

NM1 - 28

**GENERAL  
CORRESPONDENCE**

**YEAR(S):**

2004 - 1985



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 17, 2004

Mr. Randy Kinnibrugh  
O.K. Hot Oil Service, Inc.  
P.O. Box 146  
Loco Hills, NM 88255

Dear Mr. Kinnibrugh:

Per a letter you sent to the New Mexico Oil Conservation Division (NMOCD) dated September 25, 1997, O.K. Hot Oil Service Inc. wished not to renew the permit on the "Old Loco Oil Treating Plant" located in the SW/4 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. You further stated in your letter that you were in the process of closing this facility with intentions of re-locating to another location and that a closure plan will be forwarded to the NMOCD as soon as possible.

1. Have you closed the old facility? If so, the NMOCD has not received your closure plan.
2. Have you opened a new surface waste management facility? If so, the NMOCD has not received an application (Form C-137).

If you do not intend to operate a surface waste management facility, please forward the closure plan on the old one so that we may close that file.

If you have any questions, contact me at (505) 476-3492 or [emartin@state.nm.us](mailto:emartin@state.nm.us)

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin  
Environmental Bureau

**Public Regulation Commission****3/7/2000****O.K. HOT OIL SERVICE, INC.****MAILING ADDRESS****P.O. BOX 146 LOCO HILLS NEW MEXICO 88255**

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**SCC Number: 1177419****Tax & Revenue Number: 01134439003****INCORPORATED ON APRIL 07, 1983 , IN NEW MEXICO.****CORPORATION IS A DOMESTIC PROFIT****CORPORATION IS ACTIVE  
GOOD STANDING THROUGH: 8/15/2001****PURPOSE OF THE CORPORATION  
OILFIELD SERVICES****CORPORATION DATES****Taxable Year End Date: 05/31/99      Filing Date: 07/20/99  
Corporate Existence Expiration Date:****SUPPLEMENTAL POST MARK DATES****Supplemental:      Name Change:      Purpose Change:****PRINCIPAL ADDRESS****P.O. BOX 146 LOCO HILLS NEW MEXICO 88255****PRINCIPAL ADDRESS(Outside New Mexico)**

---

**REGISTERED AGENT****ORTHELL R. KINNIBRUGH  
12563 LOVINGTON HWY. LOCO HILLS NEW MEXICO 88255****Designation date: 07/20/99      Agent Post Mark Date:      Resignation date:****COOP LICENSE INFORMATION****Number:      Type:      Expiration Year:****NONE LISTED President  
KINNIBRUGH, ARVIN Vice President  
KINNIBRUGH, RANDY Secretary**

**NONE LISTED *Treasurer***

***DIRECTORS***

***Date Election of Directors:***

**KINNIBURGH , TRACY**

**P.O. BOX 146 LOCO HILLS , NM 88255**

**New Search Inquiry Page**

Orthell Kinnibrugh  
Home: (505) 746-3208

Arvin Kinnibrugh  
Home: (505) 746-3425

Randy Kinnibrugh  
Home: (505) 748-3736

Tracy Kinnibrugh  
~~Home: (505) 677-2100~~

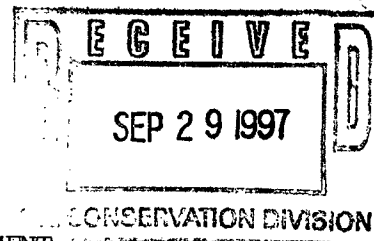


## Hot Oil Service, Inc.

P. O. Box 146  
Toro Hills, NM 88255  
Office: (505) 677-2262  
Artesia Office: (505) 746-6233  
Fax: (505) 677-2283

- 24 Hour Call -  
Artesia Answering Service  
(505) 746-4302

9/25/97



NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

RE: ROGER ANDERSON  
ENVIRONMENTAL BUREAU CHIEF

DEAR MR. ANDERSON:

O.K. HOT OIL SERVICE INC., WISHES NOT TO RENEW CURRENT PERMIT FOR TREATING PLANT LOCATED IN THE NW1/4, SECTION 29, TOWNSHIP 17 SOUTH, RANGE 29E, NMPM, EDDY COUNTY.

OUR PLANS ARE TO CLOSE THIS FACILITY AND RELOCATE TO ANOTHER LOCATION AND TO APPLY FOR ANOTHER PERMIT AT THE NEW LOCATION.

THE CURRENT FACILITY WILL BE COMPLETELY CLOSED AS OF JANUARY 1, 1998. THE CLOSURE PLANS WILL BE FORWARDED AS SOON AS POSSIBLE.

IF THERE ARE ANY QUESTIONS, PLEASE CONTACT ME AT (505) 677-2262.

SINCERELY,

Randy Kinnibrugh  
RANDY KINNIBRUGH  
O.K. HOT OIL SERVICE, INC.

6-10-99

Randy Kinnibrough

Robert Chase Transfer of Well Boar. For

Reclamation Plant.

+ Disposal Well

UIC

class 1 | class 2

Discharge Plan.

Cement top to Bottom

Bonding Requirement Estimate Closure  
Permitting Fee

spending Tubing Packer

Annul Filled In heat Fluid  
continues Recording.

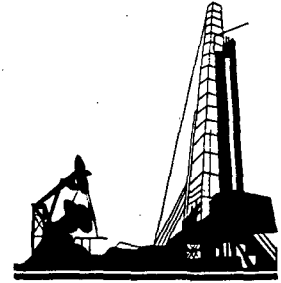
Cap Guidelines...

1/2 mile From Turkey Track.

Drillers  
(Dorothy Queen  
Queen Oil/Reas)

**OIL CONSERVATION DIVISION**

**2040 South Pacheco  
Santa Fe, NM 87505  
(505) 827-7133  
Fax: (505) 827-8177**



**(PLEASE DELIVER THIS FAX)**

**To:** Roger Anderson

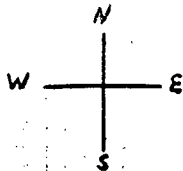
**From:** Martyne Kieling

**Date:** November 2, 1998

**Message:** Old Loco Oil OK Hot Oil Serv.

Page 1 of 14 2

**If you have any trouble receiving this, please call:  
(505) 827-7133**



U.S. HWY. 82

APPROX. 500 FT.

110 ft.

5.04 ACRES

DOUBLEWIDE  
MOBILEHOME

500 ft.

BEFORE EXAMINER QUINTANA  
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. \_\_\_\_\_

500 BBL.  
STORAGE TANK

400 BBL.  
GUN BBL.

210 BBL.  
SALES TANKS

210 BBL.  
WATER TANK

Addressed to Addressee's Address  
(to be used)





**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87506  
(505) 827-7131

June 27, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-277**

Mr. Orthell Kinnibrough  
Old Loco Oil  
P.O. Box 113  
Loco Hills, New Mexico 88255

**RE: Treating Plant Inspection**  
**Old Loco Oil**  
**NW 1/4, Sec. 29, Twn. 17S, Rng. 29E**  
**Eddy County, New Mexico**

Dear Mr. Kinnibrough:

The New Mexico Oil Conservation Division (OCD), inspected Old Loco Oil (Old Loco) treating plant located in the NW 1/4, Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, on March 31, 1997.

