

NM1 - 22

**GENERAL
CORRESPONDENCE**

YEAR(S):



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 13, 2004

Mr. Kyle B. Combest
Combest Geoscience
P.O. Box 827
San Angelo, TX 76902

Dear Mr. Combest:

The New Mexico Oil Conservation Division has received the "Annual Ground Water Monitoring Results for the Pool Company Texas LTD Saltwater Disposal Facility" dated July 6, 2004. Groundwater monitoring at this site may be discontinued and the monitor well may be plugged according to standard industry practices.

This approval does not relieve Pool Company Texas LTD of future liability should their operations at this site prove to have caused harm to the groundwater or the environment. Nor does it relieve Pool Company Texas LTD of its responsibility to comply with the rules and regulations of any other federal, state, or local governmental entity.

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

NEW MEXICO OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Ed Martin".

Edwin E. Martin
Environmental Bureau

Cc: Trip Ellison, Pool Company Texas LTD, Houston
Benny Baldwin, Pool Company Texas LTD, Hobbs

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

MEMORANDUM OF MEETING OR CONVERSATION

Telephone _____ Personal _____ Time 9:30 Date 9-28-00
2:00
Left message

Originating Party Martyre Kieling Other Parties Benny Baldwin
Pool

Subject Treating Plant Permit

Discussion 1) C-137 Application on file is AA-1997 Benny Baldwin.
2) Address to Benny? or Randel Stafford
3) Financial Assurance is Fine
4) Who to send Draft Permit to?
5) Who to send Inspection Report to?

Conclusions or Agreements _____

Distribution _____ Signed _____

Pool 5-31-00

Bill Morrill Safety Training

* Benny Baldwin Manager

Kyle B. Contact Geo Science

Marketing, Donald Williams, Jack Ford

Summers well completed on a vacuum

Cleanup of Bsm + spill

25' took cl samples.

3 Hubs Drilled.

Groundwater at 45'

1 FT L100 compost

Excavated Soil to CRT

Clean Fill on site.

325 X 250 Fenced Area.

Pool Treating Plant Commercial

4 Tall tanks 400

2 med 500

2 short low 800 gal



Packards

Wind Sock

H2S Monitoring

Cleared ceiling 18 inches.

ND underground line to industrial water

Removed steel type pump.

Will not be replaced.

Contains Not Labeled (Removal tank?)

X-Fill Sump. With oil/water. Fill

Some sewer flows stained soil.

Line leaks - Tank overflow Sump.

Every 2 Years Norm Ground System.

Concrete Basin on Backside

Leak on Tank would / Pump tank
Hatch Bolt

Weekly Inspections Keeping you...

Remember Bern to be Renewed
will Bern.

Personal A/S Monitor.
windsack repairs..

CPI 2:30 - office 5-31-00

Tom's American basket - Adit. Fan & 5 marks.

Cavarella Van Maanen

Jack Ford

Donna Williams

Marlyze Kieling

Didn't look at Files
Ken said we could not,

6'11 on skin pits oil on Pond #1

① Sabely pit #1 32 x 32

② Two Skimpil.
Pit no sign Flag Dirty & windup

③ SW D tanks labeled # 1295
From west to East. Putred with Dangers
(one tank smaller possibly around from Estival.)
Hohl covered on #1 leaking

④ oil on First Pond 2120' 220'

⑤ 3 30 x 100' Solid Pits Full of
Solids (Pit 16 (20') area north of
No Flags close to Rod.
100'

Picture

DRAFT

DRAFT PERMIT APPROVAL

POOL COMPANY TEXAS LTD.

**Section 3, Township 19 South, Range 37 East, NMPM,
Lea County, New Mexico
(September 28, 2000)**

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any design changes to the treating plant must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s) additional wastes may not be placed into the effected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.

9. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
10. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request
11. Liquid and solid waste generated at the treating plant must be disposed of at an OCD approved disposal facility.
12. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
13. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

H₂S PREVENTION & CONTINGENCY PLAN

1. Pool must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by December 6, 2000.** The plan must address how Pool will monitor for H₂S to ensure the following:

- a. If H₂S of 1.0 ppm or greater leaves the property;
 - i. the operator must notify the Hobbs office of the OCD immediately ;
 - ii. the operator must and begin operations or treatment that will mitigate the source.

- b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall; and
 - ii. the operator must notify all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must and begin operations or treatment that will mitigate the source.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations, such as produced water and spent treating fluids, received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.

 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:

- i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 3. No wastes will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A
 4. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.
 5. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A) which details the net oil recovered and sold during the preceding month must be submitted to the OCD Hobbs office monthly.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs Office.
3. Records of treating plant inspections and maintenance must be kept and maintained for OCD review.

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4. Pool must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt or non-exempt; 6) NORM status declaration; and 7) transporter;
6. The OCD must be notified prior to any design changes to the treating plant facility. The facility must submit for approval any design changes to the facility to the OCD Santa Fe office and Hobbs District office.
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$25,000** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Pool Company Texas Ltd. for the commercial surface waste management facility.

By November 6, 2000 Pool must submit financial assurance in the amount of **\$25,000**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.

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2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
 - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses the structures, berms, or fences may be left in place.
 - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Pool Company Texas Ltd., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Pool Company Texas Ltd. further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

POOL COMPANY TEXAS LTD.

Signature _____ Title _____ Date _____



Photo 1: Treating plant untouched by the fire at the produced water receiving area. Pile of contaminated soil stockpiled for removal to CRI.



Photo 2: Temporary Produced water receiving system.



Photo 3: Tank blown off its bottom from explosion. Tank move 8 to 10 feet.



Photo 4: Tanks damaged from the fire. Tank on the left was half full and is still leaking.



Photo 5: Oil on the ground still leaking from the tank.

Pool Company Texas Ltd. (west of Hobbs)
Surface Waste Management Facility
Permit NM-01-0022
Fire at the Produced water receiving area
NMOCD Inspection April 14, 2000

Page 2

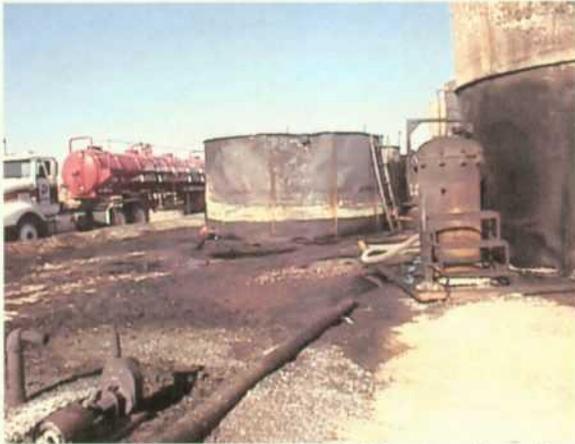


Photo 6: The south side of the facility. A tank truck unloading what is remaining in the tanks.



Photo 7: The southeast corner of the facility showing former berm height and fire damage well outside the fence line to the east and south.

Public Regulation Commission

3/6/2000

POOL COMPANY (TEXAS Corporation)

**MAILING ADDRESS
P. O. BOX 4271 HOUSTON TEXAS 77210**

SCC Number: 0731620 Tax & Revenue Number: 01776877002

QUALIFIED ON MAY 18, 1972 , IN NEW MEXICO.

