

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13027
ORDER NO. R-8507-A**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE ENVIRONMENTAL BUREAU CHIEF TO REVOKE THE
PERMIT OF JAMAR, INC. TO OPERATE AN OIL TREATING PLANT, LEA
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 22, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 29th day of August, 2003, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-8507 issued in Case No. 9199 on September 8, 1987, the Division authorized Jamar, Inc. to construct and operate a chemical and heat-treatment type oil treating plant to be located in the NE/4 NE/4 of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, for the processing of approximately 3000 barrels per month of raw materials from disposal water, tank bottoms and waste pits.

(3) In accordance with the provisions of Order No. R-8507, Jamar, Inc. obtained and posted with the Division on September 16, 1987, a \$25,000 treating plant bond (Bond No. 1135611), the Amwest Surety Insurance Company being the surety for this oil treating plant bond.

- (4) The Oil Conservation Division ("Division") seeks an order:
 - (a) rescinding Jamar, Inc.'s oil treating plant permit;
 - (b) requiring Jamar, Inc. to clean up and reclaim the site of its oil treating plant in Section 8, Township 20 South, Range 37 East, NMPM; and
 - (c) in the event Jamar, Inc. fails to comply with Division directives, authorizing the Division to take such action as may be necessary to clean up and reclaim the site and authorizing the forfeiture of Jamar, Inc.'s treating plant bond.

- (5) A representative of the Division's Santa Fe Environmental Bureau and a representative of the Division's Hobbs District Office appeared at the hearing in person, and via conference phone, respectively, to present evidence in this case.

- (6) Neither Jamar, Inc. nor Amwest Surety Insurance Company appeared at the hearing.

- (7) The evidence presented demonstrates that:
 - (a) Division personnel, beginning in 1997, have conducted numerous inspections of Jamar, Inc.'s oil treating plant in the NE/4 NE/4 of Section 8;
 - (b) the facility appears to have been abandoned since at least 1997;
 - (c) there are at least three 250-barrel steel tanks and two 500-barrel steel tanks on location. Some tanks contain unknown types of fluid. A determination of whether any leakage has occurred from these tanks has not yet been made by the Division;
 - (d) there is a junk pile on location containing drums, car body, pipes etc.;
 - (e) there appears to be a pit area on location that may have been utilized for containment of fluids or for burial of materials; and

(f) depth to groundwater in this area is approximately 20 feet below the surface.

(8) The Division attempted to provide notice of its application to Jamar, Inc. at its last known address in Hobbs, New Mexico; however, this notice was returned as undeliverable.

(9) The evidence presented demonstrates that unless Jamar, Inc. or the Division takes immediate action to clean up and reclaim the oil treating plant site, environmental damage may occur, fresh water may be contaminated, livestock and other wildlife may be subject to harmful contaminants, and waste may occur.

(10) The application of the Division should be approved.

(11) Amwest Surety Insurance Company was notified of this application but did not appear at the hearing. According to testimony by the Division, it appears that Amwest Surety Insurance Company is in bankruptcy.

(12) According to further testimony, the Division will pursue a claim with Amwest Surety Insurance Company for the \$25,000 oil treating plant bond posted by Jamar, Inc.

IT IS THEREFORE ORDERED THAT:

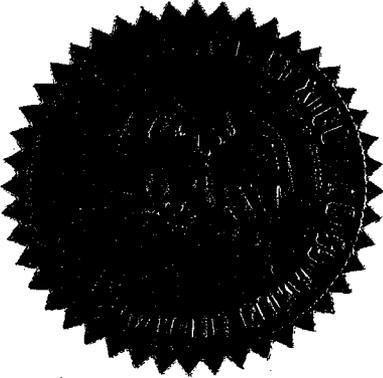
(1) Pursuant to the application of the Oil Conservation Division, Jamar, Inc.'s authority to operate an oil treating plant in the NE/4 NE/4 of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, as initially authorized by Division Order No. R-8507 dated September 8, 1987, is hereby revoked.

(2) Within 30 days from the issue date of this order, Jamar, Inc. is hereby ordered to initiate clean up and reclamation activities at the site of its oil treating plant in the NE/4 NE/4 of Section 8 in a manner acceptable to the Division's Santa Fe Environmental Bureau.

(3) In the event Jamar, Inc. fails or refuses to comply with this order, or in the event the Division is unable to locate and contact Jamar, Inc., the Division shall then take such actions as are necessary to: (i) clean up and reclaim the site of the oil treating plant, including remediating the site in accordance with Division rules; (ii) forfeit or otherwise make a claim on the oil treating plant bond and utilize these funds to clean up and reclaim the site; and (iii) recover from Jamar, Inc. additional costs the Division may incur to clean up and reclaim the site.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Lori Wrottenbery".

LORI WROTENBERY
Director