The OCD inspection and current file review of Old Loco indicates several permit deficiencies. Attachment 1 lists the permit deficiencies found at Old Loco during the inspection and the new Rule 711 requirements that are not on file with OCD. Attachment 2 contains photographs taken during the inspection. Old Loco shall provide OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. A response is required by Old Loco Oil to these deficiencies by August 27, 1997.

Pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The OCD is currently in the process of re-permitting all surface waste management facilities under the new Rule 711. Old Loco Oil treating plant is included under the new Rule 711. A copy of Order R-10411-B along with the new bond forms were given to Mr. Tracy and Mr. Randy Kinnibrough during the OCD inspection on March 31, 1997. A permit application, Form C-137 (Attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 13.

Please be advised that the bonding requirements have changed under the new Rule 711. The bonded amount will be based upon the estimated closure costs that the State of New Mexico would incur if a third party contractor were to remediate the facility (see Rule 711.B.1.(i)). Old Loco

Mr. Orthell Kinnibrough

June 27, 1997

Page 2

must have a new bond in place for the approved estimated closure amount prior to receiving a new waste management facility permit.

If you have any questions please do not hesitate to contact me at (505) 827-7153.

Sincerely,



Martyne J. Kielling  
Environmental Geologist

Attachments

xc: Artesia OCD Office

**ATTACHMENT I  
INSPECTION REPORT  
APRIL 31, 1997  
OLD LOCO OIL TREATING PLANT  
(Section 29, Township 17 South, Range 29 East)  
LOCO HILLS, NEW MEXICO**

1. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

**Empty drums and/or drums containing fluids were located at the facility (see pictures 1, and 2).**

**All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.**

2. **Process Area:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

**The tank piping and valve areas, the hot oiler truck and transfer hose area, the oil storage tank area, and the brine tank area show evidence of leaks and or spills reaching the ground surface (see pictures 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11).**

3. **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm so that leaks can be identified.

**The above ground oil and brine tanks at the facility do not have proper berming (see pictures 1, 2, 5, 7, 9, and 11).**

4. **Open Top Tanks and Pits:** To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered.

**The open top tanks at this facility exceed 16 feet in diameter and are not properly covered (See picture 9).**

5. **Above Ground Saddle Tanks:** Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

The unmarked saddle tank does not have the proper pad and curb containment (see picture 12).

6. **Tank Labeling:** All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

The tanks, saddle tank and drum were not labeled (see pictures 1, 2, 5, 7, 8, 9, 10, 11, 12).

7. **Below Grade Tanks/Sumps:** All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing and/or visual inspection of cleaned out tanks or sumps, or other OCD approved methods.

The below grade sumps at the tank outlet valves were full to over flowing and did not have secondary containment (see pictures 6, 8, 10, and 11). The below grade sump under the hot oiler truck contained oil and did not have secondary containment (see picture 3).

8. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter. Companies may propose various methods for testing such as pressure testing or other OCD approved methods.

9. **Housekeeping:** All systems designed for spill collection/prevention should be inspected frequently to ensure proper operation and to prevent overtopping or system failure.

There were very few spill collection/prevention systems evident at the facility. The facility was not buried, and did not contain locks on any valves. The tanks have stains and/or heavy oil build up on the exteriors indicating that they have been overtopped (see pictures 1, 2, 5, 6, 8, 9, and 10) and several tanks have holes and/or obvious leaks (see picture 5, 6, and 7).

10. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the appropriate OCD District Office.

Express receipt for Material

Spills were evident at tank valves, along pipes, at the hot oiler truck, from holes in tanks, and from overtopping of tanks (see pictures 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11).

11. **Security:** The facility shall be secured when no attendant is present, to prevent any unauthorized dumping. Securing the facility may included locks on tank valves, a perimeter fence and locked gate or other similar security measures.

Facility had a perimeter fence but no gate and the tank valves were not locked (see pictures 5, 6, and 11).

12. **Signs:** The facility shall have a sign in a conspicuous place at the facility. The sign shall be maintained in legible condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by quarter-quarter section, township and range, and c) emergency phone number.

The facility sign, located on the stair between tanks, was barley readable, did not have an emergency phone number, and was not visible at 50 feet.

13. **Application Requirements for Permit Under the New Rule 711:** An application, Form C-137, for a permit renewal shall be filed in DUPLICATE with the Santa Fe Office of the Division and ONE COPY with the Artesia OCD district office. The application shall comply with Division guidelines and shall include:

- (a) The names and addresses of the applicant and all principal officers of the business if different from the applicant;

**Please submit with C-137 application.**

- (b) A plat and topographic map showing the location of the facility in relation to governmental surveys (1/4 1/4 section , township, and range), highways or roads giving access to the facility site, watercourses, water sources, and dwellings within one (1) mile of the site;

**Please submit with C-137 application.**

- (c) The names and addresses of the surface owners of the real property on which the management facility is sited and surface owners of the real property of record within one mile of the site;

**Please submit with C-137 application.**

- (d) A description of the facility with a diagram indicating location of fences and cattle guards, and detailed construction/installation diagrams of any pits, liner, dikes, piping, sprayers, and tanks on the facility;

**Attached is a copy of what we have in the file please update the diagram to reflect any changes that have been made to the facility.**

- (e) A plan for management of approved wastes;

**Attached is a copy of what we have in the file please update this plan to reflect any changes that have been made in the waste management operations at Old Loco.**

- (f) A contingency plan for reporting a cleanup of spills or releases;

**Please submit with C-137 application.**

- (g) A routine inspection and maintenance plan to ensure permit compliance;

**Please submit with C-137 application.**

- (h) A Hydrogen Sulfide (H<sub>2</sub>S) Prevention and Contingency Plan to protect public health;

**Please submit with C-137 application.**

- (i) A closure Plan including a cost estimate sufficient to close the facility to protect public health and the environment; said estimate to be based upon the use of equipment normally available to a third party contractor;

**Please submit with C-137 application.**

- (j) Geological/hydrological evidence, including depth to and quality of groundwater beneath the site, demonstrating that disposal of oil field wastes will not adversely impact fresh water;

**Please submit with C-137 application.**

- (l) Certification by an authorized representative of the applicant that information submitted in the application is true, accurate and complete to the best of the applicant's knowledge.

**Please submit with C-137 application.**



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 18, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-340**

Mr. Orthell Kinnibrough  
Old Loco Oil  
P.O. Box 113  
Loco Hills, New Mexico 88255

**RE: Failure To Respond**  
**Treating Plant Inspection Report**  
**Old Loco Oil**  
**NW 1/4, Section 29, Township. 17 South, Range. 29 East**  
**Eddy County, New Mexico**

Dear Mr. Kinnibrough:

The New Mexico Oil Conservation Division (OCD), inspected Old Loco Oil treating plant located in the NW 1/4, Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, on March 31, 1997.

The OCD inspection and current file review of Old Loco Oil was followed by an inspection report dated June 27, 1997 which Old Loco Oil received on the June 30, 1997 (Attachment 1). Old Loco Oil was required to respond to the inspection report and, pursuant to 19 NMAC 15.I.711, submit an application for repermitting by August 27, 1997. Old Loco Oil has failed to comply with either requirement. Included with this letter is a copy of the original inspection report and attachments. Pursuant to 70-2-12.A NMSA 1978 as amended Old Loco Oil is required to respond to the list of permit deficiencies listed in the inspection report (Attachment 2) and submit an application for repermitting no later than September 29, 1997.