CORPORATION IS A FOREIGN PROFIT

**CORPORATION IS ACTIVE
GOOD STANDING THROUGH: 3/15/2001**

**PURPOSE OF THE CORPORATION
OIL WELL SERVICING OPERATIONS**

CORPORATION DATES

**Taxable Year End Date: 12/31/98 Filing Date: 01/04/00
Corporate Existence Expiration Date:**

SUPPLEMENTAL POST MARK DATES

Supplemental: Name Change: Purpose Change:

PRINCIPAL ADDRESS

5208 LOVINGTON HIGHWAY HOBBS NEW MEXICO 77210

PRINCIPAL ADDRESS(Outside New Mexico)

515 WEST GREENS ROAD HOUSTON TEXAS 77067-4525

REGISTERED AGENT

**C T CORPORATION SYSTEM
123 EAST MARCY SANTA FE NEW MEXICO 87501**

Designation date: 01/04/00 Agent Post Mark Date: Resignation date:

COOP LICENSE INFORMATION

Number: Type: Expiration Year:

**SHANKLIN, JERRY C. President
WASTERVAL, PHILIP Vice President**

MCLACHLIN, DANIEL *Secretary*
BURNHAM, BRUCE *Treasurer*

DIRECTORS

Date Election of Directors: 06/08/00

MCLACHLIN, DANIEL
P.O. BOX 4271 HOUSTON , TX 77210
PETRELLO, ANTHONY G
P.O. BOX 4271 HOUSTON , TX 77210
SHANKLIN, JERRY C
P.O. BOX 4271 HOUSTON , TX 77210

New Search Inquiry Page



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

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

May 7, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-435

Mr. Barry A. Peters
Pool Company Texas Ltd.
P.O. Box 5208
Hobbs, New Mexico 88241

**RE: \$25,000 Bond for Commercial Waste Management Facility
Pool Company Texas Ltd., Principal
Sec 3, T 19 S, R 37 E, NMPM, Lea County, New Mexico
Seaboard Surety Co., Surety
Bond No. 355510**

Dear Mr. Peters:

The New Mexico Oil Conservation Division (OCD) received the Pool Company Texas Ltd. letter dated April 28, 1998. The above-referenced letter requests that the OCD replace the current A.A. Oil Field Service, Inc. Commercial Surface Waste Management Facility Bond No. U684260 with Bond No. 355510 for the new principal Pool Company Texas Ltd.

Please note a Rule 711 permit may not be transferred without the prior written approval of the Director. Until such transfer is approved by the Director and the required financial assurance is in place, the transferor's financial assurance will not be released (see enclosed Order R-10411-B, Exhibit "A"-Rule 711.C.(10)). According to Rule 711.B.1.(a) a request to transfer a permit must include the names and addresses of the applicant and all principal officers of the business.

The Surety Bond form requires corrections and additional information. I am returning the original surety bond number 355510 and including a clean bond form. Please complete all spaces in the first paragraph. Pool Company Texas Ltd. is apparently a limited partnership and therefore the bond should be signed by the general partner. The OCD is not sure who the Group Vice President US Operations and Treasurer are and how they are affiliated with the General Partner or the Partnership. In addition, section 2 on the second page should be filled out for the person signing for a partnership and notarized.

This bond along with a formal request to transfer the ownership of the Surface Waste Management Facility Rule 711 Permit located in Sec 11, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico are required prior to the release of bond number U684260.

Mr. Barry A. Peters
May 7, 1998
Page 2

If you have any questions please call me at (505) 827-7153

Sincerely,

A handwritten signature in cursive script, appearing to read "Martyne J. Kieling".

Martyne J. Kieling
Environmental Geologist

Enclosures

xc without enclosures:
Hobbs District Office



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 6, 1998

Ms. Dorothy Tetkas
AON Risk Services.
2000 Bering Dr. Suite 900
Houston, TX 77057-3790

**RE: New Mexico Oil Conservation Division
Waste Management Facility Surety Bond**

Dear Ms. Tetkas:

As per your request February 6, 1998 I am inclosing a Surety Bond form to be used for New Mexico Oil Conservation Division, Waste Management Facilities. All centralized facilities are now required to submit acceptable financial assurance in the amount of \$25,000. A.A. Oil Field Services, Inc. must have a new bond in place before the existing bond U684260 for \$25,000 may be released.

Please return the completed original bond form with original signatures to me at the address on the letter head.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Martyne J. Kieling".

Martyne J. Kieling
Environmental Geologist

xc: AA Bond File



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

January 15, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-382

Mr. Randall Stafford
Pool, Company
P.O. Box 4271
Houston, TX 77210

RE: A.A. Oil Field Services
Surface Waste Management Permit Transfer and Bonding

Dear Mr Stafford:

The New Mexico Oil Conservation Division (OCD) received a letter form A. A. Oilfield Services, Inc. dated December 10, 1997, regarding the sale of A.A. Oilfield Services, Inc to Pool, Company. Please be advised that the permit for the surface waste management facility may not be transferred without the prior written approval of the Director. Until such transfer is approved by the Director and the required financial assurance is in place, the transferor's financial assurance will not be released, (see enclosed Rule 711.C.10). Until that time the current permit is in full force and effect.

The purchaser, Pool, Co., must have in place with the OCD a bond for \$25,000.00 before the OCD can release the \$25,000.00 bond that is currently in place on A.A. Oilfield Services, Inc. In addition the OCD will require the names and addresses of the all principal officers of Pool, Co.

Please be advised that the OCD is in the process of repermitting all surface waste management facilities by the end of 1997. This would require each facility to retain a new bond. 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 enclosed Rule 711.B.1.i). A.A. Oilfield Services, Inc. submitted a new application (Form-137) for the repermitting on October 9, 1997. The OCD is in the process of reviewing the information received. Upon final approval Pool, Co. would be required to retain a new bond for the appropriate closure cost.

Enclosed is a copy of the Order amending Rule 711, the application for waste management facility (form C-137), the NORM Rule, and 3 (three) types of bond forms. A fourth type of bond that can be applied for is a bank letter of credit.

Mr. Randall Stafford

January 15, 1998

Page 2

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

Sincerely,



Martyne J. Kieling
Environmental Geologist
attachments

xc without attachments:

OCD Hobbs Office

Barry A. Peters A.A. Oilfield Services, Inc.



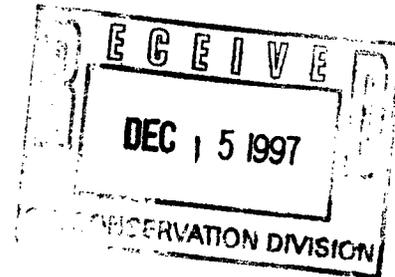
A. A. OILFIELD SERVICE, INC.

POST OFFICE BOX 5208
HOBBS, NEW MEXICO 88241-5208

(505) 392-2577
1-800-288-0894
FAX (505) 392-2570

December 10, 1997

Ms. Martyne J. Kieling
C/O Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505



*Changes Per Barry Peters
Phone Call 3:27 12/10/97*

Dear Martyne,

As per our telephone conversation on December 9, 1997, please use this letter as notification that A.A. Oilfield Service, Inc. has sold its company stock to Pool ~~Energy Services~~, Company in Houston, Texas effective November 19, 1997. This stock sale will affect the records of ownership and regulations governing our State "AB" SWD system as well as our oil reclamation facility the Alpha Phi Crude Plant.

Please notify Randall ^{Stafford} ~~Schaffner~~ at the following address and phone number of the steps that need to be taken to assure an easy transition of property ownership.

Stafford
Randall ~~Schaffner~~
Pool ~~Energy Services~~, Co.
P O Box 4271
Houston, TX 77210
(713) 954-3295

Thank you for your attention in this matter.

Sincerely,

Barry A. Peters

cc: R. Schaffner

MEMORANDUM OF CONVERSATION

X TELEPHONE ___ PERSONAL TIME 8:41 DATE 11-14-97

ORIGINATING PARTY Don Braz 915 655 4302 Environmental Audit

OTHER PARTIES _____

DISCUSSION AA oil Field Services. This company? is going to purchase the AA oil Field Serv. Stock and wanted to know if any ~~thing~~ enforcement actions or violations had occurred against the AA Business

I checked with Dave K. about the SWD 223 Disposal well and the file was clean. No black marks

The Waste Management Facility also has had no problems with their permit.

Don Braz also checked with the Hobbs Dist office

CONCLUSIONS _____

~~CHRIS JUSTICE~~ Martyn Kelly

MEMORANDUM OF CONVERSATION

X TELEPHONE PERSONAL TIME 9:00 DATE 11/97

ORIGINATING PARTY Barry Peters 1-800 288-0894

OTHER PARTIES Marlyne Kieling

DISCUSSION Question on 300 bbl limit on order.

