, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) Navajo Refining Company is a bona fide small business enterprise operating an oil refinery in the State of New Mexico.

(3) That Navajo Refining Company is unable to purchase, in the open market, at prevailing prices, an adequate supply of refinery charge stocks of the quality to meet the needs of its existing refinery capacity.

(4) That under the terms of Section 19-10-68 and 19-10-69, NMSA, 1978 Compilation, Navajo Refining Company is eligible to be granted a preference for the purchase of royalty oil.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
COMMISSIONER

Ernest C. Arnold, Member

Joe D. Ramer, Member Secretary