Failure to respond with the required information by September 29, 1997 may result in the issuance of an administrative order to cease operation and the scheduling of a show cause hearing on why the Old Loco Oil treating plant permit should not be revoked and the facility closed.

Mr. Orthell Kinnibrough  
September 18, 1997  
Page 2

If there are any questions please do not hesitate to contact me at (505) 827-7152.

Sincerely,

A handwritten signature in cursive script, appearing to read "Roger C. Anderson".

Roger C. Anderson  
Environmental Bureau Chief

Attachments

xc: Artesia OCD Office





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 18, 1997

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P.O. Box 113  
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Mr. Orthell Kinnibrough  
September 18, 1997  
Page 2

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Roger C. Anderson  
Environmental Bureau Chief

Attachments

xc: Artesia OCD Office

# ATTACHMENT 1

<u>Inspection Report</u>		<u>MJK 6/27/97</u>	
<b>SENDER:</b> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: <u>Mr. Orthell Kinnibrough</u> <u>OLD LODD OIL</u> <u>P.O. Box 113</u> <u>LOCO HILLS, NM 88255</u>		4a. Article Number <u>P-326-936-277</u>	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery <u>6-30-97</u>	
5. Received By: (Print Name) <u>Kandy Kinnibrough</u>		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) <u>Kandy Kinnibrough</u>			
PS Form 3811, December 1994		Domestic Return Receipt	

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

CERTIFIED RETURN RECEIPT



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Ernest L. Padilla  
Attorney at Law  
P. O. Box 2523  
Santa Fe, New Mexico 87502

Re: CASE NO. 8618  
ORDER NO. R-7970

Applicant:

Old Loco Oil

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*B. L. Smith*

R. L. STAMETS  
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD	<u>          x          </u>
Artesia OCD	<u>          x          </u>
Aztec OCD	<u>                          </u>

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

66000. 195814

RECEIVED BY

JUL 5 1985

O. C. D.  
ARTESIA, OFFICE

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

CASE NO. 8618  
Order No. R-7970

APPLICATION OF ORTHELL  
KINNIBRUGH, DBA OLD LOCO  
OIL, FOR THE RELOCATION OF  
AN OIL TREATING PLANT  
AUTHORIZED BY DIVISION ORDER  
NO. R-7532, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on June 5, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 2nd day of July, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Division Order No. R-7532 authorized Bill Scott, dba Cedar Lake Oil, on May 9, 1984, to construct and operate a chemical, catalytic, and heat-treatment type oil treating plant at its treatment facility located in the SW/4 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, for the processing of raw material from tank bottoms and waste pits.

(3) The applicant, Orthell Kinnibrugh, dba Old Loco Oil, seeks the relocation of said oil treatment plant to a more central location in the NW/4 of Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) The applicant further seeks an order reflecting a change in ownership from Bill Scott, dba Cedar Lake Oil to Orthell Kinnibrugh, dba Old Loco Oil.

(5) The applicant intends to operate said plant utilizing the same processes and equipment authorized in Division Order No. R-7532.

(6) The subject application should be approved as being in the best interests of conservation.

(7) A fire wall should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, waste oil, or water cannot escape from the immediate vicinity of such plant.

(8) The applicant should not retain any unprocessed or processed oil, wastes, or water in any earthen pit on the location.

(9) The proposed plant and method of processing will efficiently process, treat, and reclaim the aforementioned waste oil, thereby salvaging oil which would otherwise be wasted.

(10) The Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Orthell Kinnibrugh, dba Old Loco Oil, is hereby authorized to relocate and operate a chemical, catalytic, and heat-treatment type oil treating plant at his treatment facility located in the NW/4 of Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits.

PROVIDED HOWEVER THAT, the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER THAT, prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of

\$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

(2) The operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the site upon which the plant is located.

(3) A fire wall shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

(4) The storage of any oil or the disposal of waste water or any other waste accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(5) The Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(6) Jurisdiction of this cause is 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
R. L. STAMETS  
Director

S E A L  
fd/

ROUGH

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

JPQ 6/21/85

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

CASE NO. 8618

Order No. R-7970

*all*  
APPLICATION OF ORTHELL KINNIBRUGH,  
DBA OLD LOCO OIL, FOR THE RELOCATION  
OF AN OIL TREATING PLANT AUTHORIZED BY  
DIVISION ORDER NO. R-7532, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on JUNE 5,  
19 85, at Santa Fe, New Mexico, before Examiner GILBERT P. QUINTANA.

NOW, on this \_\_\_\_\_ day of JUNE, 19 85, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS THAT:

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



(2) DIVISION ORDER NO. R-7532 AUTHORIZED BILL SCOTT,  
DBA CEDAR LAKE OIL, ON MAY 9, 1984 ~~AUTHORIZED~~

~~seeks authority~~ to construct and operate a chemical, catalytic, and heat-treatment type oil treating plant at its treatment facility located in the SW/4 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, for the processing of raw material from tank bottoms and waste pits.

(3) THE APPLICANT, ORTHELL KINNIBRUGH, DBA OLD LOCO OIL,  
SEEKS THE RELOCATION OF SAID OIL TREATMENT <sup>PLANT</sup> TO A MORE  
CENTRAL LOCATION IN THE NW/4 OF SECTION 29, TOWNSHIP 17 SOUTH,  
RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO. ~~AND ALSO~~  
~~SEEKS THE APPLICANT FURTHER SEEKS AN ORDER~~

(4) THE APPLICANT FURTHER SEEKS AN ORDER REFLECTING  
A CHANGE IN OWNERSHIP FROM BILL SCOTT, DBA CEDAR LAKE OIL  
TO ORTHELL KINNIBRUGH, DBA OLD LOCO OIL.

(5) THE APPLICANT INTENDS TO OPERATE SAID PLANT UTILIZING  
THE SAME PROCESSES AND EQUIPMENT AUTHORIZED IN DIVISION  
ORDER NO. R-7532

(7) ~~That~~ the subject application should be approved as  
being in the best interests of conservation.

(3) ~~That~~ a fire wall should be constructed around the  
plant capable of holding the entire capacity of all tanks and  
vessels at the plant location in order that sediment oil,  
reclaimed oil, waste oil, or water cannot escape from the  
immediate vicinity of such plant.

(4) ~~That~~ the applicant should not retain any unprocessed  
or processed oil, wastes, or water in any earthen pit on the  
location.

(5) ~~That~~ the proposed plant and method of processing will  
efficiently process, treat, and reclaim the aforementioned

waste oil, thereby salvaging oil which would otherwise be wasted.

(6) ~~That~~ the Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

IT IS THEREFORE ORDERED:

(1) ~~That~~ the applicant, ~~Bill Scott~~ <sup>ORTHELL KINNIBRAUGH</sup>, dba ~~Cedar Lake Oil~~ <sup>OLD LOCO OIL</sup>, is hereby authorized to ~~install~~ <sup>relocate</sup> and operate a chemical, catalytic, and heat-treatment type oil treating plant at his treatment facility located in the NW/4 of Section 29, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits.

PROVIDED HOWEVER, ~~that~~ the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER, ~~that~~ prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

(2) ~~That~~ the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the site upon which the plant is located.