This will Disaper when the Facility Gets Repermitted

AA Selling Stock to Pool Company which is listed on the Nasdaq
Houston TX.
Stock exchange

The Sale will be on the 19 or 20 of November

~~Hot Allison~~ →
713-954-3257
↳ 3006 oil Rec.
if
Trip Ellison -

CONCLUSIONS

CHRIS JUSTICE

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 9:49	Date 8-20-97
<u>Originating Party</u>	<u>Other Parties</u>	
Barry Peters AA 1-800-288-0894	Martyne Kieley	

Subject

Discussion

Test Monitor ~~Supply~~ well That is 1/4 mile away What to test the well for ..?

Told Mr Peters to test for General Chemistry Cat Anion Balance Cl.FI. Total Dissolved Solids And Metals.

Conclusions or Agreements

Barry will possibly at a future date place a monitor well on his property. I told him that Roger Anderson suggested to place the well up gradient to determine what is coming onto his property.

Distribution

Signed

Martyne Kieley

District I - (505) 393-6161
P. O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-137
Originated 8/8/95
Revised 6/25/97

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to appropriate
District Office

APPLICATION FOR WASTE MANAGEMENT FACILITY
(Refer to the OCD Guidelines for assistance in completing the application)

Commercial Centralized

1. Type: Evaporation Injection Other _____
 Solids/Landfarm Treating Plant

2. Operator: A.A. OILFIELD SERVICE, INC.

Address: P.O. BOX 5208 HOBBS, NEW MEXICO 88241

Contact Person: BARRY PETERS Phone: (505) 392-2577

3. Location: 4 NW /4 Section 3 Township 19S Range 37E
Submit large scale topographic map showing exact location EXHIBIT 3

4. Is this a modification of an existing facility? Yes No

5. Attach the name and address of the landowner of the facility site and landowners of record within one mile of the site.
FORM C-137 RESPONSE EXHIBIT 5

6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
EXHIBIT 6

7. Attach designs prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations systems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities. N/A

8. Attach a contingency plan for reporting and clean-up for spills or releases.
EXHIBIT 8

9. Attach a routine inspection and maintenance plan to ensure permit compliance.

10. Attach a closure plan.
EXHIBIT 9
EXHIBIT 10

11. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact groundwater. Depth to and quality of ground water must be included.
EXHIBIT 11 A 11 B

NA Attach proof that the notice requirements of OCD Rule 711 have been met.

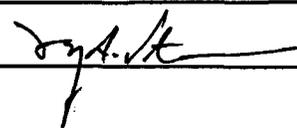
13. Attach a contingency plan in the event of a release of H₂S.
EXHIBIT 8

14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

15. CERTIFICATION

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: BARRY A. PETERS Title: PRESIDENT

Signature:  Date: OCTOBER 9, 1997

A.A. OILFIELD SERVICE, INC.
ALPHA PHI PLANT

Form C-137 Response

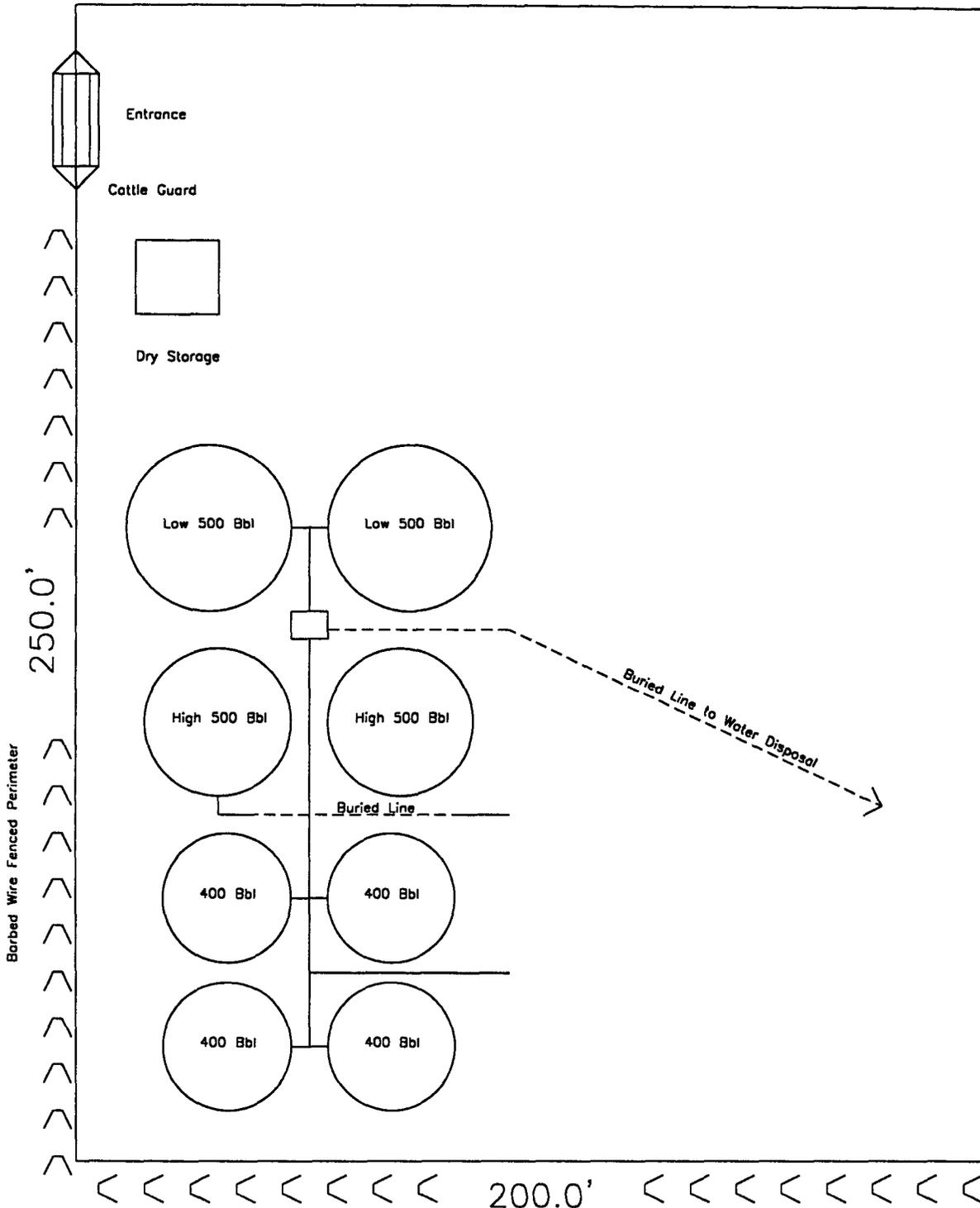
5. Landowner of the facility: State of New Mexico. Landowner within one mile: State of New Mexico and Joe Handley - 9201 W. Carlsbad Hwy., Hobbs, N.M.
6. Attachment - Exhibit #6
7. N/A
8. Attachment - Exhibit #8
9. Attachment - Exhibit #9
10. Attachment - Exhibit #10
11. Attachment - Exhibit #11
12. N/A
13. Attachment - Exhibit #8

200.0'



Section 3
T-19S
R-37E

250.0'



Barbed Wire Fenced Perimeter

Earthen Dike

LEGAL DESCRIPTION

A tract of land located in the Northwest Quarter of Section 3, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and being more particularly described as follows:

Beginning at a point which lies $S00^{\circ}14'W$, 560 feet, and $S89^{\circ}45'E$, 1880 feet from the Northwest corner of said Section 3; Thence $S89^{\circ}45'E$ a distance of 200 feet; Thence $S00^{\circ}34'E$ a distance of 250 feet; Thence $N89^{\circ}45'W$ a distance of 200 feet; Thence $N00^{\circ}34'W$ a distance of 250 feet to the point of beginning, containing 1.15 acres, more or less.

A.A. OILFIELD SERVICE, INC.

ALPHA PHI CRUDE OIL

RECLAMATION FACILITY

July 25, 1997

A. A. OILFIELD SERVICE, INC.

CONTINGENCY PLAN ALPHA PHI CRUDE

A. A. Oilfield Service, Inc. has contacted the Hobbs Fire Department, City of Hobbs Police Department, New Mexico State Police, Columbia Lea Regional Hospital, and Indian Fire and Safety and reviewed plans to determine what actions would be necessary in various scenarios.

