



April 26, 2005

**HAND-DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

2005 APR 26 PM 3 14

Re: Oil Conservation Division Case 13479: Amended Application of Dominion Exploration & Production, Inc. for an exemption to the provisions of Division Rule 310.A, Chaves, Eddy and Lea Counties, New Mexico.

Dear Mr. Fesmire:

Enclosed is the amended application of Dominion Exploration & Production, Inc. in the above referenced matter and a draft of a legal advertisement for this case. Dominion requests that this application be placed on the Division Examiner Hearing docket scheduled for May 19, 2005.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Tommy Arnwine  
Dominion Exploration & Production, Inc.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

2005 APR 26 PM 3 14

**IN THE MATTER OF THE AMENDED APPLICATION OF DOMINION  
EXPLORATION & PRODUCTION, INC. FOR AN EXEMPTION TO THE PROVISIONS  
OF DIVISION RULE 310A, CHAVES, EDDY, AND LEA, COUNTIES, NEW MEXICO.**

**CASE NO. 13479**

**AMENDED APPLICATION**

DOMINION EXPLORATION & PRODUCTION, INC. ("Dominion"), through its undersigned attorneys, hereby makes application for an exemption to the provisions of Division Rule 310.A which provides that fire walls required by this rule shall form a reservoir having a capacity one-third larger than the capacity of the enclosed tank or tanks for forty-five (45) facilities located in Chaves, Eddy, and Lea Counties, New Mexico, and in support of its application states:

1. Dominion is the operator of numerous wells that produce oil in the state of New Mexico. Where required by Oil Conservation Division Rule 301A, Dominion has erected and maintained fire walls around all oil tanks and batteries of tanks. At each of these facilities, there is sufficient secondary containment capacity to contain the maximum volume that can be stored in the largest oil tank, including the displacement for all tanks inside the containment, plus additional space to assure capacity for rainwater. Accordingly, there is adequate capacity in the containment to assure that any discharge from any tank will not escape the containment system before cleanup occurs as required by the Environmental Protection Agency (40 CFR §112.7 & §112.8).

2. Dominion recently discovered that approximately eighty-four facilities that it operates in New Mexico had been constructed in compliance with the requirements of the Environmental Protection Agency but did not meet with the provisions of Oil Conservation Division Rule 310.A which provides that fire walls "shall form a reservoir having a capacity one-third larger than the capacity of the enclosed tank or tanks."

3. Following consultation with the Environmental Bureau of the Oil Conservation Division, Dominion identified thirty-nine facilities that were in proximity to watercourses or where otherwise located so as to pose a potential threat to surface water if there was an escape of oil that was not contained. At each of these facilities, Dominion has increased the capacity within the fire walls so they fully comply with the requirements Division Rule 310.A.

4. The remaining forty-five facilities are identified on Exhibit A to this amended application and are located in areas that are remote from any surface water or watercourse. All of these facilities are surrounded by firewalls that comply with EPA regulations and standards.

5. To slightly increase the capacity of the secondary containment at these facilities will require significant cost to Dominion and the increased capacity within these fire walls will not significantly improve the level of environmental protection at these sites nor will it significantly increase the level of protection of surface and ground water in the area surrounding these facilities.

6. Approval of this amended application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights and will not pose a risk of contamination of either surface or ground water.

WHEREFORE, Dominion Exploration & Production, Inc. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on May 19, 2005, and, after notice and hearing as required by law, the Division enter its order granting an exemption for each facility identified on Exhibit A to this application authorizing Dominion to continue to maintain each facility in accordance with the requirements of the Environmental Protection Agency.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR DOMINION EXPLORATION &  
PRODUCTION, INC.

**EXHIBIT A**

**AMENDED APPLICATION OF  
DOMINION EXPLORATION & PRODUCTION, INC.  
FOR AN EXEMPTION TO THE PROVISIONS OF DIVISION RULE 310A,  
CHAVES, EDDY, AND LEA, COUNTIES, NEW MEXICO.**

**Chaves County**

R&S Federal #1 Tank Battery – Unit L, Section 17, Township 15 South, Range 28 East  
R&S State Tank Battery – Unit D, Section 17, Township 15 South, Range 28 East