(3) ~~That~~ a fire wall shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

(4) ~~That~~ the storage of any oil or the disposal of waste water or any other waste accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in

any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(5) ~~That~~ the Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(6) ~~That~~ jurisdiction of this cause is 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
~~JOE D. RAMEY~~,  
Director

R.L. STAMETS

)  
S E A L

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

JPQ A/MG  
JL 6/20

CASE NO. ~~8618~~  
Order No. R-7532A

LOC OIL APPLICATION OF ORTHELL KINNIBRUGH, DBA OLD  
~~LAKE OIL, FOR AN OIL TREATING PLANT PERMIT, AMENDMENT OF DIVISION~~  
ORDER NO. R-7532, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on ~~May 9, 1984~~ <sup>JUNE 5 1985</sup>,  
at Santa Fe, New Mexico, before Examiner ~~Richard L. Stamets~~ <sup>GILBERT P. QUINTANA</sup>.

NOW, on this ~~23rd~~ <sup>JUNE</sup> day of ~~May~~ <sup>1985</sup>, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS THAT:

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

(2) THE APPLICANT, ORTHELL KINNIBRUGH, DBA OLD LOCO OIL,  
SEEKS THE AMENDMENT OF DIVISION ORDER NO. R-7532 TO  
REFLECT A CHANGE IN OWNERSHIP <sup>AND LOCATION</sup> OF ~~THE~~ THE SUBJECT  
OIL TREATING PLANT IN SAID ORDER. ~~AND~~

(3) ~~ALL OTHER~~ THE AMENDMENTS SHOULD BE GRANTED

IT IS THEREFORE ORDERED THAT:

(1) FINDING NO. (1) OF ~~THE~~ DIVISION ORDER NO. R-7532  
SHALL BE AMENDED TO READ IN ITS ENTIRETY AS FOLLOWS;

ORTHELL KINNIBRUGH, DBA OLD LOCO OIL,  
" (2) ~~That~~ the applicant, Bill Scott, dba Cedar Lake Oil,  
seeks authority to <sup>relocate</sup> construct and operate a chemical, catalytic,  
and heat-treatment type oil treating plant ~~at its treatment~~  
~~facility located in the NW/4 of Section 29, Township 17 South,~~  
Range ~~29~~ East, NMPM, Eddy County, New Mexico, for the  
processing of raw material from tank bottoms and waste pits."

(2) ORDER NO. (1) OF DIVISION ORDER NO. R-7532 SHALL  
BE AMENDED TO READ IN ITS ENTIRETY AS FOLLOWS;

ORTHELL KINNIBRUGH, DBA OLD LOCO OIL,  
" (1) ~~That~~ the applicant, Bill Scott, dba Cedar Lake Oil,  
is hereby authorized to <sup>relocate</sup> construct and operate a chemical,  
catalytic, and heat-treatment type oil treating plant ~~at his~~  
~~treatment facility located in the NW/4 of Section 29, Township~~  
17 South, Range ~~29~~ East, NMPM, Eddy County, New Mexico, for the  
purpose of treating and reclaiming sediment oil to be obtained  
from tank bottoms and waste pits. "

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

IN APPLICATION OF PROPOSED WASTE OIL TREATMENT  
FACILITY IN THE AREA OF LOCO HILLS, NEW MEXICO

*Exhibits 1 through 3  
Complete Set*

OPERATOR: ORTHELL KINNIBRUGH d/b/a OLD LOCO OIL

ADDRESS : BOX 113, LOCO HILLS, NEW MEXICO 88255

SITE

LOCATION: A Plant, situated on a five acre parcel approximately six miles west of Loco Hills, New Mexico on Highway 82 between Artesia and Lovington. This facility will be constructed for the purpose of reclaiming, treating and processing waste oil taken from pit bottoms which have been abandoned or which have been mandated for clean-up in accordance with environmental regulations. Thereafter the processed waste oil will be marketed.

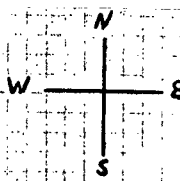
EQUIPMENT: Initially, the physical facility shall contain the following equipment: (1) One 500 Barrel Receiving tank (2) One 400 Barrel Welded Cone Bottom Tank for Processing Waste and Storing Waste Product (3) Three 110 Barrel Tanks for storing Marketable Oil (4) One 210 Waste Water Disposal Tank (5) One Pump for moving fluid in and out of tanks (6) Supporting Facility such as an office, pump house, fencing as necessary, dikes and other structures as may be required for the safe and efficient operation of the Plant.

FUTURE  
EXPANSION: Economics of production trends may dictate the addition of at least one 1000 Barrel receiving tank, other tanks for receiving and/or processing and storing waste and processed products, and heating facility.

PROPOSED MODE  
OF OPERATIONS: Pit Bottoms will be transported by truck to the treating plant where the material will be put through the various stages of processing. Depending on the content, grade and impurity of the material, some or all of the treating processes may be used.

BOND: Applicant has obtained a performance bond as required under Rule 312 of the Rules and Regulations of the Oil Conservation Division.

BEFORE EXAMINER QUINTANA	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	1
CASE NO.	8618



U.S. HWY 82

APPROX. 500 FT.

110 FT.

5.04 ACRES

DOUBLEWIDE  
MOBILE HOME

APPROX. 680 FT.

500 FT.

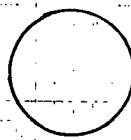
BEFORE EXAMINER QUINTANA  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 2  
CASE NO. \_\_\_\_\_

500 BBL  
STORAGE TANK

400 BBL.  
GUN BBL.

210 BBL.  
SALES TANKS

210 BBL.  
WATER TANK





NEW MEXICO  
OIL CONSERVATION DIVISION OF THE  
ENERGY & MINERALS DEPARTMENT

\$10,000.00 TREATING PLANT BOND

BOND NO. FS150097  
(For Use of Surety Company)

File with Oil Conservation Division, P. O. Box 2088, Santa Fe,  
New Mexico 87501.

KNOW ALL MEN BY THESE PRESENTS:

That Orthell Kinnibrugh dba Old Loco Oil, (an individual)  
(~~partnership~~) ~~or corporation~~ organized in the State of New Mexico,  
with its principal office in the city of Loco Hills State of  
New Mexico, and authorized to do business in the State of  
New Mexico), as PRINCIPAL, and Allied Fidelity Insurance Co.,  
a corporation organized and existing under the laws of the State of  
Indiana, and authorized to do business in the State of  
New Mexico with duly appointed resident agent licensed in the State of  
New Mexico to execute this bond on behalf of the surety company, as  
SURETY, are held firmly bound unto the State of New Mexico, for the  
use and benefit of the Oil Conservation Division of the Energy &  
Minerals Department pursuant to Chapter 72, Laws of New Mexico, 1935,  
as amended, and to the State of New Mexico in the sum of Ten Thousand  
(\$10,000.00) Dollars lawful money of the United States for the payment  
of which, well and truly to be made, said PRINCIPAL and SURETY hereby  
bind themselves, their successors and assigns, jointly and severally,  
firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter  
enter into the process of treating and reclaiming sediment oil within  
the State of New Mexico,

NOW, THEREFORE, This \$10,000.00 performance bond is conditioned  
upon substantial compliance with all applicable statutes of the State  
of New Mexico and all rules, regulations, and orders of the Oil  
Conservation Division of the Energy and Minerals Department; other-  
wise the principal amount of the bond to be forfeited to the State  
of New Mexico.