It is the belief of A. A. Oilfield Service, Inc. employees and officers that it is our fundamental duty to protect life and property of individuals who work for and may come into contact with A.A. Oilfield Service, Inc. property or equipment. Our primary duty is to protect individuals lives and then to protect property after taking into account the primary duty of protecting lives including the employees of A. A. Oilfield Service, Inc.. The 24 emergency numbers for A. A. Oilfield Service, Inc., are posted on the main gate at the plant. This number is 505-392-2577.

When an employee discovers or is told of a spill or release of hazardous material from the Alpha Phi Crude site, the employee shall immediately report the situation to the supervisor if present on location or contact the A. A. Oilfield Service dispatcher and appraise him/her of the situation.

A. A. Oilfield Service personnel will respond at the "*First Responder- Operations Level*" unless instructed otherwise by a A. A. supervisor. The dispatcher will immediately contact A.A. management or supervisory personnel who will in turn determine which actions will be taken in accordance with Pre-Emergency Planning strategies. A. A. employees will only respond to the situation at the level to which they have received formal training.

A. A. Oilfield Service management and employees follow the Local, State and Federal guidelines as written. We believe in being honest in our dealings with all people we come into contact with. In the event that a spill or hazardous material release requires reporting under the accepted guidelines, A. A. senior management will immediately notify the agencies as required. The safety coordinator will also see that a written report is submitted to the government agency as required under the same guidelines. This report will be reviewed by A. A. senior management prior to being submitted to the applicable agency.

Tailgate safety meetings should be conducted prior to employees responding to the spill or hazardous material release. These meetings will be conducted by a supervisor of A. A. . The supervisor should give assignments to employees and make sure they have the required safety equipment prior to entering the area. This meeting should also discuss communication, evacuation and meeting locations in the event the spill or release gets worse, and any other variable which will help the employees perform their jobs safely.

The normal A. A. Oilfield Service communications channels will be utilized, i.e., two way radio, and cellular phones, unless they become inoperative or can lead to an additional hazard. If it is necessary to utilize hand signals they will be predetermined prior to entering the situation. If at any time in the hazardous release or spill that the communications break down, the operation will immediately be discontinued until a suitable means of communications are established.

In the event that the hazardous leak or spill requires evacuation employees will meet at one or two listed locations. The primary location is located just to the West of the entrance to the facility. The secondary location will be just to the South of the large bushes located on the South side of the disposal site. The evacuation assembly area should be determined by the direction of the wind as noted on the orange wind sock. All employees will be aware of the possibility of wind movement and will pay close attention to the wind sock while in the area of the plant. In the event of a evacuation, the senior employee will make sure by counting employees that everyone has left the area and is accounted for. In the event that a employee can not be located every attempt will be made to locate them without re-entering the spill site until the proper safety equipment has been utilized. This may include the SCBA or similar equipment and would depend on the severity of the spill or leak.

In the event there is a need for decontamination this service will be provided by the HAZMAT Team which is contracted by A. A. Oilfield Service.

All A. A. Oilfield Service field personnel are trained in first aid and CPR. In the event these services are needed the employees will provide life saving techniques as taught until the arrival of capable outside help. The employees will at no time endanger their own lives by administering first aid to others.

At the conclusion of each emergency response action the Safety Coordinator will conduct a critique of the emergency response action. All persons who were involved in this action will be required to submit a written report which outlines their actions during the incident. At the conclusion of the investigation a written report will be submitted to Senior Management of A. A. Oilfield Service for their review.

In the event the hazardous material release is Hydrogen Sulfide gas the following precautions will take effect.

Each A. A. employee is and will continue to be certified in Hydrogen Sulfide on a yearly basis. In the event that a employee personal monitor is activated all A. A. employees will immediately leave the immediate area as noted in our safety manual. Any concentrations of hydrogen sulfide which is higher than 10 ppm requires the use of a respirator. All equipment should be shut down if it can be done safely and without placing the employee or visitor in harms way.

A. A. employees should monitor the orange wind sock at all times and be aware of the wind direction. Any evacuation should be in the direction that the wind is coming from (up-wind). The senior employee at scene will notify dispatch that there is a hydrogen sulfide release. Employees at the scene of the release should make sure that no other employees or visitors attempt to enter the area until it has been determined that the area is safe or until the proper safety equipment has been worn.

Priority will always be with the protection of life and then the protection of property. In the event that the magnitude of the release is such that it requires blocking highway 62-180, the A. A. dispatcher will notify the City of Hobbs Police Department, Lea County Sheriffs Department and the New Mexico State Police. The plant is not within the city limits of Hobbs, however due to manpower, they can at times respond quicker to emergency calls just outside the city limits than the applicable agencies.

A. A. management will be responsible for handling any media which may respond to the spill or release of hazardous material. Employees will not make any statements nor permit media to enter the site until advised by senior management that it is all right to do so.

A. A. OILFIELD SERVICE, INC.
DAILY INSPECTION
STATE AB SWD & ALPHA PHH CRUDE

DATE:	CHECKED BY:
ITEMS TO BE CHECKED AND INITIALED	COMMENTS
<p>1. <u>Yard</u></p> <p><input type="checkbox"/> Free of trash/weeds</p> <p><input type="checkbox"/> Spills y/n-----estimated volume:_____ Bbls</p> <p><input type="checkbox"/> Any spills corrected-----date:___/___/___</p> <p><input type="checkbox"/> Yard appearance general</p> <p><input type="checkbox"/> Gate functions</p> <p><input type="checkbox"/> Spillway closed</p> <p><input type="checkbox"/> Dike intact in all areas</p>	
<p>2. <u>Yard Storage Tanks</u></p> <p><input type="checkbox"/> Fluid levels appropriate</p> <p><input type="checkbox"/> Tank condition and inspection sides/bottom</p> <p><input type="checkbox"/> Spills on sides of tanks y/n</p> <p><input type="checkbox"/> Valves working and not leaking</p> <p><input type="checkbox"/> Neat appearance</p> <p><input type="checkbox"/> Readable warning signs on tank</p> <p><input type="checkbox"/> Catch basins empty</p> <p><input type="checkbox"/> Catwalk signs up</p> <p><input type="checkbox"/> Working ground cables</p> <p><input type="checkbox"/> Oil tanks locked and sealed</p> <p><input type="checkbox"/> Date filters cleaned-----___/___/___</p> <p><input type="checkbox"/> Monthly line test of water line from plant/date of last test---___/___/___</p> <p><input type="checkbox"/> Fluid level of overflow/ 250 bbl tank from plant-----___ ft ___ in.</p> <p><input type="checkbox"/> Dump valve status on West tank</p> <p><input type="checkbox"/> Equalizing line on 1000 bbl status-----Open_____ Closed_____</p>	
<p>3. <u>Wind Sock</u></p> <p><input type="checkbox"/> In good condition</p> <p><input type="checkbox"/> Visible from entrance road</p> <p><input type="checkbox"/> Changes with wind direction indicator</p>	
<p>4. <u>Entrance signs</u></p> <p><input type="checkbox"/> Visible from the roadway</p> <p><input type="checkbox"/> Emergency number correct</p> <p><input type="checkbox"/> Readable</p>	
<p>5. <u>Outside lighting</u></p> <p><input type="checkbox"/> Working properly</p> <p><input type="checkbox"/> On when necessary</p> <p><input type="checkbox"/> Adjusted properly</p>	
<p>6. <u>Fence and cattle guard</u></p> <p><input type="checkbox"/> Fence condition</p> <p><input type="checkbox"/> Debris removed</p> <p><input type="checkbox"/> Cattle guard free from dirt accumulation</p> <p><input type="checkbox"/> No damage</p>	

7. **Trash barrels**

- Lids secured
- Emptied as required
- Condition

8. **DISPOSAL WELL**

- Valves secure
- Well head appearance
- Cleanliness
- Fluid level of catch barrel

A.A. OILFIELD SERVICE, INC.
ALPHA PHI PLANT

Exhibit #10

Alpha Phi Closure Plan
C-137 - Item #10

In the event that it becomes necessary to close and abandon the Alpha Phi facility, this closure will be done to ensure that care be given to protecting the public interest on state land.