**Eddy County**

Abby Federal #5 – Unit P, Section 28, Township 26 South, Range 30 East  
Aoudad Federal Central Tank Battery – Unit A, Section 33, Township 22 South, Range 26 East  
Artesia 21 State #2 Tank Battery – Unit H, Section 21, Township 18 South, Range 28 East  
Barbados State #1- Unit I, Section 32, Township 22 South, Range 26 East  
Big Eddy #117 SWD – Unit M, Section 25, Township 22 South, Range 28 East  
Dall Federal #1 Tank Battery – Unit K, Section 33, Township 22 South, Range 26 East  
Durango 10 Federal #1- Unit P, Section 10, Township 17 South, Range 29 East  
EV State #1 Tank Battery – Unit A, Section 32, Township 22 South, Range 26 East  
Geronimo 34-1Y – Unit E, Section 34, Township 17 South, Range 28 East  
Geronimo 34-2 – Unit H, Section 34, Township 17 South, Range 28 East  
Geronimo 36 State Com 1- Unit C, Section 36, Township 17 South, Range 28 East  
Happy Valley Federal Com 1 Tank Battery – Unit K, Section 28, Township 22 South, Range 26 East  
J. A. Tamanio Federal Com #1 Tank Battery – Unit L, Section 27, Township 22 South, Range 26 East  
Loco Hills 4 Federal Com #1- Unit G, Section 4, Township 18 South, Range 29 East  
Loco Hills 4 Federal Com #4 – Unit A, Section 4, Township 18 South, Range 29 East  
Pinnacle State #1 Tank Battery - Unit L, Section 36, Township 22 South, Range 28 East  
Ram EWE Federal #4 Tank Battery – Unit J, Section 33, Township 22 South, Range 26 East  
Rio Cinco State 1- Unit D, Section 26, Township 17 South, Range 28 East  
Saragosa 16 State Com #1- Unit C, Section 16, Township 23 South, Range 26 East  
Saragosa 16 State Com #2 – Unit C, Section 16, Township 23 South, Range 26 East  
Saragosa 17 State Com #1- Unit D, Section 17, Township 23 South, Range 26 East  
Saragosa 17 State Com #3 – Unit L, Section 17, Township 23 South, Range 26 East  
Sheep Draw #2 Tank Battery – Unit C, Section 33, Township 22 South, Range 26 East  
Sheep Draw Federal 28-1 Tank Battery – Unit N, Section 28, Township 22 South, Range 26 East  
Sheep Draw Federal 28-13 Tank Battery – Unit L, Section 28, Township 22 South, Range 26 East

Turkey Track 11-4 Tank Battery – Unit F, Section 11, Township 19 South, Range 28 East

Lea County

Electrolux 21 State Com 1- Unit C, Section 21, Township 17 South, Range 35 East  
Harrod 7 State Com 1- Unit A, Section 7, Township 16 South, Range 35 East  
Gulf State Tank Battery – Unit C, Section 16, Township 22 South, Range 37 East  
Sharp Nose Federal #1 Tank Battery – Unit J, Section 13, Township 20 South, Range 33 East  
State ETA #3 Tank Battery - Unit H, Section 8, Township 16 South, Range 35 East  
State ETA #4 Tank Battery – Unit C, Section 8, Township 16 South, Range 35 East  
Toro State 16-1- Unit M, Section 16, Township 19 South, Range 35 East  
Toto 21 Com 1-Y Tank Battery – Unit H, Section 21, Township 19 South, Range 35 East  
Toro 22 State Com #2 – Unit N, Section 22, Township 19 South, Range 35 East  
Toro 22 State Com #3 – Unit K, Section 22, Township 19 South, Range 35 East  
Toro 22 State Com #4 - Unit F, Section 22 South, Range 19 South, Range 35 East  
Toro 27 State Com #1- Unit K, Section 27, Township 19 South, Range 35 East  
Toro 27 State Com #2 – Unit E, Section 27, Township 19 South, Range 35 East  
Toro 27 State Com #5 – Unit G, Section 27, Township 19 South, Range 35 East  
Toro 27 State Com #6 – Unit D, Section 27, Township 19 South, Range 35 East  
Toro State 33-1 Tank Battery - Unit G, Section 33, Township 19 South, Range 35 East  
Vivian Tank Battery – Unit F, Section 30, Township 22 South, Range 38 East

**CASE 13479: Amended Application of Dominion Exploration & Production, Inc. for an exemption to the provisions of Division Rule 310.A, Chaves, Eddy and Lea Counties, New Mexico.** Applicant in the above-styled cause seeks an exemption to the provisions of Division Rule 310.A which provides that fire walls required by this rule shall form a reservoir having a capacity one-third larger than the capacity of enclosed tank or tanks and instead authorize the firewalls around forty-five facilities to permit each facility to be operated in compliance with the requirements established by the Environmental Protection Agency for such facilities. These facilities are located at various sites in Chaves, Eddy and Lea Counties, New Mexico as follows:

Chaves County:

R&S Federal #1 Tank Battery – Unit L, Section 17, Township 15 South, Range 28 East  
R&S State Tank Battery – Unit D, Section 17, Township 15 South, Range 28 East

Eddy County:

Abby Federal #5 – Unit P, Section 28, Township 26 South, Range 30 East  
Aoudad Federal Central Tank Battery – Unit A, Section 33, Township 22 South, Range 26 East  
Artesia 21 State #2 Tank Battery – Unit H, Section 21, Township 18 South, Range 28 East  
Barbados State #1- Unit I, Section 32, Township 22 South, Range 26 East  
Big Eddy #117 SWD – Unit M, Section 25, Township 22 South, Range 28 East  
Dall Federal #1 Tank Battery – Unit K, Section 33, Township 22 South, Range 26 East  
Durango 10 Federal #1- Unit P, Section 10, Township 17 South, Range 29 East  
EV State #1 Tank Battery – Unit A, Section 32, Township 22 South, Range 26 East  
Geronimo 34-1Y – Unit E, Section 34, Township 17 South, Range 28 East  
Geronimo 34-2 – Unit H, Section 34, Township 17 South, Range 28 East  
Geronimo 36 State Com 1- Unit C, Section 36, Township 17 South, Range 28 East  
Happy Valley Federal Com 1 Tank Battery – Unit K, Section 28, Township 22 South, Range 26 East  
J. A. Tamanio Federal Com #1 Tank Battery – Unit L, Section 27, Township 22 South, Range 26 East  
Loco Hills 4 Federal Com #1- Unit G, Section 4, Township 18 South, Range 29 East  
Loco Hills 4 Federal Com #4 – Unit A, Section 4, Township 18 South, Range 29 East  
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Ram EWE Federal #4 Tank Battery – Unit J, Section 33, Township 22 South, Range 26 East  
Rio Cinco State 1- Unit D, Section 26, Township 17 South, Range 28 East  
Saragosa 16 State Com #1- Unit C, Section 16, Township 23 South, Range 26 East  
Saragosa 16 State Com #2 – Unit C, Section 16, Township 23 South, Range 26 East  
Saragosa 17 State Com #1- Unit D, Section 17, Township 23 South, Range 26 East  
Saragosa 17 State Com #3 – Unit L, Section 17, Township 23 South, Range 26 East  
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Sheep Draw Federal 28-1 Tank Battery – Unit N, Section 28, Township 22 South, Range 26 East  
Sheep Draw Federal 28-13 Tank Battery – Unit L, Section 28, Township 22 South, Range 26 East  
Turkey Track 11-4 Tank Battery – Unit F, Section 11, Township 19 South, Range 28 East

Lea County:

Electrolux 21 State Com 1- Unit C, Section 21, Township 17 South, Range 35 East  
Harrod 7 State Com 1- Unit A, Section 7, Township 16 South, Range 35 East  
Gulf State Tank Battery – Unit C, Section 16, Township 22 South, Range 37 East  
Sharp Nose Federal #1 Tank Battery – Unit J, Section 13, Township 20 South, Range 33 East  
State ETA #3 Tank Battery - Unit H, Section 8, Township 16 South, Range 35 East  
State ETA #4 Tank Battery – Unit C, Section 8, Township 16 South, Range 35 East  
Toro State 16-1- Unit M, Section 16, Township 19 South, Range 35 East  
Toto 21 Com 1-Y Tank Battery – Unit H, Section 21, Township 19 South, Range 35 East  
Toro 22 State Com #2 – Unit N, Section 22, Township 19 South, Range 35 East  
Toro 22 State Com #3 – Unit K, Section 22, Township 19 South, Range 35 East

**DOMINION EXPLORATION & PRODUCTION, INC.**

**AMENDED APPLICATION FOR EXEMPTION FROM RULE 310.A**

**PAGE 5**

Toro 22 State Com #4 - Unit F, Section 22 South, Range 19 South, Range 35 East  
Toro 27 State Com #1- Unit K, Section 27, Township 19 South, Range 35 East  
Toro 27 State Com #2 – Unit E, Section 27, Township 19 South, Range 35 East  
Toro 27 State Com #5 – Unit G, Section 27, Township 19 South, Range 35 East  
Toro 27 State Com #6 – Unit D, Section 27, Township 19 South, Range 35 East  
Toro State 33-1 Tank Battery - Unit G, Section 33, Township 19 South, Range 35 East  
Vivian Tank Battery – Unit F, Section 30, Township 22 South, Range 38 East



April 28, 2005

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**AFFECTED INTEREST OWNERS:**

Re: Oil Conservation Division Case 13479: Amended Application of Dominion Exploration & Production, Inc. for an exemption to the provisions of Division Rule 310.A, Chaves, Eddy and Lea Counties, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Dominion Exploration & Production, Inc. has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking an order approving an exemption to the provisions of Division Rule 310.A which provides that fire walls required by this rule shall form a reservoir having a capacity one-third larger than the capacity of enclosed tank or tanks and instead authorize the firewalls around forty-five facilities to permit each facility to be operated in compliance with the requirements established by the Environmental Protection Agency for such facilities. These facilities are located at various sites in Chaves, Eddy and Lea Counties, New Mexico.

This amended application has been set for hearing before a Division Examiner on May 19, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this amended application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

ATTORNEY FOR DOMINION EXPLORATION & PRODUCTION, INC.

cc: Mr. Tommy Arnwine  
Dominion Exploration & Production, Inc.