PROVIDED, HOWEVER, That sixty (60) days after receipt by the  
Oil Conservation Division of written notice of cancellation from  
the Surety, the obligation of the Surety shall terminate as to  
activities or operations conducted by PRINCIPAL after said sixty  
(60) day period but shall continue in effect, notwithstanding said  
notice, as to such activities or operations conducted or commenced  
before the expiration of the sixty day period.

Signed and sealed this 3rd day of June, 19 85.

Orthell Kinnibrugh dba Old Loco Oil

PRINCIPAL

Allied Fidelity Insurance Co.

SURETY

By Orthell Kinnibrugh President  
Signature Title

By Ronnie A. Letcher  
Attorney-in-Fact

Ronnie A. Letcher

BEFORE EXAMINER QUINTANA  
OIL CONSERVATION DIVISION

EXHIBIT NO. 3

CASE NO. \_\_\_\_\_

(See Reverse Side)

(Note: Principal, if corporation  
Affix corporate seal here.)

(Note: Corporate surety affix  
corporate seal here.)

(Note: If corporate surety executes this bond by an attorney-in-fact  
not in New Mexico, the resident New Mexico agent shall  
countersign here below.)

Countersigned by:

\_\_\_\_\_  
New Mexico Resident Agent

\_\_\_\_\_  
Address

STATE OF New Mexico )  
COUNTY OF Eddy ) ss.

On this 3rd day of June, 19 85, before me personally  
appeared Orthell Kinnibrugh, to me known to be the person  
(persons) described in and who executed the foregoing instrument and  
acknowledged that he (they) executed the same as his (their) free act  
and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the  
day and year in this certificate first above written.

Robbi G. White

\_\_\_\_\_  
Notary Public

Robbi G. White

August 13, 1988  
My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me  
personally appeared \_\_\_\_\_, to me personally  
known who, being by me duly sworn, did say that he is \_\_\_\_\_  
of \_\_\_\_\_ and that the  
foregoing instrument was signed and sealed on behalf of said corporation  
by authority of its board of directors, and acknowledged said instru-  
ment to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the  
day and year in this certificate first above written.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me  
appeared \_\_\_\_\_, to me personally known,  
who, being by me duly sworn, did say that he is \_\_\_\_\_  
of \_\_\_\_\_ and that the  
foregoing instrument was signed and sealed on behalf of said corporation  
by authority of its board of directors, and acknowledged said instru-  
ment to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the  
day and year in this certificate first above written.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My Commission Expires

(Note: Corporate surety attach power of attorney)

APPROVED BY:  
OIL CONSERVATION DIVISION

By \_\_\_\_\_



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

5 June 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Old Loco Oil for the  
amendment of Division Order No.  
R-7532, Eddy County, New Mexico.

CASE  
8618

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Maryann Lunderman  
Attorney at Law  
Energy and Minerals Dept.  
Santa Fe, New Mexico 87501

For the Applicant:

Ernest L. Padilla  
Attorney at Law  
P. O. Box 2523  
Santa Fe, New Mexico 87501

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## I N D E X

RANDY KINNIBRUGH

Direct Examination by Mr. Padilla 3

Cross Examination by Mr. Quintana 10

## E X H I B I T S

Applicant Exhibit One, Proposal 6

Applicant Exhibit Two, Diagram 6

Applicant Exhibit Three, Bond 9

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MR. QUINTANA: We'll call next  
Case 8618.

MS. LUNDERMAN: Application of  
Old Loco Oil for the amendment of Division Order No. R-7532,  
Eddy County, New Mexico.

MR. PADILLA: Mr. Examiner, my  
name is Ernest L. Padilla, Santa Fe, New Mexico, for the ap-  
plicant.

I have one witness to be sworn.

MR. QUINTANA: Are there other  
appearances in this case?

If not, would your witness  
please stand and be sworn in at this time?

(Witness sworn.)

RANDY KINNIBRUGH,  
being called as a witness and being duly sworn upon his  
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. PADILLA:

Q Mr. Kinnibrugh, for the record would you  
please state your name --

1 A My name is --

2 Q -- and where you reside?

3 A -- Randy Kinnibrugh. I reside at 1806  
4 Hermosa in Artesia.

5 Q What is your connection with the appli-  
6 cant, Orthell Kinnibrugh d/b/a Old Loco Oil?

7 A He is my father. I am a co-owner in Old  
8 Loco Oil and Operations Manager.

9 Q Will Mr. -- your father be designated the  
10 formal operator in this application?

11 A Right, he'll be the official operator.

12 Q Can you briefly tell us what the purpose  
13 of the application is today?

14 A This is a proposal for a waste oil treat-  
15 ment plant and the method of operations.

16 Q Is it your intention to move an existing  
17 plant to another location?

18 A Yes, sir, we're planning to move the  
19 plant to another location that will be more centrally lo-  
20 cated to where we were and can be managed better.

21 Q Now, the previous plant was authorized by  
22 Order No. R-7532.

23 Your intention is to continue the same  
24 type of operation, is that correct?

25 A Right, it will be the same type of opera-

1 tion.

2 Q Have you bought out the existing opera-  
3 tor?

4 A We are now the owner. We just want to  
5 move the location.

6 Q What is your work experience in the oil  
7 and gas industry?

8 A I've worked in the oilfield since I was  
9 17, some 16 years ago, and for the last five years I've been  
10 self-employed in the hot oil business.

11 Q Do you intend to incorporate your hot oil  
12 business with the treating plant operation?

13 A No, they will be operated separately.

14 Q Okay.

15 MR. PADILLA: Mr. Examiner, we  
16 tender Mr. Kinnibrugh as owner of the -- qualified to test-  
17 ify as owner of the -- part owner of the treating plant.

18 MR. QUINTANA: He is considered  
19 qualified.

20 You may proceed.

21 Q Let me ask you -- let me hand you what we  
22 have marked as Exhibit Number One and have you --

23 MR. PADILLA: Well, first of  
24 all, Mr. Examiner, let me hand you a copy of Division Order  
25 R-7532 and ask that you take administrative notice of that.

1 MR. QUINTANA: Administrative  
2 notice will be taken of Case Number 8174, Order No. R-7532.

3 Q Okay. Going on to Exhibit Number One,  
4 would you tell us what that is and what it contains?

5 A Okay. This is a proposal for the waste  
6 oil treatment facility and the location, the equipment, and  
7 the method of operation.

8 Q Okay. Where is the plant going to be lo-  
9 cated?

10 A It will located on the Artesia-Lovington  
11 highway, five miles west of Loco Hills.

12 Q Okay. Let's go now to what we have mar-  
13 ked as Exhibit Number Two and have you tell us what that is.

14 A Okay, this is a plat, or diagram, of the  
15 treating facility and the surrounding buildings.

16 Q Okay, in relation to Highway 82, where is  
17 your plant going to be located?

18 A From Highway 82 it will be approximately  
19 610 feet from the highway.

20 Q Now I show -- you show on that drawing a  
21 doublewide mobile home. How far is that from the proposed  
22 plant?

23 A It will be at least 500 feet, maybe a  
24 little more.

25 Q Okay. Will you have any type of fire-

1 walls or any other dikes around the plant?