- All fluid in tanks will be disposed of properly in O.C.D. approved facilities.
- Tanks will be dismantled and/or moved to storage facility and disposed of properly or sold to a salvage dealer.
- Any contaminated soil on site will be removed to an O.C.D. approved facility or remediated in place according to O.C.D. guidelines.
- Attempts will be made to restore native vegetation on the site.
- O.C.D. personnel will be asked to conduct inspection of facility to approve closure compliance.

Cost estimates submitted by Dawson field services, estimate the cost of dismantling facility between 18-20 thousand dollars.

A.A. OILFIELD SERVICE, INC.
ALPHA PHI PLANT

Groundwater Quality
C-137 - Item #11 A

The depth and quality of ground water was determined by monitoring an abandoned water well approximately 1200' west northwest of this facility. The water analysis is from this well and is exhibit #11 B. The depth to groundwater is 30.5 feet. I have no geological or hydrological evidence demonstrating that a discharge of oilfield wastes would not adversely impact groundwater.

8-11-97

TRACE ANALYSIS, INC.

6701 Aberdeen Avenue

Lubbock Texas 79424
ANALYTICAL RESULTS FOR

806•794•1296
FAX 806•794•1298

Date: Aug 29, 1997

Project: AA SWO

Proj Name: West WW

Proj Loc: Lea County, NM

AA Oilfield Service, Inc.
Attention Barry Peters
PO Box 5208
Hobbs

NM 88241

Lab Receiving #: 9708000438
Date Rec: 8/22/97
Sampling Date: 8/21/97
Sample Condition: Intact and Cool
Sample Received By: VW

TA# Field Code

MATRIX

Na (mg/L)

Ca (mg/L)

Mg (mg/L)

K (mg/L)

Hardness (mg/L as CaCO3)

T 80176 AASWO

Water

33

27

8.2

<0.30

100

Method Blank

Reporting Limit

QC

9

<0.01

0.4

<0.30

0.4

0.01

0.01

0.3

49

48

48.5

48.5

RPD

% Extraction Accuracy

% Instrument Accuracy

3

4

2

2

115

105

110

126

98

96

97

97

TEST	PREP METHOD	PREP DATE	ANALYSIS METHOD	ANALYSIS COMPLETED	CHEMIST	QC: (mg/L)	SPIKE: (mg/L)
Na, Ca, Mg, K	EPA 3015	8/26/97	EPA 6010	8/27/97	RR	50	100

8-29-97

Director, Dr. Blair Leftwich

Date

6701 Aberdeen Avenue
 Lubbock, Texas 79424
 806•794•1296
 FAX 806•794•1298

ANALYTICAL RESULTS FOR
 AA Oilfield Service, Inc.
 Attention Barry Peters
 PO Box 5208
 Hobbs NM 88241

Date: Aug 29, 1997
 Date Rec: 8/22/97
 Project: AA SWO
 Proj Name: West WW
 Proj Loc: Lea County, NM

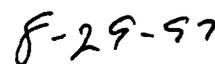
Lab Receiving # : 9708000438
 Sampling Date: 8/21/97
 Sample Condition: Intact and Cool
 Sample Received By: VW

TA#	Field Code	MATRIX	Cl (mg/L)	F (mg/L)	SO4 (mg/L)
T 80176	AASWO	Water	53	0.85	<10
	Method Blank		1.3	<0.1	<10
	Reporting Limit		1	0.1	10
	QC		24.8	1.03	24.2

RPD	1	0	2
% Extraction Accuracy	99	93	95
% Instrument Accuracy	99	103	97

TEST	PREP METHOD	PREP DATE	ANALYSIS METHOD	ANALYSIS COMPLETED	CHEMIST	QC: (mg/L)	SPIKE: (mg/L)
Cl	N/A	8/26/97	EPA 300.0	8/26/97	RC	25	25
Fluoride	N/A	8/26/97	EPA 340.2	8/26/97	JS	1	1
SO4	N/A	8/26/97	EPA 300.0	8/26/97	RC	25	25


 Director, Dr. Blair Leftwich


 Date

TRACE ANALYSIS, INC.

A Laboratory for Advanced Environmental Research and Analysis

August A. Peters, Jr.
dba: Alpha Phi Crude

As the principal stock holder in A.A. Oilfield Service, Inc., a New Mexico Corporation, I propose to construct and operate a treating plant adjacent to the A.A. Oilfield Service, Inc. salt water disposal system located in the northwest quarter of Sec. 3, Township 19 South, Range 37 East, NMPM Lea County, New Mexico.

Currently, A.A. Oilfield Service, Inc. operates a fleet of five hot oil trucks and six transports. This facility will provide for the reclamation of merchantable crude oil for sediment oil transported by the above mentioned units. Sediment oil will come from (1) Tank bottoms pulled off after treating tanks, (2) Emptying heater treaters for repairs and (3) Cleaning of crude oil stock tanks.

The operation of such a facility has been discussed with Mr. J.T. Sexton, Supervisor Oil Conservation Commission, District I, Hobbs, New Mexico. Mr. Sexton explained the urgency of an orderly operation with all reports to be filed properly and timely with the District office.

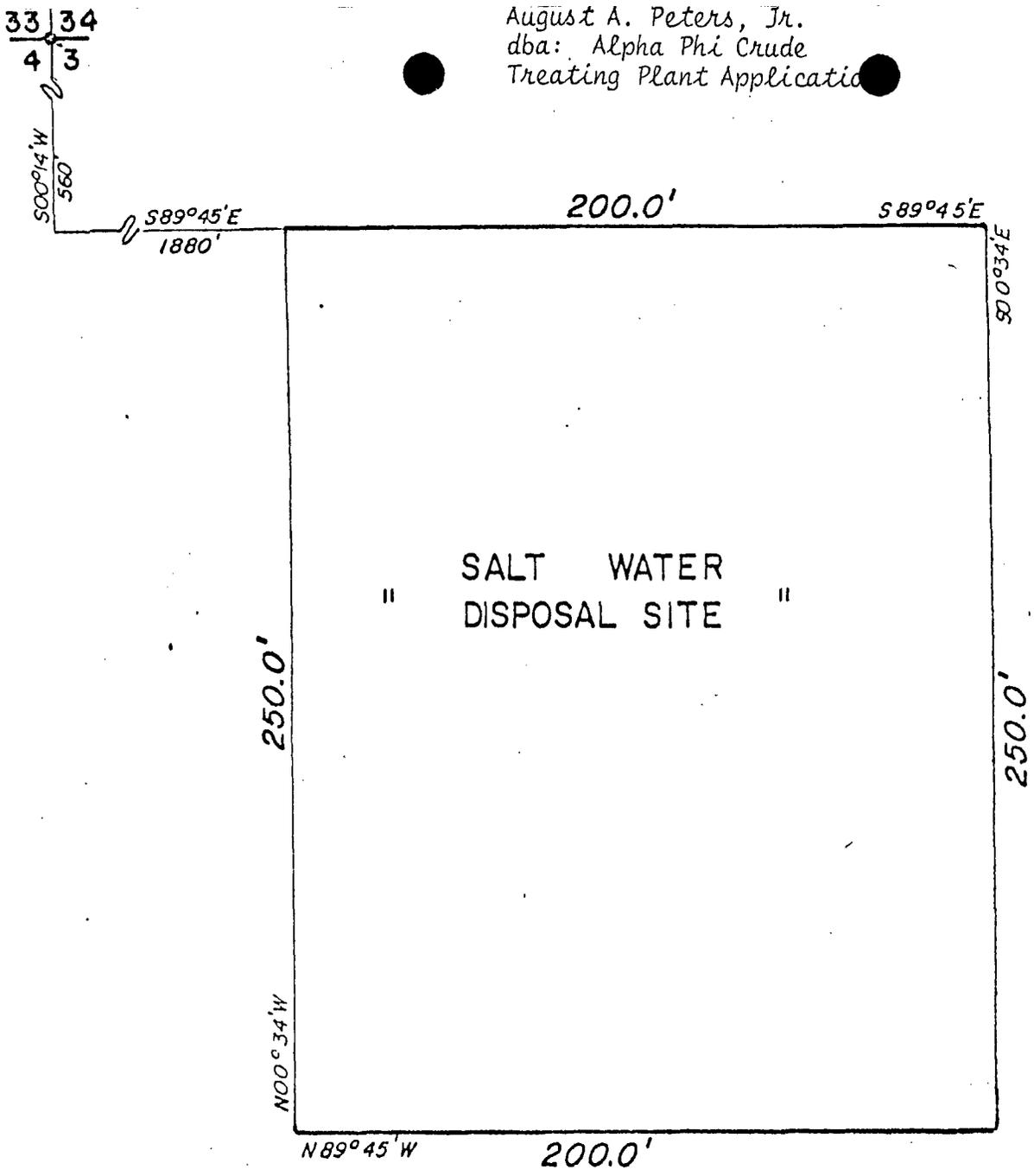
Exhibit I - Location Plat
Exhibit II - Facility Diagram



