

March 29, 2005

**HAND DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13479*

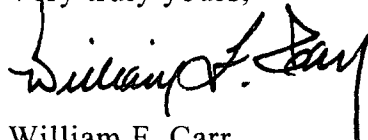
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Re: Application of Dominion Exploration & Production, Inc. for an exemption to the provisions of Division Rule 310.A, Chaves, Eddy and Lea Counties, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Dominion Exploration & Production, Inc. in the above-referenced case as well as a copy of the legal advertisement. Dominion requests that this matter be placed on the docket for the April 21, 2005 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Tommy H. Arnwine

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

**IN THE MATTER OF THE 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. 73479

**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.

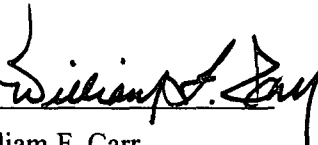
4. The remaining forty-five facilities are identified on Exhibit A to this application and are located in areas that are remote from any surface water or watercourse. All of these facilities are surrounded by firewalls that comply with EPA regulations and standards.

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 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 application be set for hearing before an Examiner of the Oil Conservation Division on April 21, 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**

**Dominion Exploration & Production, Inc.**

**Western District - New Mexico Production Facilities**

No.	Facility Name	County	Section	Township	Range	GPS	
						Latitude	Longitude
1	R & S Federal #1 Tank Battery	Chaves	17	15 S	28 E	33-00-51.2 N	104-09-35.2 W
2	R & S State #1 Tank Battery	Chaves	17	15 S	28 E	33-01-13.4 N	104-09-34.5 W
3	Abby Federal #5	Eddy	28	26 S	30 E	32-00-32.0 N	103-52-44.0 W
4	Aoudad Federal Central Tank Bat	Eddy	33	22 S	26 E	32-21-01.7 N	104-17-34.1 W
5	Artesia 21 State #2 Tank Battery	Eddy	21	18 S	28 E	32-44-9.5 N	104-10-32.0 W
6	Barbados State #1	Eddy	32	22 S	26 E	32-20-47.8 N	104-18-31.9 W
7	Big Eddy #117 SWD	Eddy	25	22 S	28 E	32-21-30.8 N	104-02-52.6 W
8	Dall Federal #1 Tank Battery	Eddy	33	22 S	26 E	32-20-47.9 N	104-18-01.6 W
9	Durango 10 Fed #1	Eddy	10	17 S	29 E	32-50-38.3 N	104-03-27.9 W
10	EV State #1 Tank Battery	Eddy	32	22 S	26 E	32-21-09.7 N	104-18-29.1 W
11	Geronimo 34 - 1 Y	Eddy	34	17 S	28 E	32-47-37.4 N	104-10-09.0 W
12	Geronimo 34 - 2	Eddy	34	17 S	28 E	32-47-39.3 N	104-09-33.4 W
13	Geronimo 36 State Com 1	Eddy	36	17 S	28 E	32-47-47.0 N	104-04-57.0 W
14	Happy Valley Fed Com #1 Tank Bat	Eddy	28	22 S	26 E	32-21-56.3 N	104-17-43.7 W
15	J.A. Tamano Fed Com #1 Tank Bat	Eddy	27	22 S	26 E	32-21-41.1 N	104-17-16.3 W
16	Loco Hills 4 Fed Com 1	Eddy	4	18 S	29 E	32-46-44.8 N	104-04-35.8 W
17	Loco Hills 4 Fed Com 4	Eddy	4	18 S	29 E	32-46-51.0 N	104-04-28.0 W
18	Pinnacle State #1 Tank Battery	Eddy	36	22 S	28 E	32-20-50.3 N	104-02-53.9 W
19	Ram EWE Federal #4 Tank Battery	Eddy	33	22 S	26 E	32-20-50.1 N	104-17-47.9 W
20	Rio Cinco State 1	Eddy	26	17 S	28 E	32-48-33.9 N	104-03-12.1 W
21	Saragosa 16 State Com #1	Eddy	16	23 S	26 E	32-18-34.6 N	104-18-01.9 W
22	Saragosa 16 State Com #2	Eddy	16	23 S	26 E	32-18-34.5 N	104-17-34.0 W
23	Saragosa 17 State Com #1	Eddy	17	23 S	26 E	32-18-31.4 N	104-19-20.4 W
24	Saragosa 17 State Com #3	Eddy	17	23 S	26 E	32-18-07.8 N	104-19-19.7 W
25	Sheep Draw #2 Tank Battery	Eddy	33	22 S	26 E	32-21-14.5 N	104-17-49.2 W
26	Sheep Draw Federal 28-1 Tank Bat	Eddy	28	22 S	26 E	32-21-25.5 N	104-17-57.3 W
27	Sheep Draw Federal 28-13 Tank Bat	Eddy	28	22 S	26 E	32-21-39.4 N	104-18-20.1 W
28	Turkey Track 11-4 Tank Battery	Eddy	11	19 S	28 E	32-40-51.8 N	104-09-03.3 W
29	Electrolux 21 State Com 1	Lea	21	17 S	35 E	32-49-27.0 N	103-27-46.8 W
30	Harrod 7 State Com 1	Lea	7	16 S	35 E	32-23-40.1 N	103-10-02.5 W
31	Gulf State Tank Battery	Lea	16	22 S	37 E	32-56-31.8 N	103-29-31.3 W
32	Sharp Nose Federal #1 Tank Battery	Lea	13	20 S	33 E	32-34-21.5 N	103-36-54.5 W
33	State ETA #3 Tank Battery	Lea	8	16 S	35 E	32-56-18.0 N	103-28-25.6 W
34	State ETA #4 Tank Battery	Lea	8	16 S	35 E	32-56-32.2 N	103-28-58.9 W
35	Toro State 16-1	Lea	16	19 S	35 E	32-39-20.4 N	103-28-06.0 W
36	Toro 21 Com 1-Y Tank Battery	Lea	21	19 S	35 E	32-38-48.6 N	103-27-20.7 W
37	Toro 22 State Com #2	Lea	22	19 S	35 E	32-38-23.2 N	103-26-48.9 W
38	Toro 22 State Com #3	Lea	22	19 S	35 E	32-38-40.5 N	103-26-54.6 W
39	Toro 22 State Com #4	Lea	22	19 S	35 E	32-38-55.2 N	103-26-50.1 W
40	Toro 27 State Com #1	Lea	27	19 S	35 E	32-37-43.2 N	103-26-53.2 W
41	Toro 27 State Com #2	Lea	27	19 S	35 E	32-38-02.8 N	103-27-04.8 W
42	Toro 27 State Com #5	Lea	27	19 S	35 E	32-37-57.0 N	103-26-36.0 W
43	Toro 27 State Com #6	Lea	27	19 S	35 E	32-38-13.8 N	103-27-01.8 W

**Dominion Exploration & Production, Inc.**

**Western District - New Mexico Production Facilities**

No.	Facility Name	County	Section			GPS	
				Township	Range	Latitude	Longitude
44	Toro State 33-1 Tank Battery	Lea	33	19 S	35 E	32-37-10.4 N	103-27-32.5 W
45	Vivian Tank Battery	Lea	30	22 S	38 E	32-21-53.8 N	103-06-08.9 W