2 A We don't -- there's not one shown on this  
3 plat. We propose to put one between the doublewide mobile  
4 home and the storage facility just for safety's sake.

5 Q Your -- does your understanding of the  
6 regulations indicate that you need to have firewalls around  
7 the plant or other dikes?

8 A As long as 500 feet away it's supposed to  
9 be all right.

10 Q Should that be required, would you be  
11 willing to do that?

12 A Yes, of course.

13 Q Going now to -- could you describe the  
14 type of equipment that you're going to have on the plant?

15 A Okay. It will consist of one 500-barrel  
16 storage tank, one 400-gunbarrel, three 210-barrel sales  
17 tanks, and one 210-barrel water disposal tank.

18 Q Is the 500-barrel storage tank the re-  
19 ceiving tank?

20 A Right, that's where all the storage --  
21 the oil will be brought into the plant.

22 Q And how -- how will you then treat that  
23 waste oil?

24 A Okay. Oil will be transferred from the  
25 500-barrel storage tank into the 400-barrel gunbarrel by

1 either heat or chemical, depending on the impurities in the  
2 oil.

3 The good oil will float from the 400-bar-  
4 rel gunbarrel to the 210-barrel sales tanks and the waste  
5 water will go into the 210-barrel water tank.

6 Q You're going to have some waste resulting  
7 from your operations. What are you going to do with that?

8 A That will be transferred to a State-ap-  
9 proved disposal in Loco Hills.

10 Q How about solid waste?

11 A Solid waste will be the same thing.

12 Q Okay. Tell us about future expansion of  
13 the plant should it be necessary.

14 A We may need to expand our storage facili-  
15 ties, so we may put 1000-barrel storage tank to the south  
16 and west of the existing 500-barrel tank.

17 Q In other words, it will not be placed  
18 north of the 500 --

19 A Right.

20 Q -- gallon, or barrel tank?

21 That will still keep you 500 feet away  
22 from the mobile home?

23 A Right, yes, sir.

24 Q What is the terrain like in the area of  
25 the plant?



1 A It's level ground, flat ground.

2 Q There's no incline of any sort?

3 A None.

4 Q Let's move on to what we have marked as  
5 Exhibit Number Three and tell us what that is.

6 A Okay. This a \$10,000 treating plant bond  
7 made out to Orthell Kinnibrugh d/b/a Oil Loco Oil, signed  
8 and sealed on the 3rd day of June, 1985.

9 Q Okay. If this application is granted, do  
10 you intend to comply with all the reports and regulations of  
11 the Oil Conservation Division insofar as operating the  
12 treating plant?

13 A Yes, we will comply with all regulations.

14 Q Okay. In your opinion will the granting  
15 of this application be in the best interest of conservation  
16 of oil?

17 A Yes, in my opinion it would be, but also  
18 it will prevent waste and it would reclaim oil that other-  
19 wise would not be salable.

20 Q Do you have anything further to add to  
21 your testimony?

22 A I can't think of anything.

23 MR. PADILLA: Mr. Examiner, we  
24 offer Exhibits One, Two, and Three and we tender the witness  
25 for questioning.

1 MR. QUINTANA: Exhibits One  
2 through Three will be entered as evidence.

3  
4 CROSS EXAMINATION

5 BY MR. QUINTANA:

6 Q Let me clarify your request.

7 Your request is to abandon Order No. R-  
8 7532, to change the location and the name of the operator.

9 Other than that, you plan to abide by the  
10 previous order?

11 A Right, it would be the same operation  
12 only a little better managed.

13 Q Fine.

14 MR. QUINTANA: I have no  
15 questions of the witness.

16 Are there any further questions  
17 of the witness?

18 If not, he may be excused.

19 Case 8618 will be taken under  
20 advisement.

21

22 (Hearing concluded.)

23

24

25

## 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

I do hereby certify that the foregoing is  
a correct and true transcript of the proceedings in  
the Examiner's hearing of Case No. 8618,  
heard by me on JUNE 5 19 85.

William P. Quintana, Examiner  
Oil Conservation Division

THE COMMISSION HEARING SCHEDULED FOR MAY 29, 1985, HAS BEEN CONTINUED TO JUNE 12, 1985, AT 9 O'CLOCK A.M. IN THE OIL CONSERVATION DIVISION CONFERENCE ROOM.

Dockets Nos. 20-85 and 21-85 are tentatively set for June 19th and July 2, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 5, 1985

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

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 8599: (Continued from May 22, 1985, Examiner Hearing)

Application of L. L. Robinett to remove and market oil from the Ogalalla formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to remove and market oil from the Ogalalla formation underlying the S/2 SE/4 of Section 29, Township 19 South, Range 37 East, without restriction concerning the method of operation or quantity of oil recovered.

CASE 8461: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Alpha Twenty-One Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Grayburg formation underlying the SE/4 NE/4 of Section 32, Township 18 South, Range 37 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 8600: (Continued from May 22, 1985, Examiner Hearing)

Application of Wayne Newkumet for the contraction and extension of the horizontal limits of two Permo Pennsylvanian oil pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the North Morton-Permo Pennsylvanian Pool by the deletion therefrom of the S/2 of Section 25, SE/4 of Section 26, and the N/2 of Section 36, Township 14 South, Range 34 East, and the extension of the High Plains-Permo Pennsylvanian Pool to include the SW/4 of Section 25, the SE/4 of Section 26, and the NW/4 of Section 36, Township 14 South, Range 34 East. Applicant also seeks an exception to the well location requirements for the High Plains-Permo Pennsylvanian Pool for any well reclassified from the North Morton-Permo Pennsylvanian Pool, which well's location does not satisfy the High Plains-Permo Pennsylvanian Pool Rules requirements.

CASE 8601: (Continued from May 22, 1985, Examiner Hearing)

Application of Read & Stevens, Inc. for three unorthodox gas well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox gas well locations in the Buffalo Valley-Pennsylvanian Gas Pool at the following locations, all within Township 15 South, Range 27 East:

Langley Federal Com Well No. 4  
1570' FNL - 1780' FEL  
Section 14, N/2 dedication;

Langley Federal Com Well No. 3  
1190' FSL - 2310' FEL  
Section 14, S/2 dedication;

Toles Federal Well No. 2  
1980' FSL - 990' FWL  
Section 24, S/2 dedication.

CASE 8563: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Cabot Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres and Glorieta formations in the open-hole interval from 4583 feet to 6730 feet in the J. L. Reed Well No. 3 located 1980 feet from the North line and 1650 feet from the East line of Section 15, Township 13 South, Range 37 East.

CASE 8602: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of TXO Production Corp. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying the NW/4 of Section 29, Township 22 South, Range 26 East, to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools dedicated on 160-acre spacing, to be dedicated to a well to be drilled at a standard location thereon. Applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit within said vertical limits also to be dedicated to the above-mentioned well at a standard gas well location for a 320-acre gas spacing and proration unit. In the event oil is encountered in any producing horizon from the surface to the base of the Morrow formation, the applicant proposes to dedicate the SW/4 NW/4 of said Section 29, forming a standard 40-acre oil spacing and proration unit also to be dedicated to said well. Also to be considered, in any case, 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 8564: (Continued from May 22, 1985 Examiner Hearing)

Application of the Commissioner of Public Lands for the State of New Mexico for amendment of Division Order No. R-7817, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7817 to rescind that portion of said Order No. R-7817 which authorized TXO Production Corp. to pool all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East.