T-19-S



R-37-E



LEGAL DESCRIPTION

A tract of land located in the Northwest Quarter of Section 3, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and being more particularly described as follows:

Beginning at a point which lies S00°14'W, 560 feet, and S89°45'E, 1880 feet from the Northwest corner of said Section 3; Thence S89°45'E a distance of 200 feet; Thence S00°34'E a distance of 250 feet; Thence N89°45'W a distance of 200 feet; Thence N00°34'W a distance of 250 feet to the point of beginning, containing 1.15 acres, more or less.

August A. Peters, Jr.
dba: Alpha Phi Crude
Treating Plant Application

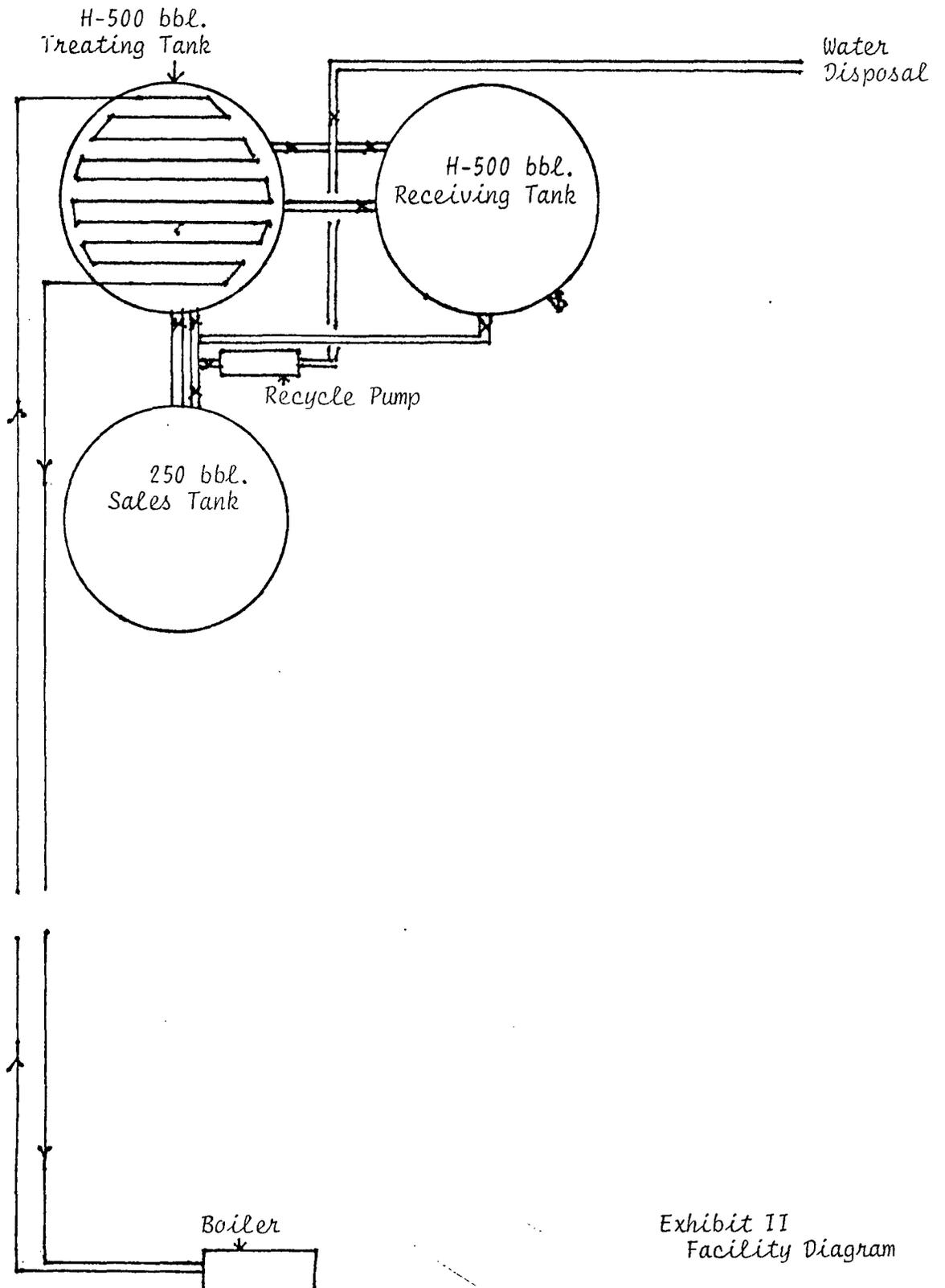


Exhibit II
Facility Diagram



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 19, 1990

CERTIFIED MAIL
RETURN RECEIPT NO. P-918-402-401

AA Oilfield Service, Inc.
P. O. Box 5208
Hobbs, New Mexico 88241

RE: Regulatory Notification, New Federal Requirements for Oil Reclamation Facilities

Dear Sir:

This letter is to advise you of a forthcoming federal requirement that may affect operation of your facility.

As you know, only the New Mexico Oil Conservation Division (OCD) currently regulates your facility. However, on September 25, 1990, a US Environmental Protection Agency (EPA) regulation directing use of the Toxicity Characteristic Leaching Procedure (TCLP) and adding toxicity constituent regulatory levels becomes effective. On that date waste material containing benzene, a natural component of crude oil, will be regulated as federal "hazardous waste" if benzene levels exceed the promulgated level of 500 parts per billion (ppb). Certain waste materials are excluded from this regulation including wastes from crude oil and natural gas exploration and production activities. However, liquid and solid wastes and sludges generated by crude oil and tank bottom reclaimers may not be exempted. Permitting under OCD rules does not necessarily mean your facility is EPA exempt.

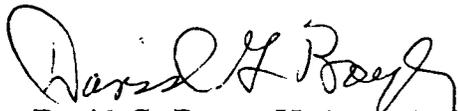
If the waste stream from treating crude oil and tank bottoms by your facility contains benzene concentrations of greater than 500 ppb and if that waste is not exempted under EPA interpretation of the oil and gas exclusion, EPA will require that the waste stream be permitted and handled as hazardous waste. Additionally, if any portion of a common facility handling exempt exploration and production wastes is also considered to be treating, storing, or disposing of hazardous waste, then the entire common facility may be subject to EPA regulations which include provisions for substantial hydrogeologic investigations, corrective actions, and post-closure monitoring. There are civil and criminal penalties for failure to comply with "hazardous waste" regulations.

Therefore the OCD strongly recommends that you contact and review your operations with a private consultant or attorney familiar with this new federal rule prior to September 25 to determine the impact of the new regulation at your facility, and for advice as to technical permitting requirements and your potential liability.

Currently, the State of New Mexico is taking action to notify President Bush, the USEPA, and the Department of Energy of the impact of this new rule, and is requesting implementation be delayed for at least six months while the issue is reexamined. However, the outcome of this appeal is far from certain. Enclosed with this letter is a copy of the letter to President Bush. You may also wish to contact members of the New Mexico Congressional delegation regarding this important matter.

If you have any questions you are urged to contact either myself at (505) 827-5812 or Roger Anderson of this office at 827-5884.

