

Exhibits 1 and 2
Complete Set

BEFORE THE OIL CONSERVATION DIVISION

ENERGY AND MINERALS DEPARTMENT

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF OILFIELD SERVICES FOR A SEDIMENT
OIL TREATING PLANT PERMIT,
SAN JUAN COUNTY NEW MEXICO

Case 8905

APPLICATION

Application, Oilfield Services, of Farmington, New Mexico, by and through its attorneys, Montgomery & Andrews, hereby applies for a sediment oil treating plant permit, and states:

1. This Application for a sediment oil treating plant is filed pursuant to Rule 312 of the Rules of the Oil Conservation Division.

2. The proposed location of the sediment oil treating plant is in the SE/4 of the NW/4 of Section 33, Township 29 North, Range 11 West, NMPM - SJNM, San Juan County, New Mexico. Said land is fee land belonging to Robbie Finney and leased to the Applicant.

3. Applicant anticipates being able to process approximately 45,000 to 75,000 bbls of raw material per year the first year. Of this volume, Applicant expects to reclaim approximately ⁷⁵⁰~~300~~ bbls of salable crude oil per day.

4. Waste water will be collected and disposed at an approved disposal site.

D-102

OFS	
CASE NO. 8905	

5. If this Application is approved, before beginning actual operations, Applicant will file with the Division a performance bond in the amount of \$ 10,000 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and Orders of the Oil Conservation Division.

6. Applicant will comply with all requirements and regulations of the Environment Improvement Agency, and a copy of this Application is being forwarded to said Agency.

7. That the proposed plant and method of processing will efficiently process, treat, and reclaim sediment oil, thereby salvaging oil which would otherwise be wasted.

WHEREFORE, Applicant requests Orders of the Oil Conservation Division as follows:

1. That this matter be set for hearing before an examiner duly appointed by the Oil Conservation Division and that due notice thereof be given as required by law; and

2. That after hearing, and Order be entered granting applicant a sediment oil treating plant permit pursuant to Rule 312 of the Oil Conservation Divisions, Energy and Minerals Department, State of New Mexico.

MONTGOMERY & ANDREWS
325 Paseo de Paralta
Santa Fe, New Mexico 87504
Telephone: (505) 982-3873

Application of Oilfield Services for a
Sediment Oil Treating Plant Permit

STATEMENT AS TO EQUIPMENT

1. Heated tank(s).
2. Line heater and pump.
3. Resin type seperator.
4. Storage tank.

All equipment will be equiped with standard safety fixtures and safety hatches and firewall.