CASE 8603: (Continued from May 22, 1985, Examiner Hearing)

Application of Sage Energy Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "C" member of the Cisco formation in the perforated interval from 9777 feet to 9795 feet in its Cabot State Well No. 4 located 1980 feet from the North and East lines of Section 32, Township 8 South, Range 36 East.

CASE 8604: (Continued from May 22, 1985, Examiner Hearing)

Application of HCW Exploration, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool, underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre non-standard gas proration unit 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 8605: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman to rescind Division Order No. R-3690, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rescind Division Order No. R-3690 which authorized the disposal of produced water into the Seven Rivers formation through the Etz Well No. 3 located 330 feet from the South line and 1650 feet from the West line of Section 27, Township 23 South, Range 36 East, Jalmat Gas Pool, in which HCW Exploration, Inc. is the operator.

CASE 8594: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit, and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the SE/4 of Section 27, Township 23 South, Range 36 East, forming a 160-acre spacing and proration unit, to be dedicated to a well to be drilled 660 feet from the South line and 330 feet from the East line of said Section 27. Applicant further seeks approval for a 160-acre non-standard Jalmat Gas Pool spacing and proration unit comprising said SE/4 of Section 27 also to be dedicated to the aforementioned well which is an unorthodox gas well location in the Jalmat Gas Pool. 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 8609: (Continued from May 22, 1985, Examiner Hearing) (This case will be continued to June 19, 1985)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Union Texas State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 17, Township 19 South, Range 29 East, Turkey Track-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8610: (Continued from May 22, 1985, Examiner Hearing) (This case will be continued to June 19, 1985)

Application of Hondo Drilling Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Alscott Federal Well No. 1 located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 31, Township 18 South, Range 29 East, North Turkey Track-Cisco Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8611: (Continued from May 22, 1985, Examiner Hearing) (This case will be continued to June 19, 1985)

Application of Hondo Drilling Company for five HARDSHIP GAS WELL CLASSIFICATIONS, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that each of the following described wells in Township 18 South, Range 29 East, North Turkey Track-Morrow Gas Pool, are hardship gas wells which should be granted priority access to pipeline takes in order to avoid waste:

Alscott Federal Well No. 2  
660' FSL - 1980' FEL (Unit O)  
Section 30

Alscott Federal Well No. 3  
660' FSL - 1980' FEL (Unit O)  
Section 31

Trigg Jennings Com Well No. 1  
660' FSL - 1980' FWL (Unit N)  
Section 28

Wright Federal Com Well No. 1  
660' FSL - 1980' FWL (Unit N)  
Section 29

Wright Federal Com Well No. 2  
1980' FNL - 1980' FEL (Unit G)  
Section 29

CASE 8533: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Ike Lovelady, Inc. for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Sam H. Snoddy Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 26, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8576: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 89 located 2300 feet from the South line and 1830 feet from the West line (Unit K) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8577: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 91 located 1140 feet from the North line and 1840 feet from the East line (Unit B) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8578: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 88 located 2450 feet from the North line and 1850 feet from the East line (Unit G) of Section 34, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8579: (Continued from May 22, 1985, Examiner Hearing) (This case will be dismissed)

Application of Northwest Pipeline Corporation for HARDSHIP GAS WELL CLASSIFICATION, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its San Juan 29-5 Unit Well No. 90 located 1180 feet from the South line and 1750 feet from the West line (Unit N) of Section 35, Township 29 North, Range 5 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8612: (Continued from May 22, 1985, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider an order creating, abolishing, contracting and assigning a discovery allowable to certain pools in Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production and designated as the Railroad Mountain-Fusselman Gas Pool. The discovery well is Stevens Operating Company, O'Brien OO #1 located in Unit F of Section 33, Township 7 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM

Section 33: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Tamano-Bone Spring Pool. The discovery well is the Harvey E. Yates Co., Mesquite 2 State #1 located in Unit O of Section 2, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 2: SE/4

- (c) ABOLISH the South Leo-Seven Rivers Queen Grayburg San Andres Pool in Eddy County, New Mexico, and the acreage included therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2

- (d) CONTRACT the horizontal limits of the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, by the deletion of the following acreage:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 1: All

- (e) ASSIGN a discovery allowable of 21,340 barrels to an existing pool in Eddy County, New Mexico. Said pool is the Shugart Yates Seven Rivers Queen Grayburg Pool. Said discovery well is the Siate Oil & Gas Co., Geronimo Federal #1 located in Unit G of Section 24, Township 18 South, Range 31 East.
- (f) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 19: All

- (g) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 3: N/2

- (h) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 33: All

Section 34: All

- (i) EXTEND the Four Mile Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 36: S/2

- (j) EXTEND the Los Madanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

Section 8: All

- (k) EXTEND the Race Track-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 6: SW/4

- (l) EXTEND the Richard Knob-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 8: S/2



- (m) EXTEND the Turkey Track-Seven Rivers Queen Grayburg San Andres Pool in Eddy County, New Mexico, to include the abolished acreage of the South Leo-Seven Rivers Queen Grayburg San Andres Pool therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 35: SE/4  
Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2

- CASE 8613: Application of Jubilee Energy Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 4482 feet to 4502 feet in its Exxon Federal Well No. 2 located 705 feet from the South line and 660 feet from the West line of Section 9, Township 26 South, Range 32 East, North Mason Delaware Pool.
- CASE 8614: Application of Yates Petroleum Corporation for an exception to the Special Rules and Regulations for the Bluitt-San Andres Associated Pool as promulgated by Division Order No. R-5353, as amended, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Bluitt-San Andres Associated Pool as promulgated by Division Order No. R-5353, as amended, to authorize an unorthodox gas well location for its Bluestem "ZL" Federal Well No. 1 to be located 1650 feet from the North line and 2310 feet from the East line of Section 20, Township 8 South, Range 38 East, the S/2 NE/4 and N/2 SE/4 of said Section 20 to be dedicated to said well forming a non-standard 160-acre gas spacing and proration unit in said pool.
- CASE 8593: (Continued from May 22, 1985, Examiner Hearing)
- Application of Corinne B. Grace for **HARDSHIP GAS WELL CLASSIFICATION**, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Carlsbad Grace Well No. 1 located 1980 feet from the South line and 660 feet from the East line of Section 36, Township 22 South, Range 26 East, South Carlsbad-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8615: Application of Corinne Grace for **HARDSHIP GAS WELL CLASSIFICATION**, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Poco Loco Well No. 1 located 1980 feet from the South and West lines of Section 8, Township 15 South, Range 30 East, Double "L"-Queen Associated Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8616: Application of MorOilCo, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 330 feet from the North and East lines of Section 33, Township 19 South, Range 34 East, Seven Rivers formation, the NE/4 of said Section 33 to be dedicated to the well.
- CASE 8617: Application of MorOilCo, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen and Grayburg formations in the perforated interval from 2264 feet to 2650 feet in its West Guajalote State Well No. 2 located 660 feet from the South line and 1980 feet from the East line of Section 5, Township 19 South, Range 29 East.
- CASE 8618: Application of Old Loco Oil for the amendment of Division Order No. R-7532, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7532 authorizing the applicant to relocate the approved oil treating plant to a new site in Section 29, Township 17 South, Range 29 East, and to be named the operator of said facility.
- CASE 8545: (Continued from May 22, 1985, Examiner Hearing)
- Application of Myco Industries for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,820 feet to 14,200 feet in the Shell Oil Company Big Eddy Unit Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 21 South, Range 28 East.