Sincerely,



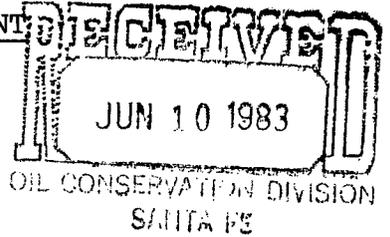
David G. Boyer, Hydrogeologist
Environmental Bureau Chief

DGB/sl

Enclosure

cc: NMOCD District Office

APPLICATION FOR TREATING PLANT PERMIT
PURSUANT TO RULE 312 BEFORE THE OIL
CONSERVATION DIVISION OF THE NEW
MEXICO ENERGY AND MINERALS DEPARTMENT



IN THE MATTER OF THE)
APPLICATION OF A. A. PETERS)
d/b/a ALPHA PHI CRUDE OF HOBBS,)
NEW MEXICO, FOR A TREATING PLANT)
PERMIT AUTHORIZING APPLICANT TO)
PROCESS, TREAT AND RECLAIM)
SEDIMENT OIL)

Case 7910

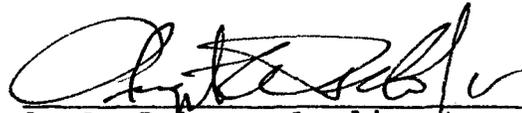
Applicant respectfully requests the New Mexico Oil Conservation Division to issue a treating plant permit authorizing him to construct such a plant to be located upon the following described real property situated in Lea County, New Mexico, to-wit:

Approximately 1.5 acre tract of land situated in the Northwest Quarter (NW/4) of Section 3, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Said plant will consist of a minimum of two (2) stock tanks with steam coils, one (1) 4' x 10' steam generator and recycle pump. Applicant contemplates said plant will have a capacity of 500 barrels per day.

Applicant affirmatively states he will comply with all rules and regulations required by the Oil Conservation Division of the New Mexico Energy and Minerals Department, including, but not limited to, the filing of a \$10,000.00 performance bond and preparing and filing required reports.

DATED at Lovington, Lea County, New Mexico, this 2nd
day of June, 1983.


A. A. Peters, Applicant

HEIDEL, SAMBERSON, GALLINI,
WILLIAMS & HARRINGTON
Post Office Drawer 1599
Lovington, New Mexico 88260
(505) 396-5303

By R. W. Gallini
Attorneys for Applicant

LAW OFFICES

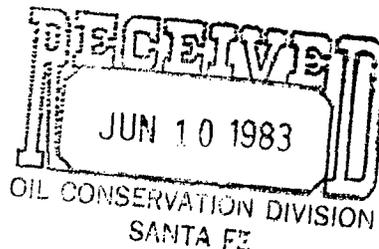
HEIDEL, SAMBERSON, GALLINI, WILLIAMS & HARRINGTON

C. GENE SAMBERSON
R. W. GALLINI
JERRY L. WILLIAMS
DAVID L. HARRINGTON

311 NORTH FIRST STREET
POST OFFICE DRAWER 1599
LOVINGTON, NEW MEXICO 88260
(505) 396-5303

F. L. HEIDEL
OF COUNSEL

June 6, 1983



Mr. Joe D. Ramey, Director
Oil Conservation Division
New Mexico Energy and Minerals
Department
400 Camino De Los Marquez
Santa Fe, New Mexico 87501

Case 7910

Re: Application For Treating Plant Permit Pursuant to Rule 312

Dear Mr. Ramey:

Enclosed herewith, please find duplicate originals of the Application of A. A. Peters of Hobbs, New Mexico for a Treating Plant Permit Pursuant To Rule 312 authorizing him to process, treat and reclaim sediment oil.

We would appreciate your setting the application for hearing to determine whether the proposed plant and method of processing will efficiently process, treat, and reclaim sediment oil.

Please call us if anything additional is required in connection with this Application.

Very truly yours,

HEIDEL, SAMBERSON, GALLINI, WILLIAMS
& HARRINGTON

By *R. W. Gallini*

RWG:ca
Enclosures

LAW OFFICES

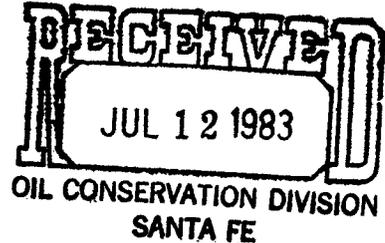
HEIDEL, SAMBERSON, GALLINI, WILLIAMS & HARRINGTON

C. GENE SAMBERSON
R. W. GALLINI
JERRY L. WILLIAMS
DAVID L. HARRINGTON

311 NORTH FIRST STREET
POST OFFICE DRAWER 1599
LOVINGTON, NEW MEXICO 88260
(505) 396-5303

F. L. HEIDEL
OF COUNSEL

July 7, 1983



Mr. Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Energy and Minerals
Department
400 Camino De Los Marquez
Santa Fe, New Mexico 87501

Re: Application of AA Peters, d/b/a
Alpha Phi Crude for Application
for Treating Plant Permit Pursuant
to Rule 312; Case No. 79-10

Dear Mr. Stogner:

The applicant, A. A. Peters, was asked to describe his plan for the disposal of solid waste that will accumulate in connection with the proposed oil treatment plant that was the subject matter of a hearing held on Wednesday, July 6, 1983 in the above referenced case.

Mr. Peters has made arrangements with Pollution Control of Hobbs, New Mexico for the acceptance of the basic sediments (iron sulfides, etc.) that will be transported by A. A. Peters to Pollution Control's state approved disposal point located between Hobbs and Carlsbad, New Mexico.

We request that you make this letter a part of the record in this matter and we hope that this additional information will assist the Division in making its decision favorable to the application.

Very truly yours,

HEIDEL, SAMBERSON, GALLINI, WILLIAMS
& HARRINGTON

By

R. W. Gallini

RWG:ca

cc: A. A. Peters

Dockets Nos. 25-83 and 26-83 are tentatively set for July 20 and August 3, 1983. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 6, 1983

9 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 Richard L. Stamets, Alternate Examiner:

- CASE 7909: Application of Gulf Oil Corporation for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Gallo Canyon Federal Deep Unit Area, comprising 5,440 acres more or less of State and Federal lands in Township 23 North Range 6 West.
- CASE 7910: Application of A. A. Peters dba Alpha Phi Crude of Hobbs, New Mexico, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 of Section 3, Township 19 South, Range 37 East.
- CASE 7895: (Continued and Readvertised)
- Application of TXO Production Corp. for an unorthodox location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 2615 feet from the West line of Section 17, Township 10 South, Range 34 East, and an 80-acre non-standard proration unit comprising the E/2 NW/4 of said Section 17, Vada-Pennsylvanian Pool.
- CASE 7911: Application of TXO Production Corp. for compulsory pooling and an unorthodox location Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Morrow formation underlying the S/2 of Section 19, Township 21 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 19. 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 7912: Application of Jerome P. McHugh for compulsory pooling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the E/2 NE/4, SW/4 NE/4, and Tract 55, Lots 5, 6, and 7 of Section 18; and the SE/4 SE/4, Lots 8 and 9 and Tract 55 of Section 7, all in Township 31 North, Range 7 West, to be dedicated to a well to be drilled at an unorthodox location 640 feet from the North line and 1250 feet from the East line of said Section 18. 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 Northwest Pipeline Corporation as operator of the well and a charge for risk involved in drilling said well.
- CASE 7903: (Continued from June 23, 1983, Examiner Hearing)
- Application of MTS Limited Partnership for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Abo formation underlying the SE/4 of Section 35, Township 6 South, Range 22 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 7913: Application of MTS Limited Partnership for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Morrow formation underlying the W/2 of Section 22, Township 24 South, Range 34 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.

Indian Basin - Upper Pennsylvanian Gas Pool

Jalmat Gas Pool

Justis Gas Pool

Monument McKee - Ellenburger Gas Pool

Tubb Oil and Gas Pool

as marginal until further order of the Commission.