CASE 8556: (Continued from May 22, 1985, Examiner Hearing)

Application of Southland Royalty Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Duffield-Pennsylvanian Gas Pool located in the SW/4 of Section 21, Township 16 South, Range 27 East, which was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the subject pool.

CASE 8608: (Continued and Readvertised)

Application of Southland Royalty Company for a non-standard gas spacing and proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 15, Township 29 North, Range 14 West, Basin-Dakota Pool.

CASE 8568: (Continued from May 8, 1985, Examiner Hearing)

Application of Southland Royalty Company for pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production comprising the SE/4 SE/4 of Section 32, Township 18 South, Range 35 East, and the assignment of a discovery allowable in the amount of 55,620 barrels for its Peoples State 32 Well No. 1.

CASE 8606: (Continued from May 22, 1985, Examiner Hearing)

Application of Doyle Hartman for simultaneous dedication and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Jalmat Gas Pool underlying the NW/4 of Section 8, Township 24 South, Range 37 East, forming a previously approved 160-acre non-standard spacing and proration unit in the Jalmat Gas Pool, to be simultaneously dedicated to his existing E. E. Jack Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 8 and his proposed E. E. Jack Well No. 5 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 8607: (Continued from May 22, 1985, Examiner Hearing)

Application of ARCO Oil and Gas Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Ojito Gallup-Dakota Oil Pool to provide for 160-acre spacing or proration units.

CASE 8619: Application of Mesa Petroleum Co. for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 2270 feet from the North line and 1390 feet from the East line of Section 9, Township 20 North, Range 2 West, Rio Puerco-Mancos Pool, the E/2 of said Section 9 to be dedicated to the well.CASE 8620: Application of Mesa Petroleum Co. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Scharb-Bone Spring Pool in Lea County, New Mexico, including a gas-oil ratio limitation of 14,000 cubic feet of gas per barrel of oil.CASE 8621: Application of Kaiser-Francis Oil Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal "30" Well No. 2 located 2310 feet from the South line and 1980 feet from the West line of Section 30, Township 19 South, Range 33 East, Gem-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.CASE 8622: Application of Pennzoil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to 11,800 feet underlying the E/2 SE/4 of Section 4, Township 17 South, Range 37 East, forming an 80-acre spacing and proration unit for any and all formations and/or pools dedicated on 80-acre spacing, 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 8623: Application of Caulkins Oil Company for dual completion, downhole commingling, and non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Kaine Well No. 1-R to be located at a standard location in the NE/4 of Section 20, Township 26 North, Range 6 West, in such a manner that Blanco-Mesaverde and Basin-Dakota production would be commingled separately and the aforesaid intervals dually completed with commingled South Blanco-Pictured Cliffs and Otero-Chacra production and both commingled zones produced through parallel strings of tubing. The applicant further seeks approval of a 160-acre non-standard gas spacing and proration unit in the Basin-Dakota and Blanco-Mesaverde Pools comprising the NE/4 of said Section 20.

CASE 8624: Application of Cities Service Oil & Gas Corporation for pool creation and contraction, and assignment of a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Corbin Queen Pool by the deletion therefrom of the SW/4 of Section 3, SE/4 of Section 4, E/2 of Section 9, W/2 of Section 10 and NE/4 of Section 16, Township 18 South, Range 33 East; the creation of a new oil pool for Queen production comprising the aforementioned area in Township 18 South, Range 33 East, and the assignment of a discovery allowable for its Federal "AA" Well No. 1 located 990 feet from the North line and 1980 feet from the East line of said Section 9.

CASE 8560: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 11: S/2  
 Section 14: All  
 Section 15: All  
 Section 16: All  
 Section 18: W/2  
 Section 19: W/2  
 Section 21: E/2  
 Section 22: W/2  
 Section 23: E/2  
 Section 27: W/2  
 Section 34: NW/4

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 13: N/2  
 Section 14: NE/4

CASE 8625: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Antelope Ridge-Bone Spring Pool. The discovery well is the Curry Resources Curry State Well No. 1 located in Unit A of Section 22, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 22: NE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Bilbrey-Atoka Gas Pool. The discovery well is the Getty Oil Company Bilbrey Fed Com Well No. 1 located in Unit C of Section 4, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 4: N/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the South Button Mesa-Pennsylvanian Pool. The discovery well is the Yates Petroleum Corporation Patton AAR State Well No. 1 located in Unit I of Section 5, Township 9 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM

Section 5: SE/4

- (d) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Cisco production and designated as the East New Hope-Cisco Gas Pool. The discovery well is the L & B Oil Company, Inc. Boys Ranch Well No. 1 located in Unit O of Section 29, Township 6 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM

Section 29: S/2

- (e) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM

Section 13: NW/4

- (f) EXTEND the West Caprock-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM

Section 14: E/2

- (g) EXTEND the EK-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 36: NW/4

- (h) EXTEND the Eunice Monument Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM

Section 32: NE/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 28: NE/4

- (j) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 11: NE/4

- (k) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM

Section 17: W/2

- (l) EXTEND the Saunders-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 10: NE/4

- (m) EXTEND the East Skaggs-Abo Pool Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 19: S/2 NE/4 and SE/4  
 Section 20: SW/4  
 Section 29: NW/4

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM

Section 35: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 7: SE/4

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Docket No. 18-85

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 12, 1985

8:45 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Michael E. Stogner, Examiner, or Gilbert P. Quintana, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1985, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1985, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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Docket No. 19-85.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 12, 1985

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

CASE 8447: (Continued from May 29, 1985, Examiner Hearing) (De Novo)

Application of Chama Petroleum Company to limit the Lea-Pennsylvanian Gas Pool Rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to limit pool rules for the Lea-Pennsylvanian Gas Pool in Township 20 South, Range 34 East, to the pool boundaries only. Upon request of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8400: (Continued and Readvertised)

Application of Jack J. Grynberg for amendment of Division Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6873 to 1) declare the applicant to be the operator of said Order's subject well and unit, 2) allow for the drilling of a second PrePermian well on the established 320-acre proration unit and 3) the establishment of risk factor and overhead charges for the new well.

Office (505) 677-2262  
Orthell Kinnibrugh  
Randy Kinnibrugh  
Home (505) 746-6569

**O K**  
**HOT OIL SERVICE, INC.**  
P. O. Box 146  
LOCO HILLS, NEW MEXICO 88255

*Case 8618*

April 18, 1985

Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, N.M. 87501  
Atten: Richard L. Staments

Re: Change of Operator  
and location of re-  
claiming station

Gentlemen:

This is an application for change of operator and location  
of Cedar Lake Oil- S W 4-19-17-31 to ~~Old Loco Oil, Inc.~~ - N W  
4-29-17-29.

We request a hearing for an ammendment to case # 8174, Order  
# R-7532. We thank you for your cooperation in this matter. Our bond  
will be forth coming as soon as possible.

Sincerely,

*Orthell Kinnibrugh*  
Orthell Kinnibrugh

O K Hot Oil Service, Inc.