Dockets Nos. 25-83 and 26-83 are tentatively set for July 20 and August 3, 1983. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 6, 1983

9 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 Richard L. Stamets, Alternate Examiner:

- CASE 7909: Application of Gulf Oil Corporation for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Gallo Canyon Federal Deep Unit Area, comprising 5,440 acres more or less of State and Federal lands in Township 23 North Range 6 West.
- CASE 7910: Application of A. A. Peters dba Alpha Phi Crude of Hobbs, New Mexico, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 of Section 3, Township 19 South, Range 37 East.
- CASE 7895: (Continued and Readvertised)
- Application of TXO Production Corp. for an unorthodox location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 2615 feet from the West line of Section 17, Township 10 South, Range 34 East, and an 80-acre non-standard proration unit comprising the E/2 NW/4 of said Section 17, Vada-Pennsylvanian Pool.
- CASE 7911: Application of TXO Production Corp. for compulsory pooling and an unorthodox location Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Morrow formation underlying the S/2 of Section 19, Township 21 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 19. 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 7912: Application of Jerome P. McHugh for compulsory pooling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the E/2 NE/4, SW/4 NE/4, and Tract 55, Lots 5, 6, and 7 of Section 18; and the SE/4 SE/4, Lots 8 and 9 and Tract 55 of Section 7, all in Township 31 North, Range 7 West, to be dedicated to a well to be drilled at an unorthodox location 640 feet from the North line and 1250 feet from the East line of said Section 18. 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 Northwest Pipeline Corporation as operator of the well and a charge for risk involved in drilling said well.
- CASE 7903: (Continued from June 23, 1983, Examiner Hearing)
- Application of MTS Limited Partnership for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Abo formation underlying the SE/4 of Section 35, Township 6 South, Range 22 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 7913: Application of MTS Limited Partnership for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Morrow formation underlying the W/2 of Section 22, Township 24 South, Range 34 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 7914: Application of Anadarko Production Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco Canyon formation in the perforated interval from 7764 feet to 8024 feet in its Antweil B & B Well No. 1 (to be renamed the Dagger Draw SWD Well No. 1) located 1980 feet from the North and East lines of Section 22, Township 19 South, Range 25 East.

Docket No. 24-83

DOCKET: COMMISSION HEARING - THURSDAY - JULY 7, 1983

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

CASE 7858: (Continued from June 8, 1983, Commission Hearing)

Application of El Paso Natural Gas Company for the reclassification of marginal gas wells in the prorated gas pools of Southeast New Mexico and the suspension of certain proration rules. Applicant, in the above-styled cause, proposes that there not be any marginal wells in the fifteen prorated gas pools in Lea, Eddy and Chaves Counties. Applicant seeks the reclassification of all marginal wells in said pools as non-marginal wells, effective June 1, 1983, said wells to become non-marginal with a zero net over/under produced status as of June 1, 1983. Applicant also proposes that all non-marginal wells at date of classification would continue to be classified as non-marginal at least until September, 1983, and would continue to accumulate their net over/under produced status. Further, applicant proposes that no well would be reclassified as marginal until after the September, 1983, production has been reported, when all provisions of Rule 16-A of the Special Rules for prorated gas pools in Southeast New Mexico as promulgated by Order No. R-1670, as amended, would be again applicable. Applicant further proposes that Rule 15B of the prorated gas pool rules which pertains to the shutting-in of wells which are six times over-produced would be suspended for the period from date of reclassification through December of 1983 to accomodate those wells which may be subject to shut-in as the result of assignment of lower than normal allowables during the first seven months of 1983. In the alternative to reclassification of all wells as non-marginal, applicant proposes that a level of production of 33 Mcf per day, or other appropriate level, be established below which wells would automatically retain their classification as marginal.

CASE 7905: (Continued from June 8, 1983, Commission Hearing)

Application of Doyle Hartman for classification as marginal of all wells in the prorated gas pools of Southeast New Mexico. Applicant, in the above-styled cause, seeks an order classifying all wells in the:

- Atoka-Pennsylvanian Gas Pool
- Blinebry Gas Pool
- Buffalo Valley - Pennsylvanian Gas Pool
- Burton Flats - Morrow Gas Pool
- Burton Flats - Strawn Gas Pool
- South Carlsbad - Morrow Gas Pool
- Catclaw Draw - Morrow Gas Pool
- Crosby - Devonian Gas Pool
- Eumont Gas Pool
- Indian Basin - Morrow Gas Pool

Indian Basin - Upper Pennsylvanian Gas Pool

Jalmat Gas Pool

Justis Gas Pool

Monument McKee - Ellenburger Gas Pool

Tubb Oil and Gas Pool

as marginal until further order of the Commission.

SUBJECT: SALT WATER DISPOSAL WELL

ORDER NO. SWD-223

THE APPLICATION OF A. A. OILFIELD SERVICE,
INC. FOR A SALT WATER DISPOSAL WELL

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701 (C), A. A. Oilfield Service, Inc. made application to the New Mexico Oil Conservation Division on April 18, 1980, for permission to complete for salt water disposal its Southland Royalty State "AB" Well No. 1 located in Unit C of Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

The Division Director finds:

(1) That application has been duly filed under the provisions of Rule 701 (C) of the Division Rules and Regulations;

(2) That satisfactory information has been provided that all offset operators of surface owners have been duly notified;

(3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 (C) will be met.

(4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, A. A. Oilfield Service, Inc., is hereby authorized to complete its Southland Royalty State "AB" Well No. 1 located in Unit C of Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the San Andres formation at approximately 4897 feet to approximately 4919 feet through 2 3/8 inch plastic lined tubing set in a packer located at approximately 4900 feet.

IT IS FURTHER ORDERED:

That the operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

That the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

That injection pressure shall not exceed 980 pounds per square inch as measured at the surface.

That the operator shall shall notify the supervisor of the Division's Hobbs District Office before injection is commenced through said well;

That the operator shall immediately notify the Supervisor of the Division Hobbs District Office of the failure of the tubing, casing, or packer in said well or the leakage of water from or around said well and shall take such steps as may be timely or

Case No
7910

necessary to correct such failure or leakage.

PROVIDED FURTHER: That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 704 and 1120 of the Division Rules and Regulations.

APPROVED at Santa Fe, New Mexico, on this 5th day of May, 1980.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

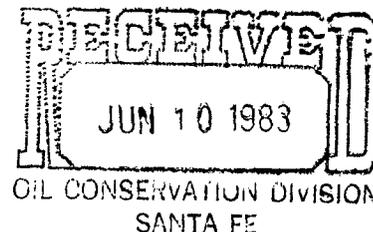

JOE D. RAMEY
Division Director

S E A L

APPLICATION FOR TREATING PLANT PERMIT
PURSUANT TO RULE 312 BEFORE THE OIL
CONSERVATION DIVISION OF THE NEW
MEXICO ENERGY AND MINERALS DEPARTMENT

Case 7910

IN THE MATTER OF THE)
APPLICATION OF A. A. PETERS)
d/b/a ALPHA PHI CRUDE OF HOBBS,)
NEW MEXICO, FOR A TREATING PLANT)
PERMIT AUTHORIZING APPLICANT TO)
PROCESS, TREAT AND RECLAIM)
SEDIMENT OIL)



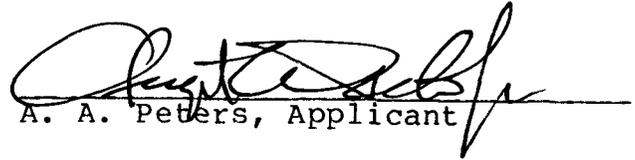
Applicant respectfully requests the New Mexico Oil Conservation Division to issue a treating plant permit authorizing him to construct such a plant to be located upon the following described real property situated in Lea County, New Mexico, to-wit:

Approximately 1.5 acre tract of land situated in the Northwest Quarter (NW/4) of Section 3, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Said plant will consist of a minimum of two (2) stock tanks with steam coils, one (1) 4' x 10' steam generator and recycle pump. Applicant contemplates said plant will have a capacity of 500 barrels per day.

Applicant affirmatively states he will comply with all rules and regulations required by the Oil Conservation Division of the New Mexico Energy and Minerals Department, including, but not limited to, the filing of a \$10,000.00 performance bond and preparing and filing required reports.

DATED at Lovington, Lea County, New Mexico, this 27th
day of June, 1983.


A. A. Peters, Applicant

HEIDEL, SAMBERSON, GALLINI,
WILLIAMS & HARRINGTON
Post Office Drawer 1599
Lovington, New Mexico 88260
(505) 396-5303

By R W Gallini
Attorneys for Applicant